

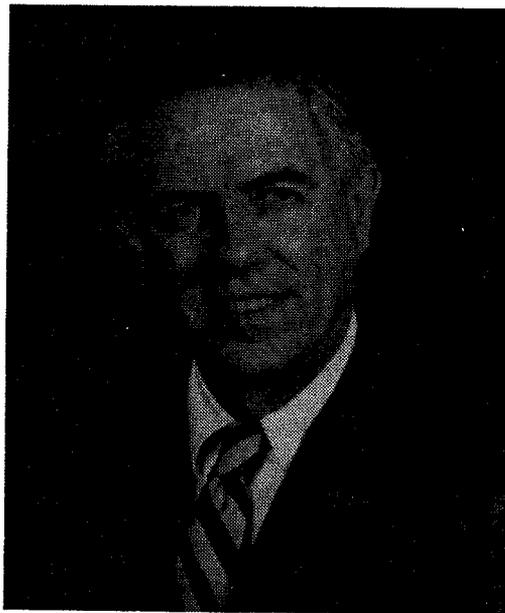
Under Secretary Buckley Discusses New Conventional Arms Transfer Policy

The Administration's new conventional arms transfer policy is the subject of the following important statement by the Honorable James L. Buckley, Under Secretary of State for Security Assistance, Science, and Technology, presented during a 28 July 1981 appearance before the Senate Foreign Relations committee.

. . . The policy directive released by the White House on 9 July capped an interagency effort of several months to design an approach to arms transfers that would support the President's foreign policy and national security goals. Those goals include restoration of a greater degree of global stability and balance that will allow individual societies to develop their own economies and pursue their own political and social destinies in peace free of outside intervention or coercion.

That objective can not be achieved, however, without an America that is strong enough to protect its own legitimate interests around the globe while helping other strategically located nations to enhance their own ability to protect themselves.

The fact that must be recognized, in assessing the Administration's Arms Transfer Policy, is the degree to which key regions of the world have become destabilized in recent years, and critical American interests brought under potential challenge.



HON James L. Buckley
Under Secretary of State
for Security Assistance,
Science, and Technology

This statement raises obvious questions: what are those U.S. interests that are being challenged; and what are the sources

of this instability? In keeping with the committee's interest today, I am addressing these issues in the narrow context of arms transfer policy. Thus, the policy rational which follows makes no attempt to deal comprehensively with the many other interests encompassed by our foreign policy. It does not, for example, include an analysis of the economic, political, human rights, and other considerations which are major factors in our approach to the third world, nor of the powerful impact on our policy of our ties with traditional allies.

We must maintain and strengthen the NATO Alliance in all its political, economic and military dimensions.

But we also have the most obvious interest in a stable and lasting peace in the Middle East, and in continued access to its oil resources and to the peaceful transit of Western shipping through the Persian Gulf and the Suez Canal.

In Africa, we need to preserve our access to strategically important minerals on which our high technology economy literally depends; while in Southeast Asia, we along with other Pacific industrial powers require assurance that the Straits of Malacca will remain open to our commerce. In our own backyard, we have the most obvious interest in preventing the colonization of Central America by an ideology hostile to every value in which we believe and which can be counted upon, if successful, to pose a threat to the stability of the American Hemisphere.

And who today feels insecure? Some of the most strategically important nations of the third world: the oil producing states of the Arabian Peninsula, for example, when a Soviet-supplied South Yemen, is made militarily stronger than Saudi Arabia; when Iranian fighters can cruise unopposed down the eastern coast of the Arabian Peninsula to underscore a threat to close the Persian Gulf to Western shipping; when Soviet client states flank the entry to the Red Sea; and when Soviet divisions march into Afghanistan, bringing their tactical fighters within range of the Straits of Hormuz.

The more moderate nations of North Africa feel insecure when an oil-rich Libya acquires an arsenal more than twice the size of that of all its neighbors combined, sends its troops into Chad, and threatens other neighbors in Niger and the Sudan while stirring up trouble around the globe.

Thailand and the other states bordering Indochina feel insecure as the Vietnamese send their troops into Kampuchea, set up a puppet government, and then engage in a policy of military harassment against Thailand.

