
U.S. Policy To Combat International Narcotics Trafficking and International Crime

By

Robert S. Gelbard, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs

[The following is a reprint of a statement by Secretary Gelbard before the House International Relations Committee, in Washington, D.C., on October 31, 1995.]

Mr. Chairman and members of the committee: Thank you for this opportunity to update you on the Administration's policy and programs to combat international narcotics and the growing trans-national crime problem. Few American leaders have worked as arduously over the years as Chairman Gilman [Rep. Benjamin A. Gilman, R-NY] to keep this important public policy topic in the forefront of our minds. We all firmly support efforts aimed at thwarting these devastating influences. So, we might ask, what is different now? Undeniably, our world has changed and so have the dangers that confront us. In the post-Cold War era, we recognize that international crime is a major threat to world stability and our own national security. More than ever before, the American people and American leaders are insisting upon practical measures to combat it.

Mr. Chairman, I have been associated with these difficult challenges in one capacity or another for over a decade, and I have been directly responsible for them in the foreign policy arena for nearly two years. This experience has taught me that there are no easy solutions to these problems. It has also taught me that if we are going to invest American money, effort, and prestige in fighting them, we have an obligation to produce concrete results. Over the past two years, we have made a heightened commitment to doing this, and we are succeeding. Simply put, we are making other countries shoulder more of their responsibility for fighting the global threats of narcotics trafficking and international organized crime. We are also ensuring that worldwide programs and policies target the most critical, the most significant aspects of these threats.

Countries today are taking truly pragmatic steps to combat criminal elements that undermine the many positive gains we are witnessing around the world. Nowhere was this more evident than at the 50th anniversary proceedings of the United Nations in New York just 10 days ago. Many nations stood up and pledged fresh resolve to work together against transnational crime, which has devolved into our common enemy.

As he called upon nations to meet the growing dangers posed by international organized crime, the President announced a series of major U.S. initiatives against the criminal underworld. Taken as a whole, they are practical steps aimed at solidifying recent successes and strengthening the foundation of our international crime and drug control efforts. As the President put it,

In our global village, progress can spread quickly, but trouble can, too. Trouble on the far end of town soon becomes a plague on everyone's house . . . Nowhere is cooperation more vital than in fighting the increasingly interconnected groups that traffic in terror, organized crime, and drug smuggling.

RESPONDING TO THE NARCOTICS THREAT

My bureau in the Department of State now includes responsibility for international law enforcement and crime initiatives, but I would like first to focus on our traditional overseas drug control programs where a large share of our funding is dedicated.

The President's National Drug Control Strategy represents a flexible and integrated response. It involves demand reduction and drug awareness at home, law enforcement and interdiction at home and abroad, and a variety of law enforcement, diplomatic, and alternative development initiatives designed to get other countries to take more aggressive actions on their own. In relative terms, the funding we have for overseas programs aimed at attacking cocaine and heroin is very limited. Our counternarcotics budget in FY 1995 was less than one percent of the Federal Government's overall anti-drug spending that year. This means that every penny counts. It means that the pressures and incentives we apply must be carefully orchestrated to achieve maximum effect. It also means that we must work to convince countries that confronting the threat ultimately serves their own national interest. The key elements of our overseas strategy seek to:

- Reduce coca cultivation in the Andes, with the ultimate aim of eliminating coca and dismantling the global trafficking networks based in Colombia and elsewhere.
- Disrupt the transshipment of drugs, especially through Mexico, Brazil, Central America, and the Caribbean.
- Work through international organizations and with our European and Asian allies and other key countries to prevent criminals from laundering trafficking proceeds through legitimate or sophisticated underground financial systems.
- Disrupt cultivation and trafficking of opium poppy in Southeast and Southwest Asia, to the extent possible, given the difficult political and security situations such as in Burma, Afghanistan, or Iran.
- Stop the spread and eventually roll back the global trafficking networks that got their start in Nigeria and now have spread their tentacles throughout Africa and beyond.

With regard to cocaine, the centerpiece of our program lies in the source countries that grow coca and the international organizations that control most cocaine processing and worldwide distribution. The crops and organizations are daunting targets, but the price that countries pay for not confronting them is high. Drug money and corruption and violence destroy democratic institutions and their leaders. The drug economy undermines economic stability in developing nations and drug use sickens and kills their people.

The focus of our coca crop reduction and trafficking efforts is in Peru, Bolivia, and Colombia, where virtually all the cocaine manufacturing and global export has its source. In the Andes as well as the transit zone, we are supporting law enforcement operations aimed at seizing drugs and evidence, thwarting money laundering, and disrupting transportation elements of Colombia-based and other major syndicates. Central to the effort, we believe, is helping to strengthen the institutional base for effective law enforcement in these countries by helping them enact good drug control laws and by strengthening their police and judicial capabilities. We provide training, technical, and material assistance to countries that demonstrate they are serious about narcotics control. And to continue receiving our help, they are expected to achieve results.

