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SECURITY ASSISTANCE IN LATIN AMERICA:
PENNY WISE AND POUND FOOLISH?

BY

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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) In the early 1980's, the levels of security assistance designated for Latin America were increased in order to counter the threat of Soviet expansionism by its surrogate forces, Cuba and Nicaragua. The passage of the budget-balancing Gramm-Rudman Act mandated massive expenditure reductions and caused subsequent cuts in security assistance funding. The purpose of this study is, in light of constrained resources, to analyze the		

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effectiveness of security assistance as a tool to promote U.S. interests. That analysis will include a discussion of the component programs of security assistance, a review of the costs and benefits of those programs, a comparison of levels of spending by the U.S. and the U.S.S.R., the threats related to U.S. security assistance reductions, and recommendations for improvements in security assistance policy and its implementation in Latin America.

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SECURITY ASSISTANCE IN LATIN AMERICA: PENNY WISE AND POUND FOOLISH?

CHAPTER I

INTRODUCTION

The United States, like any nation, evaluates the other sovereign states of the world in the context of its own national interests. Those interests, as defined by Donald E. Nuechterlein in America Overcommitted, are defense of homeland, economic well-being, favorable world order, and promotion of values. The U.S. Government (USG) focuses on those interests during formulation of foreign policy. It classifies nations as friend or foe, and attempts to influence those nations to act in a manner consistent with the interests of the United States. Leverage, or power, over nations is achieved through political, economic, and military means. Security assistance is a most effective foreign policy tool in that it combines political, economic, and military components in demonstrating to our allies the value our government places on their friendship. Security assistance, then, can be very effective in furthering the foreign policy and security goals of the United States.¹ This paper will outline U.S. security assistance programs and comment on their roles in attaining the national security objectives outlined by the Secretary of Defense in his FY 88 Annual Report to the Congress. That report gave specific national objectives of the Defense Department and indicated a need to:

- a. Safeguard the United States and its forces, allies, and interests by deterring aggression and coercion; and should deterrence fail, by defeating the armed aggression and ending the conflict on terms favorable to the United States, our allies, and our interests at the lowest possible level of hostilities.
- b. Encourage and assist our allies and friends in defending themselves against aggression, coercion, subversion, insurgencies, and terrorism.
- c. Ensure U.S. access to critical resources, markets, the oceans, and space.
- d. Where possible, reduce Soviet presence throughout the world; increase the costs of Moscow's use of subversive forces; and foster changes within the Soviet bloc that will lead to a more peaceful world order.²

While levels of funding for security assistance programs in Latin America increased during the early 1980's, recent

Congressionally-mandated reductions in the Defense budget will return funding of Latin American programs to unacceptable levels. While this study will contrast current U.S. security assistance policy and its ability to attain stated national security objectives in Latin America, it will also attempt to examine, by geographical area, security assistance expenditure rates and the threats posed to U.S. security interests in that area. Finally, recommendations will be made for change to national security assistance policy.

BACKGROUND

Security assistance programs play a key role in building positive foreign relations and are a vital, cost-effective element of foreign policy.³ The primary military objectives of security assistance, according to current Department of Defense (DOD) guidelines, are to assist allies in preserving their independence; promote regional stability; help obtain base rights, overseas facilities, and transit rights; ensure access to critical raw materials; and provide a means to expand U.S. influence.⁴ Perhaps a better description of the broad policy goals of security assistance was given in the latest Congressional Presentation Document for Security Assistance Programs. In that document, security assistance goals are given as "promoting peace in the Middle East, enhancing cooperative defense and security, deterring and combatting aggression, promoting regional stability, promoting key USG interests through Foreign Military Sales (FMS) cash sales and commercial military exports, and promoting professional military relationships through grant training. The security assistance programs designed to achieve such security and foreign policy objectives are the Foreign Military Sales (FMS) Program, the FMS Credit (FMSCR) Program, the Military Assistance Program (MAP), the International Military Education and Training Program (IMET), the Economic Support Fund (ESF), and Peacekeeping Operations (PKO).⁵ In order to better understand how these programs function, each will be discussed below.

Before that discussion, however, an examination is needed of the force options available to the United States for implementation in Latin America. Those options include security assistance, joint/combined training exercises, intelligence sharing, psychological operations, civil affairs, self defense organization, fire support, and introduction of maneuver forces. Obviously, the latter options are the most costly and present the highest risk to the United States. Consequently, those options should not be applied until absolutely necessary. Unfortunately, unless sufficient funds are available to effectively implement the former options, local unrest may develop into an unchecked insurgent situation that ultimately requires implementation of the riskier, costlier options associated with committing U.S.

forces. Resolution of any insurgent situation by standard security assistance programs is far more politically acceptable and cost effective; therefore, every effort should be made to use them in insurgency situations.

FOREIGN MILITARY SALES (FMS)

The largest element of the security assistance program, FMS is a process that allows foreign governments and international organizations to purchase defense articles and services from the United States Government (USG). FMS benefits the purchasing country in that the purchaser does not have to develop the technology or the industrial base to produce the article. In the case of advanced weapons systems, these costs would be prohibitive for most Third World countries. Additionally, purchase of existing weapons systems from the USG (as opposed to developing one internally) accelerates the fielding of the system, which may be necessary for a timely response to a threat against the purchasing country. The benefits for the USG include lowered production costs, shared research and development costs, increased standardization and interoperability among our allies and the USG, and increased influence over the purchasing country. The production and research/development costs are reduced by adding a proportional share of those costs to the sales price of the item for the purchaser. Obviously, use of our equipment lends itself to assimilation of our military doctrine, hence the benefit of increased standardization and interoperability. Once U.S. weapons systems are in place in an allied country, sustainment of those systems depends upon availability of repair parts. The purchaser's ability to operate the system often depends on the training provided by the USG. Dependence on our government for operations capability and sustainment of a critical weapons system increases the influence of the USG over that purchaser and has been used by the USG in attempts to reduce regional instability.⁶

Unfortunately, the current FMS system is not as effective a tool as it should be. The ability of our system to compete with military sales programs of other countries is marginal at best. While there are many reasons for this lack of competitiveness, the major problems are bureaucracy and cost. Statutory limitations of the Arms Export Control Act (AECA) are the foundation for most FMS problems, in that they direct that the USG be paid for all costs associated with the manufacture, storage, development, administration, packaging, and transportation of any defense article sale. Such a mandate requires the sales price of any defense article to include the base cost (materiel acquisition cost/standard catalog price); all nonrecurring Research, Development, Test, and Evaluation (RDT&E) costs; production costs; contract administration on new procurement (1.5% of total base cost); asset use costs (from 1%

to 4% of total base cost depending on type of article or service); and packing, crating, and handling charges (3.5% of total base cost). As if these costs were not sufficient to make an ally question the motive of such assistance, the AECA also directs that the purchaser will pay transportation charges from the USG facility to the purchaser's freight forwarder and requires that the purchaser establish an office to monitor the status of all FMS cases. The final FMS contract then adds an additional 3% for General Administration Costs, and sends the contract to the purchaser. The total price shown on the contract is not the final price, however, since the additional administrative charges may vary. Subsequently, the purchaser will never know the final price until after delivery of the article and recomputation of the charges.⁷

This unwieldy and bureaucratic process causes excessive delays. In fact, the FMS system forbids promising the purchaser a guaranteed delivery date. A recent study showed that the USG delivered weapons systems only one-half to one-third as quickly as the Soviet Union.⁸ Given the stringent budgeting process and need for rapid weapons system delivery in most Third World countries, the current FMS system is incapable of adequately supporting our allies. While USG delivery delays and indefinite costs should not cause allies to purchase military articles and services from the Soviet Union, it has caused them to purchase systems from other Western bloc nations that offer fixed-price, guaranteed delivery date, concessionary credit rate military sales contracts. Korea and Israel, during the time I served in the U.S. Military Group-Colombia, sold comparable weapons systems and defense articles to the Government of Colombia at a cheaper base price, with a guaranteed delivery date well ahead of the earliest possible U.S. delivery date, and with concessionary credit rates far below those offered by the USG.

