

UNDER SECRETARY BUCKLEY COMMENTS ON "CONVENTIONAL ARMS TRANSFERS IN THE THIRD WORLD, 1972-1981"

The following comments have been extracted from a press conference conducted by Mr. Buckley on 2 August 1982 in conjunction with the public release of the foregoing report.

Under Secretary Buckley: First of all, I want to express a debt of gratitude to Time magazine, which last October had a cover story on "Arming the World" -- I don't know if you recall it -- that was so gloriously inaccurate, so totally misleading, and so out-of-kilter with the facts as I had come to know them that I started investigating and finding out what were the publicly available sources of the kind of information that serious students and reporters in this area need to know in order to assess the size and impact of American and global arms transfers.

We found to our astonishment that, frankly, the information simply wasn't there in the kind of form that would enable people to make proper analyses, and consequently at that time, I asked our intelligence community to set about assembling and laying out figures that as objectively as possible would give the interested reader and student, the Congress, and reporters a basis for making accurate judgements.

This briefing, therefore, is to describe and answer questions about the report I mentioned, which the Administration is releasing today on the arms traffic to the Third World over the ten-year period from 1972 through 1981. It covers arms sales agreements and actual weapons deliveries to the Third World by the United States, the Soviet Union, and several groupings of other countries, both in the aggregate and by region.

The information presented here is precise for the United States, and represents the best conservative intelligence estimate the United States Government can make as to the others. By "conservative," I mean that it reports only those foreign transfers as to which we have reliable information.

I won't go into all the complexities of trying to assess the nature and dimensions of arms transfers to developing countries, but I commend the report to you as a reliable, in fact, a unique source of basic information on what is one of the most controversial areas of foreign policy.

This report provides significant, new, up-to-date data in unclassified form, and in doing so undermines several of the most prevalent myths about this subject -- the myth of the dizzying upward spiral and the myth of a U.S. predominance in the transfer of conventional arms to Third World nations....

Why do these myths of spiralling arms sales and U.S. preeminence so dominate much of our public discussion of arms transfers if these are indeed the facts of the situation? In my own view the reasons are numerous, and perhaps they even include some more suitable for psychoanalysis than policy analysis. However, at least a large part -- the major part -- of the problem comes from our own reporting practices, practices which as of this date, we are reforming.

-- We report all of our military transactions in great detail, but largely in terms of the dollar value of agreements. By comparison, other nations publish little or nothing. Thus, our data for others are based upon conservative intelligence estimates, and these have heretofore been kept substantially classified. But dollar level reporting can be highly misleading.

-- Unlike our estimates for other countries, our published foreign military sales figures, for example, include significant amounts for construction (including roads, schools, living quarters, and even mosques); large amounts for training, a good deal of which is unrelated to the use and maintenance of the weapons sold; a variety of management services (even including one request that the U.S. Government, in the person of the Defense Department, act as agent on a hospital management contract, thereby transforming it into a foreign military sale)!

The fact is that less than 42 percent of the total value of agreements entered into with Third World nations over the past decade involved the cost of weapons. And it is, of course, the traffic in lethal weapons, not in construction and service contracts, that lies at the root of recent criticism of U.S. policy.

Thus it has been a prime objective of this report to recast the reporting of American transactions in more intelligible and relevant terms, and at the same time to make possible, for the first time, a more accurate comparison of the contributions of the major actors.

This report is worth a long hard look in more ways than I have just suggested, for it also shows the regional shifts which have occurred in the Third World arms trade over the past decade, and in general, provides a substantial new data base, which should improve the accuracy of our public debate on these issues. But the bottom line here is that aggregate figures are no basis for analysis.

A president's foreign and national security policy cannot be understood nor fairly evaluated by looking at global figures and trying to impute regional trends.

A competent evaluation must instead look to specifics -- but that is hard work, and generally produces some unexciting and unsurprising conclusions: Who are our major arms recipients? Britain, Australia, Canada, Israel, Egypt, Saudi Arabia, Turkey, and perhaps Spain. But whom would you expect? And here I go beyond the scope of the report being issued today, which deals exclusively with Third World sales which are, of course, at the root of the current controversy. Nevertheless, they must be placed in a global perspective.

Over the past 31 years -- 1950 through the present -- the United States has accepted foreign military sales orders for some \$130 billion -- an average of about \$4 billion per year. Of this amount, some \$70 billion have been delivered to date.

-- Of that total of \$130 billion, more than \$35 billion has been for NATO and NATO Member countries;

- More than \$9 billion for Japan, Australia, and New Zealand;
- Over \$1 billion for Switzerland;
- Over \$15 billion for Israel and Egypt, and another \$2 billion for Jordan.
- Korea, Taiwan, and Thailand together exceed \$10 billion.
- Finally, Iran -- that is obviously pre-Khomeini Iran -- stands at nearly \$13 billion in sales, and Saudi Arabia at some \$25 billions.
- South Vietnam received \$15 billion in grant military assistance, not included in the above military sales figures, approached only by Israel's \$6 billion, Korea's \$5.5 billion, and France's \$4.2 billion.