KEEPING UP THE MOMENTUM

Our diplomatic efforts and programs are producing significant achievements on all supply reduction fronts: crop control, interdiction, and criminal investigations. These are gains against core targets, and—if supported and sustained with resources and commitment—they will produce lasting progress. Let me highlight a few gains.

One of the most outstanding accomplishments of the past year has been a two-pronged attack on air smuggling operations from South America to the United States. It begins with the disruption of drug smuggling flights between Peru and Colombia, known as the “airbridge,” followed by the thwarting of jet cargo flights delivering multi-tons of cocaine into Mexico from Colombia and elsewhere.

The “airbridge” was once a simple, cheap, and unfettered smuggling operation in which traffickers flew raw coca materials from central Peru to cocaine processing labs throughout Colombia. We took a series of steps to help security forces in both countries—including the development of and support for policies consistent with international law—to force down drug smuggling aircraft. And now this critical route has been cut. Deterred by the pressure, traffickers are increasingly reluctant to close deals. Those who do are now forced to find alternate, longer, more expensive, and less certain routes through Brazil and elsewhere. The adverse consequences to the trade are evident: Coca prices at the farmgate in Peru are falling, operating costs in Colombia are increasing—profits at both ends are being squeezed. In Peru, we are working to translate lower coca prices into intensified crop control efforts.

We also are countering traffickers’ efforts to smuggle multi-ton loads of cocaine to the United States from Colombia via Boeing 727-type jet cargo aircraft—a tactic adopted by traffickers to evade interdiction, cut costs, and recoup losses. We became aware in mid-1994 that key Cali-based traffickers were successfully sending 5-10 tons of cocaine at a time to Mexico—so-called “carga” flights—en route to the U.S., via Colombia’s international airports. In response to this threat, we immediately joined forces with Colombia and Mexico to develop intelligence collection and interdiction strategies designed to deny traffickers this profitable transshipment alternative. We beefed up our detection and monitoring assets, Colombia took greater control of its commercial airstrips, pulled operating licenses of suspect air cargo companies, and seized and grounded a large number of aircraft, while Mexico enhanced its response forces. This unprecedented multilateral response shut down the Cali-directed “carga” flights and significantly upped the stakes for other traffickers tempted to invest in multi-ton cargo flights of cocaine.

IN OTHER DEVELOPMENTS:

- Colombian law enforcement authorities are apprehending the world’s most wanted criminals —the Cali cartel kingpins —and preparing to prosecute them.
- Eradication operations in Colombia, Venezuela, and Bolivia are destroying thousands of hectares of coca and opium poppies.
- Thailand has arrested 10 key international heroin traffickers and is processing U.S. requests for their extradition.

None of these efforts, however, has yet broken the back of the trade. Indeed, worldwide drug use remains so large and the profits so great, that the traffickers’ response is to find alternate routes and methods rather than quit. And as the pressure mounts, I am certain they will also fight it with intensified efforts to corrupt or intimidate senior counternarcotics

officials abroad. It is, therefore, imperative that we keep up the pressure and sustain the momentum to consolidate our gains and confront the new and continuing challenges we face.

U.S. NARCOTICS CERTIFICATION

The Foreign Assistance Act requires that each year the President identify the major drug-producing and drug transit countries and determine whether they have fully cooperated with the U.S. or taken adequate steps on their own in narcotics control. The U.S. must cut off most foreign assistance to those countries that are not certified and vote against their request for loans from six multilateral development banks. For countries found not to be fully cooperating or taking adequate steps on their own, the President may grant a national interest certification if the vital interests of the U.S. require continued provision of foreign assistance.

In the last two years, we have used certification as one of the most powerful and cost-effective tools in our counternarcotics arsenal. This year, the President expanded the majors list to 29 countries, denied certification to five countries, and granted national interest certifications to six others. There were no “rubber stamp” approvals. Indeed, our frank appraisals meant denial of full certification for some countries with which we have enjoyed strong bilateral relationships. We are gearing up now for the next certification cycle, a process that involves possible modifications to the majors list and fresh assessments. Let there be no mistake: countries care about where they stand, and their concrete performance—in the Andes as well as Asia and elsewhere—may be substantially linked to narcotics certification.

The President’s national interest certification in 1995 shocked Colombia, and a campaign launched by the police soon thereafter rounded up and put into pretrial detention many of the major Cali cartel players. Six of Colombia’s major dealers are in jail and there is continuing pressure to apprehend and arrest the “successor” generation. National interest certification of Bolivia sparked the government to eradicate more coca in three months than it had in the entire previous year. Bolivia still has a long way to go to meet its self-imposed eradication goal of 5,400 hectares of coca by the end of the year, but its government understands that effective eradication efforts are a criterion for full certification. Failure to eradicate in Peru—the world’s largest producer of coca leaf—also precluded a full certification resulting in a national interest certification for that country. While Peru has adopted a national drug strategy, we continue to press the Fujimori Government to take concrete steps to reduce its coca crop.