FOREIGN MILITARY SALES CREDIT PROGRAM (FMSCR)

The FMSCR program provides concessionary credit financing to fiscally-constrained allies for purchases of U.S. military articles, services, and training. While the FMSCR program advertises concessionary rates, they are merely current market interest rates provided by the Federal Financing Bank. Over 80 percent of the requested (FY87) military security assistance budget was allocated to FMSCR. As the budget was cut, the funds available to security assistance programs fell from 6.6 billion to 4.9 billion dollars.⁹ Consequently, the total FMS credit program was reduced to 4.04 billion dollars. Of that amount, 3.1 billion dollars has been earmarked for Egypt and Israel, who will not be required to repay the loans.¹⁰ The remaining funds (.904 billion dollars) must be spread over the rest of the world. By allocating 78% of all FMSCR to Israel and Egypt, the USG seems to overlook other strategically important geographic areas,

including Latin America. The 66 countries that look to the USG for FMSCR funding of vitally needed equipment, training, and services will be sorely disappointed. These countries cannot implement a long-range planning sequence for materiel acquisition since FMSCR funding levels cannot be predicted. In fact, our allies cannot rely on current projections provided them by DOD, since the budget process of the USG is rarely completed prior to initiation of the ongoing fiscal year. Dramatically reduced FMSCR funds that fluctuate wildly during the planning process, and that are perceived to be inequitably distributed among our allies, cannot provide to Latin America the "shield behind which freely elected governments...make difficult political and economic reforms essential to consolidation of democratic goals".

MILITARY ASSISTANCE PROGRAM (MAP)

The MAP element of our security assistance program provides grant funds to allies in order to strengthen their defense capabilities without diverting domestic resources from internal development to military equipment/training purchases from the USG. Initially, the MAP program was directed toward Europe and involved the direct transfer of military equipment without cost. Since 1982, MAP funds have been granted to Third World countries wherever clear threats to U.S. security interests arose. For 1987, the major recipients of these funds were Turkey, Portugal, El Salvador and Honduras. FY88 proposals for MAP funding total 1.3 billion dollars spread over 40 country and regional programs. The need for increased MAP funding is exacerbated by the reductions in the FMSCR program and deteriorating economic conditions throughout the developing world.¹² Only 19 % of FY88 MAP grants are programmed for Latin America. If Honduras and El Salvador monies were deleted from consideration, the percentage of MAP funds destined for the remaining 18 eligible Latin American and Caribbean countries is reduced to 5%. The other 28 countries eligible for MAP funds would share the remaining 95%.¹³ While the Philippines, Turkey, and Portugal are extremely important to USG security interests, it is difficult to justify MAP expenditures in those countries 13 times those made in all South American, Central American (less Honduras and El Salvador), and Caribbean basin nations. One can only hope that the lack of expenditures is not indicative of the priority given to Latin America.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (IMET)

The IMET Program provides training to allied military personnel on a grant basis. This program provides a low-cost but

extremely efficient method for spreading U.S. influence and is considered the most cost effective force multiplier in the security assistance arena. Historically about 1% of the total military security assistance budget, IMET funds programmed for FY88 will provide military education and training for 7,700 personnel from 106 countries.¹⁴ Since 1980, over 40,000 students have been trained in the United States. The obvious benefits for the USG are the transfer of technical and tactical skills necessary to operate U.S. equipment according to U.S. doctrine and the increased interoperability resulting from that transfer. Less obvious, but probably more important, benefits of IMET are the close professional ties forged between the allied and U.S. militaries. These bonds provide access to allied political and military information that is vital to assessing military capabilities and current political situations. Additionally, exposure of allied officers to American society and our military culture may inculcate the values so necessary to a stable, democratic form of government. Likewise, such exposure to U.S. formulation of policy may lead them to a better appreciation of the strategic interests of the USG. Allied officers who have been educated in the United States may be expected to cooperate more fully in the execution of our national strategy if they understand that strategy is based on mutual interests.¹⁵

ECONOMIC SUPPORT FUND (ESF)

The ESF, designed primarily for developing countries of strategic importance to the United States, provides grant and loan funding for internal development. As with MAP funding, ESF dollars contribute to economic and political stability in struggling Third World countries since the recipient of those funds can undertake ambitious economic development and reform without diverting scarce domestic capital from current programs. Such augmentation alleviates much of the instability and uncertainty caused by dramatic economic fluctuations within the country. Capital provided by ESF allows continued internal industrial expansion and provides enhanced employment opportunities. Additionally, ESF disbursements offer leverage to the USG in negotiations for policy changes within the recipient country. Such leverage has proved beneficial in the areas of land reform, economic policy, and fiscal management. Results of ESF programs include dramatically improved quality of life among the poorer segments of developing nations.¹⁶ FY88 proposals for ESF total 3.6 billion dollars in grant aid and an additional 300 million dollars in loans. Again, the two countries of Egypt and Israel consume 60 % of the total grant funds while Latin America's share is 19 % (700 million dollars); the bulk of Latin-destined funds are for El Salvador (195 million), Honduras (100 million), Costa Rica (90 million), and Guatemala (80 million).¹⁷

PEACEKEEPING OPERATIONS (PKO)

PKO funds allow the USG to participate with international organizations in peacekeeping operations that support U.S. national security interests. Currently, the funding goes to support the United Nations Force in Cyprus (UNFICYP) and the Multinational Force and Observers (MFO) in the Sinai. The USG committed itself to paying one-third of the annual budget for the MFO as part of the accord forged with Egypt and Israel, and failed to pay its full share in FY87. FY88 funds include the amount to pay arrears on the MFO and to pay the U.S. portions for both the MFO and UNFICYP. Any reductions in the amount of funds allocated to these vital missions would signal a weakened resolve on behalf of the USG to support the fragile peace in the Sinai and could lead to increased hostilities in that area.¹

OVERVIEW

Proposed FY88 security assistance funding for the programs mentioned above totals 9.4 billion dollars. Adding the cost of U.S. military and civilian personnel required to support those programs, and ancillary programs (Peace Corps, International Narcotics Control, Special Defense Acquisition Funds for stockpiling certain weapons systems and vital resources, and several small programs related to statutory requirements), the total FY88 proposal is for 12.815 billion dollars. In following chapters, we will examine the effectiveness of security assistance programs in attaining the national security objectives outlined above.

ENDNOTES

1. U.S. Department of Defense, Congressional Presentation for Security Assistance Programs: Fiscal Year 1988, p. 1 (hereafter referred to as "DOD, CPD Security Assistance").
2. U.S. Department of Defense, Annual Report to the Congress: Fiscal Year 1988, p. 24 (hereafter referred to as "DOD FY88 Annual Report").
3. U.S. Department of Defense, Joint Chiefs of Staff, United States Military Posture FY 88, p. 26 (hereafter referred to as "JCS Military Posture").

