

Lieutenant General James H. Ahmann, USAF, Director, Defense Security Assistance Agency, also testified before the Senate Foreign Relations Committee on 14 April 1982, and his comments, excerpted below, provide additional details regarding proposed security assistance programs for FY 1983.

. . . I will concentrate my comments on the need for increasing the FY 1982 authorized program levels and on some of the legislative initiatives we are proposing for FY 1983.

Before making these comments, however, I would like to re-emphasize, for the Committee, that security assistance, in its many forms, has always been at the cutting edge of our foreign policy and national security strategy. Virtually every significant international policy initiative or actual engagement of U.S. forces since World War II was either influenced by or affected the conduct and content of U.S. military assistance policy. In the immediate post-war period up to the present

time, U.S. security assistance has been in the forefront of U.S. foreign policy. Grant aid security assistance in the early 1950's, for example, was the key ingredient in building up the military capabilities of NATO and in helping to deter war in Europe over the next 30 years. During the years of the Korean conflict, emergency security assistance allowed the building of Republic of Korea armed forces which together with our continued commitment has deterred war in Northeast Asia for the past two decades. Today, and tomorrow, our security assistance is needed to help deter conflict in other parts of the world where critical U.S. interests are at stake--in the volatile Middle East, in Southwest Asia, in the Caribbean and Central America sub-regions and, in fact, in virtually every region of an increasingly smaller and interdependent world. In short, Mr. Chairman, I want to stress this elemental point--security assistance is not a give-away program without specific aims; it fully complements the U.S. defense program and budget, it contributes significantly to our national security and requires a relatively small cost to the American taxpayer. When compared to the substantial benefits derived from the program, the costs of security assistance today are very small.

Secretary Buckley spoke earlier of the President's appreciation for Congressional passage of the FY 82 Foreign Assistance Bill, the first in several years indicating Congressional concern with security



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assistance. I want to reinforce that judgement. Unfortunately, the Act failed to provide the authority that would enable us to obligate funds for implementation of the Special Defense Acquisition Fund (SDAF) which was authorized by the Congress. As the members of the Committee are aware, the SDAF is a high priority initiative that will enhance our ability to respond to unanticipated foreign demands without, at the same time, having a negative effect on U.S. force readiness. We need to remove the remaining obstacles to obligating these funds and I want to use this occasion to express our appreciation for the Committee's action and welcome your continued support for this key innovation.

Events do not remain static and the security assistance requirements of our friends and allies do not always conform to our budgetary cycles--or to our program levels. The challenges we face today, therefore, have forced us to request an increase to the FY 1982 security assistance budget. If funding levels remain constant in FY 1983, we would not be able to adequately meet identifiable global and regional requirements or to carry out commitments we have made to other governments. We need to continue to enhance the peace process between Israel and Egypt, to secure access to facilities in the Indian Ocean/Persian Gulf area, to assist countries to cope with internal or cross-border conflicts--such as Pakistan, Sudan, Morocco, El Salvador, Thailand and Honduras--and we also need to provide adequate assistance to those other nations who share our strategic and security concerns--countries such as Turkey and Portugal in NATO, Korea in the Far East and other strategically positioned countries in Africa and the Middle East.

The Administration's FY 1983 request builds upon the FY 1982 base but adds urgent and only urgent requirements to it.

The largest FMS credit additions are for meeting the new and essential program for Pakistan and to improve the programs in Israel, Egypt, and Spain. We are also expanding the smaller programs in North African countries which face critical threats from Soviet-supported regimes and also provide facilities en route to South West Asia.

The Administration's request for \$950 million in forgiven credits for Israel, Egypt, and the Sudan and \$789 million for the concessional loan program is particularly significant. Other major recipients of the concessional loan program include Portugal and Turkey, but these softer credits would be provided to an additional 16 countries in all regions of the world. We believe these additional direct credits are absolutely essential if financially hard-pressed countries are to meet their legitimate security requirements--most cannot afford the stiff terms of our guaranteed loan program.

