
SECURITY ASSISTANCE AND NATIONAL SECURITY

By

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[The following is a formal statement by Secretary Weinberger on the proposed FY 1986 Security Assistance Program presented to the House Foreign Affairs Committee on 21 February 1985.]

INTRODUCTION

Mr. Chairman, thank you very much for this opportunity to discuss with you the Defense Department's view of the international security environment and what we can and should do to improve it. I will focus my comments on the role of security assistance and arms sales in support of United States foreign and defense policy. On Tuesday [19 February 1985], Secretary Shultz provided the Committee a comprehensive description of the President's FY 1986 foreign assistance recommendations and the need to retain an appropriate mix between economic and military assistance. Secretary Shultz and I agree on the FY 1986 proposals and share the belief that both military and economic assistance are critically important tools for conducting United States foreign and defense policy.

At the outset, let me say from the perspective of Secretary of Defense that, apart from the defense budget and defense program, there are few programs that rival the foreign aid program in its importance to our national security interests. Indeed, I am absolutely convinced that if we did not have a viable security assistance program, the projected demands of the defense budget would have to be far larger.

The security assistance program complements the DOD budget by helping accomplish many of the same objectives. The United States cannot carry the full burden of defending the free world by itself--and should not. The security interests we share with others around the world must be borne collectively by ourselves and our friends and allies. Foreign assistance and arms sales are the main instruments for achieving these mutual security interests. They help ease the financial and logistical burden of our global security interests while helping friends and allies improve their own defenses.

Without security assistance, we would have to station more forces abroad, we would have to compensate for inadequate forward defenses, we would lack the necessary power projection assets (e.g., bases and access to overseas military facilities), and we would not be able to help our friends to defend themselves.

Over the past two decades, the Soviet Union has increased its military assistance and arms sales ties to several third world countries, just as it has continued its military buildup. It is now providing arms to more than twenty-five developing countries and has stationed nearly 20,000 non-combat military advisors in the Third World. Since the mid-1950's, the Soviet Union has delivered more than \$90 billion worth of arms to the Third World, often at favorable prices and with short delivery lead times. They do not provide comparable levels of economic assistance because of their own economic failures, but prefer to use their military production and logistics system to create and exploit vulnerabilities around the world. The bulk of Soviet sales, of course, has been with the world's pariah states--Cuba, Libya, Ethiopia, Vietnam and North Korea--who in many cases use Soviet arms and advisors to heighten regional tensions and exploit instabilities in their regions.

Mr. Chairman, this is the beginning of President Reagan's fifth year in office and the start of his second term. During the past four years the Administration and the Congress have worked together to generate significant gains for the United States. The improvements in our global security posture are traceable to many diverse factors, including our long overdue military modernization program and the rebounding United States economy. Internationally, our security assistance program has been one of the most important policy vehicles for generating constructive change. This progress would not have been possible without the close cooperation between the executive and legislative branches or without the strong support of this Committee and the Congress as a whole. The Congress shares the credit for the progress that has taken place.

The security assistance funding levels provided by Congress over the past four years came very close to the Administration's annual requests and gave the President most of the funds he needed to address the many country and regional military requirements around the globe where we have an abiding interest. This has given us a solid base on which to build in the coming years. The FY 1986 budget request contains no major new country increases, apart from those for Israel and Egypt, and proposes no major new departures from the past. We will continue to give high priority to El Salvador and other Central American states buffeted by regional tensions and internal conflicts. To do otherwise would jeopardize the steady progress achieved in the past few years. We must also sustain and increase our funding for Turkey, a NATO ally which confronts the herculean task of modernizing its obsolescent armed forces to defend itself against superior Warsaw Pact forces. And in the Far East, we must work closely with Thailand, a treaty ally threatened by Vietnamese aggression, and with the Philippines where communist insurgents pose a threat to the stability of an ally with historically close ties and where the use of Philippine bases is crucial to our national security.