4. Ibid., p. 27.
5. U.S. Department of Defense, Defense Institute of Security Assistance Management, FMS Customer Financial Management Handbook (Billing), p. 1-1 (hereafter referred to as "DISAM FMS Billing").
6. DISAM, FMS Billing, pp. 1-2 to 1-3.
7. Ibid., pp. 3-13 to 3-31.
8. Stephanie G. Neuman, Military Assistance in Recent Wars: The Dominance of the Superpowers, p. 15.
9. JCS, Military Posture, pp. 30-32.
10. DOD, CPD Security Assistance, p. 374.
11. Ibid., p. 20.
12. Ibid., p. 53.
13. Ibid., p. 320.
14. JCS, Military Posture FY88, p. 29.
15. John J. Bahm, Military Assistance: A Tool of National Security and American Diplomacy, pp. 121-125.
16. JCS, Military Posture FY 88, p. 29.
17. DOD, CPD Security Assistance, pp. 324-327.
18. Ibid., pp. 59-60.

CHAPTER II

EFFECTIVENESS OF SECURITY ASSISTANCE IN ATTAINING NATIONAL OBJECTIVES

As noted in Chapter I, security assistance programs are designed to support national security objectives by:

1. Promoting peace in the Middle East,
2. Enhancing cooperative defense and security,
3. Deterring and combatting aggression,
4. Promoting regional stability,
5. Promoting key interests through FMS cash sales and commercial military exports, and
6. Promoting professional military relationships through grant training.

This chapter will attempt to evaluate the effectiveness of USG security assistance programs in meeting those goals. While certain conclusions have support in concrete examples of success or failure, others are the perceptions of the author based on his personal experience and the information available. One must determine not only whether the objectives were met, but also how cost effectively (in those situations considered successful). While the focus of this study is Latin America, consideration of point 1 above is important in that its cost dramatically reduces security assistance funds for the rest of the world -- especially Latin America.

PROMOTING PEACE IN THE MIDDLE EAST

USG interests in the Middle East center on its vast energy resources, estimated to be 70 percent of the non-communist world's total reserve.' Concern over continued access to those vital reserves, a commitment to the Camp David accords and strong historical U.S. support for a Jewish state mandate extensive financial support for the Middle East. It is interesting to note that there is only one security assistance objective directed at a particular geographic area of the world, and that area is the Middle East. As outlined in Chapter I, the total funds dedicated

to FMS, FMSCR, MAP, IMET, ESF, and PKO programs amount to 9.406 billion dollars. 54 percent of that total is programmed for only two countries, Egypt and Israel. Another 4 percent, approximately 200 million dollars, is programmed for other programs in the area. Those programs include the peacekeeping operation in the Sinai, economic support to Oman, and expenditures in Gaza and the West Bank. Despite spending three of every five security assistance dollars in the Middle East, current events in the area make one question how successful our security assistance efforts have been. Losing 200 Marines in Lebanon and reducing POMCUS (Pre-positioning of Materiel Configured to Unit Sets) stockage in Europe to precarious levels as a result of aid sent to Israel in its latest war with Egypt adds dramatically to the resources expended without achieving peace in the Middle East. Despite incredible expenditures by the USG, war goes on in Lebanon, Beirut still holds its hostages, Syria and the PLO are still incriminated in the bombing of the Berlin bar, Arabs living in Israel are killed by soldiers while demonstrating, Israeli citizens are killed in terrorist attacks, Iran and Iraq continue to disembowel themselves, Palestinians with no homeland die in refugee camps, and a religious fanaticism still threatens to engulf all the Middle East. While no amount of money could solve all these problems, some of them could be ameliorated with better management of security assistance programs. Peace in the Middle East is contingent upon several things. First of all, the state of Israel must be recognized as a legitimate entity by her Arab neighbors. Secondly, self-government for West Bank Palestinians must be restored. Finally, any settlement (including a Palestinian homeland) must be accomplished as a result of direct, face-to-face negotiations between the parties involved.² Withholding security assistance funds should be considered as a means of convincing all recipients in the Middle East that they should work a little harder at negotiations, and that concessions are necessary from all sides.³ Both Syria and Egypt are dependent upon foreign assistance for financing their military budgets.⁴ Perhaps U.S. negotiations with Syria's principal benefactor, the U.S.S.R., should include reductions in arms deliveries to the Middle East as well as reductions in European strategic nuclear missiles, since both the Middle East and the NATO/Warsaw Pact situations are fully capable of leading to a United States-Soviet confrontation. The objective of promoting peace in the Middle East has been achieved only marginally, despite massive infusions of U.S. funds, training, and arms.

ENHANCING COOPERATIVE DEFENSE AND SECURITY

Security assistance programs have played a very important part in gaining access to basing rights, overflight agreements, port facilities, and exercise areas. Consequently, our ability

to project power and defend forward has been greatly enhanced throughout the world.⁵ Additionally, security assistance funds have greatly enhanced the readiness of NATO's strategic southern flank -- Spain, Portugal, Greece, and Turkey.⁶ In Latin America, the security of the Panama Canal is dependent upon a cooperative defense between the United States and Panama; of course, the United States would assume total responsibility for that defense, if required. Even with full responsibility, the United States may find defense of the canal to be an impossible mission.

Annually, extensive exercises are held in Honduras, El Salvador, and Colombia to demonstrate our willingness to support our allies in time of crisis. That resolve was again demonstrated by the recent deployment of U.S. forces to Honduras in response to the Nicaraguan offensive against the Contras in the border area between those countries. Our programs world-wide have increased not only the resources available for mutual defense, but also the capabilities for a successful defense of free world interests.⁷ In some geographic areas, assistance program costs are high, but the benefits far outweigh the expense if one considers the loss in basing rights only. Loss of basing rights in the Philippines would require dramatic increases in strategic mobility assets for U.S. forces in order to respond to a crisis in the Far East. Expansion of strategic mobility (fast cargo ships and heavy airlift assets) would far overshadow security assistance program costs in those vital areas. Protection of, and access to, vital lines of communication have also been enhanced by such programs. Current funding levels have been sufficient to achieve this objective, but future demands may increase as a result of Spain's recent decision to oust a U.S. Air Force fighter wing. Likewise, heated debate in the Philippines over continuation of naval and air basing rights will surely up the ante. Despite probable increased costs for extension of basing rights, programs that achieve such rights are still very cost effective.

DETERRING AND COMBATTING AGGRESSION

Soviet-inspired and financed hostilities directed at any ally of the USG is a "fundamental challenge to United States interests."⁸ Such a challenge cannot go unanswered without a dramatic reduction in U.S. power and prestige. It is far cheaper to enable our allies to respond with their own military resources than it would be to send U.S. forces into the fray. Providing allied countries with excess first generation technology in weapons systems, communications devices, and equipment is an extremely good method of enhancing developing countries' capabilities to defend themselves at low cost. Providing our allies with grant aid in the MAP program has dramatically enhanced readiness throughout Latin America. Just as Lend-lease and the Marshall Plan contributed to Europe's ability for self-

defense, so has the MAP program in the Third World. Additionally, the IMET program has reinforced our allies' abilities to defend themselves from Communist-inspired aggression by training its military in the latest tactics to respond to any threat. Both the MAP and IMET programs constitute a modest portion of the security assistance budget, yet per capita they contribute more to allied readiness than any other programs. FMS and FMSCR programs also enhance readiness, but they are far more costly for both the United States and the purchasing country in that they require immediate outlay by the United States for production and by the recipient for cash sales. Even for credit sales, allies must repay the loans at the interest rate that prevailed at the time of purchase. The only FMS programs that don't place a burden on the recipient are those with forgiven loans; unfortunately, funds availability is extremely limited since forgiven loans are used almost exclusively for Egypt and Israel.

