

CHAPTER ONE

INTRODUCTION TO SECURITY ASSISTANCE

Introduction

The use of security assistance has been a major tool in the formulation and conduct of U.S. foreign policy, especially beginning with World War II. It has helped countries in peril to actively defend themselves, reconstruct or strengthen their militaries against a variety of threats, promote the establishment of democracies with a strong emphasis on internationally acceptable human rights, promote interoperability within strategic alliances, and strengthen coalition efforts against unacceptable use of force. U.S. security assistance is only authorized when determined by the president to be in the U.S. national interest. This powerful determination has been made many times by the post-World War II U.S. presidents in response to crises throughout the world ranging from the cold war era Soviet threat to Eastern Europe and the Middle East to the present 9/11 global war on terrorism.

In the National Interest: U.S. Foreign Policy

In the conduct of foreign relations, the United States, like every other state, is concerned primarily with the achievement of those objectives of national interest, which it conceives to be of paramount significance. If the management of our external affairs is to enjoy rationality, it must have goals that harmonize with, and supplement, the internal policies and programs of the government, whether they may be the promotion of commerce and trade, the acquisition of territory or power, or the maintenance of peace and security.

Thus spoke President Truman in his January 1949 inaugural address which represented, for the first time in U.S. history, an inaugural speech devoted primarily to the subject of foreign policy and foreign relations. Truman's address also initiated the development of several programs, which we now collectively call security assistance.

The Truman address gave new direction to U.S. international relations, the essence of which would lead to the inclusion of some form of arms assistance in many future U.S. foreign policy initiatives. The new direction was a radical departure from foreign policies that had served the nation since its beginning.

Secure behind two broad oceans, located on a huge continent rich in open space with seemingly unlimited resources, and relatively free from external threat, the early Americans adopted a foreign policy that advocated isolationism and the avoidance of foreign entanglements. Thomas Jefferson, our first Secretary of State, endorsed the cultivation of friendship with all nations but entangling alliances with none; and he believed that the American people should be free to produce whatever goods their skills and resources permitted, to carry their goods undisturbed across the free seas-the sea lines of communication-and exchange their goods without discrimination in open markets throughout the world. In Jefferson's view, if other nations, through their improvident imperialism engage in wars, the American people nevertheless should pursue their peaceful ways and their commerce as if for them such wars did not exist.

Even Jefferson, however, had to realize the difference between a statement of ideals and its pragmatic realization. The United States could not exist then or now, separate from the family of nation-states that has grown in number to over 190—each with differing social, economic, political, and security interests.

Despite the existing international realities, Americans continued to follow the Jeffersonian ideals and cloaked themselves in a mantle of isolationism. For over 160 years, the country concentrated its efforts on internal development. The rest of the world appeared to have little to offer when compared with the excitement of America's so-called "manifest destiny" - an unbridled expansion westward to the shores of the Pacific—an expansion that was regarded as a God-given mandate.

As America's predominantly agrarian economy gradually was transformed into one of industrial expansion, the nation's worldwide relationships became more complex. America needed new markets for our products and raw materials for our factories. Changing relationships had a significant impact on the way America began to view its roles and responsibilities in an increasingly threatening and competitive world. It was felt that military might was needed to protect the country's economic interests if industrial expansion were to continue. Theodore Roosevelt, a devoted follower of the writings of Admiral Alfred Thayer Mahan, built up the U.S. Navy to protect both American shores and the overseas holdings acquired as a result of the Spanish American War. These steps highlighted the emergence of the United States as a world power, but not yet a superpower.

While U.S. foreign policy continued to stress isolation, American foreign policy was being transformed by its emerging international relationships, and new approaches were needed to accommodate these changes. Given America's international economic interests, isolation was no longer a viable foreign policy and the first half of the Twentieth Century saw a shift toward a policy of neutrality. While the U.S. would interact with other states, it would continue to follow George Washington's injunction against "entangling alliances." Still, the U.S. became engaged in two world wars, and by 1945, as the only major power not economically or physically devastated by either war, found itself categorized as a superpower—a new and somewhat uncomfortable position.

It was also in this role that the U.S. became involved in what was to be labeled the "Cold War." The USSR, which had been our World War II ally, became a threatening adversary through its drive to expand international communism and extend its hegemony over its bordering states. Obviously, the change in U.S. and Soviet relations brought about a corresponding major change in American foreign policy. America's position hardened against Soviet expansionism; America's pronounced goal became the "containment of communism", a goal that would lead to U.S. involvement in Korea and Vietnam, and later in the Central American countries of El Salvador, Honduras, and Nicaragua. [First expressed and clearly outlines in George F. Kennan's ("X), "The Sources of Soviet Conduct," Foreign Affairs, July 1947.]

As a point of interest, since World War II, most of the major threats to international stability were created through Soviet military adventurism and expansion of its political reach into the Third World. Examples of Soviet-backed military actions which threatened U.S. interests occurred in Indochina 1946-54, Greece 1947, Korea 1950, Suez 1956, Cuba 1962, Vietnam 1964-1975, and more recently Angola, Afghanistan, Cambodia, Laos, Yemen, Nicaragua, El Salvador, and Ethiopia. Reinforcing the seriousness of these threats was the fact that a study by the Brookings Institution highlighted 215 incidents from the end of World War II to the mid-1970s, which saw the dispatch of U.S. forces to meet situations threatening our political or economic interests.[Blechman, Barry M. and Stephen S. Kaplan, Force Without War, Washington, D.C.: Brookings Institution, 1978.] Fairly recent examples of

such use of U.S. forces occurred in the Persian Gulf in 1987-1988, Panama in 1989, again in the Persian Gulf region in 1990-1991, Somalia in 1993, the former Yugoslav Republic of Macedonia from 1993 to the present, Haiti in 1994, the Persian Gulf again in 1994 and 1998, in the former Yugoslavia from 1995 to the present, and numerous humanitarian assistance operations ranging from Rwanda in 1994 to Hurricane Mitch in Central America during 1999. Resulting from the 9/11 attack on the continental United States in 2001, the current global war on terrorism (GWOT) has caused further deployment of U.S. forces worldwide, especially in Afghanistan, the Philippines, and the Horn of Africa. The ongoing 2003 Operation Iraqi Freedom has resulted in the deployment of division-sized U.S. armed forces to Iraq and other countries in the Middle East.

The 1989-1990 political and economic liberalization in the Soviet Union introduced by Premier Gorbachev, spread to Eastern Europe and presented important new challenges to U.S. foreign policy. In response to the emergence of democratic processes in the USSR and Eastern Europe, the U.S. has played an active role in helping foster Eastern European economic development, supporting its fledgling democratic institutions, and helping to ensure economic and political stability. As an example, the fiscal year (FY) 2003 Foreign Operations budget specifically appropriated \$525 million in assistance to support democracy in Central Europe and \$760 million for the countries of the former Soviet Union. In the field of security assistance, the figures are similarly indicative of U.S. support for the emerging democracies. For 1990, the last Cold War budget before the collapse of communism, the International Military Education and Training (IMET) East European program was a mere \$0.026 million for Yugoslavia. By 2003, IMET allocations to the countries in Europe and Eurasia totaled \$31.750 million. In addition, the U.S. has offered its advice and expertise in support of economic reform, trade liberalization, labor market reforms, private sector development, and environmental protection. This marked a major leap forward in bipartisan foreign policy and underscores the strength of the American commitment to assist former Warsaw Pact countries in their historic march toward freedom. As these nations strive to reclaim their cultural and political traditions, there remains a potential for substantial instability in this region. Ethnic and political rivalries, which have been dormant for years under the hegemony of the Soviet Union, now present new threats to the security interests of the United States and its western allies. While the world focused on the tragic events in Serbia, Kosovo, and Chechnya, activities in Burundi, Congo and the Middle East have also drawn our attention and impacted U.S. foreign policy.

A related factor that required a change in U.S. foreign policy direction was the growth of the Third World as an important international political reality. The large majority of Third World nations did not attain independence until the post-WW II period-many have enjoyed such independence for less than thirty-five years. These countries are so politically, militarily, economically, and culturally different, not only from the U.S. but also from each other, that America is faced with developing a foreign policy that is ever more complex, while having to be practical and flexible in its implementation.

The 1991 disintegration of the Soviet Union also raised the issue of the future of the former Soviet republics. With whom should the U.S. bargain as the opposition power broker in times of crisis, and more importantly, who keeps reasonable order within the former Soviet sphere of influence? Countries such as Cuba, Iran, Iraq, Libya, and North Korea may now present even more of an unpredictable disruption to world peace. Former Warsaw Pact nations and Soviet republics desperate for hard currency are independently entering the world arms market, selling both outdated and modern Soviet weapons plus rumored sensitive technology and manpower skills to nations at a greatly reduced price on a cash basis. Beginning with FY 2001 legislation, a new assistance program,

nonproliferation and export control, was authorized with appropriated funding controlling their new national borders to stem illegal goods transfers, especially defense articles.

The 11 September 2001 terrorist attacks in the United States galvanized the entire world into action against an unseen, ruthless enemy. Political and ideological differences temporarily disappeared as the U.S. entered into relationships to quickly respond to a comparatively primitive force around the world in southwest Asia. Friends and allies have uniformly supported the U.S. led forces into action against the al Qaeda in Afghanistan. U.S. foreign assistance has been used to reimburse support provided by Jordan and Pakistan. The president was legislatively supported with a \$40 billion supplemental authority for combating international terrorism. Subsequent legislation provided authorities to directly supportive countries around Afghanistan and to rebuild Afghanistan freed from Taliban rule.

The 2003 predominantly U.S. and United Kingdom coalition invasion to free Iraq from the ruthless rule of Saddam Hussein and his world threatening weapons of mass destruction has resulted in an economic and political reconstruction of a country not seen since World War II. In addition to developmental assistance, massive amounts of U.S. security assistance are being used to assure peace in the region around Iraq. This same aid is also being further utilized by the George W. Bush Administration to implement the "Road Map to Peace" in Israel and Palestine. Over \$4 billion in additional Foreign Military Financing Program (FMFP) and Economic Support Fund (ESF) grant funding was appropriated as emergency supplemental appropriations for the Middle East along with authorized ESF loan guarantees of nearly \$20 billion.

Guiding Principles

Foreign policy is a complicated tapestry whose intricate pattern is woven with U.S. goals, ideals, needs, and aspirations. These are all values which are constantly shifting in the pursuit of our national interests—values which have guided U.S. policies from the very beginning as a nation.

Those values were recognized early by America's founding fathers when, in 1787 they crafted that remarkable document called The Constitution of the United States. The framers understood international relations and the European balance of power, and they conceived a government that would impel the infant nation to grow and prosper in the shadow of European imperialism. The basic principles of the new government, contained in the Preamble to the Constitution, state: "We, the People of the United States, in order to form a more perfect Union, establish Justice, insure domestic tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

The principles contained in those few phrases have been the rationale behind many national policies—foreign, domestic, and economic—and have been incorporated in numerous presidential doctrines. Such policies and doctrines are generally justified in terms of protecting or enhancing U.S. national interests, and, as such, represents a powerful guiding force for U.S. relations with the nations of the world.

The phrase "in the national interest" has a direct kinship with the Preamble—especially in the words "insure domestic tranquility, provide for the common defense [and] promote the general welfare." "In the national interest" appears most frequently in statements relating to international relations, foreign policy, or national security, although it has been used in connection with domestic issues as well.

The idea of national interest is embodied in the broader concept of nationalism, the concept underlying the massive drive in the Third World for national independence in the post-WW II period, and characterized as “the most powerful political force operative in the world.”[Plano, Jack C. and Roy Olton, *The International Relations Dictionary*, 4th edition. Oxford, CA: ABC-Clio, Inc., 1998, p. 34]. Nationalism represents the *raison d’être* and the hopes and aspirations of a country as a whole. It is presented by nations as the foundation of their domestic, foreign, and national security policies. America’s present national policies, embracing a similar rationale, have been seasoned by our attainment of superpower status, but have been adjusted by the realization that our power must be tempered by our sense of international cooperation-that for international decisions to have lasting meaning in the world, they must be made in concert with the other nations of the earth.

Attaining superpower status has added dramatic new dimensions to the expanding of U.S. international relations and, by the same token, has demanded dynamic adjustments and imaginative responses in national security policies. It should be noted, however, that no matter how novel a response to a new national security challenge may be, it must be within the law and under the approval authority of several governmental bodies, as envisioned under the constitutional precept of the separation and balance of power. Chapter 4, “U.S. government Organizations for Security Assistance,” will examine the scope of these authorities and other aspects of various governmental review and approval functions associated with the formulation and implementation of foreign and national security policy.

Foreign Policy and National Security

National security involves consideration of a wide spectrum of elements, resources, and interests, including but not limited to the political, military, economic, human, technological, environmental, and sociological aspects of our society. The policy-making requirement is then to realistically assess priorities within this spectrum, and establish some coherent logic by which to establish a foreign policy. The interaction and interdependency of these priorities determine the evolution, substance, and direction of policies. Former Secretary of State Henry A. Kissinger succinctly summarized the issue as follows:

Foreign policy must start with security. A nation’s survival is its first and ultimate responsibility; it cannot be compromised or put to risk. There can be no security for us or for others unless the strength of the free countries is in balance with that of potential adversaries, and no stability in power relationships is conceivable without America’s active participation in world affairs.[Kissinger, Henry A., *American Foreign Policy*, 3rd ed., New York: W.W. Norton and Co., Inc., 1977, p. 204.]

Dr. Kissinger also has stated that U.S. goals in an interdependent world are to:

- Maintain our national strength and national purpose.
- Revitalize continually our bond to allies, who share our traditions, values and interests.
- Reduce the perils of nuclear war.
- Build a rational relationship with potential adversaries.
- Help resolve regional conflicts that imperil global peace.
- Resolve the crucial economic issues before us in the context of a new era of global economic cooperation between all nations, industrial and developing, producers and consumers, east and

west, north and south.[As quoted in Rumsfeld, D.H., Annual Defense Department Report FY 1978; Washington: Government Printing Office, 1977; p. 4.]

As long as there are challenges to United States national interests, security assistance will remain a major instrument of our national security and foreign policy. Security assistance serves U.S. interests by assisting allies and friends to acquire, maintain, and, if necessary, employ the capability for self-defense. Also, for countries in regions in which the U.S. has special security concerns, such assistance helps them attack the causes of economic and political instability. The U.S. must continue to strengthen its own military capabilities and be prepared to assist friends and allies to strengthen theirs. In essence, security assistance complements and supplements our own defense posture and contributes to the vitalization of our alliances.

Security Assistance and Foreign Policy

One of the primary methods used to carry out U.S. foreign and national security policy has been, and still remains, the transfer of defense articles, defense services, military training, and economic assistance; i.e., the provision of security assistance. The meanings of the term “security assistance” will be described in some detail in Chapter 2; for now we can consider it as an “umbrella” term encompassing various military and economic assistance programs for allied and friendly foreign countries conducted by the United States.

The following extract is from Secretary of State Colin L. Powell’s written testimony for the House International Relations Committee, in Washington, D.C., on 12 February 2003, supporting the Administration’s Fiscal Year 2004 International Affairs Budget Request. It outlines the general objectives of U.S. foreign policy and provides the framework in which security assistance programs are to be implemented.

Mr. Chairman, members of the committee, I am pleased to appear before you to testify in support of the President’s International Affairs Budget for Fiscal Year 2004. Funding requested for FY 2004 for the Department of State, USAID, and other foreign affairs agencies is \$28.5 billion.