THE RECENT RECORD

The last four years have demonstrated how vital security assistance is in shaping our foreign policy and in making a direct contribution to our national defense. Our programs have contributed greatly to the resolution and containment of conflicts, and the improvement of our relations with a large number of nations around the world.

Since 1981, the Administration has initiated or greatly expanded programs in a number of countries. Of special note are the new program for Pakistan, the large increases in funding for Israel, Egypt, and Turkey, and our vigorous response in Central America.

We have demonstrated that we can respond quickly--and with no significant degradation of our own readiness or painful diversions--to assist countries in crises. We have made such responses in Central America, Grenada, Chad, Lebanon, and Thailand, and also reacted quickly to urgent requests from Saudi Arabia and Morocco.

We have concluded critical base rights renegotiations in all those countries where our bases are vital to our national strategy. The promise of security assistance funding greatly facilitated the conclusion of these agreements. Security assistance also helped secure access to air and port facilities in Southwest Asia, thereby enhancing our force projection capability.

Finally, the combination of events and our security assistance programs has enabled us to cement closer relations and to expand our strategic dialogues with Tunisia, Egypt, Morocco, Saudi Arabia, Israel, Pakistan, Korea, Jordan, and Turkey. Our dialogues with the Gulf states are slowly expanding.

We have carried out with remarkable efficiency continued delivery and training programs in these and many other countries throughout the world.

This is not to say that all conflicts have been resolved, that our relations with countries are completely satisfactory, or that our funding permits as much flexibility as we would want. But we have strongly positioned ourselves throughout the world in order to deter crises as well as respond to current crises as they arise, while establishing the United States as a reliable partner with a greater number of countries than ever before.

GLOBAL OBJECTIVES

Security assistance contributes to our foreign and defense policy objectives in a number of ways. Although these programs are developed to meet specific country security requirements, they also help further broader global and regional strategic objectives. This dynamic connection between individual country security assistance planning and the regional and global strategic objectives of the United States forms the underlying policy rationale for the security assistance program--and for the FY 1986 request.

In other words, country security assistance programs are the building blocks for pursuing the larger strategic and foreign policy interests of the United States. They help friendly countries make better use of their indigenous resources, cope with conflicts within or on their borders, and improve their deterrent capability against external threats. If effective, our programs help reduce the likelihood that United States forces will be called upon to intervene on behalf of friendly or allied countries sharing common security interests. By encouraging self-reliance and promoting self-sufficiency among recipient countries, we can afford to direct our attention to

the most pressing international security issues and prevent ourselves from being spread too thin.

In the course of pursuing our objectives in our relationships with countries with whom we have security assistance programs, especially those where we provide financing, we make every effort to work diligently with the country to ensure that they buy what they need, that it works, that it contributes to their defense, and that it makes a contribution to coalition defense where possible. Our embassies, security assistance offices, unified command staffs, and Washington agencies are all deeply engaged, depending on the country and its needs. We work with countries to ensure they recognize the need for balanced programs, appropriate to the threats they face, and with the training and support they need to make and keep their forces effective. Considerable planning is devoted to integrating security assistance with economic, developmental, and other programs by tailoring appropriate levels to specific country requirements. We often conduct periodic program reviews, meeting alternately in the country or in the United States. We have increased and intensified these planning efforts with countries over the last two or three years, and believe that the financing programs we have presented in the FY 1986 budget request are firmly grounded in sensible military programs.

These programs also support United States defense strategy by increasing our global power projection capabilities, since they help facilitate the retention of United States military bases and the acquisition and retention of access to military facilities abroad. Without security assistance, we would not be able to plan and implement regional strategies in areas of the world where our security and foreign policy interests coincide with friends and allies, as in the southern tier of NATO and the Far East, for example. Without security assistance and arms sales, we would not gain the additional force multiplier that comes from increased standardization and shared military doctrine.

Security assistance also makes a major contribution to furthering our basic foreign policy objectives. For those countries coping with active insurgencies or external threats, the restoration of security is a prerequisite for resuming normal economic activity, providing basic human services, protecting human rights, and creating the conditions in which democratic institutions, values, and practices can take root. The interdependence between security assistance and economic assistance and between physical and economic security is nowhere more evident than in the pursuit of these foreign policy goals. Security assistance can also be a valuable inducement for promoting peaceful solutions to longstanding enmities--such as in the Camp David accords.