And nations in our own hemisphere are beginning to feel insecure as a coalition of Marxist states, spearheaded by Cuba, train and equip revolutionary groups operating in a half dozen countries, and seek to topple a moderate government in El Salvador while contributing to the build-up of a military establishment in Nicaragua unprecedented in Central American history.

A quick tour of the globe thus reveals a dramatic deterioration in areas of the developing world of special importance to the West. And it is no coincidence that here, over the past four years, Soviet transfers of some of the most sophisticated weapons have surpassed those of the West by impressive margins.

This is a fact of absolute importance for the Congress to understand if it is to place the Reagan Arms Transfer Policy in proper perspective. Impressions that the United States will destabilize regions by pouring additional billions of dollars of high technology weapons into the developing world, in what one former Carter Administration spokesman describes, in a recent article in the Wall Street Journal, as a "burning desire to resume our role...as the world's leading arms merchant," are simply unfounded.

Gross dollar figures can be misleading, but no one quarrels with the fact that the Soviet Union's arms transfers exceeded those of the United States this past year by any calculation. What is of critical importance, however, is to know what is being sold, and why a billion dollars of Soviet military equipment cannot be equated with a billion dollars of American sales.

When concerns are raised about instability arising from increased U.S. arms transfers, they are focused on the developing world. Yet almost half of our military sales are to our NATO allies and Japan, Australia, and New Zealand. A large part of the balance is represented by support services and installations, such as the construction of port facilities, hospitals, and military academies and housing, as in our Saudi program.

What is [the] key to understanding the impact of arms transfers on regional stability -- as reflected by a given country's perception of its ability to defend itself against a hostile neighbor -- is the quantity and quality of the weapons transferred.

Here are some facts on which to judge the Reagan Administration's policy on arms transfers, and our security assistance proposals, which also respond to that policy.

Over the past four years (from 1977 through 1980) Soviet sales to the Third World exceeded ours by a margin of some 20

percent; but what is really important, as I suggested, is what it is the Soviets provided their clients in comparison with what we provided our friends and allies.

Look for a moment at the numbers of lethal ground and air weapons in six major categories that were delivered by the two superpowers to developing nations during this four-year period: from 1977 through 1980, the Soviets delivered (in round figures) 6,000 tanks and self-propelled guns to the third world versus 3,000 by the United States; 7,600 armored personnel carriers and reconnaissance vehicles versus 7,200; 10,500 artillery pieces versus 2,300; 1,800 supersonic combat aircraft versus 500; 300 subsonic combat aircraft versus 200; 13,600 surface-to-air missiles versus 5,600. In other words, in four out of the six major categories of lethal weapons, the Soviets out-delivered the United States by margins ranging from 2-to-1 to almost 5-to-1, while edging out the United States in the remaining two.

This is an indication of some of the realities with which we have to deal. Like it or not, there exist today significant challenges to U.S. and Western interests. But we cannot meet them alone. This, too, is a reality we must address; and it is here that a prudent policy of arms transfers can play a critical -- in fact, an essential -- role in shaping our foreign policy to achieve our most fundamental security goals.

I stress the word "prudent" because the Administration's new policy steers a middle course between unrestricted sales, and the use of arms transfers essentially as political capital to be deployed without reference to the military needs of the recipient, and the view that arms transfers are inherently negative in their impact and must therefore be restrained for the sake of restraint.

The latter approach was, at least rhetorically, the policy in effect when this Administration took office. It was based on the belief that arms transfers were essentially wrong, and therefore to be engaged in only in exceptional circumstances. At least in principle, the Carter Administration sought unilateral restraint in the sale of arms, and hoped thereby to inspire others to follow our example. In practice, neither the restraint nor the example proved particularly effective. The total dollar value of agreements under the Foreign Military Sales (FMS) program did drop from FY 1976 to FY 1977, but it began rising steadily thereafter under the imperatives of the security needs of our friends and allies in NATO, the Middle East and elsewhere. At the same time, there was no discernible slackening in the activities of the Soviet Union and other major arms suppliers.