Our certification message has also been clear to Mexico: programs to eradicate opium poppy and marijuana are well ahead of last year’s pace. Moreover, at home and in Washington, President Zedillo has proclaimed his intention to thwart trafficking and make corrupt officials accountable. He is also moving to revamp security forces and expand the military’s counternarcotics role. At the same time, we are concerned about increasingly sophisticated Mexican trafficking networks. We know that Colombian traffickers are operating in Mexico and Mexican traffickers are getting a greater share of the illicit drug trade destined for the U.S. More ominously, the September seizure by Peruvian police of more than four tons of cocaine from a Bolivian cargo plane destined for Mexico signaled a growing capability to bypass entirely the Colombian middlemen.

I can assure you that we will again use the certification process to persuade key drug-related countries to meet the most important counternarcotics goals. The pattern is clear: We will recognize and reward those countries that respond positively, but we will not accept piecemeal, misdirected, or last-minute efforts.

THE HEROIN CHALLENGE

Turning to heroin, while there have been some advances, I must candidly say that the U.S. today faces a worldwide heroin threat of unprecedented magnitude. Purity levels are up, production has more than doubled in the past decade, it is spreading, and it is increasingly occurring beyond the effective reach of the U.S. and of central governments where it is produced. Moreover, trafficking networks are proliferating and new markets and sources have created an increasingly complex web of routes and organizations that span every continent. We are beginning to feel the repercussions in terms of greater domestic heroin addiction.

These are grim trends, but there are some areas of progress. Today, as opposed to the past, Thailand is—in large part because of U.S. assistance—a marginal heroin producer. And in Pakistan, although other factors warranted granting it only a national interest certification, illicit opium production was down in 1994 to only 160 tons as compared to 800 tons in 1978. Eradication in Pakistan is directly attributable to the government's commitment, with U.S. funding, to reduce the poppy crop.

Our comprehensive review of the international heroin control policy has shown that a number of practical steps are available to us:

- We can implement effective programs if we have an opportunity and the resources to work with committed governments. Intensified law enforcement operations—like last year's Operation Tiger Trap in Thailand, which identified, located, and apprehended key members of a major trafficking network—are an especially high priority.
- We must keep our efforts focused on the most critical, and not the easiest, parts of the trade.
- We must be committed to a sustained effort—fundamental progress requires time. In this regard, we underscore the importance of regional and multilateral cooperation, especially in such trouble spots as Afghanistan and Central Asia.

We know that the key today to opium control is Burma, the world's largest producer and contributor to a staggering 60 percent of the heroin that comes to American shores. We rightly suspended drug control assistance in 1988 following the Burmese military's brutal suppression of the pro-democracy movement. But as Burmese heroin continues to flow into the U.S., we must search for new ways to attack the problem. As we have said many times, we will not, under any circumstances, undercut our democracy and human rights goals in Burma in the face of the brutal SLORC—the State Law and Order Restoration Council. But we believe a vigorous counternarcotics policy is not incompatible with a democracy and human rights policy. In the long run, an accountable Burmese Government that enjoys legitimacy in opium-growing areas will be more willing and able to crack down on the drug trade.

Our strategy has four elements:

First, we want to continue our in-country training program for carefully vetted Burmese officials.

Second, we want to continue our exchange of law enforcement information to support Burmese counternarcotics operations, especially against the dominant heroin trafficking organization, the Shan United Army and its leader Khun Sa.

Third, absent a major setback in human rights, we want to increase support for regional alternative development projects administered by the UN Drug Control Program—UNDCP—

with the objective of reducing and preventing opium cultivation in ethnically controlled areas of Burma. We believe such assistance serves a positive human rights goal; we would insist also that the UN condition assistance on the requirement that poppy cultivation be reduced in the project areas.

Finally, we will continue to encourage Burma's neighbors—particularly China and Thailand—to work closely with us to increase their pressure on the Burmese regime to intensify counternarcotics efforts.

THE CRIME INITIATIVE

In recent years, we have seen an evolution in the crime and narcotics field. In today's world, drug trafficking is not a discrete problem to be challenged in a vacuum. It is part of the overarching problem of transnational crime, which is not simply a law enforcement matter. As the President and others have stated so clearly, crime is a threat to our national security. Perforce, then, domestic policy, foreign policy, and global policy are intertwined concerns.

The world has changed and our foreign policy thinking must change with it. There are fundamental issues that transcend bilateral relationships. Governments frequently regard the issues of narcotics and crime as internal—not foreign policy issues. They resist external pressure as inappropriate intervention into internal affairs. Sometimes they do so out of sincerely held beliefs; sometimes they are corrupted. To respond through traditional means in the years ahead will not be sufficient. As the UN Secretary General put it, “globalization will generate an array of problems” and with them “transnational criminal activity will grow.”

