

SECURITY ASSISTANCE PERSPECTIVES

SECURITY ASSISTANCE: A VIEW FROM THE JCS

By

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[The following is an adaptation of a speech presented at the annual European Command (EUCOM) Security Assistance Conference, Garmisch, Germany, 22-25 April 1985.]

Introduction

My remarks will address: U.S. strategy in relation to security assistance; security assistance objectives from the perspective of the Joint Chiefs of Staff; the role of the Organization of the Joint Chiefs of Staff (OJCS) in security assistance; U.S. security assistance programs and legislative initiatives; Soviet and Warsaw Pact challenges; and finally, changing patterns of international arms sales and security assistance.

U.S. Strategy

The U.S. has a coalition strategy for global and regional defense, which is dependent to a great extent on mutual cooperation agreements with many nations. We maintain forward-deployed forces in key areas consistent with these agreements. Security assistance is a key factor that enables our unified commanders to carry out their missions more effectively both in peacetime and during crises. To make our coalition strategy more effective, we encourage our friends to do more on their own behalf in defense of U.S. common interests. Security assistance continues to be the most cost-effective means to achieve these goals.

The Chairman and Chiefs view security assistance as having a three-tier objective:

-- To provide resources and training for the recipients to develop an independent capability to successfully defend themselves against hostile neighboring states and to control externally-inspired terrorism and insurgency.

-- To facilitate and encourage the establishment of regional defense organizations which can successfully defend against regional incursions without the need for direct U.S. force involvement.

-- To enable recipients of U.S. assistance to interoperate with U.S. forces in expanded conflicts. The ability to interoperate should include

the individual nations and regional organizations, and pertain to equipment, operational plans, and communications links.

These objectives are the foundations of the coalition strategy to which U.S. defense elements are committed. Success of the strategy will depend on achieving rationalization (common defense concepts and plans), standardization (interchangeable equipment which can be effectively operated and maintained by our forces), and interoperability (common communications concepts, plans, and operational objectives). This is known as RSI. Historically, RSI has been viewed in a NATO context, but in the recent past it has taken on an expanded importance in U.S. defense relationships worldwide.

Congress has directed policy and administration responsibility for security assistance to the Secretary of State. It is the intent of Congress that this program be used as a major foreign policy instrument. Security assistance is now, perhaps, our most important and, in many cases, our only effective instrument for maintaining and advancing American influence and foreign policy. The JCS role in security assistance is to press U.S. military concerns in the interagency arena and not let the military purpose of security assistance become obscured by other interests.

OJCS Organization for Security Assistance

The OJCS is organized in the following manner. The J-5, which is responsible for plans and policy, takes on the policy recommendation function of security assistance. In a nutshell, the Security Assistance/Arms Transfer Division (SAAT) is the focal point for the development of security assistance policy recommendations for the Chairman and the Chiefs, which include legislative initiatives, national disclosure policy, budget recommendations, advice on major defense equipment transfers, etc.

In the development of national policy, the JCS contribution in the planning, structuring, and approval process must take into account regional political/military strategy goals and U.S. bilateral relationships. Military advice from the JCS also must take into account our national technological resources and national policy governing technology transfer. This requires an assessment of risk versus gain, a policy development in the fullest sense that can be achieved only by thoughtfully applying a combination of regional expertise, knowledge of foreign assistance legislation, technology transfer criteria, national disclosure limits, and those national interest factors which are basic in policy development.

An area which I believe concerns us all is what really happens in the JCS to the various security assistance inputs and reports, such as the Annual Integrated Assessment of Security Assistance (AIASA), the Joint Security Assistance Memorandum Supporting Analysis (JSAMSA), the Joint Strategic Planning Document Supporting Analysis (JSPDSA), etc. Efforts by the field in preparing these reports are extremely important in the preparation of the budget, addressing mid-range planning for the worldwide allocation of scarce resources, and relating security assistance policy to a common threat (defense guidance scenario).

Among many of the duties of the Security Assistance and Arms Transfer Division (SAAT) within the J-5, PMA, are review, analysis, or preparation of such documents as the AIASA, JSAMSA, JSPDSA, etc. J-5 is responsible for consolidating and publishing the Joint Strategic Planning Document Supporting Analysis (JSPDSA Part II, Book IV). Significantly, the JSPDSA, in its present form, can be a useful tool for unified commanders in the development of war plans under the U.S. coalition strategy. It is extremely important that the U.S. be able to forecast the capabilities of its allies, and it is hoped that once the JSPDSA for 1987-1994 is published, it will receive due consideration in upcoming exercise planning.