REGIONAL GOALS

The United States cannot, by itself, provide the manpower and the military resources to cover all security-related problems around the world. We, therefore, have pursued regional strategies that combine security and economic assistance programs with improvements in United States defense capabilities and support for our alliance commitments. Because several regional strategies intersect and overlap, our country funding proposals are intended to support different strategic goals at once.

In our own hemisphere, Central America is our priority strategic concern. It is a region geographically closer to Washington than many of the states in our own republic. Our assistance programs have concentrated on the defense and economic needs of El Salvador, Honduras, and the other Central American states. A major problem for the progress of stability in the region continues to be Nicaragua's activities which have as their purpose the destabilization of the region through subversion and its military buildup. Progress also will depend on the Salvadoran Armed Forces' ability to turn the tide of conflict in El Salvador. Our financing programs--both economic and military assistance--have been instrumental in containing the insurgency and halting the deteriorating economy in El Salvador, but clearly these programs must be sustained if regional progress can be achieved.

Our other programs in the Western Hemisphere are extremely important. We will shortly be withdrawing the United States support element from Grenada and will be leaving behind a free and vibrant democracy. We wish to work closely with Grenada and the other Eastern Caribbean democracies to build up their own defensive capabilities so that the future involvement of United States military forces will not be necessary.

The Andean countries have been buffeted by economic problems and insurgencies. We have real interests in helping these countries maintain their democratic systems, defend against insurgencies and squash narcotics cultivation and trafficking. We are requesting increased economic and security assistance to the four countries in the region, particularly Peru, and ask for Congressional support for this initiative.

In NATO, our financing programs with the four southern tier countries--Spain, Portugal, Greece, and Turkey--help strengthen Western defenses among our historic allies. Turkey's critical location places it at the nexus of our security interests in NATO, the Middle East, and Southwest Asia. But it must modernize its obsolescent military equipment if it is to meet its agreed-upon NATO force goals.

In the Middle East and Southwest Asia, our financing and cash sales programs have helped regional states contain the Iran-Iraq war in the Gulf, encouraged the search for a positive peace between Israel and its neighbors, and helped insure the unimpeded flow of critical resources to the West. The programs have helped secure United States access and power projection assets necessary to help deter aggression and protect critical sea lanes.

Finally, our strategy in the Pacific Basin also contributes directly to the defense of the United States by helping Korea, Thailand, and the Philippines cope with on-going conflicts or threats. The financing program with the Philippines is especially important because our bases there support United States presence throughout the region and because the internal turmoil has worsened. We would find it very difficult to replace these bases with comparable capabilities.

COUNTRY GOALS

There are a large number of pressing country requirements around the world which require assistance from the United States. I would like now to

focus my comments on what we believe are the most critical country program requests for FY 1986, why we hold these priorities, and how these countries factor into our regional and global strategy.

EL SALVADOR

One year ago, when I appeared before this Committee, the security situation in El Salvador was, at best, uncertain. Since then, the Salvadoran Armed Forces have begun active implementation of President Duarte's national plan and have taken the initiative against the insurgents. The results have been encouraging thus far, in good part because we have been able to provide the funding necessary to train, equip, and motivate the armed forces. Although it required two supplemental appropriations in FY 1984, the levels approved for both FY 1984 and FY 1985 contributed greatly toward meeting the need for the "greater continuity" and "predictability" called for in the national bipartisan commission report on Central America. The political situation has stabilized through the electoral process, including the election of President Duarte last spring. It is clear that your judgement to support President Duarte was correct. In addition, the long-term economic deterioration has been slowed, while the incidents of civil violence have been greatly reduced.