The Decision Directive on International Crime, which the President announced at the U.N. on October 22, outlines the Administration's policy framework for combating this growing threat to our national security. Key to this framework are the Executive Order under the International Emergency Economic Powers Act—IEEPA—aimed at undermining major narcotics traffickers centered in Colombia and a money-laundering-initiative which will go after the profits of these criminals. At the UN, the President asked members to take similar measures in their own countries and work with us to develop effective bilateral and multilateral cooperation and mechanisms, including accession to a number of existing international agreements.

The Executive Order under IEEPA—which focuses on the Cali cartel—blocks the assets of specified traffickers, their front companies, and individuals acting on their behalf. Moreover, it prohibits U.S. persons from commercial and financial dealings with them. The companion initiative instructs the Secretaries of State and Treasury and the Attorney General to identify the nations which are most egregious in facilitating criminal money laundering and press them to enter into bilateral or multilateral arrangements to conform to international standards against money laundering. Such standards, in fact, have been established by the 28-member Financial Action Task Force.

On the legislative side, the President also instructed the Administration to prepare a comprehensive legislative package to enable law enforcement authorities to better investigate and prosecute international criminals. The Administration will also seek appropriate authorities for U.S. agencies to provide additional training and other assistance to friendly governments to help in their own efforts to combat international crime. Finally, the President called for the negotiation of an international Declaration on Citizens Security and Combating International Organized Crime. This declaration would also call on participants to focus on the nexus of issues related to crime and narcotics such as terrorism and the illegal trafficking of arms and deadly materials.

The President's crime initiative builds on programs already under way. In my bureau, we are involved in the coordination of international policy and foreign assistance aimed at helping other nations to combat the full range of international organized crimes that threaten the United States. We participate with the FBI, DEA, Justice, Customs, Coast Guard, DoD, Treasury, and others in the coordination of policy on international crime. This process ensures that overseas law enforcement policy and programs complement each other and address the highest priority needs in recipient countries—from modernizing old guard police forces to helping fledgling agencies deal with modern financial crimes. In the last year, the Administration has:

- Created the Budapest training academy with the FBI and other Justice and Treasury agencies which is now supporting rapid law enforcement reform in Central Europe and the former Soviet Union;
- Coordinated the National Crime Bureau initiative with U.S. embassies to suppress the trade in millions of stolen American cars smuggled to Central America; and
- Invested in training and technical assistance programs of the Financial Action Task Force and the Secret Service to meet the threat posed to the international financial system by criminal groups.

CONCLUSION

Mr. Chairman, the President's public position on narcotics and crime is bold and his fresh initiatives are practical. His objectives are shared around the world and are now an integral part of our bilateral and multilateral relationships and endeavors. Transnational criminal elements that undermine our values, threaten our security, and attack the fabric of our society are on the defensive. We and the international community will not tolerate business as usual.

As we go about our work, I want to reiterate our continuing appreciation for the support from this committee and many others in the Congress who are wholeheartedly committed to confronting the international scourge of drugs and crime. Over the years, too, your help in ensuring that we get the money we need to get the job done has been essential. But also important—especially in this era of tight budgets and diminishing resources—is the unswerving moral support you have given us in the public arena as we work against these serious problems that directly affect the health and well-being of all Americans.

We know that the vast majority of American people consider illegal drugs and crime to be top national and foreign policy priorities. For these Americans, the facts are obvious: Crime degrades all that we hold dear. We must build now on the momentum we have achieved. In President Clinton's words, we must confront the forces that "jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries, and threaten our efforts to build a safer, more prosperous world."

While the focus of the Alliance for Progress was to emphasize economic and social programs, military assistance remained a vital component of overall foreign policy in the region. Combating internal aggression and subversion demanded different weapons and training than combating external forces. This demand placed the method of assistance in doubt. Maintaining a moderately stable environment would require a heavy demand for new and different weapons, and new and different training (Child, 1980: 145-146).

In June 1961, Secretary of Defense McNamara testified before the House Committee on Foreign Affairs concerning Latin America, as the Committee began hearings on the *Foreign Assistance Act of 1961*. McNamara outlined the necessary relationship between economic progress and military assistance. He reiterated the administration's objective to continue military assistance to maintain internal stability as "an essential component" of Latin American progress (United States House Committee, 1961: 36).