The results and findings of recent JCS mobilization exercises makes it clear that early identification by the CINCs of in-theater-needs for materiel and equipment and in the security assistance pipeline is paramount. It is during the crises build up phase that Washington can be most responsible to the CINC's needs. There is, admittedly, a lot of crisis action "red tape" within the government bureaucracy and the legislature which must be overcome before FMS end items can ever be directed to the area or areas of need. In so doing, the J-5, as a member of the Joint Material Priorities Allocation Board (JMPAB), can recommend policy which will ultimately allow the J-4 to implement the diversion of FMS equipment or the drawdown of U.S. stocks to meet the needs of a CINC or CINCs.

JCS exercises also have been of value in testing the resolve of the U.S. industrial base to support standard equipment requirements. It is significant to note that U.S. industry has little flexibility to produce non-MILSPEC items because of the high USG demand to pursue U.S. requirements.

Additionally, it appears that all regional resource allocation will be accomplished through the CINCs who will be responsible for distributing available material to U.S. and/or allied forces. Security assistance will continue to be managed by the Defense Security Assistance Agency (DSAA). Only those items in the pipeline which are under USG control and are available within approximately six months, are of concern to the JMPAB for possible diversion. Specific administrative procedures for title transfer to NATO and non-NATO countries are to be delegated to the CINCs.

As to whether the entire FMS pipeline is shut-off completely or not during a crisis is a decision which rests with the Secretary of State. A total shutdown of the FMS pipeline will depend on the worldwide situation and recommendations from the Secretary of Defense and the Chairman, JCS.

I have spent a considerable amount of time on this issue, for I believe it is important to understand that during these mobilization exercises, we have been working out and smoothing up procedures to improve crisis management.

In review, the OJCS, or more specifically, the J-5 role in security assistance, is to support the Chairman and JCS in their role as the military advisor to the Washington policy development community. The OJCS has no managerial involvement in the security assistance process. During a crisis, J-5 maintains its role as the plans and policy point of contact with the National Security Council, Department of State, DSAA, the Services, and OSD. In addition, as a member of the JMPAB, J-5 is responsible for

collaborating in the decision process of the re-allocation of critical material, to include security assistance assets not yet delivered.

Proposed FY 1986 Security Assistance Budget and Legislative Initiatives

As in Fiscal Year 1985, about half of the U.S. security assistance funds requested for FY 1986 are for Israel and Egypt; and those two countries, along with Turkey, Spain, Greece, Pakistan, and South Korea, account for over 80 percent of the program funding. The Administration's proposed FY 1986 budget reflects a \$525 million increase over that proposed in FY 1985. The proposed budget emphasizes:

- The revitalization of MAP, with a small increase of \$144.25 million over 1985.
- The increase of FMS credit recipients to twenty-seven.
- A \$9.43 million increase in IMET worldwide.
- A significant \$371 million increase in forgiven FMS credit to Egypt and Israel.

The Administration plans to obtain a Foreign Assistance Authorization bill this year. The last Authorization bill was in 1981, and quite frankly, the failure to get an annual authorization bill has hampered DOD's ability to streamline security assistance management.

The Administration has proposed five new security assistance legislative initiatives in addition to many from previous years. These initiatives would:

- Provide 10/20 extended repayment terms, i.e., (10 years grace and 20 years repayment on principal)--for Greece, Korea, the Philippines, Portugal, Thailand, and Turkey.

- Increase the Special Defense Acquisition Fund (SDAF) from a \$900 million ceiling to \$1.5 billion, and obtain \$345 million in obligation authority. To be a more effective tool of foreign policy, the Administration also has requested approval of a three-year obligation authority for the SDAF.

- Increase the stockpiling of war reserve stocks in Korea (WRSA-Korea).

- Delete the payment of the costs of U.S. military personnel salaries for services or training provided through FMS cases financed by MAP funds.

- Permit the sale of safety-of-flight (or safety in general) items to non-communist nations that possess American military equipment, regardless of other restrictions on furnishing security assistance to the governments of such countries.

Within the Administration's proposed security assistance budget and legislative initiatives lie important regional considerations. Increases in joint assistance or concessional terms are highly recommended for Turkey and Portugal, the least prosperous of the NATO allies, and where military modernization is the key to U.S. strategic defense commitments.