The President’s Budget will allow the United States to:

Target security and economic assistance to sustain key countries supporting us in the war on terrorism and helping us to stem the proliferation of weapons of mass destruction;

Launch the Millennium Challenge Account – a new partnership generating support to countries that rule justly, invest in their people, and encourage economic freedom;

Strengthen the U.S. and global commitment to fighting HIV/AIDS and alleviating humanitarian hardships;

Combat illegal drugs in the Andean Region of South America, as well as bolster democracy in one of that region’s most important countries, Colombia; and

Reinforce America’s world-class diplomatic force, focusing on the people, places, and tools needed to promote our foreign policies around the world.

I am particularly proud of the last bullet, Mr. Chairman, because for the past two years I have concentrated on each of my jobs -- primary foreign policy advisor to the President and Chief Executive Officer of the State Department.

Under my CEO hat, we have been reinforcing our diplomatic force for two years and we will continue in FY 2004. We will hire 399 more professionals to help the President carry out the nation's foreign policy. This hiring will bring us to the 1,100-plus new foreign and civil service officers we set out to hire over the first three years to bring the Department's personnel back in line with its diplomatic workload. Moreover, completion of these hires will allow us the flexibility to train and educate all of our officers as they should be trained and educated. So I am proud of that accomplishment and want to thank you for helping me bring it about.

In addition, I promised to bring state-of-the-art communications capability to the Department – because people who can't communicate rapidly and effectively in today's globalizing world can't carry out our foreign policy. We are approaching our goal in that regard as well.

In both unclassified and classified communications capability, including desktop access to the Internet for every man and woman at State, we are there by the end of 2003. The budget before you will sustain these gains and continue our information technology modernization effort.

Finally, with respect to my CEO role, I wanted to sweep the slate clean and completely revamp the way we construct our embassies and other overseas buildings, as well as improve the way we secure our men and women who occupy them. As you well know, that last task is a long-term, almost never-ending one, particularly in this time of heightened terrorist activities. But we are well on the way to implementing both the construction and the security tasks in a better way, in a less expensive way, and in a way that subsequent CEOs can continue and improve on.

Mr. Chairman, let me give you key details with respect to these three main CEO priorities, as well as tell you about other initiatives under my CEO hat:

The CEO Responsibilities: State Department and Related Agencies

The President's FY 2004 discretionary request for the Department of State and Related Agencies is \$8.497 billion. The requested funding will allow us to:

Continue initiatives to recruit, hire, train, and deploy the right work force. The budget request includes \$97 million to complete the Diplomatic Readiness Initiative by hiring 399 additional foreign affairs professionals. Foreign policy is carried out through our people, and rebuilding America's diplomatic readiness in staffing will ensure that the Department can respond to crises and emerging foreign policy priorities. This is the third year of funding for this initiative, which will provide a total of 1,158 new staff for the Department of State.

Continue to put information technology in the service of diplomacy. The budget request includes \$157 million to sustain the investments made over the last two years to provide classified connectivity to every post that requires it and to expand desktop access to the Internet for State Department employees. Combined with \$114 million in estimated Expedited Passport Fees, a total of \$271 million will be available for information technology investments, including beginning a major initiative – SMART – that will overhaul the outdated systems for cables, messaging, information sharing, and document archiving.

Continue to upgrade and enhance our security worldwide. The budget request includes \$646.7 million for programs to enhance the security of our diplomatic facilities and personnel serving abroad and for hiring 85 additional security and support professionals to sustain the Department's Worldwide Security Upgrades program.

Continue to upgrade the security of our overseas facilities. The budget request includes \$1.514 billion to fund major security-related construction projects and address the major physical security and rehabilitation needs of embassies and consulates around the world. The request includes \$761.4 million for construction of secure embassy compounds in seven countries and \$128.3 million for construction of a new embassy building in Germany.

The budget also supports management improvements to the overseas buildings program and the Overseas Building Operations (OBO) long-range plan. The budget proposes a Capital Security Cost Sharing Program that allocates the capital costs of new overseas facilities to all U.S. Government agencies on the basis of the number of their authorized overseas positions. This program will serve two vital purposes: (1) to accelerate construction of new embassy compounds and (2) to encourage Federal agencies to evaluate their overseas positions more carefully. In doing so, it will further the President's Management Agenda initiative to rightsize the official American presence abroad. The modest surcharge to the cost of stationing an American employee overseas will not undermine vital overseas work, but it will encourage more efficient management of personnel and taxpayer funds

Continue to enhance the Border Security Program. The budget request includes \$736 million in Machine Readable Visa (MRV) fee revenues for continuous improvements in consular systems, processes, and programs in order to protect U.S. borders against the illegal entry of individuals who would do us harm.

Meet our obligations to international organizations. Fulfilling U.S. commitments is vital to building coalitions and gaining support for U.S. interests and policies in the war against terrorism and the spread of weapons of mass destruction. The budget request includes \$1 billion to fund U.S. assessments to 44 international organizations, including \$71.4 million to support renewed U.S. membership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

Support obligations to international peacekeeping activities. The budget request includes \$550.2 million to pay projected UN peacekeeping assessments. These peacekeeping activities ensure continued American leadership in shaping the international community's response to developments that threaten international peace and stability.

Continue to eliminate support for terrorists and thus deny them safe haven through our ongoing public diplomacy activities, our educational and cultural exchange programs, and international broadcasting. The budget request includes \$296.9 million for public diplomacy, including information and cultural programs carried out by overseas missions and supported by public diplomacy personnel in our regional and functional bureaus. These resources are used to engage, inform, and influence foreign publics and broaden dialogue between American citizens and institutions and their counterparts abroad.

The budget request also includes \$345.3 million for educational and cultural exchange programs that build mutual understanding and develop friendly relations between America and the peoples of the world. These activities establish the trust, confidence, and international cooperation with other countries that sustain and advance the full range of American national interests.

The budget request includes \$100 million for education and cultural exchanges for States of the Former Soviet Union and Central and Eastern Europe, which were previously funded under the FREEDOM Support Act and Support for East European Democracy (SEED) accounts.

As a member of the Broadcasting Board of Governors, I want to take this opportunity to highlight to you the BBG's pending budget request for \$563.5 million. Funding will advance international

broadcasting efforts to support the war on terrorism, including initiation of the Middle East Television Network.

Mr. Chairman, I know that your committee staff will go over this statement with a fine-tooth comb and I know too that they prefer an account-by-account laydown. So here it is:

Diplomatic and Consular Programs (D&CP):

The FY 2004 request for D&CP, the State Department's chief operating account, totals \$4.164 billion.

D&CP supports the diplomatic activities and programs that constitute the first line of offense against threats to the security and prosperity of the American people. Together with Machine Readable Visa and other fees, the account funds the operating expenses and infrastructure necessary for carrying out U.S. foreign policy in more than 260 locations around the world.

The FY 2004 D&CP request provides \$3.517 billion for ongoing operations – a net increase of \$132.7 million over the FY 2003 level. Increased funding will enable the State Department to advance national interests effectively through improved diplomatic readiness, particularly in human resources.

The request completes the Secretary's three-year Diplomatic Readiness Initiative to put the right people with the right skills in the right place at the right time. New D&CP funding in FY 2004 of \$97 million will allow the addition of 399 professionals, providing a total of 1,158 new staff from FY 2002 through FY 2004.

The FY 2004 D&CP request also provides \$646.7 million for Worldwide Security Upgrades – an increase of \$93.7 million over last year. This total includes \$504.6 million to continue worldwide security programs for guard protection, physical security equipment and technical support, information and system security, and security personnel and training. It also includes \$43.4 million to expand the perimeter security enhancement program for 232 posts and \$98.7 million for improvements in domestic and overseas protection programs, including 85 additional agents and other security professionals.

Capital Investment Fund (CIF):

The FY 2004 request provides \$157 million for the CIF to assure that the investments made in FY 2002 and FY 2003 keep pace with increased demand from users for functionality and speed.

Requested funding includes \$15 million for the State Messaging and Archive Retrieval Toolset (SMART). The SMART initiative will replace outdated systems for cables and messages with a unified system that adds information sharing and document archiving.

Embassy Security, Construction, and Maintenance (ESCM):

The FY 2004 request for ESCM is \$1.514 billion. This total – an increase of \$209.4 million over the FY 2003 level – reflects the Administration's continuing commitment to protect U.S. Government personnel serving abroad, improve the security posture of facilities overseas, and address serious deficiencies in the State Department's overseas infrastructure.

For the ongoing ESCM budget, the Administration is requesting \$524.7 million. This budget includes maintenance and repairs at overseas posts, facility rehabilitation projects, construction security,

renovation of the Harry S Truman Building, all activities associated with leasing overseas properties, and management of the overseas buildings program.

For Worldwide Security Construction, the Administration is requesting \$761.4 million for the next tranche of security-driven construction projects to replace high-risk facilities. Funding will support the construction of secure embassies in seven countries – Algeria, Burma, Ghana, Indonesia, Panama, Serbia, and Togo. In addition, the requested funding will provide new on-compound buildings for USAID in Ghana, Jamaica, and Nigeria.

The ESCM request includes \$100 million to strengthen compound security at vulnerable posts.

The request also includes \$128.3 million to construct the new U.S. embassy building in Berlin.

Educational and Cultural Exchange Programs (ECE):

The FY 2004 request of \$345.3 million for ECE maintains funding for exchanges at the FY 2003 request level of \$245 million and adds \$100 million for projects for Eastern Europe and the States of the Former Soviet Union previously funded from Foreign Operations appropriations.

Authorized by the Mutual Educational and Cultural Exchange Act of 1961(Fulbright-Hays Act), as amended, exchanges are strategic activities that build mutual understanding and develop friendly relations between the United States and other countries. They establish the trust, confidence, and international cooperation necessary to sustain and advance the full range of U.S. national interests.

The request provides \$141 million for Academic Programs. These include the J. William Fulbright Educational Exchange Program for exchange of students, scholars, and teachers and the Hubert H. Humphrey Fellowship Program for academic study and internships in the United States for mid-career professionals from developing countries.

The request also provides \$73 million for Professional and Cultural Exchanges. These include the International Visitor Program, which supports travel to the United States by current and emerging leaders to obtain firsthand knowledge of American politics and values, and the Citizen Exchange Program, which partners with U.S. non-profit organizations to support professional, cultural, and grassroots community exchanges.

This request provides \$100 million for exchanges funded in the past from the FREEDOM Support Act (FSA) and Support for East European Democracy (SEED) accounts.

This request also provides \$31 million for exchanges support. This funding is needed for built-in requirements to maintain current services.

Contributions to International Organizations (CIO):

The FY 2004 request for CIO of \$1.010 billion provides funding for U.S. assessed contributions, consistent with U.S. statutory restrictions, to 44 international organizations to further U.S. economic, political, social, and cultural interests.

The request recognizes U.S. international obligations and reflects the President's commitment to maintain the financial stability of the United Nations and other international organizations that include the World Health Organization, the North Atlantic Treaty Organization, the International Atomic Energy Agency, and the Organization for Economic Cooperation and Development.

The budget request provides \$71.4 million to support renewed U.S. membership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO). UNESCO contributes to peace and security in the world by promoting collaboration among nations through education, science, culture and communication and by furthering intercultural understanding and universal respect for justice, rule of law, human rights, and fundamental freedoms, notably a free press.

Membership in international organizations benefits the United States by building coalitions and pursuing multilateral programs that advance U.S. interests. These include promoting economic growth through market economies; settling disputes peacefully; encouraging non-proliferation, nuclear safeguards, arms control, and disarmament; adopting international standards to facilitate international trade, telecommunications, transportation, environmental protection, and scientific exchange; and strengthening international cooperation in agriculture and health.

Contributions for International Peacekeeping Activities (CIPA):

The administration is requesting \$550.2 million for CIPA in FY 2004. This funding level will allow the United States to pay its share of assessed UN peacekeeping budgets, fulfilling U.S. commitments and avoiding increased UN arrears.

The UN peacekeeping appropriation serves U.S. interests in Europe, Africa and the Middle East, where UN peacekeeping missions assist in ending conflicts, restoring peace and strengthening regional stability.

UN peacekeeping missions leverage U.S. political, military and financial assets through the authority of the UN Security Council and the participation of other states that provide funds and peacekeepers for conflicts around the world.

Broadcasting Board of Governors (BBG):

The FY 2004 budget request for the BBG totals \$563.5 million.

The overall request provides \$525.2 million for U.S. Government non-military international broadcasting operations through the International Broadcasting Operations (IBO) account. This account funds operations of the Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and all related program delivery and support activities.

The IBO request includes funding to advance broadcasting efforts related to the war on terrorism. The request includes \$30 million to initiate the Middle East Television Network – a new Arabic-language satellite TV network that, once operational, will have the potential to reach vast audiences in the Middle East. The request also includes funding to double VOA Indonesian radio programming, significantly increase television programming in Indonesia, and expand BBG audience development efforts.

The IBO request reflects the shifting of priorities away from the predominantly Cold War focus on Central and Eastern Europe to broadcasting in the Middle East and Central Asia. Funds are being redirected to programs in these regions through the elimination of broadcasting to countries in the former Eastern Bloc that have demonstrated significant advances in democracy and press freedoms and are new or soon-to-be NATO and European Union Members.

The IBO request also reflects anticipated efficiencies that achieve a five-percent reduction in funding for administration and management in FY 2004.

The FY 2004 request also provides \$26.9 million through Broadcasting to Cuba (OCB) for continuing Radio Marti and TV Marti operations, including salary and inflation increases, to support current schedules.

The FY 2004 request further provides \$11.4 million for Broadcasting Capital Improvements to maintain the BBG's worldwide transmission network. The request includes \$2.9 million to maintain and improve security of U.S. broadcasting transmission facilities overseas.

That finishes the State and Related Agencies part of the President's Budget. Now let me turn to the Foreign Affairs part.

The Foreign Policy Advisor Responsibilities: Funding America's Diplomacy around the World

The FY 2004 budget proposes several initiatives to advance U.S. national security interests and preserve American leadership. The FY 2004 Foreign Operations budget that funds programs for the Department State, USAID and other foreign affairs agencies is \$18.8 billion.

Today, our number one priority is to fight and win the global war on terrorism. The budget furthers this goal by providing economic, military, and democracy assistance to key foreign partners and allies, including \$4.7 billion to countries that have joined us in the war on terrorism.

The budget also promotes international peace and prosperity by launching the most innovative approach to U.S. foreign assistance in more than forty years. The new Millennium Challenge Account (MCA), an independent government corporation funded at \$1.3 billion will redefine "aid". As President Bush told African leaders meeting in Mauritius recently, this aid will go to "nations that encourage economic freedom, root out corruption, and respect the rights of their people."

Moreover, this budget offers hope and a helping hand to countries facing health catastrophes, poverty and despair, and humanitarian disasters. It provides \$1.345 billion to combat the global HIV/AIDS epidemic, more than \$1 billion to meet the needs of refugees and internally displaced peoples, \$200 million in emergency food assistance to support dire famine needs, and \$100 million for an emerging crises fund to allow swift responses to complex foreign crises.

Mr. Chairman, let me give you some details.