During his testimony, McNamara made specific reference to restrictions on military assistance to Latin America. A Congressionally imposed ceiling on military assistance was designed to ensure that the focus of our security assistance in the region remained economic and social. McNamara considered this ceiling too restrictive because it included grant aid and sales of weapons and material. The administration was seeking no ceiling on military grant assistance, and the exclusion of sales from any imposed ceiling (United States House Committee, 1961: 73). The restrictions made it difficult to meet the demands of the Alliance. In addition to a ceiling on the dollar amount, Congress had imposed a restriction forbidding the use of military assistance for internal security purposes in the *Foreign Assistance Act of 1961*. This provision stated that internal security should not be a basis for military assistance in Latin America (United States Congress, 1961: 486).

Kennedy strongly opposed this restriction because, when combined with the dollar ceiling, it made the use of military assistance incapable of supporting the Alliance. One year later, in testimony concerning the *Foreign Assistance Act of 1962*, Secretary McNamara stated that within countries fighting internal subversion, civic action was "indispensable" in linking the military with civilians, and that such civic action "substantially" contributed to economic development. Immediately following this statement he outlined the administration's efforts to increase sales to replace grant aid (United States House Committee, 1962: 69). McNamara stated that "To the greatest extent possible, military sales are being utilized to replace grant aid" (United States House Committee, 1962: 69).

Within the *Foreign Assistance Act of 1962*, Congress made significant changes dealing with military aid to Latin America. Previously, the Act set a ceiling of \$57.5 million on military assistance programs to Latin America, both grants and sales. Partially succumbing to the administration's wishes, this phrase was changed to read "grant programs of defense articles." Apparently Congress was willing to allow sales above \$57.5 million (United States Senate, 1962: 2058). Theoretically, the combination of economic assistance, and removal of the Congressional ceiling affecting sales would permit Latin American countries to buy their military needs from the U.S..

As Table 1 indicates, foreign military sales to Latin America rose sporadically throughout the 1960s and into the 1970s, while military grant assistance began a slow decline. Administration policy with respect to foreign military sales would gradually shift from grants to sales. Secretary McNamara's testimony to the House Foreign Affairs Committee, and the actual foreign assistance acts of the early 1960s placed increasing emphasis on promoting the sale of military hardware.

THE IMPACT OF SOUTHEAST ASIA ON FOREIGN MILITARY SALES

While both flexible response and the formation of the Alliance for Progress had direct impacts on the change of military assistance from grants to sales, conflict in Southeast Asia also played a significant role in reshaping security assistance and military assistance policy. The eventual impact of disproportionate military assistance to Southeast Asia contributed to a shift from grants to sales.

Kennedy viewed Vietnam as the consummate case of a Communist-sponsored "war of national liberation," from which he could not back down. Vietnam was a third-world country struggling for independence, and appeared to be the perfect stage for security assistance, both economic and military. It would, in the end, have a "profound" impact on domestic support for the war in Vietnam, and security assistance in particular (Grimmett, 1985: 21).

Table 1
Latin America: Sales versus. Grants
1961-1971
(In Thousands of Dollars)

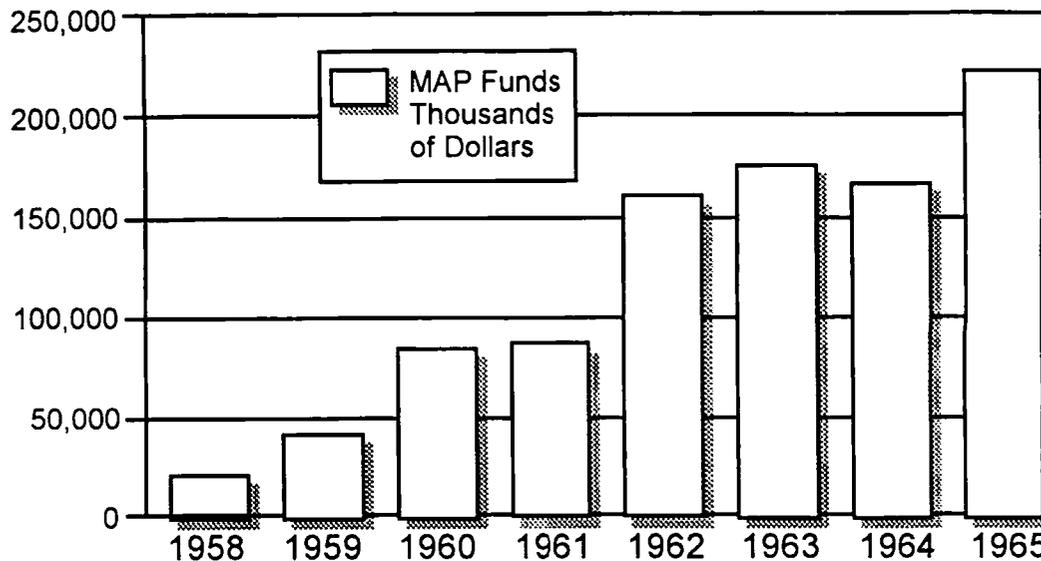
| Year | Total Sales Agreements | Military Assistance Grants |
|------|------------------------|----------------------------|
| 1961 | 7,341 | 49,862 |
| 1962 | 18,047 | 47,723 |
| 1963 | 11,939 | 33,462 |
| 1964 | 16,547 | 45,435 |
| 1965 | 42,748 | 54,023 |
| 1966 | 24,512 | 64,727 |
| 1967 | 51,891 | 42,268 |
| 1968 | 26,179 | 16,268 |
| 1969 | 23,365 | 12,146 |
| 1970 | 24,209 | 9,258 |
| 1971 | 47,350 | 5,809 |