The Administration is reluctant to provide high-priced or sophisticated military systems to the African countries for which the U.S. provides financial aid. Most African 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. The Administration has recommended five times more economic assistance than military aid for sub-Saharan Africa and the American republics.

Each security assistance effort should be closely examined to determine its short and long-term effects on the recipient country. In Africa, emphasis should be placed on civic action programs rather than weapon systems. This approach has two dimensions--infrastructure and human capital--that have the most potential for development contributions in the economic sector. Security assistance should focus on the construction, improvement, and maintenance of multi-use facilities, such as highways, communications nets, harbors, airfields, etc. Training through IMET, MTTs, and U.S. military advisors and technicians should be increased where possible. In the long run, the emphasis on training will promote military competency, and enhance technology absorption, unit cohesion, and nation building.

The Soviet and Warsaw Pact Challenge

The Soviet Union exploits security assistance as a low-cost, low-risk instrument for achieving its political and military objectives. The Soviet Union has maintained its military assistance programs at high levels. In the past five and a half years, Soviet arms sales agreements have totalled over \$55 billion. Since 1955, over 69,000 military personnel from less-developed countries have been trained in the Soviet Union and Eastern Europe. In 1984, approximately 19,000 Soviet and Warsaw Pact personnel were stationed in nearly 40 countries worldwide, not counting Afghanistan and Cuba. In these countries, Soviet and Warsaw Pact advisors play a central role in organizing, training, and influencing client states.

Soviet security assistance in Africa and Central America stands as a graphic example of how the Soviets use such aid to gain geostrategic advantages, promote conflict, overthrow governments friendly to this nation, and frustrate U.S. attempts to promote peace and stability. In Central America and the Caribbean Basin, Soviet aid in military assistance deliveries in 1984, outstripped our own by four and a half times. In Central, South, and West Africa, their deliveries were over twenty times those of the U.S. They provide this aid, as they do worldwide, on very easy terms; and, they do so in ways which better assure them lasting influence in recipient countries; they withhold spares and assign large numbers of advisors who exert influence on the host nation. In addition, the Soviets frequently use surrogates, such as Bulgaria, East Germany, North Korea, and Vietnam, as conduits for arms transfers to fulfill political objectives. Aid provided by Soviet

surrogates is designed primarily to support guerrilla activities in such regions as Africa, the Caribbean Basin and Central America. We expect the Soviets to continue to use direct and surrogate military assistance and arms sales to boost their hard currency earnings and to gain influence and military access in Third World countries.

Thoughts on Changing Patterns of International Arms Sales and Security Assistance

Now, I would like to share some thoughts on the future of security assistance and arms sales. Under the Carter Administration, U.S. arms transfers remained about constant, while the other four major arms-exporting countries doubled and, in the case of France, trebled their sales. The current Administration seems determined to reverse this trend.

In order to draw a realistic picture of the future, three major factors should be noted which have remained constant in U.S. security assistance policy formulation over the years.

(1) The threat continues to grow, not only in qualitative capability, but also in numbers.

(2) Our security assistance partners continue to face problems in financing their legitimate defense requirements.

(3) In constant dollars, the level of arms transfers to the free world from the U.S. (with minor fluctuations during the Vietnam era) has remained steady. Given these relative constraints, there are technical and financial changes which will drive the nature of our future in the international military market.

On the technical side, there are three areas we should examine as we try to predict the future: operational requirements; the increasing life span of existing weapons systems; and the uneven growth rate in various technologies. We are on the verge of some very startling applications of new technology; hence, there is a continuing need for reasonable increases in research and development (R&D) funding. R&D funding today is 75 percent of what it was in 1965 in real terms. There are some very definite trends worthy of our attention.

As technology expands, we find ourselves developing and building certain types of equipment which are either operationally unsuitable for our security partners, or which, for various reasons, we may not want them to have. "Stealth" systems are one example of the latter category, but there are many others as the contest between measure and countermeasure roles are fueled by the engine of technological growth. In the former category, American operational requirements often lead to the development of equipment which does not really suit the needs of our friends.