The U.S. is successfully prosecuting the global war on terrorism on a number of fronts. We are providing extensive assistance to states on the front lines of the anti-terror struggle. Working with our international partners bilaterally and through multilateral organizations, we have frozen more than \$110 billion in terrorist assets, launched new initiatives to secure global networks of commerce and communication, and significantly increased the cooperation of our law enforcement and intelligence communities. Afghanistan is no longer a haven for al-Qaeda. We are now working with the Afghan Authority, other governments, international organizations, and NGOs to rebuild Afghanistan. Around the world we are combating the unholy alliance of drug traffickers and terrorists who threaten the internal stability of countries. We are leading the international effort to prevent weapons of mass destruction from falling into the hands of those who would do harm to us and others. At the same time, we are rejuvenating and expanding our public diplomacy efforts worldwide.

Assistance to Frontline States

The FY 2004 International Affairs budget provides approximately \$4.7 billion in assistance to the Frontline States, which have joined with us in the war on terrorism. This funding will provide crucial

assistance to enable these countries to strengthen their economies, internal counter-terrorism capabilities and border controls.

Of this amount, the President's Budget provides \$657 million for Afghanistan, \$460 million for Jordan, \$395 million for Pakistan, \$255 million for Turkey, \$136 million for Indonesia, and \$87 million for the Philippines. In Afghanistan, the funding will be used to fulfill our commitment to rebuild Afghanistan's road network; establish security through a national military and national police force, including counter-terrorism and counter-narcotics components; establish broad-based and accountable governance through democratic institutions and an active civil society; ensure a peace dividend for the Afghan people through economic reconstruction; and provide humanitarian assistance to sustain returning refugees and displaced persons. United States assistance will continue to be coordinated with the Afghan government, the United Nations, and other international donors.

The State Department's Anti-Terrorism Assistance (ATA) program will continue to provide frontline states a full complement of training courses, such as a course on how to conduct a post-terrorist attack investigation or how to respond to a WMD event. The budget will also fund additional equipment grants to sustain the skills and capabilities acquired in the ATA courses. It will support as well in-country training programs in Afghanistan, Pakistan, and Indonesia.

Central Asia and Freedom Support Act Nations

In FY 2004, over \$157 million in Freedom Support Act (FSA) funding will go to assistance programs in the Central Asian states. The FY 2004 budget continues to focus FSA funds to programs in Uzbekistan, Kyrgyzstan and Tajikistan, recognizing that Central Asia is of strategic importance to U.S. foreign policy objectives. The FY 2004 assistance level for Uzbekistan, Kyrgyzstan and Tajikistan is 30 percent above 2003. Assistance to these countries has almost doubled from pre-September 11th levels. These funds will support civil society development, small business promotion, conflict reduction, and economic reform in the region. These efforts are designed to promote economic development and strengthen the rule of law in order to reduce the appeal of extremist movements and stem the flow of illegal drugs that finance terrorist activities.

Funding levels and country distributions for the FSA nations reflect shifting priorities in the region. For example, after more than 10 years of high levels of assistance, it is time to begin the process of graduating countries in this region from economic assistance, as we have done with countries in Eastern Europe that have made sufficient progress in the transition to market-based democracies. U.S. economic assistance to Russia and Ukraine will begin phasing down in FY 2004, a decrease of 32 percent from 2003, moving these countries towards graduation.

Combating Illegal Drugs and Stemming Narco-terrorism

The President's request for \$731 million for the Andean Counterdrug Initiative includes \$463 million for Colombia. An additional \$110 million in military assistance to Colombia will support Colombian President Uribe's unified campaign against terrorists and the drug trade that fuels their activities. The aim is to secure democracy, extend security, and restore economic prosperity to Colombia and prevent the narco-terrorists from spreading instability to the broader Andean region. Critical components of this effort include resumption of the Airbridge Denial program to stop internal and cross-border aerial trafficking in illicit drugs, stepped up eradication and alternative development efforts, and technical assistance to strengthen Colombia's police and judicial institutions.

Halting Access of Rogue States and Terrorists to Weapons of Mass Destruction

Decreasing the threats posed by terrorist groups, rogue states, and other non-state actors requires halting the spread of weapons of mass destruction (WMD) and related technology. To achieve this goal, we must strengthen partnerships with countries that share our views in dealing with the threat of terrorism and resolving regional conflicts.

The FY 2004 budget requests \$35 million for the Nonproliferation and Disarmament Fund (NDF), more than double the FY 2003 request, increases funding for overseas Export Controls and Border Security (EXBS) to \$40 million, and supports additional funding for Science Centers and Bio-Chem Redirection Programs.

Funding increases requested for the NDF and EXBS programs seek to prevent weapons of mass destruction from falling into the hands of terrorist groups or states by preventing their movement across borders and destroying or safeguarding known quantities of weapons or source material. The Science Centers and Bio-Chem Redirection programs support the same goals by engaging former Soviet weapons scientists and engineers in peaceful scientific activities, providing them an alternative to marketing their skills to states or groups of concern.

Millennium Challenge Account

The FY 2004 Budget request of \$1.3 billion for the new Millennium Challenge Account (MCA) as a government corporation fulfills the President's March 2002 pledge to create a new bilateral assistance program, markedly different from existing models. This budget is a huge step towards the President's commitment of \$5 billion in annual funding for the MCA by 2006, a 50% increase in core development assistance.

The MCA supplement U.S. commitments to humanitarian assistance and existing development aid programs funded and implemented by USAID. It will assist developing countries that make sound policy decisions and demonstrate solid performance on economic growth and reducing poverty.

MCA funds will go only to selected developing countries that demonstrate a commitment to sound policies -- based on clear, concrete and objective criteria. To become eligible for MCA resources, countries must demonstrate their commitment to economic opportunity, investing in people, and good governance.

Resources will be available through agreements with recipient countries that specify a limited number of clear measurable goals, activities, and benchmarks, and financial accountability standards.

The MCA will be administered by a new government corporation designed to support innovative strategies and to ensure accountability for measurable results. The corporation will be supervised by a Board of Directors composed of Cabinet level officials and chaired by the Secretary of State. Personnel will be drawn from a variety of government agencies and non-government institutions and serve limited-term appointments.

In FY 2004, countries eligible to borrow from the International Development Association (IDA), and which have per capita incomes below \$1,435, (the historical IDA cutoff) will be considered. In 2005, all countries with incomes below \$1,435 will be considered. In 2006, all countries with incomes up to \$2,975 (the current World Bank cutoff for lower middle income countries) will be eligible.

The selection process will use 16 indicators to assess national performance – these indicators being relative to governing justly, investing in people, and encouraging economic freedom. These indicators were chosen because of the quality and objectivity of their data, country coverage, public availability, and correlation with growth and poverty reduction. The results of a review of the indicators will be used by the MCA Board of Directors to make a final recommendation to the President on a list of MCA countries.

Africa Education Initiative

With \$200 million, the United States is doubling its five-year financial commitment to the African Education Initiative it launched last year. The initiative focuses on increasing access to quality education in Africa. Over its 5-year life the African Education Initiative will achieve: 160,000 new teachers trained; 4.5 million textbooks developed and distributed; an increase in the number of girls attending school through providing more than a quarter million scholarships and mentoring; and an increase African Education Ministries' capacity to address the impact of HIV/AIDS.

Increases in Funding for Multilateral Development Banks (MDBs)

The FY 2004 budget provides \$1.55 billion for the MDBs, an increase of \$110 million over the FY 2003 request of \$1.44 billion. This includes \$1.36 billion for scheduled payments to the MDBs and \$195.9 million to clear existing arrears. The request provides \$950 million for the International Development Association (IDA) for the second year of the IDA-13 replenishment, \$100 million of which is contingent on the IDA meeting specific benchmarks in the establishment of a results measurement system. By spring 2003, the IDA is to have completed an outline of approach to results measurement, presented baseline data, and identified outcome indicators and expected progress targets. By that same time, the IDA is also to have completed specific numbers of reviews and assessments in the areas of financial accountability, procurement, public expenditure, investment climate, and poverty.

World Summit on Sustainable Development (WSSD)

The WSSD engaged more than 100 countries and representatives of business and NGOs. Sustainable development begins at home and is supported by effective domestic policies and international partnerships that include the private sector. Self-governing people prepared to participate in an open world marketplace are the foundation of sustainable development. These fundamental principals guide the U.S. approach to Summit initiatives. At the 2002 Summit the U.S. committed to developing and implementing realistic results-focused partnerships in the areas of: Water for the Poor; Clean Energy; Initiative to Cut Hunger in Africa; Preventing Famine in Southern Africa; and the Congo Basin Partnership. At the end of the Summit new relationships and partnerships were forged and a new global commitment to improve sanitation was reached. The FY 2004 Budget supports these partnerships with \$337 million in assistance funding.

The U.S.-Middle East Partnership Initiative

The President's Budget includes \$145 million for the Middle East Partnership Initiative (MEPI). This initiative gives us a framework and funding for working with the Arab world to expand educational and economic opportunities, empower women, and strengthen civil society and the rule of law. The peoples and governments of the Middle East face daunting human challenges. Their economies are stagnant and unable to provide jobs for millions of young people entering the workplace each year. Too many of their governments appear closed and unresponsive to the needs of their citizens. And their schools are not equipping students to succeed in today's globalizing world. With the programs of the MEPI, we will work with Arab governments, groups, and individuals to bridge the jobs gap with economic reform, business investment, and private sector development; close the freedom gap with projects to strengthen civil society, expand political participation, and lift the voices of women; and bridge the knowledge gap with better schools and more opportunities for higher education. The U.S.-Middle East Partnership Initiative is an investment in a more stable, peaceful, prosperous, and democratic Arab world.

Forgiving Debt -- Helping Heavily Indebted Poor Countries

The Administration request provides an additional \$75 million for the Trust Fund for Heavily Indebted Poor Countries (HIPC). These funds will go towards fulfilling the President's commitment at the G-8 Summit in Kananaskis, Canada to contribute America's share to filling the projected HIPC Trust Fund financing gap. The HIPC Trust Fund helps to finance debt forgiveness by the International Financial Institutions (IFIs) to heavily indebted poor countries that have committed to economic reforms and pledged to increase domestic funding of health and education programs. In addition, the President's request provides \$300 million to fund bilateral debt reduction for the Democratic Republic of the Congo under the HIPC Initiative, as well as \$20 million for debt reduction under the Tropical Forest Conservation Act (TFCA).

The Administration believes that offering new sovereign loans or loan guarantees to indebted poor countries while providing debt forgiveness to those same countries risks their return to unsustainable levels of indebtedness—a situation debt forgiveness seeks to resolve.

In order to address this situation, the Administration recently invoked a one-year moratorium on new lending to countries that receive multilateral debt reduction. U.S. lending agencies have agreed not to make new loans or loan guarantees to countries that receive debt reduction for one year. The measure will not be punitive. Should countries demonstrate serious economic gains before the end of the moratorium, lending agencies may, with interagency clearance, resume new lending. The Administration hopes that this policy will bring to an end the historically cyclical nature of indebtedness of poor countries.

American Leadership in Fighting AIDS and Alleviating Humanitarian Hardships

This budget reaffirms America's role as the leading donor nation supporting programs that combat the greatest challenges faced by many developing countries today. The FY 2004 budget proposes a number of foreign assistance initiatives managed by USAID and other federal agencies to provide crucial resources that prevent and ameliorate human suffering worldwide.

Fighting the Global AIDS Pandemic

The FY 2004 budget continues the Administration's commitment to combat HIV/AIDS and to help bring care and treatment to infected people overseas. The HIV/AIDS pandemic has killed 23 million of the 63 million people it has infected to date, and left 14 million orphans worldwide. President Bush has made fighting this pandemic a priority of U.S. foreign policy.

The President believes the global community can – and must – do more to halt the advance of the pandemic, and that the United States should lead by example. Thus, the President's FY 2004 budget request signals a further, massive increase in resources to combat the HIV/AIDS pandemic. As described in the State of the Union, the President is committing to provide a total of \$15 billion over the next five years to turn the tide in the war on HIV/AIDS, beginning with \$2 billion in the FY 2004 budget request and rising thereafter. These funds will be targeted on the hardest hit countries, especially Africa and the Caribbean with the objective of achieving dramatic on-the-ground results. This new dramatic commitment is reflected in the Administration's \$2 billion FY 2004 budget request, which includes:

State Department -- \$450 million;

USAID -- \$895 million, including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention; and

HHS/CDC/NIH -- \$690 million, including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention.

In order to ensure accountability for results, the President has asked me to establish at State a new Special Coordinator for International HIV/AIDS Assistance. The Special Coordinator will work for me and be responsible for coordinating all international HIV/AIDS programs and efforts of the agencies that implement them.

Hunger, Famine, and Other Emergencies

Food Aid – Historically the United States has been the largest donor of assistance for victims of protracted and emergency food crises. In 2003, discretionary funding for food aid increased from \$864 million to \$1.19 billion. That level will be enhanced significantly in 2004 with two new initiatives: a Famine Fund and an emerging crises fund to address complex emergencies.

Famine Fund – The FY 2004 budget includes a new \$200 million fund with flexible authorities to provide emergency food, grants or support to meet dire needs on a case-by-case basis. This commitment reflects more than a 15 percent increase in U.S. food assistance.

Emerging Crises Fund – The budget also requests \$100 million for a new account that will allow the Administration to respond swiftly and effectively to prevent or resolve unforeseen complex foreign crises. This account will provide a mechanism for the President to support actions to advance American interests, including to prevent or respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace and acts of ethnic cleansing, mass killing and genocide.

Summary

Mr. Chairman, members of the committee, to advance America's interests around the world we need the dollars in the President's Budget for FY 2004. We need the dollars under both of my hats – CEO and principal foreign policy advisor. The times we live in are troubled to be sure, but I believe there is every bit as much opportunity in the days ahead as there is danger. American leadership is essential to dealing with both the danger and the opportunity. With regard to the Department of State, the President's FY 2004 budget is crucial to the exercise of that leadership.

The Impact on International Relations

Having discussed the relationships among national interest, national security, foreign policy, and security assistance, it is important to examine the impact of security assistance on America's international relations.

Many of the countries with which the United States maintains diplomatic relations have repressive governments, and various statutory provisions restrict the transfer of arms to such governments. For instance, the Security Assistance and Arms Export Control Act of 1976 introduced a statutory requirement (now incorporated in Section 502B of the Foreign Assistance Act of 1961, as amended) for the cessation of military sales, loans, and grants to countries whose governments engage in a consistent pattern of gross violations of internationally recognized human rights. Thus, human rights considerations add still another dimension to an already complex foreign policy. The issue is illustrated in the following observation:

The hard fact is that most nations of the world today engage to some degree in repressive practices—the widespread use of blunt instruments of program termination and arms embargoes is likely to result in arms transfer cutoffs in geographic patterns involving small countries, whose individual importance for our security interests may not be great but whose collective importance may be.

The above statement, extracted from a 1977 State Department study known as NSC 202, provided the “base analysis” for the arms restraint policy of the Carter Administration, and offered some earlier arms transfer policy objectives, including the need to:

- Support diplomatic efforts to resolve major regional conflicts by maintaining local balances and enhancing our access and influence vis-à-vis the parties;
- Influence the political orientation of nations which control strategic resources;
- Enhance our general access to and influence with governments and military elites, whose political orientation counts for us on global or regional issues; and,
- Provide leverages and influence with individual governments on specific issues of immediate concern to us.⁶

Note: An updated and broader elaboration of these objectives will be addressed later in this chapter.

Although we generously provide arms and economic aid to key countries in unstable regions of the world, our objectives are not completely altruistic. For example, we attempt to establish and reinforce relationships in order to assure reasonable access to raw materials that are becoming ever scarcer. A further reason for fostering good relationships is to assure freedom of passage through the sea lines

of communication without which we could not readily conduct international trade or provide seaborne support for our allies or ourselves in time of war.