The policy of this Administration enunciated earlier this month will deal with arms transfers as a resource to be used along with other resources for the achievement of national goals. We intend to employ them as an instrument that can and should be used flexibly and carefully to serve our interest. We believe that with effective U.S. government control and direction, but without the arbitrary prohibitions and annual ceilings of the past, arms transfers can help to enhance the state of readiness of friends and allies; to demonstrate U.S. determination to respond to threats to our interests and thus help deter such threats; to revitalize our alliances and cooperative security relationships and develop new ones; and to make a modest contribution to the needed upgrading of our own defense manufacturing base.

For these reasons, the Administration believes that arms transfers, properly employed, complement and supplement our efforts to improve our own defense capabilities and are an indispensable component of our foreign policy. To use arms transfers for these purposes, we have fashioned a policy that is responsive to individual circumstances and that can be applied flexibly and promptly. We will judge each prospective transfer in the light of both U.S. interests and its own particular merits. In doing so we will consider a wide spectrum of factors, including:

(a) The military justification for transfer, including the nature of the threat, how the article would help respond to this threat, and whether it would enhance potential collective security efforts;

(b) The ability of the recipient to absorb the transfer in terms of its technical capacity, military support system, and financial resources;

(c) The effect of the transfer on regional stability, particularly where friends of the United States may be at odds with one another; and

(d) Whether the needs of the U.S. forces would be adversely affected by the transfer, bearing in mind that on occasion scarce items may be needed by friends to meet emergencies.

These, of course, are not the only factors we will be taking into account as we make our case-by-case examination of specific arms purchase requests. Human rights considerations are an obvious case in point, and not merely because we are required by law to take them into account. It is hard to imagine any Administration worthy of representing the American people that will not use its influence to the maximum to encourage other societies to meet our standards in this regard. It should be kept in mind, however, that our

principal purpose in transferring arms to another country is not to help a particular regime but to buttress our own security and serve our own interests.

There are other significant factors to consider, such as those which take into account the varying capabilities of the nations with which we wish to establish security relationships.

Some requests, for example, will present compelling reasons in favor of coproduction or the transfer of defense technology. In these cases, we will give special attention to domestic economic and industrial aspects of the proposed transfer, to its relationship to our arms cooperation programs with NATO and other allies, and to the possible subsequent need for third-party transfers. The need to protect advanced and sensitive U.S. technology against possible compromise will also remain a central factor in our decision making.

We must also discriminate between the widely varying threats faced by friends and allies who have widely varying military needs and absorptive capacities. Some may well require our front-line equipment, while others would be better off with less costly and [less] sophisticated alternatives. Perhaps most important, even when some countries are capable of absorbing the most sophisticated systems, it may make better military sense for them to deploy larger numbers of less expensive and more easily maintained systems. Accordingly, we will continue to support the concept of export or "F-X" aircraft because such aircraft are needed to satisfy the requirements of nations which desire and need a capability between, for example, the F-5E, and the more advanced, complex and costly systems now in service with our Air Force; and we intend to encourage their consideration.

The countries with which we share strategic concerns differ in another respect as well, and that is in their ability to pay for the military equipment which is required to meet our own ultimate foreign policy and national security objectives as well as theirs. This is why, given current inflationary price increases and skyrocketing interest rates, we have asked [for] authority to offer selected countries significantly better than market interest rates to help them finance the purchase of the arms they need. This offer of concessional rates does not represent an act of altruism on our part but, quite the contrary, a most deliberate calculation of our own self-interest.

As I stressed earlier, we in the United States are no longer capable of the unilateral defense of every area that is vital to our national welfare. We need to work with other nations which are either long-term allies or share common strategic concerns. If we ourselves are not prepared or able to project adequate military strength into a particular region that

is important to us, then we must do what we can to help cooperative nations within that region achieve the capability of meeting their own defensive needs -- and in the process, to serve our own.

It is an unfortunate fact that in many areas of greatest importance to us, such as the Middle East, portions of Africa, and Southeast Asia, the nations on which we must rely do not have the economic capacity to buy the weapons they need to meet existing threats at the prices they can pay without inviting economic collapse. The interest subsidies we propose to provide such nations as Turkey, Egypt, Sudan, Kenya and Thailand represent as economical an expenditure of U.S. dollars to advance American security interests as any proposed for direct defense expenditures.