We are now witnessing a situation in which we attain our desired operational capabilities in a way that is just out of the financial reach of many of our allies whose needs and resources are more modest. For example, the U.S. considers the C-130 HERCULES to be an extremely effective tactical

transport. However, for many of our allies the HERCULES constitutes their primary strategic airlift force. Their tactical airlift equipment is comprised of aircraft which we do not build in this country. The same example also applies to tanks, ships, and missiles.

It was this notion of tailored operational requirements which, of course, launched the Northrop Corporation on the extremely successful F-5 program and which also led to the proposed F-20 initiative.

Let us now look at the survivability of security assistance to continue to operate as we know it today in view of many changing economic, strategic, and political conditions around the world. Security assistance will survive, of course, but the real and harder questions are who will buy--what will they buy and from whom, and finally, how will they pay for it? I think the answers to these questions lie largely in the hands of those who are making key policy and funding decisions today. In the OJCS, we try to insure that such decisions fully consider the future equipment needs of our security partners around the world.

General James P. Mullins, formerly the Commander of the Air Force Logistics Command has said, "The future is not a world that lies before us quietly awaiting our arrival, but rather a world that we are creating by our daily decision." One only has to look at the tremendous opportunities which lies before us in the next decade to realize the enormous potential for technological development if we properly fund our governmental, academic, and industrial research and development programs.

All this relates directly to the kinds of products which will be available to U.S. security partners over the next two decades. The upper limit, then, on what we might transfer, hinges on key decisions now to significantly modernize our forces and thus free up a lot of current firstline equipment. But, will we do it?

At the lower limit, one finds U.S. defense equipment which is too sophisticated and not appropriate for many of the lesser developed countries. For many of these countries, defense equipment on the lower side of the technology scale is being provided by other developing countries, i.e., Spain, Brazil, Israel, etc.

This brings me to the subject of modifications. There is a lot of equipment in the hands of our allies which is not only available for upgrading but for which upgrading makes a lot of sense. This market would include these:

- 10,000 tanks and 15,000 armored personnel carriers which could use armor, gun, engine, and fire control upgrades.
- Some 4,500 F-4, F-5, F-104, and A-4 tactical aircraft which are available for ECM, IFF, fire control, radar, and engine upgrading.
- And, finally, 150 submarines and over 1,000 surface combatants which could be upgraded and sold in the international market place.

As attractive as these kinds of programs are for financially strapped customers, obviously they bring with them problems. For example, system integration and configuration control can be difficult. Managing these two matters in a successful way will require a lot of resources.

Let us switch now to finances. Looking into the next decade at the foreign military sales market, I see four fundamental financing problems which must be resolved if we are to maintain or increase our share of the world arms market.

- First and foremost, of course is, the strength of the U.S. dollar which has reached record highs, even among the more stable European countries.
- Second, our mounting trade deficits which have increased markedly in the last three years.
- Third, the slow rate of economic growth in the remainder of the industrialized free world.
- Fourth and finally, the enormous debt which has been run up by the so-called lesser developed countries.

All of these problems are interrelated, and I do not pretend to have a solution. But, I can suggest that this grim economic outlook is going to have to be resolved if we are to succeed in meeting the legitimate defense needs of our allies.

Thus far, we have talked about what the U.S. might have to offer, and the problems which need to be resolved with respect to financing. We have also taken note of the increased competition from other industrialized nations. All of us need to understand better the growing arms industries in the so-called Third World as they impact on our security assistance role. The kinds of products these countries want to export tend to be at the lower end of the technology scale. but they are gradually climbing on that scale.

Finally, let us look briefly at the marketplace--who is going to buy? I believe that our traditional security assistance programs in Europe and Japan will remain strong but will change in character. I do not think we will be selling entire weapon system packages, but will rather be engaged more and more in cooperative ventures as both sides attempt to get the best possible deal. Our opportunities to expand influence through security assistance will center largely in the Third World, particularly in the ASEAN and Gulf States and Africa.

I believe that in the next decade, our allies will have to maintain their defenses with limited financial assets, which means they will buy a limited number of major weapon systems. We are going to be scratching some pretty thin soil with regard to the sale of brand new products. On the other hand, I believe that advancing technologies will give U.S. defense contractors new opportunities to modify and upgrade current systems until U.S. technology can bring in a whole new generation of weapon systems for the 21st century.

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In summary, I believe the tools we need to fulfill our coalition strategy objectives are available. The global and regional defenses already strengthened through on-going security assistance programs will be influenced by some or all of the factors mentioned earlier. The cooperative effort of all personnel and agencies involved in the security assistance process is essential in order to reach the goal. Attuning ourselves to the factors that require us to adjust our plans and procedures along the way is vitally important.