We have become critically dependent upon the importation of raw materials from many countries. An obvious example is our dependence on imports to satisfy approximately one-half of our present petroleum needs. Moreover, many of our Western European allies, and also Japan, are dependent on imports for well over 90 percent of their petroleum requirements. What is not generally understood is that the U.S. is more than 50 percent dependent on foreign sources for over half of the approximately 40 minerals which are deemed essential to our multi-trillion dollar economy. Many of these materials come exclusively from foreign sources, and some of the most critical of them come from highly unstable areas of the world.

The dangers of a high dependence on non-U.S. sources for any item essential to our nation's survival can be illustrated by the OPEC oil cartel. Its actions in the 1970s resulted in price escalation, shortages, inflation, dollar devaluation, trade deficits, and economic stagnation. While oil dependency is the best known and the most important single commodity susceptible to cartel type actions, it is not the only one.

There are raw materials not naturally available in the U.S., which, if denied to our industrial production effort, would essentially halt the output of critical defense items. To preclude such disruption, we stockpile large quantities of certain materials. The stockpiles were designed to provide insurance against dangerous and costly dependence on outside sources during periods of extended national emergency. Due to changing technological needs, changing suppliers, insufficient funds to purchase requirements, inadequate processing facilities, and revised estimates of what is needed, however, the materials currently in the stockpile simply cannot assure that adequate supplies will be on hand to produce required amounts of essential defense items in a national emergency.

Developing countries supply about 40-45 percent of the materials, which we import for our factories and consumers. Although we are richer in minerals than most industrial countries, the Third World supplies U.S. industry with more than 70 percent of the nickel, 85 percent of the fluorspar, and over 90 percent of the bauxite, tin, and cobalt we require, in addition to eleven other strategic metals and minerals. For some natural products, such as rubber, coffee, cocoa, and hard fibers, the Third World is the source of everything we use.⁷

For the countries which produce these scarce items, their production and export sales represent a significant element of their national income. The competitive pressures of the marketplace, along with the need of such countries for export earnings, are key factors in their export policies. Nevertheless, other non-economic national interest objectives may intervene, such as special political and security concerns. Thus, the provision or denial of U.S. security assistance to a particular country may play a significant role in determining our access to specific materials.

Historical Precedents to Security Assistance

Security assistance (or, in a narrower sense, the transfer of arms and articles of warfare) has been part of international relations as long as societies have been preparing for and engaging in war. Whenever it was assumed to be in the best interests of one nation to give or sell arms or other military support to another, arms transfers of some type have taken place. The supply and demand for arms has been, and remains, a natural consequence of the desire to achieve national goals and maintain national security.

Early History

The practice of military assistance/arms transfers can be traced to the earliest recorded military histories. A classic example of problems associated with such transfers can be found in Thucydides' History of the Peloponnesian War, written some 2500 years ago. The transfer of arms was as controversial then as now, as illustrated by the declaration of Aristophanes, the classical playwright, when he held that the armaments industry was hindering peace in ancient Greece. Throughout history one can find the roles that military assistance and the opposition thereto, have played in international relationships. Our own nation's history is a case in point.

The American War of Independence

The very emergence of the U.S. as a nation-state was supported to a large extent by the transfer of arms and other military assistance from France. Such assistance was not entirely altruistic on the part of the French, however, for they saw in the American Revolution an opportunity to limit British expansion in North America. It was in France's national interest to have the British engaged in a protracted American war while the French sought to expand and reinforce their military and commercial positions in North America and elsewhere.

The newly independent nation under President Washington had many postwar problems, not the least of which was to convince the nations of the world that the United States was, in fact, an established sovereign state. Washington spent two terms in office consolidating and expanding the country, and trying to establish a foreign policy. When urged to stay on for a third term, he declined and stated that after eight years the country needed a change of administration. As one of his last official acts, he wrote his often quoted "Farewell Address" to Congress in which he warned of the danger of foreign entanglements, a view that has influenced the foreign and domestic policy of the United States ever since.

The Nineteenth Century

The period after the War of Independence saw the efforts of the United States turn toward the internal development of its political and economic structures, and the expansion of its borders from coast to coast. American foreign policy focused on the development of markets for the growing U.S. industrial capacity and the acquisition of non-indigenous materials for U.S. industry. Little effort was made to expand U.S. foreign relations much beyond commercial interests.

There were, however, a few instances when circumstances arose that required a policy of greater magnitude. One of these was the "Monroe Doctrine." The doctrine, initially conceived by John Quincy Adams, was first announced by President James Monroe in his annual message to Congress in 1823. The doctrine, in essence, declared that the Americas, i.e., North, Central, and South, were off limits to incursions from European powers. In the event such incursions were to occur, the doctrine implied that the U.S. would vigorously oppose such actions by whatever means seemed appropriate to meet the real or implied threats to the safety of the U.S. or its neighbors in the Western Hemisphere.

The Monroe Doctrine's principles have been invoked or used as part of the decision making processes by a number of Presidents since 1823. Examples include: President William A. McKinley's involvement in the Spanish-American War; President Theodore Roosevelt's actions to acquire the Panama Canal; the stationing of U.S. Marines in Nicaragua by President Calvin Coolidge to stabilize that country; President John F. Kennedy's invocation of the Doctrine during the Cuban Missile Crisis; President Johnson's movement of troops into the Dominican Republic; U.S. assistance in restoring

democratic governments in Grenada and Panama; and President Clinton's continuing concerns over events in Haiti and Cuba.

The Early Twentieth Century

The acquisition of Guam, the Philippines, and Puerto Rico as a result of the Spanish- American War of 1898 thrust the U.S. into the role of an international power, a role that we, as a nation, may not have been psychologically prepared to accept. Thus, events at the turn of the century generated many debates as to the direction that U.S. foreign policy should take. While many saw our policies as dictated by our interests, others considered them our entrance into a morally questionable world.⁸ The ambivalence of our foreign policy, combined with certain deep-seated sentiments, led to the resurgence of a strong sense of isolationism in this country.

Feeling secure behind its ocean barriers, the U.S. again turned its attention to internal development. Few international threats were posed against America's security; its armed forces were allowed to decline, reflecting a continuing U.S. aversion to large standing armies and entangling foreign alliances. Thus, as America moved into the Twentieth Century, it retained strong convictions against foreign adventures. Those convictions were soon to be challenged.

World War I

With the onset of World War I, the United States, despite its declared neutrality, rapidly emerged as the leading participant in the international munition trade. During the period of its neutrality-August 1914 to March 1917-the United States exported approximately \$2.2 billion in war supplies to Europe. In 1916, the United States shipped more than \$1 billion of arms in a single year. (The enormity of the American presence in the international arms market of that period is suggested by the fact that by 1920 the United States accounted for more than 52 percent of global arms exports.)⁹

The fact that the United States, despite its proclaimed neutrality, was engaged in arms trade during the war served as an indirect cause of U.S. entry into the war. The British, seeking to stop the movement of arms to the Central Powers, established a naval blockade to deny aid to the German forces. Germany, in retaliation, resorted to increased submarine warfare, and on 17 May 1915 sank, among other ships, the British liner Lusitania with a loss of 1,000 lives, many of them American. The Germans claimed that the ship was being used to carry war materiel to Britain and was thus a legitimate target of war. Nonetheless, the attack was seen by the Americans as wanton perdition on an unarmed merchant vessel, and this event accelerated the movement to entanglement in the broils of Europe. Coincidentally, German submarine warfare began to erode American confidence in its "sea barriers."

As an item of further note, a prominent international lawyer of that period, Charles Hyde, petitioned Secretary of State Lansing to reduce the U.S. arms trade. Hyde noted that during World War I, the United States was becoming "a base of supplies of such magnitude that unless retarded, the success of armies, possibly the fate of empires, may ultimately rest upon the output of American factories."¹⁰ However, President Wilson saw this American output of munitions as "an arsenal of freedom." Nevertheless, in spite of that sentiment, the fact that the U.S. ranked high among the world's leading arms exporters caused a great controversy that was reflected in much public debate and discussion throughout the 1920's and 1930's. Books of that period mirrored the American public's concern about this unwanted, yet thriving arms industry. Examples of the literature of that period which nagged the American conscience included such titles as: Merchants of Death: A Study of the International Armaments Industry; Iron, Blood and Profits; War for Profit; and Death and Profit.

Between the World Wars

Continuing debate about America's role as an arms merchant saw the establishment in the 1930s of a special Senate Munitions Investigating Committee, known as the Nye Committee, after its Chairman, Senator Gerald P. Nye (R-ND). The Committee's charter called for an investigation of the international arms trade to determine if a commercial profit motive was the primary cause of the continued sustenance of war. The investigation, conducted from 1934 to 1936, also sought to determine whether the arms trade could be regulated under existing laws and treaties, and whether a government monopoly in arms production was a practical alternative. As Senator Nye, an avowed isolationist, interpreted the Committee's mandate, he concluded that the way to stop war was to take away the opportunity for private gain. His personal convictions influenced the Committee to recommend the nationalization of the U.S. arms industry; a minority opinion held out for close government control rather than nationalization, however.

Although the concept of nationalization was subsequently rejected, greater government control and oversight over the U.S. arms industry was an outcome of the Nye Committee's efforts. This included the establishment of a Munitions Control Board. A further recommendation of the Committee was to seek the international adoption of arms controls, but after some ineffectual multinational efforts, the international arms trade remained unchecked.

One accompanying feature of the Nye Committee findings was an increased U.S. public sentiment for withdrawing from world affairs and returning to America's characteristic isolationism. Despite a resurgence of isolationism and the limited results of the Nye Committee, however, little impact was made on American involvement in the international arms trade. In fact, in 1936 the U.S. ranked third in world arms sales, immediately behind France and Great Britain, a position it was to hold until the outbreak of World War II.

World War II

The arms trade that played such a significant role in U.S. foreign policy during the initial phases of World War I had a similar influence in the period immediately prior to U.S. entry into World War II. Thus, in 1939 Congress revised the Neutrality Act, thereby permitting the sale of arms during peacetime to the British on a cash-and-carry basis. Eventually, our policies were broadened to include arms support for other Allies.

The commitment to the British cause by a "neutral" U.S. took still another direction. In September 1940, President Roosevelt negotiated the destroyers-for-bases agreement in which fifty over-aged U.S. destroyers were exchanged for 99-year leases on several British bases in the Western Hemisphere under the rationale that the bases might become critical to American defense. The President's isolationist-minded critics considered Roosevelt's action a gross violation of our neutral status, and regarded his efforts as a device to embroil us in the war.

The next major U.S. decision to aid the British was the Lend-Lease Program initiated by an Act of Congress on March 11, 1941. Lend-Lease eventually supplied about \$50 billion of arms, food, and other aid to our Allies, including, as they became engaged in the war, the Russians and the Chinese. Under Lend-Lease, the United States "loaned" materials to the Allies under the premise that it would be paid back when they were able to do so. The program also allowed the "lease" of other materials and services for which payment could be made by "reverse lend-lease" whereby the Allies would provide certain materials and services to the U.S. in payment. As a matter of historical interest, less than \$10 billion were repaid to the U.S. for America's lend-lease contributions.

Post-World War II Foreign Policies

The stage upon which the post-war scene was to be acted out was dominated by two players—the United States and the USSR, “the superpowers.” The diametrically opposed philosophies of these nations influenced the formulation of major international doctrines by all of the postwar American presidents, beginning with President Harry S. Truman’s landmark proclamation—The Truman Doctrine—in March 1947.

The Truman Doctrine

Truman found himself beset by new and serious problems when the war ended in 1945. In Europe our former ally, the Soviet Union, had become hostile to U.S. interests. Additionally, the Soviets heightened international anxiety when they seized control of several small Eastern European countries and threatened the independence of Turkey and Greece. Soviet-supported communist guerrilla actions in Greece, and Soviet diplomatic pressures in Turkey, were causes for great concern to President Truman. He believed the unrest in Greece and the overt Soviet political actions in Turkey were blatant attempts to establish a strong communist presence in the region. Truman also felt that the spread of Soviet hegemony was inimical to the national interests of the U.S., especially in the non-Communist parts of the Balkans, Asia Minor, and the Persian Gulf region.

In support of his views, Truman initiated an emergency request in March 1947 for \$400 million to aid Greece and Turkey, a request which came to be known as the Truman Doctrine. In justifying his request Truman declared:

- I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure.
- I believe that we must assist free peoples to work out their own destinies in their own way.
- I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in the tasks of reconstruction and for the purpose of supervising the use of such financial and material assistance as may be furnished, I recommend that authority also be provided for the instruction and training of selected Greek and Turkish personnel

Congress was reluctant to act on the request because the United States had never before entered into a formal assistance program with a foreign state during general peacetime conditions. Truman persisted, however, and the Greece-Turkey Aid Act of 1947 was enacted, thus introducing the instrument of assistance as a significant factor in U.S. post-war foreign policy.

In the ensuing three years, Greece and Turkey received well over \$600 million in both U.S. military and economic aid. The legislation authorizing that aid stipulated that U.S. military advisers would administer the programs within the respective countries. By mid-1949 there were over 527 U.S. armed forces personnel in the Joint United States Military Advisory and Planning Group in Greece and over 400 in a similar organization in Turkey. With the establishment of these units, the administration of military assistance acquired another dimension, that of creating advisory groups which would eventually operate in many areas of the world and involve U.S. military personnel by the thousands. Thus, the Truman Doctrine was to provide a precedent for the principle of collective security. It was cited as the foundation of subsequent similar programs under the premise that to

promote the security and well-being of friendly foreign nations was in the best national interest of the U.S.

U.S. military assistance in the early post-war period focused primarily on the transfer of U.S. arms from stockpiles of surplus war materiel. These arms transfers were made to participants in an emerging network of U.S. alliances, and were provided as grant aid, i.e., “free of charge” under what was to become known as the Military Assistance Program (MAP). The giveaway nature of this grant assistance program would later become a point of extended discussion as the assistance programs matured and as the economies of our war-ravaged allies experienced regeneration and substantial growth. Further, with the establishment of MAP, U.S. arms transfers, economic aid, and collective security began to merge as programs sharing a common purpose—a concept that later, in the Nixon Administration, would come to be known as security assistance. As part of the continuing evolution of security assistance, the U.S. Congress terminated MAP funding in FY 1990 and integrated all former MAP grant funding into the Foreign Military Financing Program (FMFP). The FMFP will be discussed in detail in Chapter 2.

The Cold War and Containment

Europe’s post-World War II economy was in a shambles. Although the U.S. provided some economic assistance immediately after the war, the slow rate of economic recovery was such that the basic fabric of Western European civilization was being pulled apart. The United States feared that the failure of the democratic governments to cope with their fundamental economic and related social problems would open the door to communist opportunism—external or internal. To counter that threat, Secretary of State George C. Marshall in 1947 proposed a massive program of American aid to help rebuild the shattered economies of Europe. The proposal was not initially presented as an anti-communist measure and the offer of aid was open to any European state.

In 1948, Congress endorsed the proposal and established the European Recovery Plan (ERP) under which sixteen nations of Western Europe (later including West Germany) received \$15 billion in loans and grants between 1948 and 1952. The ERP, better known as the Marshall Plan, was also offered to Russia and other communist states, but it was declined by the Soviets, who denounced the program as an anti-communist effort. As it turned out, the ERP did become anticommunist by application, and it emerged as an essential element of the containment policy.