(Source: DSAA, 1990)

Vietnam is the perfect case to illustrate the shift in security assistance grants from the countries of war-ravaged Europe to emergent Third World countries. Richard F. Grimmett believes that, "had it not been for the Vietnam conflict, the MAP program levels would likely have fallen even more precipitously than they did" during the 1960s (Grimmett, 1985: 21). Indeed, when compared to other countries, the MAP funding for Vietnam grew disproportionately, as illustrated in Figure 2. When Kennedy assumed office in 1961 the level of MAP funding for Vietnam stood at just over \$87 million; by 1963 the MAP program was pumping over \$176 million in MAP grant aid into Vietnam. This dramatic rise in grant funding did not go unnoticed by Congress.

Congressional aversion to growing military assistance expenditures became very apparent during debates concerning foreign assistance in the early 1960s. Military expenditures had risen from 29 percent of budgeted items in 1950, to 52 percent in 1960 (Neuman, 1994, 93). When Secretary of State Dean Rusk addressed the House Committee on Foreign Affairs concerning the *Foreign Assistance Act of 1961*, he outlined the requested appropriation of \$1.885 billion for military assistance in fiscal year 1962. Rusk's statement clearly demonstrated to Congress that the largest share of the program was directed toward the Far East (United States House Committee, 1961: 36).

Figure 2
Vietnam MAP Funding 1958-1965 (Source: DSAA, 1990)



In additional testimony concerning the 1961 Act, questions arose concerning diversion of funds from one country to another, and the possibility of increasing sales of military hardware. Administration witnesses stated that reprogramming funds from one country to another was possible to a limited degree, but was not an acceptable practice because it left forces in other areas at undesirably low levels. When asked if the DoD was attempting to increase sales, Major General Frederic H. Miller, a director of International Security Affairs, testified that it was, in fact, trying to increase them (United States House Committee, 1961:131-230). Eventually the Congress appropriated \$1.6 billion for military assistance in FY 1962 (United States Congress, 1962: 2029).

To offset the continuing reliance on military grant assistance in FY 1963, the Administration included a new section within its proposed changes to the *Foreign Assistance Act*. This section dealt with the issue of utilizing military sales to the “greatest extent possible” through purchases on a government-to-government basis (United States House Committee, 1962: 69). This amendment to the Act was warmly accepted by the Foreign Affairs Committee and language was inserted in the resulting law that advocated reducing and terminating grants to all nations with the capacity to fund their own defense (United States Congress, 1962: 3 17). In the legislative history of the Act, the Foreign Affairs Committee also agreed with the importance of aid to Southeast Asia, recognizing that it accounted for 48 percent of the military aid program. In addition, the Committee pointed to the increasing emphasis on sales of military hardware that were helping to offset such large demands for grant assistance (United States Senate, 1962: 2060).

While sales of arms to Laos and Vietnam did not take place during this period, the growth of grant assistance to these two countries had a direct impact on the overall growth of sales worldwide to offset expenditures on grant assistance. David J. Louscher points to 1962 as the time of the first substantial rise in arms sales, and advocates two reasons for the emergence of arms sales that are pertinent to Southeast Asia. First, the sales provided an “inexpensive economic and military assistance instrument” to conduct foreign policy. Secondly, the adverse balance of payments problem could be partially offset by the sale of arms (Louscher, 1977: 936).

THE INFLUENCE OF ROBERT S. McNAMARA ON FOREIGN MILITARY SALES

It has been stated that “the administration of John F. Kennedy held a powerful grip on many imaginations during his brief and brilliant career” (Kaufmann, 1964: 1). The appointment of Robert S. McNamara as the eighth Secretary of Defense was one factor in that “powerful grip.” Having been referred to the President elect as a “businessman with innovative ideas,” Kennedy sought McNamara for a position within his administration.

Kennedy’s direction to McNamara was to provide “security for the nation at the lowest possible cost” (McNamara, 1995: 23). This directive led McNamara to two major changes within the DoD. First, McNamara set about redesigning military strategy and the forces to fit the threats. Secondly, McNamara instituted new methods of decision making based heavily on quantitative measurement (Kaufmann, 1964: 3).