Increasing allied capability to respond militarily to the threat posed by externally-supported hostilities is not the final solution, however. A concomitant program is required that will reduce or eliminate existing social, economic, or political inequities that promote popular support for such an insurgency. Again, ESF funds are necessary to support reforms that allow increased economic opportunity for the disenfranchised. Economic reforms, including land redistribution, tax change, and fiscal responsibility, which enable governments to improve conditions for the poor contribute to the fight against externally-supported insurgencies just as effectively as do the governments' armed forces. In Central America, the results of these programs include improved military readiness, reduced social inequities, and enhanced economic conditions. The improvements achieved by recent U.S. programs have not totally eliminated insurgent support, however. Programs that would defeat all insurgencies must be aimed at eliminating the root causes for insurgency. Consequently, their costs are viewed as prohibitive. Instead, the usual solution is the cheapest one -- security assistance. The increasingly successful efforts of Honduras, El Salvador, and Guatemala in countering Nicaraguan, Cuban, and Soviet aggression and subversion reflect the beneficent effects of USG security programs, but fall far short in their attempts to eliminate the reasons behind popular support of insurgents. Other world-wide successes include Chad's capability to deter Libyan aggression, Thailand's ability to thwart Vietnamese aggression along the Thailand-Cambodian border, and Pakistan's continued response to Soviet-Afghani pressure along its border.³ Programs have been fairly effective in achieving the stated goal at a relatively low cost to the USG, but unless -- and until -- combined programs of all U.S. agencies are implemented, the underlying social, economic, and psychological problems will again give rise to popular insurgencies.

PROMOTING REGIONAL STABILITY

Many areas of the developing world suffer the economic, social and political ills attendant to the developmental process. Some countries are fortunate enough not to have been the target of external aggression designed to take advantage of those weaknesses. Prior to developing nations becoming a target for expanded Soviet aggression, the USG attempts to use security assistance programs to "encourage structural economic reform, diversification, individual enterprise, improved productivity, and the sustained growth of recipient economies".¹⁰ Other programs support the "exercise of individual choice and the development of human talent".¹¹ They fund refugee camps in Pakistan for Afghans displaced by the conflict in their country, and regional economic programs such as the fisheries program in the South Pacific. Again, the costs are minimal compared to the benefits derived for both the recipient nations and the United States.

PROMOTING KEY INTERESTS THROUGH FMS

Many allies of the USG receive neither credits nor grants to purchase military articles, training, and services. Those countries, through cash purchases or commercial export, obtain needed military items pursuant to approval of the transaction by the USG. Additionally, allies may obtain authority to produce weaponry of U.S. design in their own country. This policy of coproduction allows technology transfer without paying prevailing U.S. labor rates, and has been invaluable in improving readiness for allies in NATO, ANZUS, Japan, and Korea. Cash sales likewise contribute to a sustained production base within the United States and reduce U.S. trade deficits.¹² Saudi Arabia has made extensive use of FMS cash sales to improve readiness. Consequently, the USG has frequently been able to count on Saudi support for its peace initiatives in the Middle East and Saudi contributions to regional stability. Obviously, these key interests have been promoted at little or no direct cost to the USG. While military assistance and advisory personnel costs can be attributed to the supervision of such transfers, those costs are minimal compared to the gains associated with that work.

PROMOTING PROFESSIONAL RELATIONSHIPS THROUGH GRANT TRAINING

The least costly element of the security assistance program of the USG, International Military Education and Training (IMET) is widely acknowledged as the most useful in transferring U.S.

values, attitudes, and approaches to our allies.¹³ Some authors call this training "propaganda"¹⁴, but its value cannot be overstated. This author had access to information in Colombia that would have been unattainable for the Defense Attache, U.S. Ambassador, or any other U.S. official because of the friendships and contacts made with Colombian officers during IMET training. Equally important ties have been made by every U.S. Military Foreign Area Officer (FAO) during his training and subsequent utilization tour. Foreign military student training under the IMET program contributes to a better understanding of U.S. and allied interests and forges long-lasting personal relationships that will benefit both the United States and her allies. The most effective IMET programs insure that the training designed for the recipient country is tailored to that country's needs and for its forces. Teaching Corps-level operations to countries whose forces total four separate battalions is ill-advised. Current, and historical, spending levels for the IMET program average less than 1 percent of the security assistance budget, but have provided formal courses, orientation tours to the United States, and hands-on training to hundreds of thousands of our allies.¹⁵ The resultant increased readiness in the trainees' countries would, by itself, justify the cost of IMET but the ancillary benefits described above make it the most cost effective and underfunded program we have.¹⁶

RETROSPECTIVE

Current security assistance programs have been moderately successful in achieving their goals and supporting USG national security interests. Given increasing Soviet and Soviet surrogate militarism and adventurism in the Third World, current levels of security assistance are inadequate to maintain the recent gains accomplished in mutual security affairs. Reductions in security assistance funding will endanger the ability of security assistance programs to continue to meet the objectives discussed above, and could contribute to increased instability in Latin America.

ENDNOTES

1. DOD, CPD Security Assistance, p. 13.
2. Ibid., p. 13-14.
3. David A. Baldwin, "Foreign Aid, Intervention, and Influence," World Politics, April 1969, pp. 428-429.
4. Bahm, pp. 99-101.

5. DOD, Annual Report to the Congress FY88, p. 29.
6. DOD, CPD Security Assistance, p. 14.
7. Ibid., pp. 14-15.
8. Ibid., p. 15.
9. Ibid., pp. 15-16.
10. Ibid., p. 16.
11. Ibid.
12. LeRoy J. Haugh, International Logistics: Foreign Military Sales, p. 9.
13. Harold A. Hovey, United States Military Assistance: A Study fo Policies and Practices, pp. 171-179.
14. Bahm, p. 121.
15. DOD JCS, Military Posture FY88, p. 29.
16. DOD, CPD Security Assistance, p. 18.

CHAPTER III

A COST-BENEFIT ANALYSIS OF LATIN AMERICAN SECURITY ASSISTANCE IN LIGHT OF THE SOVIET THREAT

Any expenditure by the USG is made on the assumption that the resultant benefits outweigh the costs associated with the program. So it is with security assistance. Corporate expenditures are easily evaluated as to cost versus benefit by watching the impact of the program in question on the bottom line. Since the USG has no interest in making a profit, such a determination is more difficult. Any evaluation must include the worth of intangibles such as good will, dependability, loyalty, honesty, concern for countries less fortunate than ours, and the worth of human dignity and the democratic ideals of freedom of speech, freedom of religion, and freedom from persecution. Those benefits will accrue not only to the government providing assistance but also to the recipient of that aid. While their worth cannot be translated into a dollar figure, such benefits are probably the most important ones gained by our security assistance programs. The visible benefits of security assistance will be discussed below, along with its more visible, and painful, costs to the USG.

BENEFITS TO THE USG FROM ITS SECURITY ASSISTANCE PROGRAMS

While many of the benefits derived from security assistance programs were discussed in Chapters I and II, the following is a consolidated list. Where the benefit is obvious, little attempt will be made to expand upon it; in more obtuse instances, the rationale for its inclusion will be given. Benefits of U.S. security assistance programs include:

1. Formation of cooperative, long-term, mutually-supporting defensive coalitions. These coalitions were initiated by the Alliance for Progress and continue to allow multinational and binational military exercises. Such coalitions are invaluable in that they allow forward deployment of U.S. forces and signal our resolve to defend the Western Hemisphere. The Rio Pact still calls for U.S. armed intervention into South America upon request.

2. Access to strategic geographic areas through basing, port call, and overflight rights. Stationing rights in Central America and the Caribbean Basin facilitate protection of vital sea and air lines of communication. U.S. forces in Honduras and

El Salvador contribute to the protection of the sea lines of communication for reinforcement of NATO.