Containment, as a policy launched by the Truman Administration, was designed to frustrate Soviet attempts to expand their military, political, and economic base in Europe. The Greece-Turkey Aid Act of 1947 reflects the policy’s initial application. In theory, the policy held that if the USSR could not expand its influence or borders, communism would eventually collapse of its own inherent weaknesses. The containment policy and its role in Cold War strategy took another turn when the U.S. joined with other nations in creating the North Atlantic Treaty Organization (NATO) in 1949.

The Beginnings of NATO

The term “alliance” has been defined as a multilateral agreement by states to improve their power position by joining together in defense of their common interests. Hence, an alliance is a way of informing friend and foe that an attack against any individual nation may precipitate a general war. The NATO alliance explicitly follows that formula, stating in Article 5 that “The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all.” This concept was implemented for the first after the 9/11 terrorism attacks on the U.S. by both NATO alliance and Rio Pact alliance to include the countries within North and South

America. For the first time since the War of 1812, foreign armed forces were deployed to the U.S. to assist in anti-terrorism protection.

Historically, NATO is considered a most advanced defensive alliance system. It was founded on the Brussels Treaty of 1948 between France, the United Kingdom, Belgium, Netherlands, and Luxembourg. American negotiations with the Brussels powers began with the "Vandenberg Resolution," which was passed by the Senate on June 11, 1948. The resolution, named for then Senator Arthur H. Vandenberg, Rep., Michigan, expressed the desirability of the United States associating itself with others in a system of collective self defense. [Vincent, Jack E., *A Handbook of International Relations*; Woodbury, New York, Barrons Educational Series, Inc., 1969, p. 222.] This goal was fulfilled with the signing of the North Atlantic Treaty in Washington, D.C., April 1949.

The close relationships established between the United States and its NATO allies have had a corresponding effect on subsequent security assistance management, to include: the provision of arms on a preferential basis to NATO member countries; certain exclusions for NATO members for arms control legislative provisions; and international cooperative armaments projects with NATO countries-the F-16 is a case in point. All of these special legislative provisions have placed the NATO alliance in a uniquely favorable position. NATO, in fact, through its political-military infrastructure, provided the prime barrier against communist expansion in Europe. Major elements of U.S. foreign policy, such as the establishment of U.S. bases in Western Europe, the storage and deployment of American nuclear weapons, and the initial post-World War II rearmament of West Germany, were put into effect through the military and political framework of this infrastructure.

Until 1965, NATO countries, as the major beneficiaries of security assistance, received approximately 56 percent of all American arms transferred under the Military Assistance Program and the Foreign Military Sales Program. [Pierre, op. cit, p. 35.] However, during the mid-1950s, certain new developments began to have an impact. As the stockpile of surplus World War II materiel declined, the United States embarked on a program to furnish technical assistance and industrial equipment to help expand local European defense production. In 1954, those NATO countries receiving this assistance agreed to provide other NATO allies with arms at reasonable prices. Such agreements gradually evolved into joint production arrangements, including electronics, command and control systems, aircraft, and missiles. However, this arrangement was not long lived because, as each country grew in productive capability, its government demanded arms of local design, development, and production wherever these could meet internal military needs. The end result was widespread competition and limited compatibility between the separate NATO armed forces' military equipment. Thus, the separate systems and their unique support requirements created a logistics nightmare. This lack of standardization would do little to help sustain a war in Europe.

The penalties of such an operational and logistics hodgepodge of equipment, and the waste of valuable technical resources devoted to its development, were obvious. A more rational approach to NATO weapons development and production would be required if the standardization of equipment was to be achieved. Treaty members could either manufacture and sell weapons with unique features, share with others in development and production projects, or share in the manufacture and assembly of components of major systems (as was done by the European consortium members in the original sales agreement for F-16 aircraft). {Farley, Philip J. Kaplan, Stephen S., and Lewis, William H., *Arms Across the Sea*, Washington, D.C.: The Brookings Institution, 1978, p. 59.} [For a more detailed discussion of the related concept of rationalization, standardization, and interoperability (RSI), and co-production and various offset agreements, refer to Chapter 19.]

The NATO alliance, as mentioned, was developed as the primary bulwark for European defenses against communist intervention and was the first alliance to serve the broader U.S. foreign policy goal of containment of the Soviet Union and its allies. This policy was destined to become even more rigid during the Eisenhower Administration when the positions of the East and West hardened in the difficult climate of the Cold War.

The Eisenhower Doctrine

Military assistance, as a building block of the U.S. containment policy, continued to grow in scope and influence. In 1949 a special foreign aid bill consolidated and expanded military aid programs to include NATO and reflected the importance that the defense of Western Europe occupied in Truman's containment policy. Several incidents in the 1950's inspired further expansion of that policy.

Political and military crises around the globe, such as the Korean War in 1950, Egyptian initiatives to acquire Soviet arms in 1955, and the increasing involvement of the U.S. in Indochina in the late 1950s, caused a reassessment of the containment policy and the foreign aid bill designed for its support. In essence, U.S. foreign aid policy was broadened from the exclusive support of our allies to also include the support of friendly, but non-allied nations. As the U.S. defense of Northeast and Southeast Asia took on prominence, the program of "arms to allies" was enlarged to include "arms to friends." To the concepts of containment and forward defense were added new precepts of internal security, counterinsurgency, civic action, and nation building. The policy of containment was expanded politically to apply to the protection not only of nations on the periphery of the Soviet Union, but to the world at large, including many nations regarded by their leaders as nonaligned. {ibid, p. 21.}

As a corollary to the expanded containment policy, the Eisenhower Doctrine was initiated on March 9, 1957. This second major post-war doctrine asserted the right of the U.S. to employ force, if necessary, to assist any nation or group of nations in the general region of the Middle East requesting assistance against armed aggression from any country controlled by international communism. The Eisenhower doctrine resulted from the apparent increase in Soviet influence in Syria and Egypt and the threat of Soviet assistance to Egypt during the Suez Crisis in 1956. As formulated, United States assistance was to be based upon a request from any endangered country; however, the doctrine was to be evoked only in the event of external, communist armed aggression, and was not to be applied in response to an internal insurrection or civil war. {Vincent, op. cit., p. 75.}

Eisenhower saw the maintenance of regional stability in the Middle East as an extended American commitment with a long term impact on our foreign policy. He saw the issue as not only supporting American interests, but also the interests of our allies. Basically, U.S. economic interests as well as those of the allies were then, as they are now, linked to the vast oil reserves in that region. There was a prevailing belief that should the Middle East fall under Soviet domination, the western economies would suffer so severely that the governments of Western Europe would succumb to communism.

Eisenhower further speculated that if the Soviets were to gain control of the Middle East, it would allow them to strategically outflank Pakistan and India. Their position thus established, the Soviets then could slip down into India and Africa at will, thus securing their long-sought permanent warm-water port and impinging on American and Western national interests every step of the way.

Thus, strategically, as well as economically, the Eisenhower Administration perceived that the loss of the Middle East to international communism would constitute a severe and possibly fatal blow to American national interests. It should be noted that it was primarily U.S. interests, and only

secondarily the well being of the nations of the Middle East, that the U.S. was attempting to promote with the Eisenhower Doctrine. The conventional global assistance pattern established by that doctrine, as well as the nuclear policy of strategic reliance on “massive retaliation” developed during the Eisenhower Administration, continue to influence U.S. foreign policy. {George, Alexander L. and Smoke, Richard. Deterrence in American Foreign Policy: Theory and Practices; New York: Columbia University Press, 1974, pp. 315-316.}

The Kennedy and Johnson Administrations

President Kennedy fell heir to the policy of “massive retaliation” as the set piece of our strategic deterrence against Soviet aggression. Events in Eastern Europe, however, including the short-lived 1956 Hungarian Revolution and the 1961 crisis in Berlin, demanded a reassessment of U.S. conventional force capabilities. In Central Europe (and elsewhere) the U.S. and NATO forces seemed unacceptably inferior in conventional military power to Soviet Bloc forces. The new President was alarmed to discover how few options he had (and how little time he had to exercise them) in any conflict in Germany before he would either have to accept defeat or initiate the use of nuclear weapons. While it was clear that in the immediate future NATO could not hope to match the Warsaw Pact man for man along the Central European front, the gross disparity of forces struck Kennedy as both unnecessary and dangerous, and he pushed for improvements in NATO conventional force structure.{Ibid., p. 425.}

Kennedy initiated other aid and diplomatic actions. First an increased economic assistance to Latin America under the Alliance for Progress. The Alliance program was designed to speed economic growth in the region in order to create a stable social structure capable of fending off revolutionary threats-both internal and external. Although never so stated, an implied objective of the Alliance was to erect a restraining fence around Cuba, which had begun to export its brand of communism.

Latin America initially viewed the Alliance with enthusiasm and saw it as an opportunity to overcome the long neglect of the region by the U.S. Increased economic assistance funds were made available, and military aid under the Military Assistance Program expanded after 1961. After a rather uneven performance in which U.S. political interest and subsequent support of the aid programs ran hot and cold, the Alliance for Progress died out by the end of the 1960's, and U.S. foreign policy south of the border again lapsed into “benign neglect.”

Another area of the world that had a major impact on the administrations of both Kennedy and Johnson was Southeast Asia. The United States had been involved in some part of the Southern and Eastern Asia regions for generations. The intensity of our involvement, however, heightened during and after World War II. We found that no region in the world was more dynamic, more diverse, or more complex than Asia, particularly as communist inspired insurgencies began to threaten the stability of the entire region.

Henry A. Kissinger, former Secretary of State, assessed our relationships in Asia when, in 1976, he wrote:

In the past generation Americans have fought three major wars in Asia. We have learned the hard way that our own safety and well-being depend upon peace in the Pacific and that peace cannot be maintained unless we play an active part.

Our prosperity is inextricably linked to the economy of the Pacific basin. Last year [i.e., 1975] our trade with Asian nations exceeded our trade with Europe. Asian raw materials fuel our factories;

Asian manufacturers serve our consumers; Asian markets offer outlets for our exports and investment opportunities for our business community.

And our ties with Asia have a unique human dimension. For generations Americans have supplied an impulse of change to Asian societies; Asian culture and ideas in turn have touched our own intellectual, artistic, and social life deeply.

American foreign policy has known both great accomplishment and bitter disappointment in Asia. After World War II we sought above all to contain communist expansion. We essentially succeeded. We forged a close alliance with democratic Japan. We and our allies assisted South Korea in defeating aggression. We provided for the orderly transition of the Philippines to full independence. We strengthened the ties with Australia and New Zealand that had been forged as allies in two wars. We spurred the development of the Pacific basin into a zone of remarkable economic vitality and growth. {Kissinger, op. cit., pp. 414-415.}

During the Truman and Eisenhower years, military aid and other security assistance grants were given to the French to shore up their efforts to regain control over Indochina after World War II. These funds were but a prelude to a much deeper commitment that led us into the protracted Vietnam War. Over \$29 billion were funneled to East Asia and the Pacific areas. Although approximately half of this amount was granted to South Vietnam, the balance is indicative of the importance attached to this region.

The Middle East continued to be an area of high interest during the Kennedy-Johnson era. Arab-Israeli conflicts, difficulties between Iraq and Iran, the Egyptian-Russian disaffection, and the growing realization that the U.S. and much of Western Europe remained heavily dependent on an undisturbed flow of Middle East oil provided the motivation to maintain regional stability virtually at any cost. Military assistance was the primary element used to assure a stable environment. The enormous initial MAP grants were soon overtaken by rapidly escalating arms sales under the Foreign Military Sales (FMS) program. Thus, a process was started that radically altered the face of military assistance-the gradual reduction of grant aid accompanied by an increase in military sales. This process was to gain momentum under the Nixon Administration.

The Nixon Doctrine

By the late 1960s, America had its fill of the seemingly interminable war in Southeast Asia. The enormous cost in lives and dollars, coupled with domestic turmoil and general public discontent, led to negotiations for an early end of the war. The experiences of the Southeast Asia entanglement led to changed directives and initiatives in our foreign policy; changes that had a major impact on our approach to military assistance. One of the primary aspects of the changed policy was the transfer of immediate self defense responsibilities to indigenous forces, with the U.S. continuing to provide material assistance and economic support. Further, the concept of self sufficiency increased the emphasis on military sales, as opposed to grants. Additionally, the linkage of a variety of security-related military and economic assistance programs led to the use of an umbrella term for these programs-security assistance. Thus, it was during the Nixon Administration that many of the major features of the present U.S. security assistance program were formalized.

The Nixon Doctrine enunciated new guidelines for American foreign policy. Initially termed the Guam Doctrine (in recognition of the site of its original proclamation in 1969), and limited to Asian nations, the doctrine was later broadened to encompass the entire globe, and was renamed for President Nixon. Critical to the doctrine was the view that although the U.S. would continue to bear

responsibility for the deterrence of nuclear and conventional war, the responsibility for the deterrence of localized wars would rest with the countries threatened by such wars. The U.S. would continue to furnish limited grant assistance to such countries, but they would be expected to assume primary responsibility for their own defense, including the marshaling of the necessary manpower and resources. As summarized by one analyst:

The central thesis of the doctrine is that, although the U.S. will participate in the development of security for friends and allies, the major effort must be made by the governments and peoples of these states. The doctrine was mainly a product of public reaction against the major but largely unsuccessful military intervention by the U.S. in Vietnam during the 1960s. As policy, its promulgation was directly related to the efforts of the Nixon Administration to extricate American forces from Indochina. {Plano and Greenburg, op. cit., p. 400.}

Earlier in his administration, Nixon had reviewed prior U.S. foreign policies in other parts of the world, especially in the traditional sphere of U.S. influence-Latin America. In a major speech he criticized his predecessors' Latin American policies by implying that the Alliance for Progress had been based on the illusion that we knew what was best for everyone else. He instead pledged a "new approach" that would deal realistically with governments in the inter-American system. The former detective role of the U.S. was shifted to a partnership approach. {Nixon, Richard M., Action for the Americas, (An address before the Inter American Presidents Association, Washington D.C., 31 October 1969)); Department of State Bulletin, 17 November 1969, pp. 409-414.}

In the Middle East, Nixon was again confronted with continuing strife between Israel and her neighbors. Wars in 1967 and again in 1973 demonstrated that the deep-seated enmity between these nations and their conflicting territorial claims would not soon or easily go away. Continued regional instability and the real possibility that it could spill over to the Persian Gulf area were constant reminders to the governments of the U.S., Western Europe, and Japan of the fragility of their dependence on that region's energy resources. If the U.S. were to play the role of a peacemaker, any attempt to achieve a peace agreement and regional stability had to consider first and foremost the impact that such an agreement would have on the flow of oil. With that thought in mind and the desire to establish and maintain a regional balance, the U.S. transfer of arms to the Middle East increased dramatically, with Iran, Israel, and Saudi Arabia the principal recipients. Additionally, arms shipments by France, Great Britain, and other nations also contributed to the Middle East's growing stockpile of weapons.

As a direct outgrowth of the U.S. experiences in Vietnam and what appeared to be a seemingly uncontrolled race to arm the world in general, and the Middle East-Persian Gulf states in particular, U.S. public awareness of security assistance was heightened. Congress moved to legislate more efficient security assistance management procedures and greater control over the future transfer of arms. The new legislation, later incorporated in the Arms Export Control Act, was to have a significant influence on all subsequent security assistance management.