None of this, I suggest, is surprising. More than half of our military sales, in short, have been to NATO and other Europeans; Japan, Australia, New Zealand, Korea, Taiwan and Thailand; and Israel and Egypt. If one adds Saudi Arabia and Iran, the total comes to nearly \$110 out of \$130 billion, leaving \$20 billion for all the Third World outside the Middle East, South Korea, and Thailand.

In recent years, we have seen U.S. sales rise and fall, from some \$16 billion in 1975 to about \$9 billion in 1977, back to \$15 billion in 1980, and \$9 billion in 1981. Projections which exceed \$20 billion for fiscal 1982 have generated significant and sometimes misguided press and editorial comment. As a result, I'd like to make a few comments on this point specifically:

-- You will recall the points I have already made about the problem of dollar measures -- inflation, the inclusion of construction and other services.

-- The next figure, which is one that is not in the book, but which I think has been delivered to you, shows our total arms transfer agreements over the past decade in both current and constant dollars. As you can see from the constant dollar line, the real value of global (as opposed to Third World) U.S. Arms Transfer Agreements over the decade is more nearly level.

-- Here, again, is clear confirmation of one of the main points of the report just released. There is no dizzying upward spiral in U.S. arms transfers by any real measure of this phenomenon -- actual weapons delivered or their real value expressed in constant dollars.

Now a final point or two about the estimated level and composition of the Fiscal 82 sales. Letters of Agreement accepted to date for FY'82 amount to some \$17 billion.

Unaccepted LOAs, some of which could potentially be added to the FY 82 total, if they are accepted by the purchaser prior to September 30, 1982, amount to another \$8 billion or so, with an additional \$9 billion almost certainly falling into FY 83, or future years.

It is likely that only a small portion of these will be consummated in the last two months of this fiscal year. Thus, FY 82 arms transfer agreements are likely to fall in the area of \$20 to \$25 billion, which, if we average it in with

the first year of the Reagan Administration, would show something less than \$18 billion per annum.

Of the \$17 billion in already-signed by '82 LOAs, \$13.2 billion, or more than 75% will go to 9 countries: Australia, Saudi Arabia, Egypt, Pakistan, Korea, Venezuela, Israel, Tunisia, and the Netherlands.

Of the LOAs not yet accepted, up to \$4 billion more may be signed by the Saudis in FY 82 (including nearly \$2 billion in construction) and up to \$3.3 billion more in the following years. Of course, it is also possible that none of these will be signed. Another \$3.9 billion in the latter category, for example, is for the United Kingdom's Trident program....

Question: Senator Buckley, you have been the major spokesman in this Administration for a policy of expanding military sales.

Answer: Not so.

Question: For a policy of making military sales, if not expanding them, for the purpose of letting our friends and allies provide for their own security.

What I am wondering at is what your complaint is. You seem to have directed some harsh remarks at the press in the country, and maybe we're supposed to also infer some bad feelings towards the Soviet Union, although you didn't seem to really feel badly about them.

Is your complaint that the press hasn't reported the failure of your policy?

Answer: No. First of all, to get to the first part of the question, we re-defined policy in a manner which frankly more honestly reflected what the Carter Administration was up to as they ran into the actual realities of conflicts or threats in different parts of the world.

We said that we would not consider it anathema to consummate our sales agreements with another country; that the sales agreements were not the exception to policy, but a part of policy that would have to be very, very carefully calibrated in accordance with the standards set forth in the policy statement issued last year. [Editor's note: for a copy of the text of President Reagan's "Conventional Arms Transfer Policy," and accompanying analysis, see the DISAM Newsletter, Fall, 1981, pp. 1-24.]

What I was talking about was the figures that were so flamboyantly off course that it has given a fundamentally wrong impression. Not because this was an attempt to distort the facts, but because there was no basis of fact on which to rely.

This chart that appeared in October of last year in Time magazine [26 Oct 81, p.28] stated that U.S. arms sales had increased from 1970 to 1980 in constant dollars by 450 percent -- that is wild -- and put us way ahead of the Soviets who had been stated to have increased by 250 percent.

When we checked the source of Time's figures, which were set forth in this chart -- it's called the Stockholm International Peace Research Institute -- if you go to their bulletins in turn, you find that they pride themselves on

basing their statistics and so on on published figures. We publish everything in an indiscriminate manner, as I tried to suggest. The Soviets don't publish anything.

Hence, we're trying to do nothing more -- no less, believe me -- than to provide something that will be objectively useful. But, nevertheless, the misunderstandings that this kind of article throws into the informational bloodstream will reflect itself in something that I came across a couple of weeks ago in a Dallas paper. An editorial says, "The U.S. by far and away is the biggest arms peddler in the world, and American arms sales have soared in the past year."

The fact is that we wanted to provide information of this nature which could put this sort of thing in perspective....

Question: ...given the conclusions you've drawn from this statistical analysis you've done, are you going to undertake some changes in your arms transfer policy? And, if so, what would they be?