3. Leverage over recipient countries in formulation of its internal economic, social, and military policies. While it would be presumptuous to believe that giving (or withholding) assistance allows the USG to control such decisions, such action has influenced several Central American governments' decisions to initiate land reform and improve social programs. Additionally, several countries (Israel, Argentina, Honduras, and El Salvador) have provided, and continue to provide, indirect aid to the Contras in Nicaragua.' Argentine aid continued to flow even after the Falklands war. Such support is indicative of the value of the security assistance program.

4. Increasing standardization and inte.operability. Training allied military to use donated U.S. equipment following U.S. doctrine is an excellent force multiplier for the USG.

5. Sustainment of the U.S. industrial base. By allowing allies to purchase U.S. equipment, we are able to stretch out production lines. Only with an operational industrial base could the U.S. surge to meet the requirements of future conflict in a timely fashion.

6. Cheaper per capita costs for military items. Since FMS customers pay a percentage of research, development, test, and evaluation costs (along with other administrative costs that average 10 to 15 percent of the base price), the costs of that item are reduced for the United States.

7. Personal access to decision makers in the third world. As a result of the friendships made during IMET training, the United States enjoys unparalleled access to senior leaders in Latin America.

8. Access to strategic resources and raw materials. Guaranteed access to the Panama Canal is a result of prior security assistance relationships as well as the recent treaty that returned the canal to Panama. Access to Venezuelan and Mexican oil reserves is enhanced because of our assistance.

9. Reduction of U.S. trade deficits. Sales of military items to Latin America, and other allied countries, results in a positive cash flow.

10. Increased U.S. employment and an enhanced economy. FMS transfers of U.S. military training, services, and items contributes to a healthy economy. Whether cash or credit, these sales assist in keeping U.S. citizens employed.

11. Enhanced capability to evaluate the readiness of allied armies. As a result of security assistance programs, the United States is guaranteed access to a recipient country. MAP materiel, for instance, is given recipient countries with the proviso that U.S. inspection of that materiel (where it is used, how it is used, its condition, etc.) is guaranteed. That information is invaluable in analyzing a country's capability to fulfill its role as part of a mutual defense accord.

12. A stronger strategic defense posture. While Latin American cooperative defense accords strengthen regional stability, those accords also contribute to a stronger global posture for the United States. Increasing Latin America's capability to defend itself from external aggression allows the United States to plan on limited troop requirements for Latin American contingencies. Those U.S. forces can be committed to other areas' contingencies with a resultant stronger overall defensive posture.

13. Increased confidence in U.S. resolve to defend its allies in a crisis. Repetitively and consistently demonstrating concern for an ally's security is the best way to inspire confidence in that ally. El Salvador and Honduras have been able to initiate social and economic reforms that could never have occurred if there had been a lack of confidence in continued U.S. support. Those reforms contribute dramatically to Central American stability and allow those countries to successfully defend themselves from Soviet-supported insurgency. Recent dramatic cuts in funding levels may decrease allies' confidence in U.S. support, therefore consistency of support over time -- even at reduced funding levels -- must be demonstrated.

14. Increased costs to the Soviet Union. Use of aid to our allies (the Contras in Nicaragua and the Afghan rebels in Pakistan) has contributed to vast improvements in their war-fighting capabilities. Increased losses to the government forces in Nicaragua and Afghanistan cause the Soviets to spend more money in those areas. In response to those losses, Soviet aid to Nicaragua increased more than 25% from 1983 to 1984.² Additionally, mounting losses of Soviet soldiers and equipment in Afghanistan have caused the Soviet Union to reconsider its decision to stay there.

THE COSTS AND CRITICISMS OF SECURITY ASSISTANCE

The USG must recognize the costs of its security assistance programs and be willing to pay for them. At times, the payments far exceed the dollar costs of the program. Gaining the reputation of a bully or meddler in the domestic affairs of an ally has been the result in many situations, but especially in

Latin America. U.S. lives have been lost in attempting to assist allies in the implementation of some programs. Losses of international respect and prestige have accompanied other programs. U.S. armed intervention has been required in many Latin American nations. Again, the costs of security include easily identifiable components that equate to dollars, and other elements that cannot be estimated. The criticism of security assistance is more easily identified since the bulk of its critics are either U.S. citizens voicing their concerns of increasing U.S. militarism or spokesmen for enemy governments complaining about interference in areas they wish to rule. Both costs and criticisms are highlighted below. Where appropriate, rebuttal of security assistance criticisms is included. Costs and criticisms of security assistance programs include:

1. FY88 proposed expenditures of 12.8 billion dollars. While an enormous amount of money, it constitutes less than 1.5 percent of the Federal budget and less than three-tenths of 1 percent of our Gross National Product. If we considered only the formal programs involved with security assistance (FMS, FMSCR, IMET, MAP, ESF, AND PKO), the total is less than 10 billion dollars and approaches 1 percent of the Federal budget.

2. An international perception that the United States creates excessive instability in the world due to ever-increasing arms sales. In fact, Soviet military deliveries far exceed those of the United States. From 1981 to 1986, Soviet arms deliveries to the Central American/Caribbean Basin exceeded U.S. deliveries to that area by a 16 to 1 margin. For the same period in Central, South, and West Africa the margin was 32 to 1; in the Middle East, North Africa, and Southwest Asia (including Israel and Egypt) it was still 2 to 1 in favor of the Soviets.³ While the United States may be perceived as an arms merchant trying to saturate the market, the perception is invalid. If we failed to make such deliveries, regional instability would increase as a consequence of overwhelming superiority of arms within the Soviet-supported regimes.

3. An argument that economic aid is all that is needed. While it is obvious that economic aid is vitally necessary for expansion of developing economies, economic growth without a stable, secure environment is impossible. Military assistance supports economic aid and vice versa. Civil programs using engineer construction assistance (building roads, airports, schools, etc.) have great economic impact, but are military assistance projects. Economic growth in the Third World depends upon economic reforms; only governments secure from external and internal threats are willing to experiment with such reforms. Security assistance must therefore incorporate both economic and military aspects in order to be effective.

4. The feeling that most grant aid equipment is old, used, junk.⁴ While MAP equipment (grant aid, not purchased) is used, it is not provided unless it is operational. While Jaime Maitre, a reporter for the Wall Street Journal, was observing the Central American hostilities in 1984, he described most of the U.S. equipment he saw in derogatory terms. It may have been marginally useful when he saw it; it should not have been given to the Contras in that condition. There have been instances where equipment arrived in poor condition, but each MILGP/MAAG is tasked to inspect equipment upon arrival to verify condition codes and replace equipment if necessary. Additionally, use of MAP to provide used U.S. military hardware to our allies delays introduction of new technology to an area and may prevent escalation associated with such an introduction.

5. The tendency to increase the level of interest in an area that receives military assistance. Security assistance programs have a large potential for escalating the degree of U.S. interest in the recipient country.⁵ This tendency results too often in throwing good money after bad when the United States has supported a regime that is doomed to fail. In the case of Somoza, the United States continued security assistance to Nicaragua well past the point of common sense. Only when his overthrow was imminent did the USG decide to curtail security assistance. Policy-makers must limit military aid to the level of interest and not permit the interest to be driven by the desire to save an investment.⁶

THE BOTTOM LINE

Security assistance offers substantial benefits to the USG for the minimum costs associated with it. While many benefits are intangible in nature, the security of the United States is enhanced by them. The value our allies place in U.S. security assistance programs is evident in their requests for more of them. The Third World is more stable, more democratic, and more capable of defending itself due to U.S. security assistance. U.S. officials, however, must guard against the tendency to inflate perceived interests in a country merely because that country is a security assistance recipient. Correctly identifying U.S. interests in an area, and devoting resources commensurate with those interests, will ensure a pragmatic and effective program.