This correlation between the improved security situation and the economy is no accident. The synergism between economic and security assistance is clearly evident in El Salvador, and we are, once again, proposing economic aid levels more than three-and-a-half times the military request. However, it is clear that continued military assistance at the proposed \$132.6 million level for FY 1986 is necessary to sustain current operations and to preserve and expand the security shield for economic growth and democratic practices to take hold. The high priority military procurement areas will continue to be training, sustainment (ammunition, supplies, armaments), communications, infrastructure, night sight devices, fire support, and tactical mobility. I urge you to appropriate these funds to take advantage of the progress that has been made and discourage the insurgents from stepping up their terrorist activities against civilians, the economy, and the political structure.

TURKEY

Another high priority is the continuation of our support for the modernization of the Turkish Armed Forces. A glance at the map reveals Turkey's geostrategic importance as an anchor to NATO's southeastern flank. This key ally sits astride the Turkish Straits which provide Soviet access to the Mediterranean from the Black Sea, and through which flows approximately 50% of Soviet export trade. Along with Greece, Turkey is in a position to control the sea and air lanes connecting Europe to the Middle East and Southwest Asia. It is also crucial to continuing Sixth Fleet access to the Eastern Mediterranean.

Unfortunately, Turkey faces a growing Soviet military threat and confronts a serious international terrorist problem. Turkey's main defense challenge is the growing obsolescence of its military equipment. Our security assistance is formulated to help the Turks meet agreed upon NATO force

goals. The Congress has recognized Turkey's key role in NATO and the critical nature of its military requirements by providing significant and increasing security assistance funding. Together we have achieved some momentum toward helping Turkey begin to upgrade its Korea War-vintage tanks, modernize its navy, and begin a modern fighter aircraft program. To continue this momentum, the Administration is requesting \$785 million in FMS credits and MAP grants for FY 1986. This request reflects fiscal realism, since greater funding levels (exceeding \$1.0 billion) could easily be justified on a purely military basis.

Finally, we are intensely concerned that a resolution to the problems associated with Cyprus be achieved. While progress is slow and fragile, we are encouraged by recent United Nations efforts and the positive role that Turkey has played in them.

I would like to address another Congressional issue of importance to our relations with Turkey: the so-called "Armenian Genocide" resolutions. House Joint Resolution 37, introduced in January, would among other things, designate a national day of remembrance with reference to "Armenian Genocide" in Turkey between 1915 and 1923. Whatever the merits of such remembrance, we believe such resolutions are counter-productive in that they serve to encourage Armenian terrorists who have killed more than 50 Turkish citizens, mostly diplomats over the past years. Some murders have occurred in the United States. We also believe that consideration of this resolution would embarrass the United States and strain relations with this critical ally. For these reasons, I hope you give your support to preventing favorable action on this resolution, and preventing the introduction of others like it.

THAILAND

In Southeast Asia the people of Cambodia continue to suffer under a brutal military occupation by the Vietnamese Army. We support Thailand and the other Association of Southeast Asian Nations (ASEAN) members in their efforts to achieve a peaceful resolution of the Cambodian problem. As ASEAN's front-line state and one of this country's staunchest allies, Thailand deserves our assistance in defending its borders against Vietnamese aggression. We are seeking \$102.5 million, almost entirely in FMS credits, to assist the Thai in modernizing their armed forces in the face of this substantial threat to their security.

PHILIPPINES

We are deeply concerned about the deteriorating economic and security situation in the Philippines. Political violence, criminal lawlessness, and severe economic dislocations challenge the public order. Moreover, the rapidly-growing Communist insurgency presents a serious threat to the Philippine Government and the future of the nation. We do not believe that reducing or eliminating security assistance will help ameliorate these conditions. Such an action would almost certainly have an opposite effect and severely handicap the government's efforts to resist the insurgency and deal with the conditions which breed disaffection. Reduced assistance levels would

be construed by the Philippine Government as a renegeing on our pledge of assistance made at the time of the 1983 military bases review.