THE U.S. SECURITY ASSISTANCE PROGRAM

[The following represents an extract from pp. 85-90 of the United States Military Posture for FY 1986, an annual report prepared by the Organization of the Joint Chiefs of Staff.]

Security assistance programs contribute to U.S. objectives by assisting allies and friends to meet their defense needs and by supporting collective security efforts. Security Assistance is an essential element of foreign policy and a way to build positive government-to-government relations. By sharing costs and effort, many countries can achieve a level of mutual security unattainable independently. By strengthening U.S. allies and friends, security assistance programs also serve as an economy-of-force measure which allows the United States to concentrate its available forces in areas of greatest threat. For these reasons, security assistance is an integral part of U.S. military strategy.

Security Assistance Objectives

The primary military objectives of security assistance are to assist countries in preserving their independence; promote regional security; help obtain base rights, overseas facilities, and transit rights; ensure access to critical raw materials; and to provide a means to expand U.S. influence.

Elements of Security Assistance

The major components of security assistance are the Foreign Military Sales (FMS) Program, which includes the FMS Credit (FMSCR) Program; Military Assistance Program (MAP); and International Military Education and Training Program (IMETP).

-- Foreign Military Sales Program. The FMS program enables eligible governments to purchase defense equipment, services, and training from the United States on a cash or credit basis. This year, the FMSCR Program has been included in the budget and all loans will be made directly by the U.S. Government to recipient countries instead of through commercial banks. For selected countries, a portion of this credit will be available as low-interest loans. The amount of the proposed FY 1986 security assistance budget allocation to FMSCR is 85 percent.

-- The Military Assistance Program. This grant program provides an account for designated countries that may be used to obtain defense equipment and selected services. MAP funds allow certain economically disadvantaged countries to improve their security and ability to contribute to collective defense. The FY 1986 MAP proposal of \$949 million represents 14 percent of the total security assistance program budget request and an

increase of 18 percent over the FY 1985 approved program. This increase will allow the United States to assist certain needy countries more effectively in improving their security and ability to contribute to collective defense.

-- The International Military Education and Training Program. The IMETP provides training to foreign military and certain foreign government-sponsored civilians on a grant basis. IMETP training consists of formal courses, orientation tours, and on-the-job training. This program has greatly expanded U.S. contacts with foreign governments, whose representatives are trained by U.S. personnel. IMETP students frequently assume leadership and management roles in their armed forces and elsewhere in their governments. The FY 1986 IMETP proposal is about 1 percent of the total military security assistance program. Chart 1 depicts expenditures and numbers of student that have attended U.S. military-sponsored training under IMETP over the past 5 years. In FY 1984, modernization programs required that an increased percentage of IMETP funds be used to support the training of pilots and similarly skilled technical personnel. This requirement has resulted in a higher average cost per student. This program enhances collective defense at relatively low cost to the United States by providing urgently required training to foreign forces.

CHART 1

**Worldwide IMETP Expenditures
Students Trained in U.S.**

<u>FY</u>	<u>Expenditures*</u> <u>(in millions)</u>	<u>Students</u> <u>Trained</u>	<u>Cost per</u> <u>Student</u>
80	24.9	3545	\$6996
81	28.7	4836	5935
82	46.2	6317	7314
83	46.0	6861	6705
84	52.8	5967	8855