ENDNOTES

1. Neuman, p.50.
2. Neuman, p. 98.

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4. Ibid., p. 34.
5. Donald E. Nuechterlein, America Overcommitted: United States National Interests in the 1980s, p.38.
6. Ibid.

CHAPTER IV

THE SOVIET SECURITY ASSISTANCE PROGRAM: WORLD-WIDE AND LATIN AMERICA

The Soviet Union continues to use foreign aid, Soviet equipment and advisors, surrogate forces, expansionist policy, disinformation, and direct military intervention to increase its influence in the Third World.¹ The Soviets use all foreign aid to weaken ties between the United States and her allies. That the United States uses foreign aid to increase its influence and weaken Third World ties to the U.S.S.R. can also be argued. In that context, the comparison of levels of assistance provided by these chief protagonists yields an interesting -- and thought-provoking -- look at the value ascribed to that assistance as an instrument of foreign policy. While military strategy is designed to meet the challenges to U.S. security interests², security assistance is not utilized as a significant portion of that strategy for the United States. On the other hand, the Soviet Union places a great deal of reliance on all aspects of foreign aid. In the past five years, Soviet arms transfers totaled 79 Billion dollars.³ Additionally, 80 thousand military personnel from Third World countries have been trained in the Soviet Union or in a Soviet satellite in Eastern Europe.⁴ In 1986, over 21 thousand Soviet military advisors and technicians were stationed in almost 30 non-Warsaw Pact countries where they were actively involved in organizing, training, and influencing the host nation's armed forces.⁵ From many of these countries, the Soviet Union actively manages insurgencies directed against neighboring democratic countries. In Latin America, the most obvious programs emanate from Nicaragua and Cuba and are pointed at El Salvador, Honduras, and Colombia. In continuing their avowed policy of supporting these self-proclaimed movements of national liberation, the Soviets hope to achieve absolute power by armed minorities without the consent of the governed.⁶ The effectiveness of that policy is evident in the fact that since Castro's takeover in Cuba, 17 other totalitarian regimes have come to power through Soviet-inspired and supported insurgency and subversion. Given that there are 9 additional active insurgencies in our own hemisphere, the United States has great cause for concern.⁷ While the Soviet Union continues to pose the primary threat to U.S. interests and national security, that threat is exacerbated by regional tensions, political violence, and the need for fundamental changes in the political, social, and economic systems in many Third World countries.⁸ When the Soviet Union found that it could not achieve its ideological and geopolitical goals in the developed countries it had targeted, it initiated ambitious programs that took advantage of existing

problems in the Third World.¹⁰ During that same time frame, our own politicians and some highly respected retired general officers agreed that our foreign aid policies should be changed to reduce military aid and expand economic aid.¹¹ The desire to weaken allied Third World militaries (by reducing military assistance) during Soviet assistance buildup is, at best, illogical. Recent cutbacks in security assistance funding have resulted in Soviet gains in expanding revolution. Recent findings of the Commission on Integrated Long-Term Strategy conclude that the United States should provide "security assistance at a higher level and with fewer legislative restrictions that inhibit its effectiveness".¹² That finding is based on the assumption that Third World conflicts, while less threatening than any full-scale Soviet-American conflict would be, can reduce our ability to protect our most vital interests.¹³ Russian advisors in the Third World outnumber U.S. advisors 30 to 1; while we train one-third the number of personnel today that we trained for Third World allies in 1970, the Soviets have increased threefold.¹⁴ Even in our own hemisphere, the number of Soviet advisors far exceeds that of the United States -- even discounting the 2,800 member Soviet Brigade in Cuba and the 2,100 Soviet Signal Intelligence personnel in Cuba.¹⁵ Given continued Soviet support for regional insurgencies, the arsenals for those insurgencies become more sophisticated. Advanced arsenals for insurgencies aimed against Third World allies of the U.S. make it more difficult and dangerous for the United States to intercede on that ally's behalf. That intercession, when and if deemed necessary, will be almost totally dependent upon that ally's cooperation.¹⁶ Dependence upon allied cooperation for U.S. intervention in the Third World is a new experience for our country, and will force us to reconsider intervention as an effective tool to reestablish regional stability. The diminishing U.S. capacity for such intervention demands an increased capability for the Third World to defend itself. Recent budget cuts in security assistance do not allow that increased capability; consequently, we must expect increased Soviet challenges in those areas.¹⁷ Failure to respond to these threats will limit access to critical regions, reduce credibility of the United States as an ally, and further degrade American self-confidence.

ENDNOTES

1. DOD, JCS, Military Posture FY 88, p. 1.
2. Ibid.
3. Ibid., p. 29.

4. Ibid.
5. Ibid.
6. DOD, Annual Report to the Congress, FY88, p. 15.
7. Ibid., p. 16.
8. DOD, CPD Security Assistance, p. 11.
9. Ibid., p. 12.
10. LTG James M. Gavin, Conflicts Between United States Capabilities and Foreign Commitments, p. 21.
11. Fred C. Ikle and Albert Wohlstetter, Discriminate Deterrence: Report of the Commission on Integrated Long-Term Strategy - January 1988, p. 2 (hereafter referred to as "Strategy Commission, Discriminate Deterrence").
12. Ibid., p. 13.
13. Ibid., p. 19.
14. Ibid.
15. Ibid., p. 11.
16. Ibid.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

In today's fiscal and political climate, security assistance is not a priority item in the U.S. defense budget. Yet, the United States Government cannot delude itself that current reductions in foreign assistance spending will not cause considerable long-term costs to this nation.' The Congress' decision to halt aid for the Contra movement in Nicaragua is a portent of things to come. On 3 February 1988, by a 219 to 211 vote, the House of Representatives chose not to respond to President Reagan's request for 36 million dollars of humanitarian aid for the only movement committed to preventing consolidation of a Marxist regime in Nicaragua. The vote, according to several Congressmen, reflected their desire to seek peace in the area. That vote, indicative of the political resolve of U.S. citizens and leaders to avoid involvement in a local regional conflict, sent a clear message to allies and enemies alike regarding future U.S. activity in our own hemisphere. We are more willing to seek peace with a Soviet-supported Marxist regime than we are dedicated to insuring plurality -- and hopefully democracy -- in an area. Given that a country cannot advance unless it is politically stable², the Nicaragua/Contra vote increases the capability of that Marxist regime to stabilize its internal situation. With that additional stability comes the capability for Nicaragua to expand its support for other insurgent movements in Central America. Each of those insurgencies is committed to expansion of communism and the overthrow of democratic institutions in the area. In essence, the insatiable thirst of our citizens for "peace" and "non-interference" leads to short-sighted, financially expedient decisions that are potentially disastrous. When the search for peace includes breaking commitments to allies, reducing already minimal security assistance, and de facto recognition of a Marxist state in our hemisphere, the price for that peace is unacceptably high, even if we save millions of dollars as a result. A better solution for the United States and its allies is one that provides for internal political stability while promoting advances in the socio-economic conditions of the region. We must understand that a democratic government cannot exist under conditions of extreme poverty.³ Consequently, we must design security assistance programs that provide our allies the military capability to ensure political stability while simultaneously encouraging social, political, and economic growth.