The reversal of current trends in the Philippines will not be an easy task. Resource and leadership problems in the armed forces have thwarted progress against the military aspects of the insurgency. The Philippine Government now recognizes the seriousness of the threat and has begun to respond in a positive manner. Recent government initiatives in the area of military, political, and economic reform hold the promise of progress in the restoration of democratic institutions, revival of the economy, and reduction of domestic violence.

We are as anxious as the members of this committee to see constructive change in the Philippines. We cannot, however, lose sight of the fact that the Philippines faces a formidable internal Communist threat and that constructive change is rarely possible when a government and people lack the capability to defend themselves. We are requesting an increase in military assistance to \$100 million, divided equally between MAP grants and concessional credits, and another \$95 million in economic support funds. This will help ease the financial burden on the Philippines, encourage the active implementation of military reforms, and support prosecution of the military component of the national counterinsurgency effort.

We believe that the armed forces of the Philippines benefits from a solid cadre of loyal, professional officers who are capable of correcting its internal problems and aggressively pursuing a successful counterinsurgency strategy. We have seen encouraging signs in the past months. The time has come to signal our support for the efforts undertaken thus far, even as we await substantive results from these efforts. The members of this committee know well the critical importance of the Philippines to our global defense posture. It is incumbent on us to act in our own interests so that the Philippines will be encouraged to resolve its serious problems. Our FY 1986 security assistance request represents our best opportunity to foster constructive change.

ISRAEL AND EGYPT

We are recommending increases in the Israeli and Egyptian credit program--to \$1.8 billion and \$1.3 billion respectively, and all on forgiven terms. The Israeli level has been worked out with the Government of Israel after lengthy discussions, and it has agreed to these levels. A separate economic package for Israel will be sent to the Congress as soon as the final details are worked out. Together, the proposed forgiven credits for Israel and Egypt add up to nearly 55% of the entire FY 1986 FMS financing proposal.

The security assistance program has been the mainstay of our commitment to the security of Israel. It reached a high level in the early 1970's, followed by increases for both Israel and Egypt in the Camp David accords, and now additional increments in the wake of the current economic crises. However, we believe strongly that the Israeli and Egyptian increases should not be at the expense of the many other recipient countries where we have smaller programs.

These discussions show how the priorities of the Administration's security assistance program--and the FY 1986 request--are related to our global and regional defense strategy and foreign policy objectives. There are many other important programs for those countries on the frontlines of Soviet or Soviet-supplied countries--Korea, Tunisia and Pakistan, for example. Additionally, the five base rights countries [i.e., Spain, Portugal, Turkey, Greece, and the Philippines] continue to require high priority funding, as do the regional countries helpful to the Middle East peace process. Also, continued United States security assistance is essential to Morocco, Honduras, Sudan, Somalia, and others which must manage or contain border or internal conflicts in the face of serious internal economic problems.

THE FY 1986 REQUEST

The FY 1986 security assistance request is fundamentally a continuity budget, if the increases for Israel and Egypt are excluded. The \$3.1 billion in FMS credits we have proposed for these two Camp David signatories is more than half the President's FMS financing request. This would add \$525 million to last year's program, accounting for most of the increase over FY 1985 security assistance appropriations.

In FY 1985, Congress approved the Administration's recommendation to place the entire security assistance program on budget by converting the FMS guaranteed credits to all direct credits. We have requested that the FY 1986 security assistance request be on-budget again. We are now able to provide recipients a mix of treasury rate loans, concessional credits (as low as 5% interest charge), and/or MAP grants, depending on their economic circumstances. The provision of concessional loans and grants is one important way in which we can continue to address United States foreign policy objectives while taking into consideration the Third World debt problem and the slow global economic growth rates. But, if the Israeli and Egyptian requests are excluded, most of the remaining credits--about seventy-five percent--would still be extended at prevailing, near market interest rates.

Twenty-seven countries would receive FMS loans. When broken down by FMS program, two (Israel and Egypt) would receive forgiven credits, nine would be recipients of low interest concessional loans only, ten countries would be offered market-rate loans only, and six countries would be considered for both concessional and market-rate loans. We are proposing a small increase in grant MAP funds (\$144.25 million more than the FY 1985 Continuing Resolution) for some thirty-six countries and regional programs. Most of these programs are for countries in Africa and Latin America where the economic situations are most precarious.