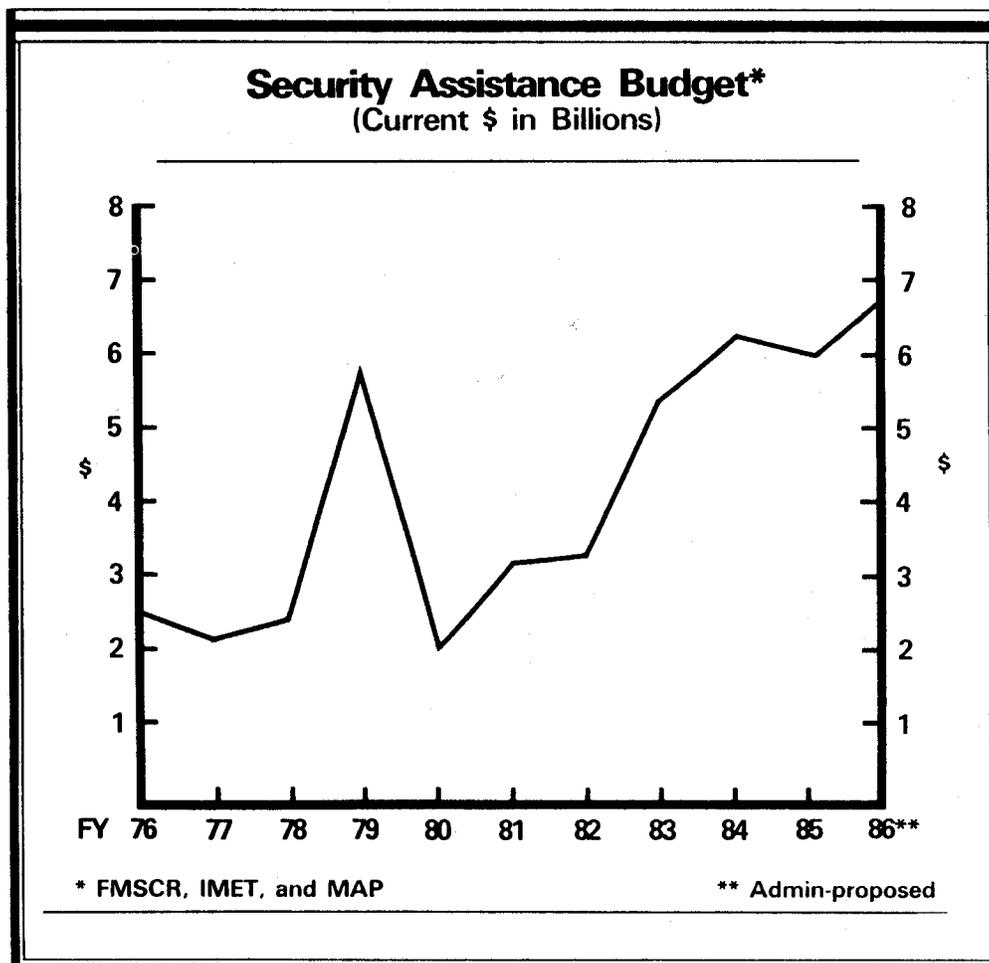
*Actual dollars/not adjusted for inflation.
(As of 1 January 1985)

Security Assistance Initiatives

Over the past few years, legislative initiatives have been introduced to increase the effectiveness of the security assistance program. These initiatives were designed to provide more flexibility in planning, production, and delivery in order to allow the United States to be more responsive to nations suddenly threatened by overt hostilities, e.g., Chad, Lebanon, and El Salvador. One initiative that has been proposed is to increase the capitalization level for the Special Defense Acquisition Fund. This fund was established to improve U.S. responsiveness to anticipated FMS needs by ordering in advance high-demand items that have long-lead-time procurement schedules. Such an increase would allow more timely acquisition of these items.

The FY 1986 security assistance budget represents an increase over the FY 1985 budget as a result of requirements in areas of the Third World where the Soviet presence has increased (Chart 2). The budget request reflects a balanced consideration of U.S. objectives and the needs of friends and allies (Chart 3).