Military assistance was viewed as a force multiplier by McNamara. He believed a key function of MAP was “ensuring an effective conventional defense, and limiting the American requirement for general purpose forces by the maintenance and support of strong allied capabilities.” McNamara emphasized the importance of MAP by stating that, “if I had to choose between a billion dollar reduction in economic aid, a billion dollar reduction in military assistance, or a billion dollar reduction in remaining defense requirements, I would choose the latter” (Kaufmann, 1964: 99- 1 00). His approach to these options came to the forefront with regard to burden sharing within NATO.

In the early 1960s the U.S. commitment to NATO was viewed as an economic burden and McNamara pursued agreements with NATO to begin developing conventional capabilities of their own. As previously mentioned, these efforts stemmed from McNamara’s concern about problems in logistical cooperation and standardization of weapons (Louscher, 1977, 936). Ultimately this effort led to the formation of the ILN in 1962. George Thayer saw a clear shift from grant military assistance to sales as a result of McNamara’s business influence. Thayer contends that McNamara’s approach to the ILN was not far removed from what he would have done at Ford Motor Company. Thayer asserts, “the idea of selling arms was solely the product of McNamara’s fertile mind” (Thayer, 1969: 183).

In addition to Thayer, other historians also point to McNamara as the originator of foreign military sales policy. Following prompting from the Joint Chiefs of Staff and Kennedy, McNamara appointed a task force to study the problem, and, not surprisingly Henry Koss, a key player in the original arms sales deal with West Germany and the future head of the ILN, was a member of this group. David J. Louscher credits this McNamara-appointed committee as the originator of the “concept of foreign military sales” (Louscher, 1977: 950-95 1). William D. Hartung, author of several studies on arms sales, stated that the pattern of grant assistance continued until McNamara emphasized arms sales as a “cash crop” to offset the balance of trade problem (Hartung, 1994: 25). Finally, Cindy Cannizzo, another arms sales historian, traces the continual decline of grant military assistance and the steady rise in sales to McNamara’s appointment of Kuss as the head of the ILN (Cannizzo, 1980: 4).

CONCLUSION

The Kennedy Administration instituted the first major foreign policy changes resulting in a shift from military grant aid to military sales. Many factors contributed to this shift: the strategy of Flexible Response, Latin American policy, Southeast Asia, and the influence of Secretary McNamara were clearly four main contributors in changing the primary method of military assistance to foreign military sales.

Foreign assistance in general, and military assistance more specifically, are integral parts of U.S. foreign policy. Like foreign policy, one cannot point to one issue involving military assistance and state unequivocally that it caused the shift to military sales. On the other hand, by considering several issues over a period of time, it is possible to discern a pattern of tendencies that lead to the perception of a certain policy. Given the events surrounding Kennedy's presidency, the issues discussed are not all-encompassing, but they clearly represent major factors in the foreign policy of that period, and they indicate a clear trend in foreign policy with regard to foreign military sales.

While the *Mutual Security Act* sanctioned the sale of military hardware in the form of a law, it made little specific mention of sales, and focused primarily on grant assistance to stimulate development in war-torn Europe. During the Kennedy administration, however, the *Foreign Assistance Acts* made specific mention of sales and actually promoted the sale of military hardware to allies who had the economic strength to purchase it. House Foreign Affairs Committee hearings during the initial passage of the bill, and subsequent amendments, included debate and testimony that often discussed the pros and cons of foreign military sales. Eventually, forceful language was included within the bill that promoted foreign military sales as an alternative to grant military assistance. In addition to the impact of each of the foreign policy issues discussed, the influence of Secretary McNamara was an obvious factor in the direction of military assistance policy. Many historians have characterized his influence as the primary catalyst in the shift to sales, based on his business approach to problem solving.

The sale of military equipment met the two requirements that emerged from debate surrounding the foreign assistance acts. First, it was an effective means of providing defense capability to foreign nations given the overwhelming concern with Communist aggression during that time. Secondly, the sale of military hardware was an inexpensive and economical method of promoting our own national security while providing security to friendly nations as well. Simply stated, foreign military sales increased the military strength of the U.S. and its allies while at the same time providing economic stability that could not be achieved through continued reliance on grant military assistance.

ABOUT THE AUTHOR

Major Philip P. Nardi was graduated from Northern Michigan University in 1981 with a BS in Biology, and from the Air Force Institute of Technology in 1995 with an MS in Logistics Management. He is a Senior Navigator with over 2000 flying hours in the KC-135. Major Nardi is currently assigned to Headquarters, Air Force Materiel Command, Wright-Patterson AFB, Ohio.

BIBLIOGRAPHY

- Brinkley, Douglas. "The Stain of Vietnam," *Foreign Affairs*, 72: 190-193 (Summer 1993).
- Cannizzo, Cindy. "Trends in Twentieth-Century Arms Transfers," in *The Gun Merchants: Politics and Policies of the Major Arms Suppliers*. Ed. Cindy Cannizzo. New York: Pergamon Press, 1980.
- Child, John. *Unequal Alliance: The Inter-American Military System, 1938-1978*. Boulder CO: Westview Press, 1980.
- Clarfield, Gerard H. and William M. Wiecek. *Nuclear America: Military and Civilian Nuclear Power in the United States, 1940-1980*, New York: Harper & Row, 1984.