PROGRAM RECOMMENDATIONS

In order to be effective, security assistance programs must:

1. Address theater problems both regionally and individually, but not monolithically. Latin America is a region that demands regional analysis by the United States, but solutions that may work in one country may not work in another. The ethnic makeups, political systems, economic conditions, social values, levels of development, and military capabilities are so diverse among the Latin American countries (and throughout the Third World) that each country demands a unique approach to solving its problems. While a regional campaign plan is necessarily a part of U.S. strategy for Latin America, the worth of that plan is directly related to the extent that it is individually tailored to the countries within the region. Applying the same matrix for all countries would guarantee failure.

2. Demand linkage between assistance provided by the United States and actions taken by the recipient government. For example, if the United States were to provide military-related assistance to Country X, that aid should be contingent upon initiation of social and economic programs that would support the overall U.S. strategy for the country and region.

3. Provide relatively stable levels of assistance over time. Continued feast or famine security assistance budgets create more ill will than good, since allies can't plan with certainty for force structure changes, equipment modernization, or evolution of doctrine. Yo-yo budgets create havoc for recipients and cast doubt on U.S. commitments to allies. In security assistance spending, consistency over time is often more important than the amounts of assistance given.⁴

4. Be designed to halt communist expansion. Whether by surrogate or Soviet forces, exploitative insurgency must be countered. Establishment, or reestablishment, of democratic governments should be the ultimate goal of any program. Reducing the unrest that could be exploited by communist insurgency is a natural result of establishing and nurturing a stable government committed to economic opportunity and social justice for all citizens. Whether by use of military units, economic resources, or political and social reforms, the allure of communist promises must be negated.

5. Recognize that the costs of such programs are more than offset by the benefits derived from them. Penny-wise approaches most often are pound-foolish. Programs that are designed to dramatically change social, military, and economic conditions are expensive to implement and maintain. The financial expenditures are more acceptable than the results of unchecked Soviet expansionism. Recent results of that expansion have included loss of U.S. lives in military operations, dramatic increases in illegal alien flight to the United States from

regions in crisis, and vastly decreased credibility of the United States as an ally through thick or thin. Positive results of U.S. security assistance expenditures include reduced per capita weapons costs for U.S. forces; enhanced economic conditions with reduced unemployment; increased surge industrial capacity; expanded access to and leverage over allied political decisions; vastly improved military-to-military relationships; and demonstrated mutually-supporting defensive coalitions. Additionally, such programs have improved power projection and forward-defense capabilities for the United States, while guaranteeing overflight and basing rights.

6. Be distributed among allies in accordance with the need for aid in those allied countries, the strategic importance of those allies to U.S. interests, the threat to U.S. security interests associated with the loss of that ally to Soviet expansion, and the likelihood that such expansion will occur. While Egypt and Israel are allies of unquestionable strategic interest, the amount of the security assistance budget they consume is out of balance with their need, the threat they pose, and their strategic importance vis a vis the other 66 countries of the world dependent upon U.S. security assistance programs. Committing over 60 percent of a woefully inadequate budget to only two countries creates too many lucrative and tempting targets for Soviet opportunism. A better correlation must exist between U.S. national interests and security assistance provided our allies. Given the view that "Soviet expansionism is inhibited only when other nations' resolve denies them opportunities to practice it",⁵ current security assistance funds distribution lessens the resolve in 66 countries while buttressing it in only 2.

7. Use all available resources, not just the allied military solutions. Regional campaign plans must incorporate all U.S. resources as well as those of the allied country. Besides military assets, U.S. resources such as the Central Intelligence Agency, Agency for International Development, State Department, Export-Import Bank, and other economic, political, and social organizations must be incorporated into an integrated cooperative effort. Active and reserve U.S. military must support local military efforts with training, civic action engineering projects, and mobile training teams (MTT) as part of the overall strategy to combat insurgency. This combined operation against poverty, hunger, illiteracy, subversion, and other causes of unrest requires the same degree of coordination and mutuality of interest as does the most complex campaign in a NATO scenario of the Air-Land Battle.⁶ A total military solution to the problems of Third World insurgency and subversion is impossible. Attempts to resolve such problems militarily tend to exacerbate unrest and can increase support for such movements. Increased use of military resources for nation building is needed, even at the cost of decreased military activity in the short term, unless

military action is necessary to guarantee the continued existence of the national political institution.

8. Emphasize the point that large cuts in security assistance funding threaten to erase U.S. gains from previous years.⁷ Currently, the JCS views the austere FY88 security assistance budget with concern. Specifically, the Joint Staff stated in its Military Posture: FY88 that the "future of the security assistance program and whether it can continue to advance coalition defense objectives is questionable."⁸ Such dramatic statements must be provided our Congress, along with better justification for such programs. We have repeatedly heard that the U.S. Army is the worst service at "selling" its programs. We must seek the assistance and support of those people who have credibility with the Congress. Also, we must increase the awareness of the need for program advocacy within the senior leadership of the Army.

9. Improve the responsiveness of the Foreign Military Sales (FMS) program. Currently, the FMS program is bureaucratically unwieldy, expensive, and too legally restrictive to be totally effective. Credits are expensive, when and if they are available. Administrative costs; packing, crating, and handling charges; transportation charges; asset use charges for use of U.S. government installations/facilities; contract administration costs; and pro-rated non-recurring research, development and evaluation costs add 15 to 20 percent to the standard inventory replacement costs for the item. Legislative restrictions inhibit introducing new weapons systems in a region as well as restricting U.S. ability to support allied police training. We cannot guarantee a delivery date for the sales item nor can we establish what the final price will be at the time the purchase agreement is signed. Other Western countries and the Soviet Union regularly offer concessionary credits, fixed price contracts, and guaranteed delivery dates. We must be competitive in those areas and must streamline the process to make it more responsive for our allies if we are to use FMS as a viable portion of our security assistance program. While we would not want to compete with those same countries in offering kickbacks and inflated prices with low-cost credit rates, we must recognize that such practices are common. Using FMS to sell training packages to allied nations is unbelievably expensive. For U.S. mobile training teams, allies must pay all personnel costs as an hourly rate that includes basic pay, allowance for quarters, miscellaneous expense, pro rata share of normal permanent change of station (PCS), incentive pay, and special pay. Additionally, they must pay actual TDY costs, actual PCS cost (if made to implement the FMS case for the MTT), asset use charge of 4 percent and the share of retirement, fringe benefits, leave, and holiday period cost.⁹ If we accept the supposition that such FMS cases are in the best interests of the

U.S. Government, then we must eliminate inhibitors that prevent allied use of FMS.

10. Broaden IMET training so that its orientation is not oriented strictly toward specific military problems. It can and should be used to teach political attitudes toward democracy, the role of the military, nation-building, economic growth, and social responsibility.¹⁰ The percentage of the security assistance budget devoted to IMET must be increased since it is universally recognized as the most cost-effective program in our security assistance budget.

11. Emphasize self-reliance of the allied country as the best response to Low Intensity Conflict (LIC) situations. We must equip, train, and assist in implementing doctrine that will serve the recipient country well. Trying to remake a Third World ally into a "little U.S." is sheer folly. We should emphasize weaponry, structure, and operations that are relevant to the host country's military organization, situation, and threat. Careful consideration should be given to limit introduction of sophisticated, expensive weaponry that is hard to maintain and complicated to use. Such equipment far exceeds operational requirements and causes diversion of funds desperately needed for economic and social programs. Assistance should be provided that allows our allies to develop their own strategy for self-defense and prevents over-reliance on U.S. alliance agreements.