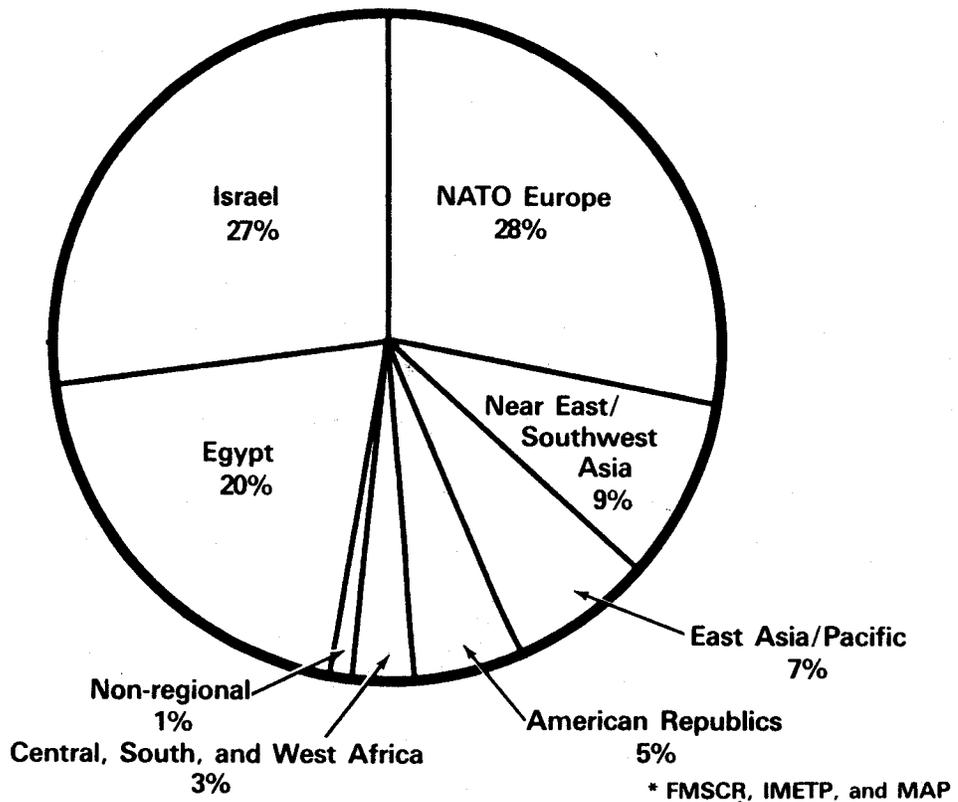
CHART 2



(As of 1 January 1985)

CHART 3

Security Assistance Budget*
FY 1986 Administration Proposed Strategic Apportionment



(As of 1 January 1985)

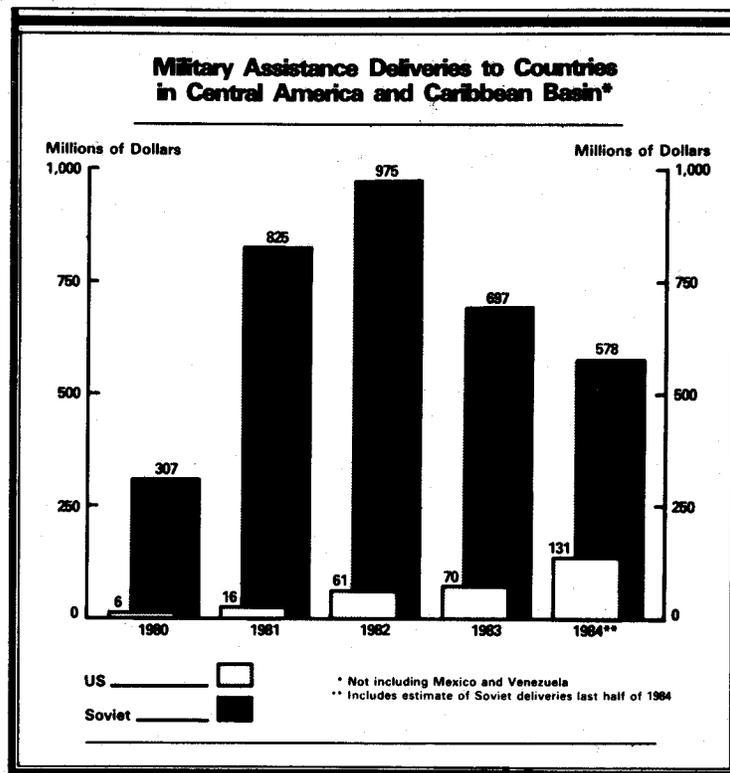
Soviet Security Assistance

Weapon transfers continue to be an important means of projecting influence and disrupting regional security. Over the past 5½ years, Soviet arms sales agreements with the Third World have totalled over \$55 billion. Recipients have been attracted by favorable financial terms, quick delivery, and, in some cases, advanced weaponry. In recent years, the sale of military equipment has become a more important source of hard currency and commodities for the Soviet Union. In several instances, Soviet weapon transfers have provided a means of acquiring base access rights abroad. Weapon transfers also provide an entree for Soviet advisors into the recipient's military establishment, allowing them to exert influence over local leaders and policies through the control of training, maintenance and spare parts, and the sale of newer equipment.

Since 1955, over 69,000 military personnel from less-developed countries have been trained in the Soviet Union and Eastern Europe. In 1984, approximately 19,000 Soviet and East European military personnel were stationed in nearly 40 non-Warsaw Pact countries (excluding Afghanistan and Cuba), where they played a central role in organizing, training, and influencing client armed forces.