-
- Department of Defense Security Assistance Agency (DSAA). *Fiscal Year Series*, FMS Control and Reports Division, Comptroller (September 1990).
- Eisenhower, Dwight D. Letter of Transmittal to the Speaker of the House of Representatives, as printed in *The Composite Report of The President's Committee To Study The United States Military Assistance Program*. Washington DC: GPO, 1958.
- Fitch, John Samuel. "The Political Impact of U.S. Military Aid to Latin America Institutional and Individual Effects," *Armed Forces and Society*, 5: 360-385 (Spring 1979).
- Geelhoed, E. Bruce. *Charles E. Wilson and the Controversy at the Pentagon*. Detroit: Wayne State University Press, 1979.
- Grimmett, Richard F. "The Role of Security Assistance in Historical Perspective," in *U.S. Security Assistance: The Political Process*. Ed. Ernest Graves and Steven A. Hildreth. Lexington MA: Lexington Books, 1985.
- Hartung, William D. *And Weapons For All*. New York: Harper-Collins Publishers, Inc., 1994.
- Kaufman, William W. *The McNamara Strategy*. New York: Harper and Row, 1964.
- Kennedy, John F. *The Strategy of Peace*. New York Harper and Brothers, 1960.
- "The State of the Union Message," as printed in *U. S. Code Congressional and Administrative News*. 87th Congress, First Session, Vol. I., St. Paul MN West Publishing Co., 1961.
- Louscher, David J. "The Rise of Military Sales As A United States Foreign Assistance Instrument," *Orbis*, 2: 933-964 (Winter 1977).
- McNamara, Robert S. Speech given before the American Bar Foundation, in *American Defense Policy*. Ed. John E. Endicott and Roy W. Stafford, Jr. Baltimore MD: Johns Hopkins University Press, 1977.
- *In Retrospect: The Tragedy and Lessons of Vietnam*. New York: Random House Inc., 1995.
- Neuman, Stephanie G. "Arms Transfers, Military Assistance, and Defense Industries: Socioeconomic Burden or Opportunity?" *The Annals of the American Academy of Political and Social Science*, 53 5: 91-95 (September 1994).
- Nitze, Paul. "ISA: Where Strategy and Foreign Policy Are Married," *Armed Forces Management*, 9: 95-98 (November 1962).
- President's Committee To Study The United States Military Assistance Program, *The Organization and Administration Of The Military Assistance Program*, Washington DC: GPO, 1959.
- President's Committee To Study The United States Military Assistance Program. *Composite Report On The Organization and Administration of The Military Assistance Program, Vol. 1*. Washington DC: GPO, 1959.

-
- President's Committee To Study The United States Military Assistance Program, *Supplement To The Composite Report Of The President's Committee To Study The United States Military Assistance Program, Vol. 11*. Washington DC: GPO, 1959.
- Sweet, William. *The Nuclear Age*. Washington DC: Congressional Quarterly, Inc., 1984.
- Thayer, George. *The War Business*. New York: Simon and Schuster, 1969.
- Truman, Harry S. *Memoirs by Harry S. Truman: Volume Two, Years of Trial and Hope*, Garden City NY: Doubleday & Company, Inc., 1956.
- United States Congress. *Foreign Assistance Act of 1961*. Public Law No. 87-195, 87th Congress, First Session. Washington DC: GPO, 1961.
- United States Congress. *Foreign Assistance Act of 1962*. Public Law No. 87-565, 87th Congress, Second Session. Washington DC: GPO, 1962.
- United States Congress. *Foreign Assistance Act of 1963*, Public Law No. 88-205, 88th Congress, First Session. Washington DC: GPO, 1963.
- United States House Committee on Foreign Affairs. *Hearings on a Bill to Promote the Foreign Policy, Security, and General Welfare of the United States by Assisting Peoples of the World in Their Efforts Toward Economic and Social Development and Internal and External Security, and for Other Purposes*. Hearing 87th Congress, First Session, 1961. Washington DC: GPO, 1961.
- United States House Committee on Foreign Affairs. *Hearings on a Draft Bill to Amend Further the Foreign Assistance Act of 1961 as Amended and for Other Purposes*. Hearing 87th Congress, Second Session, 1962. Washington DC: GPO, 1962.
- United States Senate. Senate Report No. 1535, "Foreign Assistance Act of 1962," 87th Congress, Second Session, as reprinted in *United States Code Congressional and Administrative News*, 1962, Vol. 1. St. Paul MN: West Publishing Co., 1963.