The Ford Administration

The interplay of many political and economic factors launched the Ford Administration Political trauma on the domestic front, continuing disagreements with the Soviets and among the allies, rapidly escalating oil prices, and an incipient recession were included in the inheritance welcoming Gerald Ford to the Presidency. Added to this disturbing legacy was a growing apprehension by the Congress over the increase in U.S. arms transfers abroad. Congressional concern over U.S. involvement in the international arms trade stimulated legislative requirements for closer scrutiny by the Departments of

State and Defense of potential arms transfers. These concerns also led to the strengthening of legislation giving Congress the right to block certain types of sales. A more definitive explanation of these controls and other legislative processes will be covered in Chapter 3.

Yet another element in the legacy inherited by the Ford Administration was the accelerated movement toward détente with the Soviets and the opening of discussions with the Peoples Republic of China (PRC) in both instances following policies previously laid down by President Nixon. With détente as a major foreign policy goal of the Administration, it became increasingly more difficult for Ford to use the containment of communism as a justification for his security assistance requests, especially those pertaining to military grant aid. In the view of much of the public and Congress, the Cold War was almost a thing of the past.

Further complicating Ford's relationship with Congress was the continued high foreign demand for American armaments despite growing Congressional pressure to restrain arms sales. The President was now faced with the dilemma of meeting the requests for arms as part of our foreign policy while still remaining within the bounds of existing or pending legislation. Illustrative of that dilemma were the security assistance requests from Latin America. U.S. motivations for sales to Latin America were primarily political, aimed at restoring good will and preserving access. However, this opening-perceived by the Latin Americans as the most supportive U.S. response to their demands since 1945-proved very short-lived. Congressional, media, and public concerns began to focus on human rights violations in the region and the apparent lack of effective controls on U.S. arms sales. Demands were made for new controls, and these concerns found expression in the International Security Assistance and Arms Export Control Act (AECA) of 1976. {Pierre, op. cit., p. 132.}

The AECA will be discussed in greater detail in Chapter 3. In essence, it prohibited arms transfers to any nation found to be in systematic violation of human rights; it terminated (with few exceptions) grant aid and Military Assistance Advisory Groups (MAAGs) by September 1977, unless the MAP recipients and MAAGs were subsequently authorized by the Congress in applicable legislation; and it established closer oversight by Congress of arms transfers. The 1976 AECA, as amended by 1977 legislation, was considered by both Presidents Ford and Carter as extremely restrictive and as impinging on the Executive Branch's prerogative to implement foreign policy.

The Carter Administration

Early in his term of office, President Carter issued a statement decrying the unrestrained global spread of conventional weaponry. He critically cited reports stating that total worldwide arms sales had risen to over \$20 billion annually, and that the U.S. was responsible for over half of that amount. Based on that assessment, he directed a comprehensive review of existing arms transfer control policies and all of the associated military, political, and economic factors.

In order to reverse the trend of increasing conventional arms sales, President Carter announced on 19 May 1977 that arms transfers would henceforth be viewed as an exceptional foreign policy implement and the burden of persuasion for sales would fall on those who favored a particular arms sale, rather than those who opposed it. He further established a set of controls to apply to all transfers except to those countries with which we have major defense treaties, i.e., NATO, Japan, Australia, and New Zealand.

Carter further stated that the conduct of his Administration's security assistance efforts would be governed by the promotion and advancement of internationally recognized human rights in the recipient countries. This statement, in effect, provided added emphasis to the human rights provisions

already contained in the Foreign Assistance Act of 1961 and the Arms Export Control Act. As a result of the Congressional and Presidential focus in this area, all security assistance programs were subjected to closer review under the human rights provisions of these statutes. Thus, the human rights issue became a major feature of the Carter foreign policy.

Middle East Policy

Carter's initial foreign policy effort focused on the Middle East, much like that of his predecessors. Of significance, however, was his personal intervention in seeking a resolution to the long-standing enmity between Israel and Egypt. Carter hoped to achieve a resolution of Israeli-Egyptian border disputes and find some answer to the Palestinian question. Through his initiatives, a series of meetings were held with top-level Israeli and Egyptian officials, first in Cairo and Jerusalem, and then at Camp David, the presidential retreat in Maryland. These efforts led to the so-called Camp David accords, which, in essence, adjusted the Israeli-Egyptian border, resolved territorial claims in the Sinai, and produced the 1979 Egyptian-Israeli Peace Treaty.

As a part of the Camp David accords, the U.S. agreed to assist both governments in upgrading their military capabilities. In the case of Egypt, replacement of the obsolete Russian equipment with which Egyptian forces were outfitted became a major long term security assistance objective whereby the U.S. was to become Egypt's, as well as Israel's, prime supplier. This assistance has continued under the Reagan, Bush, and Clinton Administrations, and other Western European nations are also providing assistance.

Carter's interest in the Middle East took on additional and complicating dimensions. The overthrow of the Shah of Iran in 1979; the subsequent seizure of the American Embassy in Tehran and the taking of diplomatic hostages by militant Iranians; the burning of the American Embassy in Pakistan; and the Russian invasion of Afghanistan in December 1979, all caused the President to conclude that the turmoil in the Persian Gulf area was a most serious threat to regional stability and inimical to the national interests of the U.S.

The Carter Doctrine

Reflecting his concern over the Persian Gulf area, Carter, in his 1980 State of the Union address warned: "Let our position be absolutely clear: an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America. And such an assault will be repelled by any means necessary, including military force."

His words were broadly compared by many in the press to be a restatement of the containment policy of the Truman Doctrine of 1947. In fact, the press speculatively labeled the message the "Carter Doctrine." By whatever label, it was the first Presidential public pronouncement since Vietnam of the possible commitment of U.S. troops to protect essential U.S. national interests. In so doing, the U.S. extended its military shield to the Persian Gulf region and, in effect, modified the Nixon Doctrine which primarily relied on the allies in a region not only to defend themselves with U.S. materiel aid, but to also protect American regional interests. Carter's policy was designed to forestall further Soviet aggression and to deter actions which might eventually expand ongoing conflicts in the region.

People's Republic of China (PRC) Status

Carter's foreign policy assumed another change of direction when he asked for and Congress granted "most-favored-nation" status to the People's Republic of China (PRC), with which formal diplomatic relations were established on December 31, 1978. This, in essence, meant that Beijing's exports to the U.S. would be permitted at tariff (or tax) levels reduced to the lowest levels enjoyed by

other American trading partners—a status which was long sought by the Soviets but was continually denied by Congress. Also reflecting the increased U.S.-China rapport which began with visits by Nixon and Ford, was Carter's decision to sell China dual use (i.e., civilian/military) materiel limited to trucks, communications equipment, and early warning radar. No weapons were included in this arrangement. The first FMS agreement was notified to Congress in 1985 to allow the modernization of China's large caliber artillery ammunition production facilities. Additional agreements were notified to Congress in 1986 for the sale of Mark 46 MOD 2 torpedoes and for an avionics upgrade of Chinese F-8 air defense interceptors.

Raw Materials and Foreign Policy

A key element in the rapid changes in U.S. foreign policy was the perceived dwindling supply of available foreign source oil. However, oil availability was not the only matter of concern for the world's economies. The scramble for scarce resources was becoming more hectic as the world's demand and consumption of metals and other materials reached new heights. Emerging Third World countries, some of which were the only source of certain critical minerals, were learning how to bargain more intensively and collectively in the same manner as OPEC. The finite supply and imminent shortages of certain critical minerals and other raw materials threatened to place the economies of the U.S., Western Europe, and Japan, in a precarious position.

While the U.S. had maintained, since World War II, some strategic stockpiles of critical minerals and materiel for use in the event of a national emergency, the threat to the overall U.S. economy became apparent. Even with the reserve stocks on hand, the U.S. was not nearly self-sufficient in everything required to maintain an effective base of production. Critical choices faced Carter and his planners. One choice was to increase, wherever practical, exploration for and development of domestic resources. Such action had its attendant difficulties and often conflicted with quality of life standards, environmental goals, and national economic targets.

A second choice was to maintain friendly relationships with the countries exporting critical materials. Such relationships could be enhanced through the judicious application of security assistance by grants, government-to-government sales, or by direct commercial sales. Further, direct barter by the U.S. government of security assistance for critical materials is authorized by the Foreign Assistance Act (FAA), Section 663:

“notwithstanding any other provision of law, the President can, when he determines it to be in the national interest, provide security assistance to a country with the proviso that the country can receive the assistance in exchange for any necessary or strategic raw materials available from that country.” Although this is an apparently desirable option for countries with ample mineral holdings but limited financial resources, complex economic considerations (e.g., varying requirements for different materials and the need to convert resources to dollars to reimburse U.S. contractors) has precluded to date any use of this statutory provision.

Reagan's Arms Transfer Policy

At the onset of President Ronald Reagan's presidency, the international fabric of world arms transfers and national interests remained basically unchanged from that which existed during previous administrations. On 8 July 1981, however, President Reagan announced a new Conventional Arms Transfer Policy which viewed arms transfers as an essential element of our global defense policy and an indispensable component of U.S. foreign policy. Reagan's approach, which differed considerably

from the Carter Administration's view of arms transfers as an "exceptional foreign policy implement," reflected a more pragmatic view of security assistance, and is summarized below.

The United States, as a matter of policy, will only transfer arms in order to:

- Reinforce military capabilities to assist in the deterrence of aggression, especially from the USSR and its surrogates, and reduce the requirement for direct U.S. involvement in regional conflict.
- Reinforce the perception of friends and allies that the U.S., as a partner, is also a reliable supplier with a measurable and enduring stake in the security of the recipient country;
- Point out to potential enemies that the U.S. will not abandon its allies or friends or allow them to be militarily disadvantaged.
- Improve the American economy by assuring a more stable defense production base, and by enhancing the balance of payments. However, this objective should not be construed to mean that the approval of the transfer of arms will be based solely or even primarily on economic considerations and gain.
- Enhance the effectiveness of the U.S. military through improved possibilities of access to regional bases, ports, or facilities needed for the support of deployed forces during contingencies. Further, security assistance should be such as to improve the ability of the host nations to complement U.S. forces during deployments.
- Strengthen the stability of a region and the internal security of the countries therein by fostering a sense of a recipient nation's security and thereby its willingness to settle disputes amicably. Through this objective, it is held that a government which feels secure is more likely to cope with such challenges in a more progressive and enlightened manner.

A pivotal point of the Reagan policy was that the U.S. could not alone defend western security interests. Thus, the U.S. would heed the security requirements of friends and allies-not as an alternative to a U.S. commitment or capability, but as a complement thereto. The U.S. would assess the transfer of arms in light of the net contribution such transfers would make to U.S. global or regional security, thereby complementing and reinforcing the earlier Nixon Doctrine.

The Reagan policy identified arms transfers to America's major alliance partners as its first priority. Thus, the principal focus was on transfers to those nations with which we enjoy a long association of cooperative and mutually beneficial relationships, and which permit access to support or basing facilities in the interest of mutual defense. Because of the diversity of U.S. interests and the security needs of our allies and friends, the assessment of needs would be pragmatically but strategically derived, and tailored to the specific circumstance of each instance. However, the Reagan arms transfer policy would maintain an inherent flexibility to respond quickly to changing conditions and shifting Soviet strategies.

Fundamental Criteria

Arms transfer decisions under the Reagan policy were assessed against their relevance to:

- Regional stability and conflict;
- U.S. force readiness;
- Impending military threats;

- Effective utilization by a recipient country;
- Human rights as provided by Section 502B, FAA of 1961, as amended; and the
- Economic capacity and capabilities of the recipient nation.

The Reagan policy statement concluded with the following comments:

The realities of today's world demand that we pursue a sober, responsible, and balanced arms transfer policy, a policy that will advance our national security interests and those of the free world. Both in addressing decisions as to specific transfers and opportunities for restraint among producers, we will be guided by principle as well as practical necessity. We will deal with the world as it is, rather than as we would like it to be.

These arms transfer criteria represent the core of Reagan's security assistance policy. As seen by James L. Buckley, Reagan's former Undersecretary of State for Security Assistance, Science and Technology, the Administration's policies were to be based on the assumption that the strengthening of friendly nations "is an essential component of our total effort to restore effective deterrence to aggression." He added that arms transfers, judiciously applied, would "complement and supplement our own defense efforts and serve as a vital and constructive element of our foreign policy." Mr. Buckley further declared that the Reagan Administration's arms sales policy was based on a "healthy sense of self preservation and not theology." The continuing importance that the Reagan Administration attached to security assistance is evident in the following statement from the President's "State of the Union Address" before a Joint Session of Congress on 6 February 1985:

We cannot play innocents abroad in a world that is not innocent. Nor can we be passive when freedom is under siege. Without resources, diplomacy cannot succeed. Our security assistance programs help friendly governments defend themselves, and give them confidence to work for peace. Dollar for dollar security assistance contributes as much to global security as our own defense budget.

Arms Transfers: A Flexible Instrument of Foreign Policy

A key element of the Reagan security assistance policy involved the use of arms transfers as a flexible instrument of foreign policy. This concept was expanded in the following extract from a statement by William Schneider, Jr., and then Undersecretary of State for Security Assistance, Science and Technology before the Committee on Foreign Affairs of the House of Representatives on 3 March 1983.

With respect to arms transfers and arms transfer policy, I would merely reiterate what many officials of this Administration have said before: We consider arms transfers to be an instrument of U.S. policy, not an exceptional instrument as our predecessors tried but in fact failed to establish, nor as a largely commercial activity as is the case with a number of other nations. We will continue to weigh carefully all of the relevant considerations likely to bear upon any specific arms transfer decision in order to determine whether that transfer is, on balance, in the clear U.S. national interest. These considerations include, of course, the military purpose of the proposed transfer, the ability of the recipient to absorb and operate the equipment, the economic impact of the proposed transfer upon the recipient, the impact upon surrounding states-stabilizing or destabilizing in the region-and so on. As a practical matter, we continue to turn down proposed sales at a rate not significantly lower than our predecessors. This approach, we firmly believe, is sensible and ensures that arms transfers are integrated effectively with other instruments of policy and contribute to our broader strategic objectives.

Arms transfers are inherently neither good nor evil. A given weapon system is not stabilizing or destabilizing as an abstract proposition. Arbitrary restraint and unrestricted transfers are equally unrelated to U.S. national interests. There is no virtue in cutting arms transfers, or increasing them, in the aggregate. Transfers can fairly be evaluated only in terms of their impact on specific U.S. interests in specific countries and regions, taking into account military, political, and economic realities at that time.

We have established a rigorous internal review process on arms transfers. All relevant departments and agencies have an opportunity to review major proposed transfers and present their views. This provides me, and other decision makers, with assessments of military need, political impact, regional implications, arms control factors, and affordability.

Sometimes there are clear and easy choices, i.e., approval or disapproval is unambiguously in the U.S. interest. In other cases, there are valid pros and cons. We must then decide whether, on balance, a proposed transfer is in the U.S. interest. We consult with the Congress, both to factor your advice into the decision making process and to acquaint you with the factors bearing on the case, to sensitize you to the gray areas, and to minimize potential differences if we approve a sale and transmit it to you pursuant to Section 36(b) of the AECA.

We also give close scrutiny to transfers of systems that incorporate advanced or sensitive technology. We must be assured that such technology will be adequately protected. This factor adds complexity to our analysis, because we must take into account the potential stability of recipient governments over the lifetime of the equipment being sold. The probability that a country will continue to share common policy objectives with us over the long haul is an important consideration as well.