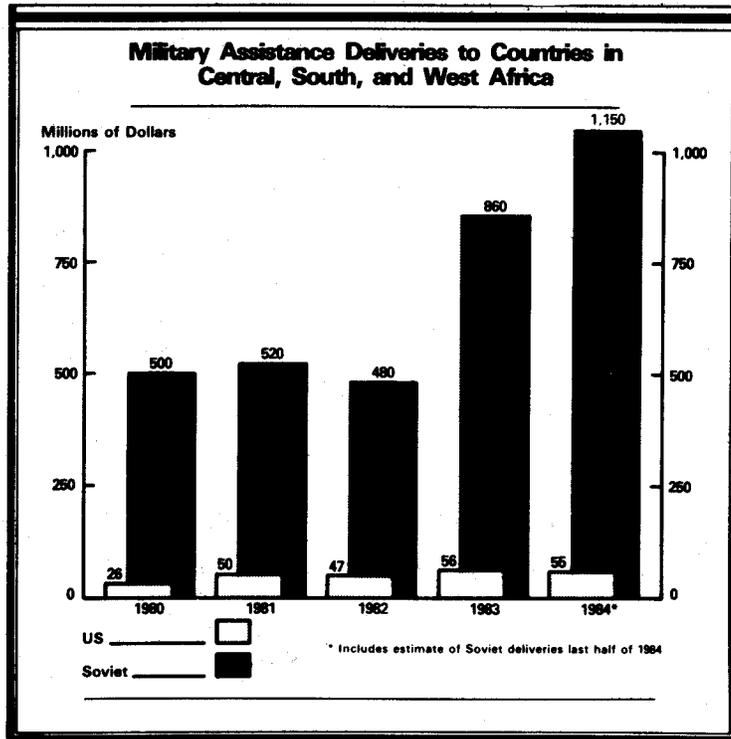
The Soviets continue to provide a significant amount of military aid to countries in Central America and the Caribbean Basin (Chart 4), as well as Africa (Chart 5). The Soviets also view the Middle East, northern Africa, and Southwest Asia as areas of great strategic importance and have maintained an especially high level of military assistance there (Chart 6). These charts compare deliveries with U.S. programs.

CHART 4



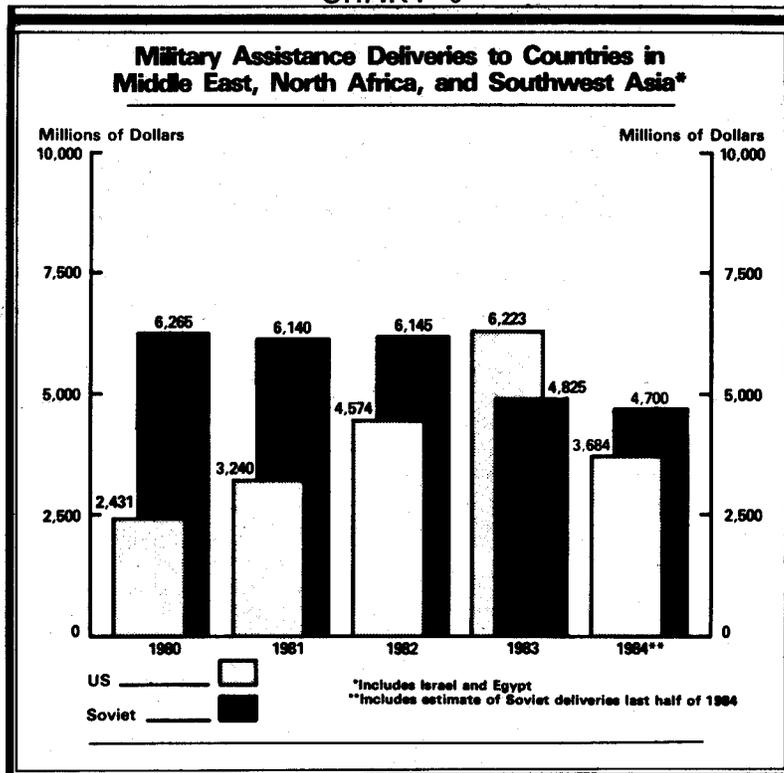
(As of 1 January 1985)

CHART 5



(As of 1 January 1985)

CHART 6



(As of 1 January 1985)