In short, the basic goals which have shaped and justified our arms transfer policy require, in appropriate cases, that we be prepared to finance those transfers on terms that will enable them to take place. Otherwise we, just as much as the recipient, stand to lose the benefits that justify the proposed sales in the first place.

All of which emphasizes the basic thrust of the Administration's policy; it is to recognize that arms transfers, properly considered and employed, represent an indispensable instrument of American policy that both complements and supplements the role of our own military forces.

There are cynics, I know, who claim that economic considerations are the main driving force behind the Administration's new policy; and that in practice, there will be few if any controls over American transfers and that industry will have carte blanche to sell anything, anywhere.

These allegations are patently false.

I assure you that the Executive Branch will continue to be involved at all levels of the transfer process in order to exercise the evaluation, judgement, and control required by law, policy and principle alike. In this regard, I have established a senior interagency mechanism to be called the Arms Transfer Management Group. It will assist me in making recommendations to the Secretary of State on arms transfer and security assistance issues. Membership will consist of senior-level representatives of all government agencies involved and interested in the transfer process. This will guarantee a full hearing of relevant views on all significant issues.

There may be some concern that the new policy will lead to a large rise in the volume of new military sales, with billions of dollars of the most sophisticated equipment crisscrossing

the skies on their way to hitherto remote and bucolic corners of the world. Again, nothing could be further from the truth.

The objective of our policy is not increased sales per se; nor is it likely that it will result in significant increases in the total dollar value of transfers that will be authorized under its terms. The enormous cost of modern weapons and the state of the world economy provide their own restraints on the capacity and appetite of would-be purchasers. In fact, we would anticipate that 1982 sales would remain approximately where they are today, namely at the \$15 billion level. We do not, however, propose some artificial ceiling in advance.

What we do expect to see, as our policy is applied, is a qualitative shift in the kinds of countries with which we will be concluding sales. They will include a larger number of developing countries which desperately need more effective means of defending themselves against very real potential threats, countries with which we will want to develop cooperative relationships so that, in times of crisis, we may be able more effectively to project our own power and thus help deter aggression. In short, we need the greater flexibility required to merge foreign and defense policy goals through enhanced assistance to friends and allies in areas of the world where the United States has the most self-evident interest in the enhancement and maintenance of regional security.

Finally, in recognition of the role that arms transfers can play in the existing world environment to help achieve our international objectives does not represent a retreat from a desire for greater restraint in the global dissemination of sophisticated weapons. We remain convinced that such restraint is a goal worth pursuing provided it is not unilateral and does not sacrifice fundamental American interests. We remain prepared to examine ways to pursue a regime of multilateral restraint and to consider seriously the proposals of others. We are not prepared, however, to sacrifice American interests and the interests of our friends abroad by seeking to go it alone.

One final point. . . : throughout my statement I have stressed the link between our foreign arms transfer policy and our own national security. I have done so because I have noticed, over the past several months, that a significant part of the opposition I have found to the Administration's security assistance proposals is based on a fundamental misunderstanding of their nature and purpose. Although I know our foreign assistance requests are not themselves the subject of this hearing, they nevertheless reflect the translation of policies I have been describing into actual

practice. Therefore, I feel it appropriate to touch upon this matter because it goes to the heart of what the Reagan Administration is seeking to achieve through the prudent use of arms transfers as an instrument of foreign policy.

Contrary to the impression so many have of security assistance as something akin to an international military food stamp program, it is in fact a necessary extension of our national defense effort. The marginal U.S. dollar loaned under FMS to the Turkish Army or the Thai or Pakistan Air Force is a dollar that we would otherwise have to spend outright on our own forces to do a job that the Turks and Thais and Pakistanis can do better and at less cost. Not only are security assistance dollars spent in the U.S. for U.S. equipment, not only are they ultimately paid back even if the interest charged may sometimes be at less than market rates, but we get the security benefit of the force improvements those dollars buy for friendly foreign governments.

I therefore urge you, as you consider the merits of our new policy, to focus on the facts that we have a powerful self-interest in contributing to the self-defense of allies and friends, and that our own defense is inextricably tied to those who occupy strategic geographical areas, or control strategic resources, and have the will but not the resources to protect themselves