Arms transfers are not substitutes for other forms of diplomacy. They are not an alternative to a long-term coincidence of national security interests between the U.S. and another government. They cannot guarantee harmonious bilateral relationships when fundamental interests diverge. The Soviets learned this in Egypt, Somalia, and earlier in Indonesia, or as we have experienced in Iran and Ethiopia.

This being said, however, arms transfers should be and are an integral part of our security relationships with friendly countries who seek to deter and defend against neighbors who are, most likely, armed by the Soviets or other East Bloc countries. As I stated earlier in my testimony, if we want reliable friends, we must be one ourselves. Countries who cast their lot with the United States must know that they can count on our support to meet their legitimate military needs. Failure to respond prudently and appropriately to these needs would seriously damage our credibility as a leader of the free world, would increase the chances of U.S. forces having to be deployed in a crisis, and would jeopardize defense cooperation with countries which provide access and facilities to the U.S. military. Our ability to supply friendly nations with appropriate arms contributes to a reduction in what would be larger U.S. defense needs to meet our national security objectives. {Statement of William Schneider Jr., Under Secretary of State for Security Assistance, Science and Technology, before the subcommittee on International Security and Scientific Affairs, House Foreign Affairs Committee, March 3, 1983.}

The George H.W. Bush Administration

Arms transfer and overall security assistance policies of the George H.W. Bush Administration essentially represented a continuation of the approach which evolved during the Reagan Presidency. Various events occurred in the world, however, each of which had a significant impact on U.S. foreign

policy and security assistance. These events include: the December 1989 collapse of the Iron Curtain and the subsequent emergence of democracy in the former Warsaw Pact countries; the August 1990 Iraqi invasion of Kuwait and the subsequent January/February 1991 Operation Desert Storm which liberated Kuwait; Middle East peace talks; the December 1991 economic and political dissolution of the USSR; and finally, the far reaching worldwide economic recession of 1991 and 1992, which largely grew out of a convergence of the consequences of the monumental events of the previous year.

The political collapse of the Iron Curtain countries, with the almost immediate introduction of democratically elected governments and market-driven capitalism, prompted the flow of U.S. foreign assistance in FY 1991 to Czechoslovakia, Hungary, and Poland. This aid also included grant military assistance in the form of International Military Education and Training (IMET). Fiscal year 1992 foreign assistance for Eastern Europe included the addition of Albania, Bulgaria, Estonia, Latvia, Lithuania, Russia, and Ukraine. Foreign assistance was further extended in the region during FY 1993 to Belarus, Kazakhstan, and Romania. The growing political revolution in Eastern Europe extended dramatically to Russia itself, producing force reductions in the region during FY 1993 and withdrawals from Eastern Europe. This action also impacted the West, especially the U.S., where a defense “downsizing” of 25 percent both in forces and budget was begun. Initially, the vision of large supplies of cheap excess defense articles being made available for transfer became prominent, and legal provisions were made for broader eligibility and simpler implementation. However, the Iraqi invasion of Kuwait put the transfers on temporary hold. Also related to the “downsizing” have been cutbacks and cancellations in DoD weapons acquisitions. The resulting reduction in system development and production has caused industry to seek more overseas markets and to request the assistance of various U.S. government officials and their agencies for entry into the foreign marketplace.

The Iraqi invasion of Kuwait on 2 August 1990 clearly demonstrated the value of past security assistance programs during the conduct of war and also the responsiveness of the security assistance community during the war. It also boosted the overall level of FMS agreements which totaled \$14.2 billion in FY 1990 and a record \$23.5 billion in FY 1991. The deployment, reception, and support of coalition forces in the Persian Gulf (specifically, in Saudi Arabia) was accomplished with comparative ease and was greatly benefited by the over \$15 billion in FMS construction projects completed prior to FY 1990. These included runways and ramps for both strategic lift and tactical aircraft, improved piers and equipment marshaling areas for the offload of strategic sealift materiel, and protected facilities with limited command and control capability to build upon for in-theater command elements and associated support. Security assistance also provided for equipment and procedural compatibilities among many of the coalition forces through past sales of U.S. equipment and technical and professional training in U.S. military classrooms. The requirement for international military students to know English during their U.S. training contributed significantly to improved communications during the war. The war generated over 350 new FMS cases valued at about \$12 billion, the majority of which were immediately filled and delivered. Section 506, FAA drawdown procedures were used during FY 1990 and 1991 to meet emergency military and war refugee requirements. These were valued at \$225 million for the immediate delivery of Patriot missiles to Israel, aircraft missiles and artillery munitions to Turkey, and humanitarian aid to the Kurds in northern Iraq. Third country transfer authorization procedures were streamlined so transfers of equipment from past FMS sales could take place with minimal loss of time. The Gulf War proved that U.S. military systems, though expensive, work most effectively. The “equipment demonstration” aspect of the Gulf

War probably will serve as the best marketing effort for years to come in promoting the value of U.S. arms to foreign purchasers.

As the Bush Administration completed its final year in office in January 1993, the resolution of serious domestic economic problems tended to overshadow security assistance and related foreign policy matters. As tens of thousands of workers throughout America were either released or laid off, as numerous major American corporations shut down factories or went into bankruptcy, and as drugs and crime increasingly plagued U.S. cities, such issues as aiding the emergent democracies of Eastern Europe, pressing the Israelis and Arabs into a peaceful resolution of their long conflict, and supporting allied and friendly nations throughout the world tended to lose their urgency for many Americans. Funding for improvements in American medical care, education, and infrastructure modernization eclipsed national interest in foreign assistance.

The Clinton Administration

Bill Clinton assumed the Presidency in 1993 with a full foreign policy plate. The humanitarian military mission in Somalia, the downward spiraling situation in Bosnia, sustained defiance by Saddam Hussein against U.N. sanctions on Iraq, political and economic chaos in the former Soviet Union that would soon lead to an unsuccessful coup attempt in October 1993, a soft U.S. economy and a worldwide economy recovering from a short but severe recession, the continued down-sizing of the U.S. military, and the continuing saga of the Middle East peace talks, were some of the major challenges facing his administration.

Despite these significant world problems, the Clinton Administration's initial emphasis was on strengthening the U.S. economy and on establishing a predominantly domestic agenda. In terms of the administration's foreign policy and national security interests, initially there was little departure from the previously stated goals of building democracy, promoting and maintaining peace, promoting economic growth and sustainable development, addressing global problems, and meeting urgent humanitarian needs. However, in order to accomplish these foreign policy goals, the Clinton Administration laid as its bedrock a proactive domestic agenda. The overall concern and top priority was to improve and restore the domestic strength of the U.S. through a number of internal and external measures which both directly and indirectly affected security assistance.

In what is now referred to as the "Christopher Cable," President Clinton's Secretary of State, Warren Christopher, reiterated a previous policy encouraging U.S. embassies to actively assist U.S. marketing efforts overseas. This was interpreted to include aiding U.S. civilian defense contractors in the pursuit of direct commercial sales and foreign military sales of defense articles, services, and training overseas (see Chapter 5). Additionally, as an example of this new emphasis on domestic economic growth, when the Kingdom of Saudi Arabia was considering upgrading its commercial passenger jet fleet, President Clinton successfully interceded with King Fahd on behalf of the Boeing Corporation to secure the sale of their aircraft.

With the end of the Cold War and the disintegration of the Soviet Union came the desire to attain peace dividends in the form of reduced defense budgets and the rapid downsizing of the U.S. military force structure. The savings to be gained would help to fund certain domestic programs, such as reducing the budget deficit and funding a health care reform package. One significant security assistance program fell to defense cuts: the Special Defense Acquisition Fund. The SDAF was not recapitalized for FY 1994 (see Chapter 3) with the intent that new items would not be added to the inventory, that money from sales would be returned to the U.S. Treasury, and that once an item was

exhausted from inventory, it would not be reordered. It is anticipated that the SDAF was targeted to be defunct by FY 2000.

FY 1993 ended on a bright note in terms of the positive impact of FMS cash sales on the U.S. economy. Due primarily to major defense equipment sales to countries in the Arabian Gulf area and Taiwan, FMS sales topped \$33 billion—a record high. Those sales kept U.S. production lines open and defense industry employment up, especially for the great number of companies involved in the production of the F-15 for Saudi Arabia and F-16 aircraft for Taiwan, and the M1A2 main battle tank for Kuwait. Unable to sustain the prior year's sales level, FY 1994 saw a fall in sales to \$12.9 billion, and sales have further dropped in these days of limited defense budgets to \$8.6 billion by FY 1998, the lowest level in over ten years. However, FY 1999 sales reached \$12.2 billion. FY 2000 legislation provided \$1.825 billion in additional security assistance funding in support of the 28 September 1998 Wye River Plantation Accords for further peace in the Middle East. It included \$450 million for the Economic Support Fund (ESF) and \$1.375 billion for the Foreign Military Financing Fund (FMFP). FMS sales for FY 2000 reached \$12.1 billion, far exceeding an initial prediction of \$9.0 billion.

As the Clinton Administration ended, the new Bush Administration had \$3.576 billion for FMFP, \$57.875 million for IMET, and \$2.295 billion for ESF programs during FY 2001. The prediction for FMS sales was for a robust \$15.9 billion. However, this prediction was made without an anticipated economic slowdown which began at the start of the new fiscal year. The final figure for FY 2001 FMS sales was \$13.3 billion.

Post-Cold War Era Conventional Arms Transfer Policy

The long awaited post-cold war era U.S. conventional arms transfer policy was announced on 17 February 1995 by the White House as Presidential Decision Directive (PDD-34), U.S. on Conventional Arms Transfer Policy. (See Attachment 1 at the end of this chapter for the State Department message which provides a summary of the new policy with two White House Fact Sheets outlining policy goals and general criteria to be used by the Clinton Administration in making arms transfers decisions.)

This new policy did not represent a dramatic change from previous policy; rather, it was introduced “as a summation and codification” of the Clinton Administration’s “decision-making in the arms transfer arena . . . and efforts at restraint over the past two years” (i.e., 1993-1994). The policy, however, does place an increased weight in the post-cold war era on the dynamics of regional power balances and the potential for destabilizing changes in those regions. The transfer of conventional weapons is reinforced as a legitimate instrument of U.S. foreign policy, deserving U.S. government support—when it enables the U.S. to help allies and friends deter aggression, promote regional security, and increase U.S. and allied force interoperability. Emphasis is on restraint by both the U.S. and other arms suppliers when the transfer of weapons systems or technologies would be destabilizing or dangerous to international peace or balance of power in a region.

In addition to restraint, other key elements of the new U.S. arms transfer policy include the promotion of control and transparency. Improvement of arms transfer controls would be accomplished through continued political efforts by the U.S. in establishing an international control regime successor (the Wassenaar Arrangement) to the cold-war era Coordinating Committee for Multilateral Export Controls (COCOM) and through vigorous support of established regimes including regional and weapons specific ones [e.g., Missile Technology Control Regime (MTCR)] or the U.S. – proposed moratorium on the transfer of anti-personnel landmines). Going a step further, the U.S. would assist other arms supplier nations in developing effective export controls in support of responsible export policies.

Finally, international arms transfer control is to be sought by the U.S. pushing for increased international participation in the U.N. Register of Conventional Arms, and the expansion of this Register to include military inventories and procurement.

While restraint is most important in arms transfers, the policy also supports legitimate defense requirements of U.S. allies and friends. The policy serves the following five U.S. goals:

- To ensure that U.S. military forces can continue to enjoy technological advantages over potential adversaries;
- To help allies and friends deter or defend themselves against aggression, while promoting interoperability with U.S. forces when combined operations are required;
- To promote regional stability in areas critical to U.S. interests while preventing the proliferation of weapons of mass destruction and their missile delivery systems;
- To promote peaceful conflict resolution and arms control, human rights, democratization, and other U.S. foreign policy objectives; and,
- To support the ability of the U.S. defense industrial base to meet U.S. defense requirements and maintain long-term military technological superiority at lower costs.

Decision Making Criteria for Arms Transfers

The Clinton Policy calls for arms transfer decisions to continue to be made on a case-by-case basis. Such decisions are to be guided by the following set of general criteria which serve to balance requirements for legitimate arms sales to support the national security of our friends and allies, with multilateral restraint against the transfer of arms which would strengthen hostile states or undermine regional stability.

General criteria:

- Consistency with international agreements and arms control initiatives.
- Appropriateness of the transfer in responding to legitimate U.S. and recipient security needs.
- Consistency with U.S. regional stability interests, especially when considering transfers involving power projection capability or introduction of a system which may foster increased tension or contribute to an arms race.
- The degree to which the transfer supports U.S. strategic and foreign policy interests through increased access and influence allied burden sharing and interoperability.
- The impact of the proposed transfer on U.S. capabilities and technological advantage, particularly in protecting sensitive software and hardware design, development, manufacturing, and integration knowledge.
- The impact of U.S. industry and the industrial base whether the sale is approved or not.
- The degree of protection afforded sensitive technology and potential for unauthorized third-party transfer, as well as in-country diversion to unauthorized uses.
- The risk of revealing system vulnerabilities and adversely impacting U.S. capabilities in the event of compromise.
- The risk of adverse economic, political, or social impact within the recipient nation and the degree to which security needs can be addressed by other means.

- The human rights, terrorism, and proliferation record of the recipient and the potential for misuse of the export in question.
- The availability of comparable systems from foreign suppliers.
- The ability of the recipient effectively to field support, and appropriately employ the requested system in accordance with its intended end-use.

Upgrade Criteria

A growing element of the international arms transfer market involves the upgrading of military equipment which is in the inventories of many countries. Of particular interest is the upgrade of equipment of former Soviet-Bloc manufacture. The Clinton Policy supports U.S. firms' participation in such weapons upgrading "to the extent that it is consistent with our own national security and foreign interests." The following upgrade criteria, in addition to the general criteria above, will be used during the decision-making process for arms upgrade transfers.

- Upgrade programs must be well-defined to be considered for approval.
- Upgrades should be consistent with the general conventional arms transfer criteria just outlined above.
- There will be a presumption of denial of exports to upgrade programs that lead to a capability beyond that which the U.S. would be willing to export directly.
- Careful review of the total scope of proposed upgrade programs is necessary to ensure that U.S. licensing decisions are consistent with U.S. policy on transfers of equivalent new systems.
- U.S. contributions to upgrade programs initiated by foreign prime contractors should be evaluated against the same standard.
- Protection of U.S. technologies must be ensured because of the inherent risk of technology transfer in the integration efforts that typically accompany an upgrade project.
- Upgrades will be subject to standard U.S. government written end-use and retransfer assurances by both the integrator and final end-user, with strong and specific sanctions in place for those who violate these conditions.
- Benchmarks should be established for upgrades of specific types of systems to provide a policy baseline against which individual arms transfers proposals can be assessed; and proposed departures from the policy must be justified.

Government Support for Responsible U.S. Arms Transfers

In support of transfers already determined to be in the U.S. national interest, the new conventional arms transfer policy restates past U.S. policy partially alluded to by the Administration's "Christopher Cable" that the U.S. government will provide support for proposed U.S. exports. This support is three-fold, to include:

- Overseas U.S. mission personnel tasked to support marketing efforts by U.S. companies bidding on defense contracts;
- Senior U.S. government officials actively involved in promoting sales of particular importance to the U.S.; and

- DoD providing support through official participation in international air and trade exhibitions once the Secretary of Defense determines that such participation is in the U.S. national interest and notifies Congress in accordance with U.S. law.