Answer: No. As we have made our individual decisions, when people have requested arms, we have access to the classified information, so our in-house analysis has not changed; but the frustration that we felt was the fact that the public at large and serious students and analysts simply do not have anything to go to that would be in any way authoritative.

Question: The bottom line of this analysis reaches the conclusion that what nation is the largest peddler, if you will, of arms?

Answer: Clearly, the Soviet Union. The figures are all there. They outrank us, depending on the category, except the naval area, by margins of two to three to four-to-one....

Question: As a matter of future policy direction, the conclusion you drew was that clearly the Soviet Union outranks the U.S. two, three, four-to-one in some weapons systems.

Answer: It's not the conclusions I draw; it's what the figures indicate.

Question: Well, what the figures indicate is that they outrank the United States.

From a policy point of view, does that tell you, you ought to be doing something one way or another? Do you use that as a policy tool to decide that --

Answer: I thought I answered that question. We don't use this as a policy tool. This is simply an academic -- but an important academic -- exercise. This is data. This is a historical examination.

When we make our policy determinations, we look at what the -- if a Tunisian comes and says, "We feel that we need to upgrade our ground forces because we live next door to Libya, Libya has this strength, these resources, and has been using this rhetoric."

We examine what we know about what Libya has and what its capabilities are and make a measurement as to what we believe to be a justified need for modernization on the part of the Tunisians, taking into consideration also their ability to absorb the technology, rate, and all the rest of it.

This doesn't change our perspective. The problem is it has been an in-house perspective, and we're trying now to make it an out-house.

May I just say one other thing? One thing that will quickly be asked, "Well, why the devil don't you tell us how much Libya has, how much has been poured into Vietnam, what Cuba has received," which are among the destabilizing countries.

In order to unclassify the declassified information, we had to group it by regions. We cannot let the world know what we know about the specific numbers of weapons going into this, that or the other country without revealing sources.

Question: Let me ask a follow on the policy thing. If you don't use it as a policy tool, do you expect by releasing this to change public perception of the U.S. status as an arms salesman? And do you expect then that the public, when it sees that the Soviet Union outranks the United States three-to-one in certain categories, that the public would put pressure on the Administration, or go along with the Administration in additional arms sales in those categories?

Answer: We always hope to have support for the requests we make. We believe we make them on the basis of a very prudent assessment of risk and need.

What we've tried to do is simply have a more informed public so that the discussions and criticisms of support of a particular budgetary request will be put into its proper context. That's all. Neither more nor less.

Question: Mr. Buckley, one of the reasons being mentioned in these Third World countries for the big size of Soviet arms sales is the economic reasons, meaning that the Soviet Union prices, their terms of payment, are much, much better than those of the United States. There is nothing mentioned about this?

Answer: There is mention in the text of the fact that the Soviets have in more recent years increased their price for weapons to be more comparable with those of the United States.

They are in many instances relying on weapons sales for hard currency earnings. However, I think it's very clear that the Soviets utilize arms transfers as a very direct instrument of policy, and they are more interested in getting weapons into certain hands than in the commercial terms.

I suspect Ethiopia has not been able to afford, by any measure of imagination, the kinds of weapons they've received. So it becomes again totally difficult to look at the terms of an agreement and draw conclusions because the rates may be cut well below cost, the financing terms may be extraordinarily generous, and so on.

We in turn, incidentally, face the problem with the Congress that there are countries -- for example, like the Sudan -- which are threatened -- clearly, visibly -- which do occupy important pieces of world geography which cannot afford to purchase the weapons that they in fact need under the normal formula of arms sales guarantees which in effect reflect commercial rates.

This is why we have asked the Congress for the ability to offer concessional terms to such countries....

Question: Concerning something you mentioned a bit ago puzzles me.

If the Soviet Union sells weapons to Ethiopia and then does not make Ethiopia pay for those weapons because they can't afford them -- as you suggested a moment ago -- is that an arms sale or is that military assistance?

And, if so, aren't you classifying our military assistance as military assistance, and theirs as an arms sale?

Answer: We're dealing with arms transfers, and those numbers represent transfers, whether paid for, given or overcharged for.

Question: Both sides?

Answer: Yes....

Question: I am under the impression that you are making this statement as a sort of response to the misinformation done by Time magazine.

Answer: Perhaps I exaggerated it. It was a thing, frankly, that caused me as an individual with responsibilities -- including the responsibilities of explaining to Congress what we are doing in proper perspective -- to cause me to investigate what were the sources of information available to good reporters.

The answer is "totally inadequate," and that (inaudible) was certainly not by any stretch of the imagination accurate, yet there is no reason why a reporter should feel that that source was unreliable.

Question: Why did it take such a long time -- nine months -- to make a reply to Time magazine?

Answer: This is not a reply to Time magazine or any reporter. All I'm saying is that that underscored the need for something of this kind.

It takes a lot of time to assemble and collate all of this information and checking it out with various intelligence sources, all of whom are very busy doing other things.

But now that we've got this thing in operation, I would hope that this thing would come out annually, regularly, and that we would be able to increase over time its utility by addressing some of the problems that were brought up here.

This is just the first in a series....