12. Assist Third World countries in designing a defense structure that emphasizes the need for maneuverable light infantry and constabulary forces. Once the threat of military defeat by insurgents is eliminated, the military needs to return to the business of nation-building. The final act of finding, incarcerating, and prosecuting the hard-core insurgent is best left to a constabulary, or police force. By distancing the Armed Forces from such activity, the country destroys the impression that its Armed Forces are used to keep the population under control and improves popular support for such forces. Again, the congressional prohibition against training of police forces would have to be eliminated to place such a plan in effect.

13. Recognize that self-reliant countries may not always be responsive to U.S. policy guidance.¹¹ Enabling a country to be increasingly self-reliant may result in decreasing leverage over the policy decisions of allied Third World countries. The ally's ability to protect itself may allow it to make decisions that seem unresponsive to or disrespectful of U.S. policy goals, but such action should not result in cessation of aid to that country. Increasing self-reliance reduces the tensions and increases political stability in the Third World; both outcomes further U.S. interests even at the expense of reduced leverage over that ally.

14. Reflect the composite approach of the country team. MAAG's and Milgroups must be careful to work their programs with the U.S. Ambassador to the country and the Defense Attache working at the U.S. Embassy. Failure to gain complete country team support for the CINC's campaign plan would ensure its defeat, since the Department of Defense merely implements the policy decisions of the Department of State in matters of security assistance. Careful analysis and coordination is required in building coalescence in economic, political, and military strategy. Every agency of the USG must be prepared to support the campaign plan prepared and coordinated by the CINC with the Country Team. As an example, monies should be available to the Economic Officer of the U.S. Embassy for immediate use in assisting communities that support local government actions. If a local village adopts government-designed self defense measures despite possible armed guerrilla reaction, positive feedback in the form of an immediate assistance project (building a schoolhouse, providing electricity to the village, scheduling medical assistance visits until the clinic is built, digging a well, etc.) should be provided.

15. Maintain levels of security assistance that will guarantee critical basing, portcall, and overflight rights. The U.S. Government must recognize the benefits derived from such arrangements, and must be prepared to pay for those benefits. Considering only the dramatic strategic mobility cost increases associated with the loss of such privileges, current levels of security assistance are a bargain. Adding the loss of power projection and prestige caused by such a shift in alliances further enhances the cost effectiveness of such a policy.

16. Fund Central American programs to the levels recommended by the National Bipartisan Committee for Central America. Currently more than one-half billion dollars under recommended levels, the programs have been unable to accomplish economic stabilization and transformation because funding levels have been inadequate to overcome the effects of continuing conflict in the area and a decline in the world economy.¹² Continued underfunding could eradicate the significant gains in the region of the past 5 years.

17. Increase the Military Assistance Program so that older technology may be provided free of charge to Third World Countries. In lieu of mothballing significant amounts of outdated military hardware, with significant storage costs, we should attempt to give such equipment to our allies in the Third World. The insignificant monies derived from property disposal sales (defense reutilization) would be far outweighed by the goodwill and improved readiness of our allies resulting from such grant aid.

18. Develop priorities and programs based on support of important long-range U.S. strategic interests. Current programs are too easily re-prioritized to better respond to short-term desires. Changes in administration cause dramatic shifts in funding and thrust by region. This lack of consistency has diverted security assistance funds from their "optimum application in support of U.S. interests".¹³ Political expediency should not dictate such diversion of funds, since the long-term effects of those diversions could be catastrophic.

19. Increase efforts to transition security assistance from peacetime to wartime use. Current programs are not considered for inclusion in U.S. wartime contingencies. When designing our security assistance program, consideration should be given to incorporating security assistance into future contingencies in the role of a force multiplier, source of equipment, possible economy of force element, or a stabilizing influence.¹⁴ Planning for, and coordinating these contingencies with allies at the time of security assistance program development would ensure a more efficient wartime utilization of security assistance. Currently, that coordination and planning is non-existent. Additionally, plans for future use by the United States of such equipment may be rationale for partially subsidizing the purchase price of that equipment for our allies.

20. Reaffirm the Truman Doctrine. That is, it should be the "policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures".¹⁵ Reestablishment of democratic institutions in our hemisphere also should be the thrust of our policy. While not completely in context with the Monroe Doctrine (or the Americas for the Americans), such activity would certainly signal U.S. resolve to limit Soviet expansion in our hemisphere. Spending dollars that, in turn, force the Soviets to spend even more dollars creates an economy of scale that works to our benefit. Aid to Afghan rebels and the Contras certainly works against Soviet interests and should be continued. The U.S. should actively support anti-Communist insurgencies, especially against regimes that threaten their neighbors.¹⁶

21. Be administered by well-trained, motivated, and professional U.S. military and civilian personnel. Historically, the individuals associated with security assistance programs in the Third World have been considered "expendable". Promotion rates for those officers generally lagged those of their peers. Only with the advent of quota selections for Foreign Area Officers has that trend been overcome. Perceptions still exist among the Army that foreign area assignments are not career-enhancing. Actions must be taken to eliminate such perceptions. Quality individuals must be recruited and maintained in this critical area. Promotions to General Officer must be possible in

this arena. Otherwise, the current resurgence in popularity and comparability is doomed.

CONCLUSION

Security assistance continues to play a vital role in protecting national U.S. security interests. The costs for the security assistance programs are far overshadowed by the benefits derived from such programs. Recent reductions in foreign assistance spending threaten to unacceptably degrade U.S. influence in the Third World and could lead to increased tensions and possible armed conflict. Careful analyses should be made as to long-range U.S. strategies in the Third World and adequate funding provided to ensure successful implementation of those strategies. Short-term fiscal expediency will create long-term chaos for U.S. interests if we fail to provide adequate resources for political stability, economic growth, and social reform in developing countries. An honest, hard-working patriot who recognizes his inability to adequately provide for his family despite his all-consuming efforts to do so, is a most likely candidate to take up arms against his country. It is far better, and cheaper, for the United States to assist allied countries in providing him the capability to care for his family than it is to try and defeat him, and his fellow Soviet-supported insurgents, on the field of battle. As the richest nation on Earth, the United States must attempt to assist each allied nation, and its citizens, in the quest for the benefits of a democratic, free, and just society. To do less would be un-American. An expanded, forward-thinking program of Security Assistance forms an integral part of U.S. strategy for providing that opportunity to our allies in the Third World.

ENDNOTES

1. DOD, CPD Security Assistance FY88, p. 1.
2. Harry F. Walterhouse, A Time To Build, p. 108.
3. Ibid., p. 108.
4. Fred C. Ikle and Albert Wohlstetter, Discriminate Deterrence, p. 15.
5. DOD, Annual Report to the Congress: FY 88, p. 15.
6. Walterhouse, p. 131.
7. DOD, JCS, Military Posture: FY88, p. 31.

8. Ibid., p. 32.
9. DISAM, SAAC, FMS Billing, p. 3-25.
10. Hovey, p. 180.
11. Guy J. Pauker, Steven Canby, A. Ross Johnson, and William B Quandt, In Search of Self-Reliance: U.S. Security Assistance to the Third World Under the Nixon Doctrine, p. 67.
12. DOD, CPD, Security Assistance FY88, p. 40.
13. Wayne P. Halstead, Murl D. Munger, Robert G. Darius, and Alwyn H. King, Security Assistance in Peace and War, p. 25.
14. Ibid., p. 29.
15. Robert J. Pranger and Dale R. Tahtinen, Toward A Realistic Military Assistance Program, p. 6.
16. Fred C. Ikle and Albert Wohlstetter, Discriminate Deterrence, p. 16.

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14. U.S. Department of Defense. Annual Report to the Congress: Fiscal Year 1988. Washington, D.C.: U.S. Government Printing Office, 1988.
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