We rarely provide high-priced or sophisticated military systems to the African and South American countries we financially assist. Most of these country programs are too small, and most could not absorb advanced systems into their force structures. Care has been taken to integrate economic, developmental, and military assistance in developing the overall country program requests, an approach stressed by the 1983 Commission on Security and Economic Assistance (i.e., the Carlucci Commission). Our assistance to these countries is predominantly economic--we have recommended five times more economic assistance than military aid for both sub-Saharan Africa and for the

American Republics. These countries utilize their military assistance financing primarily to support existing systems, for operation and maintenance requirements, infrastructure improvements, or for training, with very limited modernization of equipment. Our assistance contributes to the creation of a professional national defense force supportive of democracy. Thus, funding for improved military housing, for uniforms and other personal gear, or for training, may do much to professionalize a national military force. In other cases, our financing is intended to contribute to infrastructure improvement through civic action programs, an activity to which we have recently given renewed emphasis, especially in Africa.

We have requested a \$9.43 million increase over FY 1985 appropriations in the all-important grant International Military Education and Training (IMET) program. This program provides the opportunity for the United States to expose future military leaders to United States military doctrine, to our way of life, to the functioning of the military within a democratic society, and to our values with respect to human rights. It also helps develop and foster close working relationships with other armed forces to enable personnel and recipient countries to better utilize the defense articles acquired through military assistance. The increased IMET funds and the reduced training costs for FMS training approved by Congress in the FY 1985 legislation should help provide training to more foreign military students.

I should add that the military assistance program is not a give-away program. With very few exceptions--e.g., the Lavi program in Israel mandated by the Congress--virtually all the funds approved by Congress for foreign procurements are spent here in the United States. These funds do not go abroad, but come back into the United States domestic economy and create jobs and bring in modest revenues to the United States treasury. Though not the main reason for this program, it should be remembered that it reaps modest economic gain in addition to the large-scale strategic and foreign policy benefits.

Our major objective this year is to obtain the proposed funding levels just discussed, but it is essential that we also obtain a foreign assistance authorization bill. The last authorization bill was in 1981, but we need annual authorizing legislation to streamline security assistance management and make program implementation even more efficient. I want to commend the chairman and the committee for completing action last year on the authorization bill. We would appreciate similar action from this committee again this year. [Editor's Note: Both the House Foreign Affairs Committee and the Senate Foreign Relations Committee approved separate authorization bills in 1984. The full House passed its bill, H.R. 5119, on 10 May 1984, but the Senate failed to act on this legislation.] We are submitting six new legislative initiatives this year, in addition to many from previous years which remain important. These initiatives would help us maximize program effectiveness and get more security assistance for the security assistance dollar.

It is important that we extend 10/20 extended repayment terms, i.e., ten years grace and twenty years repayment on principal, for FMS market rate loans to Korea, the Philippines, Thailand, Turkey, and Portugal. The defense requirements and economic conditions of these countries are such that they can best afford to meet the collective security requirements through long-term repayment schedules. Ultimately, the repayments to the United

States of these loans will be greater than on the normal twelve-year payment schedules, but this initiative would allow them some breathing room over the next few years.

We are very pleased that the appropriation committees last year provided additional obligational authority of \$325 million for the Special Defense Acquisition Fund (SDAF). The FY 1985 addition brings the total obligational authority through FY 1985 to \$800 million, with the authorized capitalization now at \$900 million.

We want to increase the SDAF capitalization authority from the current \$900 million ceiling to \$1.5 billion and obtain \$345 million in obligational authority for FY 1986 for acquisitions. This would allow us to continue buying high demand defense items in anticipation of their sales to other countries, while protecting United States force readiness. The SDAF would be an even more effective tool of foreign policy if there were greater management flexibility. Consequently, we are proposing several initiatives to achieve this objective, including approval for three-year obligational authority.