The George W. Bush Administration

Continuing the Clinton Administration's Conventional Arms Transfer Policy of aggressively supporting security assistance transfers on a case-by-case basis, the Bush Administration has experienced new FMS sales at about the same annual level as before with \$12.5 billion completed in FY 2002. FMS sales for FY 2003 and FY 2004 are predicted to be \$14.2 billion and \$11.1 billion, respectively. Biggest difference in the Foreign Military Financing Program (FMFP) was the successfully legislated authority for a direct loan guarantee of \$3.8 billion for Poland during FY 2003 primarily for the purchase of F-16 aircraft. The International Military and Training (IMET) program has continued its dramatic growth from \$50 million in FY 2000 to a requested level of \$92 million for FY 2004.

The 9/11 global war on terrorism (GWOT) resulting from the 11 September 2001 coordinated attacks on the continental U.S. caused a large aggressive deployment of U.S. armed forces through out the world especially in the southwest Asia region along with significant troop support from many other nations. Including emergency supplemental, FMFP funding increased to \$4,052 million in FY 2002 and \$4,045 million in FY 2003. The Economic Support Fund (ESF) program also experienced growth during the same two fiscal years with \$3,289 million for FY 2002 and \$2,280 million for FY 2003.

Continuing the GWOT operations, operations and reconstruction in Iraq, and the U.S. "Road Map for Peace" between Israel and the Palestinian Authority; an almost unprecedented emergency supplemental for security assistance was appropriated and authorized by Congress for the President in April 2003. This included an additional \$2,059 million in grant FMFP and \$2,475 million in grant ESF. The ESF program was further increased with authorized ESF loan guarantees of \$9.0 billion for Israel, \$2.0 billion for Egypt, and \$8.5 billion for Turkey. This significant funding assistance to key countries has been indicative of the Bush Administration with the legislative support of Congress to use security assistance as an implement of U.S. foreign policy.

Summary

Foreign policy, regardless of country of origin, is formulated and implemented in a country's national interest. This certainly applies to the United States. The roots of its national interests are firmly embedded in the Constitution and have guided its foreign and domestic policies for over two centuries.

Security assistance has been and still remains an important instrument of U.S. foreign policy. Arms transfers and related services have reached enormous dimensions and involve most of the world's nations, either as a seller/provider or buyer/recipient.

As a case in point, our early history might have been entirely different if the security assistance provided by France was denied to the American revolutionaries. Subsequent security assistance milestones throughout the years following are marked either by arms being received or by furnishing arms support to the Allies during World Wars I and II and thereafter.

The period from 1945 until 1991 saw the emergence of the two superpowers and their competition over spheres of influence. The Truman Doctrine of aid to Greece and Turkey in 1947, in an effort to

stem the flow of communism, set a pattern for security assistance that developed for four decades. Concurrently, the Marshall Plan became a model upon which much economic aid was later based.

The policy of containment begun under Truman has impacted on U.S.–USSR relations during every administration from 1945 to 1990. Containment also left a heavy imprint on our security assistance policy, for it became a factor in the determination of who would receive aid, what type of assistance and how much would be furnished, and whether it would be provided through grant or sale.

Another spin-off of the containment policy was the joining by the U.S. in formal security alliances, such as NATO. Alliance membership had significant influence on security assistance priorities and special accommodations for the needs of our allies. Every administration made those special accommodations keystones of their own foreign policy pronouncements.

The Middle East, never a quiet sector of the world, assumed a preeminent role in U.S. security assistance. Five Arab/Israeli wars, countless border clashes, the rise and fall of the Shah of Iran, the assassinations of President Sadat of Egypt and Prime Minister Rabin of Israel, the bombing of the U.S. our embassy and the Marine barracks in Beirut and of Khobar Towers in Saudi Arabia, continuing Middle East-based international terrorism, the Iraqi invasion of Kuwait, and the shifting world dependence on the region's petroleum reserves have made the Middle East the top priority region of U.S. foreign policy concerns. No other part of the world, outside of Southeast Asia, has demanded so much presidential attention in the post-World War II period. From Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush, and Clinton, to the current Bush, presidential statements have dwelled on peace conferences, agreements, exchanges, security assistance, human rights, and hostages. Not only has the political climate remained volatile, but the unsettled worldwide oil situation, Russian adventures into Afghanistan, and the Iranian-Iraqi War continued to emphasize how deeply our national interests have been enmeshed in maintaining the stability of the Middle East and the regions of the Persian Gulf. The 9/11 GWOT invasion of Afghanistan, the invasion of Iraq to eliminate the threat of weapons of mass destruction, and the support of the "Road Map for Peace" have all influenced an increased use of U.S. security assistance for the Kennedy-era FAA and Ford-era AECA stated goal for world-wide peace.

Finally, growing economic difficulties and recession-induced increases in unemployment and company failures have produced a political environment in the U.S. which lacks support for foreign assistance programs of any kind. In this atmosphere, the Administration will be hard pressed to induce Congressional support for the funding of the U.S. security assistance programs which are the subjects of this text. The marketing efforts necessary to support cash sales of U.S. Defense articles overseas are intensifying, however. We are seeing strong efforts by our embassies to promote the products of U.S. companies, and such efforts may be expected to continue as the U.S. defense industrial base adjusts to the post-cold war downsizing.

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U.S. Department of State: <http://www.state.gov>. Among many other resources available at this site are the current State Department Strategic Plan, and the International Affairs Strategic Plan, The Country Reports on Human Rights Practices, and the U.S. Department of State, Dispatch.

Attachment 1

U.S. Conventional Arms Transfer Policy

[The following is a reprint of Secretary of State message 180317Z Feb 95, subject: Conventional Arms Transfer Policy. This message includes the following: paragraphs 1-3, Department of State comments; paragraph 4, White House Press Secretary Statement of 17 February; paragraph 5, White House Fact Sheet on Conventional Arms Transfer Policy, 17 February; and paragraph 6, White House Fact Sheet on Criteria for Decision-Making on U.S. Arms Exports, 17 February. This is the first release of a formal policy statement on conventional arms transfers since the announcement by the Reagan Administration of its Conventional Arms Transfer Policy on 8 July 1981.]

1. The President recently approved a new policy on conventional arms transfers. This policy will affect future arms transfer issues involving many posts' host governments. Posts are requested to draw on the White House statement and fact sheets in paragraphs 4-6 and present this information to host governments as the Chief of Mission sees appropriate.
2. Introduction – On February 17, 1995 the Administration announced its Presidential Decision Directive (PDD-34) on Conventional Arms Transfers. It is the Administration's view as in previous administrations, that sales of conventional weapons are a legitimate instrument of U.S. foreign policy, enabling allies and friends to better defend themselves, as well as help support our defense industrial base. The Administration is determined to ensure a balanced approach, supporting legitimate transfers while restraining those which could threaten our foreign policy and national security interests.
3. At the same time, it is clear that defense exports have important foreign policy and national security implications that differ dramatically from strictly commercial exports.
 - PDD-34 should be seen as a summation and codification of this administration's decision-making in the arms transfer arena, rather than a dramatic departure from previous practice. The policy-now in one document-has been reflected in the decisions we have made on arms transfers and efforts at restraint over the past two years.
 - While the policy does not represent a radical departure from our historic approach to arms transfers issues, we are giving increased weight-in the changed environment of the post-cold war era-to specific conditions within each region. Just as in our broader defense and non-proliferation strategies, arms transfer policy must be conducted with a focus on the dynamics of regional power balances and the potential for destabilizing changes in those regions.

4. Statement by the White House Press Secretary-Conventional Arms Transfer Policy, February 17, 1995:

The President has approved a comprehensive policy to govern transfers of conventional arms. This policy, as detailed in the attached fact sheets, serves our nation's security in two important ways. First, it supports transfers that meet the continuing security needs of the United States, its friends, and allies. Second, it restrains arms transfers that may be destabilizing or threatening to regional peace and security.

This policy reflects an approach towards arms transfers that has guided the Administration's decisions over the last two years. Specifically, the United States continues to view transfers of conventional arms as a legitimate instrument of U.S. foreign policy-deserving U.S. government support-when they enable us to help friends and allies deter aggression, promote regional security, and increase interoperability of U.S. forces and allied forces. Judging when a specific transfer will meet that test requires examination of the dynamics of regional power balances and the potential for destabilizing changes in those regions. The criteria guiding those case-by-case examinations are set forth in the attached guidelines for U.S. decision making on conventional arms transfers. The centerpiece of our efforts to promote multilateral restraint is our initiative to work with allies and friends to establish a successor regime to COCOM. The new regime should establish effective international controls on arms sales and the transfer of sensitive technologies-particularly to regions of tension and to states that pose a threat to international peace and security. While pursuing multilateral restraint through this and other mechanisms such as the U.N. conventional arms register and regional initiatives, the United States will exercise unilateral restraint in cases where overriding national security or foreign policy interests require us to do so.

5. White House Fact Sheet on Conventional Arms Transfer Policy, February 17, 1995.

U.S. conventional arms transfer policy promotes restraint, both by the U.S. and other suppliers, in transfers of weapons systems that may be destabilizing or dangerous to international peace. At the same time, the policy supports transfers that meet legitimate defense requirements of our friends and allies, in support of our national security and foreign policy interests.

Our record reflects these considerations. U.S. arms sales during this period have been close to our historical average-approximately \$13 billion in government-to-government sales agreements in FY 1994. U.S. arms deliveries have also remained flat. These sales have been primarily to allies and major coalition partners such as NATO member states and Israel.

U.S. Goals.

The policy issued by the President will serve the following goals:

- To ensure that our military forces can continue to enjoy technological advantages over potential adversaries.
- To help allies and friends deter or defend themselves against aggression, while promoting interoperability with U.S. forces when combined operations are required.
- To promote regional stability in areas critical to U.S. interests, while preventing the proliferation of weapons of mass destruction and their missile delivery systems.
- To promote peaceful conflict resolution and arms control, human rights, democratization, and other U.S. foreign policy objectives.

- To enhance the ability of the U.S. defense industrial base to meet U.S. defense requirements and maintain long-term military technological superiority at lower costs.

Supporting Arms Control and Arms Transfer Restraint

A critical element of U.S. policy is to promote control, restraint, and transparency of arms transfers. To that end, the U.S. will push to increase participation in the U.N. Register of Conventional Arms. We will also take the lead to expand the Register to include military holdings and procurement through national production, thereby providing a more complete picture of change in a nation's military capabilities each year.

The U.S. will also support regional initiatives to enhance transparency in conventional arms such as those being examined by the Organization of American States (OAS) and Association of Southeast Asian National (ASEAN), and will continue to adhere to the London and the Organization for Security and Cooperation in Europe (OSCE) guidelines, while promoting adherence to such principles by others.

The United States will continue its efforts to establish a successor export control regime to the Cold-War era COCOM. Our goals for this regime are to increase transparency of transfers of conventional arms and related technology, to establish effective international controls and to promote restraint-particularly to regions of tension and to states that are likely to pose a threat to international peace and security.

The United States will also continue vigorous support for current arms control and confidence building efforts to constrain the demand for destabilizing weapons and related technology. The United States recognizes that efforts such as those under way in the Middle East and Europe bolster stability in a variety of ways, ultimately decreasing the demand for arms in these vital regions.

The United States will act unilaterally to restrain the flow of arms in cases where unilateral action is effective or necessitated by overriding national interests. Such restraint would be considered on a case-by-case basis in transfers involving pariah states or where the U.S. has a very substantial lead on weapon technology, where the U.S. restricts exports to preserve its military edge or regional stability, where the U.S. has no fielded counter measures, or where the transfer of weapons raises issues involving human rights or indiscriminate casualties, such as anti-personnel landmines.

Finally, the U.S. will assist other suppliers to develop effective export control mechanisms to support responsible export policies. The United States will also continue to provide defense conversion assistance to the states of the former Soviet Union and Central Europe as a way of countering growing pressures to export.

Supporting Responsible U.S.

Transfers. Once an approval for a transfer is made, the U.S. government will provide support for the proposed U.S. export. In those cases the United States will take such steps as tasking our overseas mission personnel to support overseas marketing efforts of American companies bidding on defense contracts, actively involving senior government officials in promoting sales of particular importance to the United States, and supporting official Department of Defense participation in international air and trade exhibitions when the Secretary of Defense, in accordance with existing law, determines such participation to be in the national interest and notifies Congress.

Decision-Making on U.S. Arms Exports: Criteria and Process

Given the complexities of arms transfer decisions and the multiple U.S. interests involved in each arms transfer decision, decisions will continue to be made on a case-by-case basis. These case-by-case reviews will be guided by a set of criteria that draw the appropriate balance between legitimate arms sales to support the national security of our friends and allies, and the need for multilateral restraint against the transfer of arms that would enhance the military capabilities of hostile states or that would undermine stability.

6. White House Fact Sheet on Criteria for Decision-Making on U.S. Arms Exports, February 17, 1994.

Given the complexities of arms transfer decisions and the multiple U.S. interests involved in each arms transfer decision, the U.S. government will continue making arms transfer decisions on a case-by-case basis. These case-by-case reviews will be guided by the criteria below.

General Criteria

All arms transfer decisions will take into account the following criteria:

- Consistency with international agreements and arms control initiatives.
- Appropriateness of the transfer in responding to legitimate U.S. and recipient security needs.
- Consistency with U.S. regional stability interests, especially when considering transfers involving power projection capability or introduction of a system, which may foster increased tension or contribute to an arms race.
- The degree to which the transfer supports U.S. strategic and foreign policy interests through increased access and influence, allied burden sharing, and interoperability.
- The impact of the proposed transfer on U.S. capabilities and technological advantage, particularly in protecting sensitive software and hardware design, development, manufacturing, and integration knowledge.
- The impact on U.S. industry and the defense industrial base whether the sale is approved or not.
- The degree of protection afforded sensitive technology and potential for unauthorized third-party transfer, as well as in-country diversion to unauthorized uses.
- The risk of revealing system vulnerabilities and adversely impacting U.S. operational capabilities in the event of compromise.
- The risk of adverse economic, political, or social impact within the recipient nation and the degree to which security needs can be addressed by other means.
- The human rights, terrorism, and proliferation record of the recipient, and the potential for misuse of the export in question.
- The availability of comparable systems from foreign suppliers.
- The ability of the recipient effectively to field, support, and appropriately employ the requested system in accordance with its intended end-use.

Upgrade Criteria

Upgrades of equipment-particularly that of former Soviet-bloc manufacture-is a growing segment of the market. The U.S. government should support U.S. firms' participation in that market segment to the extent consistent with our own national security and foreign policy interests. In addition to the above general criteria, the following guidelines will govern U.S. treatment of upgrades:

- Upgrade programs must be well-defined to be considered for approval.
- Upgrades should be consistent with general conventional arms transfer criteria outlined above.
- There will be a presumption of denial of exports to upgrade programs that lead to a capability beyond that which the U.S. would be willing to export directly.
- Careful review of the total scope of proposed upgrade programs is necessary to ensure that U.S. licensing decisions are consistent with U.S. policy on transfers of equivalent new systems.
- U.S. contributions to upgrade programs initiated by foreign prime contractors should be evaluated against the same standard.
- Protection of U.S. technologies must be ensured because of the inherent risk of technology transfer in the integration efforts that typically accompany an upgrade project.
- Upgrades will be subject to standard U.S. government written end use and retransfer assurances by both the integrator and final end user, with strong and specific sanctions in place for those who violate these conditions.
- Benchmarks should be established for upgrades of specific types of systems, to provide a policy baseline against which individual arms transfer proposals can be assessed and proposed departures from the policy must be justified.