We are also seeking to increase the stockpiling of war reserve stocks in Korea (WRSA-Korea) and are requesting a \$360 million authorization for the program in the FY 1986 legislation. This request requires authorization action but does not require appropriations.

This year, we have proposed deletion of the payment of costs of United States military personnel salaries for services or training provided through FMS cases financed by MAP funds. This initiative would increase the amount of training and other services we could sell to MAP-funded recipients without increasing our appropriation requests.

TERRORISM

I would like to briefly mention the growing and serious problem of terrorism.

International terrorism represents a threat of increasing magnitude--growing in intensity and sophistication. Its prime practitioners and sponsors are groups and nations that espouse Marxism-Leninism and Islamic Fundamentalism. The Western democracies recognize the challenge posed by the international terrorist, and 1984 was marked by increasingly closer cooperation, including the exchange of time sensitive intelligence on terrorist threats and measures to counter them. Within the DOD, we have increased emphasis on training, awareness, and security programs to protect our personnel and facilities. Our intelligence capabilities have been improved and terrorism-related intelligence is being thoroughly analyzed and rapidly disseminated to concerned commands. We must be prepared to deal with terrorist acts when they occur. To that end, DOD maintains a specially trained and equipped force comprised of elements from all four services to resolve terrorist incidents when directed by the National Command Authority. The Administration has requested \$5 million for the Anti-Terrorism Assistance Program, permanent authorization for the program, and authorization to permit purchases of equipment and commodities from the munitions list. This request

would strengthen our ability to deal with terrorism and I urge your support for it.

FY 1984 FMS AGREEMENTS

Last year, foreign governments signed agreements with the United States for \$14.6 billion in defense articles and services, including construction. This is the second consecutive annual decline in the value of FMS sales, with FY 1984 sales nearly one-third less than that of FY 1982 and about \$3 billion less than those in FY 1983. One major reason for this decline in sales is the sluggish global economy over the past several years. Nonetheless, these sales figures clearly debunk the view that United States foreign arms sales are out of control and that foreign requests are not preceded by careful United States planning and evaluation.

There has also been a gradual decline in the sale of modern fighter aircraft and other major weapon systems. These declining totals reflect the general reduction in world demand for major military hardware procurements. We do expect, however, that the sale of items to support high tech systems and routine upgrades and updates of older systems will continue and probably increase. As in the past, most of our sales have been going to our treaty allies, the industrialized democracies and the affluent less-developed countries.

CONCLUSION

I have provided a Defense Department view of how security assistance and arms sales contribute to our global and regional defense strategies and foreign policy goals. I have also described the basic outlines of the Administration's security assistance budget request and the priority country programs and key legislative initiatives we are seeking for FY 1986. From the DOD perspective, there is very little doubt that this program enhances our global security posture and enables us to project our forward defense without cutting into the defense budget.

We work closely with the Department of State in the formulation of the annual budget request to the Congress, the legislation, the evaluation of arms sales requests, the release of technology, and the determination of priorities. There is considerable time, thought, and review put into the development, management, and implementation of these programs. The views from the country missions, the regional commands, the various executive agencies, and, of course, Congress interplay to shape its basic features. These inputs are generally constructive because they help insure that our interests--and those of our friends and allies--are protected.

Finally, I should comment that although security assistance and arms sales are very important, they are not a panacea for addressing all the security problems we face around the world. But, they are extremely valuable policy tools when used in conjunction with other instruments of defense and foreign policy, e.g., strong defense, diplomacy, trade, and investments. Security assistance can help facilitate successful implementation of these

bilateral activities and, in turn, these programs can help make the implementation of security assistance more successful.

The FY 1986 security assistance budget proposal contains no major changes from FY 1985--with the exceptions of the large increases for Israel and Egypt. I am confident that the constructive working relationships we have had in the past will continue and that the Congress and the Administration will continue to be guided by the same overriding goals we have sought in the past. This basic goal has been and remains how best to maximize the security and foreign policy interests of the United States while promoting an environment that enhances the freedom and dignity of other countries around the world.