The increase in IMET is necessary because we have added ten countries, and because we will feel the increasing costs of inflation in this program. The FY 83 request is almost \$12 million above the FY 82 authorization level.

In the near-term, the President believes that pressing security problems require a quick and decisive response, particularly in the Central America and the Caribbean sub-regions. As you know, the President has asked for a \$350 million supplemental appropriation for FY 1982 to tackle the crippling problems of economic growth and political violence under the Caribbean Basin initiative. He also indicated his intention to seek additional military assistance for regional states to enable them to cope with internal and externally-supported threats to their security.

Mr. Chairman, we are painfully aware that our request comes at a time when there are many competing national priorities and a need for additional belt tightening at home. I can only say that in my opinion failure to be responsive in the present time frame will very possibly require greater sacrifice in the form of budget outlays and an increased probability of required U.S. participation in conflicts in the future. The increases we are asking for are substantial if compared to most other program areas, but it must be remembered that the proposed increase would come on top of a very small funding base. . . .

The security assistance grant element peaked in 1952 but by 1981 dropped to about one-twentieth the 1952 levels if measured in constant dollar terms. The portion of today's security assistance that is funded by the American taxpayer and treasury borrowing is only about a quarter of what we paid to re-arm our allies in Western Europe in the early 1950's. Then, as now, we were responding to the threat posed by the Soviet Union--as indicated by the increased adventurism of the Soviets and their proxies in Angola, Ethiopia, Afghanistan, Nicaragua, El Salvador, Cambodia and Laos. Today the threat emanating from this adventurism is greater and more global than ever. During this period, there has been a gradual improvement in the economic quality of life for the American people and little real change in the per capita burden of supporting the defense budget. Yet, by the early 1980's the cost to the taxpayer for the security assistance program, in real terms, is at its lowest level in thirty years. Historically, then, Mr. Chairman, the size of our proposed increase in the FY 1983 security assistance request is due not only to real security requirements overseas but also to the long-overdue effort to reverse the steady erosion in the program over the years.

I might add that during the past decade, the Soviet Union launched a successful drive to expand the scope and attractiveness of its security assistance program. Measured in weapons transferred, the Soviet program far surpasses ours. For example, between 1978 and mid-1981:

	<u>USSR</u>	<u>US</u>
- Tanks and SP Guns	5,031	2,388
- Combat Aircraft	1,792	616
- Artillery	5,594	2,733

It is important to note that Soviet military aid consists of about 75% lethal equipment while, in FY 81, ours ran at less than thirty percent. Their assistance to Cuba, Libya and other Soviet-client states disrupts stability and heightens our need to be responsive to friendly nations threatened by this Soviet military supply line.

Mr. Chairman, we are proposing several legislative initiatives designed to improve the overall conduct of our security assistance program. Among the changes already mentioned by Secretary Buckley, I would like to emphasize some of those which are of particular interest to the Department of Defense.

The first initiative seeks authority for a military exchange training program between our senior and intermediate military education schools and equivalent schools in foreign countries. Specifically, we are proposing changes that would authorize reciprocal personnel exchanges with foreign governments on a one-for-one basis and on a reimbursement-in-kind formula. As it now stands, we are unable to reciprocate in cases where foreign governments offer us highly desirable senior level training on a tuition-free basis. The benefits of these military exchange programs are well known--they increase the number of U.S. and foreign students trained, expand the type of educational experiences, broaden the range and kinds of military-to-military contacts and enhance exposure to U.S. and foreign military doctrine, tactics and strategy. For all participants, the first-hand knowledge and familiarity with relevant cultural values of cooperating nations is an invaluable asset in broadening the education of our own military personnel and in forging better cooperative ties with our friends and allies. This proposal would further these objectives.

The second change proposes authorization for the sale of defense items manufactured in government owned and operated facilities to private U.S. firms acting as prime contractors for incorporation into defense end-items for commercial exports. The law now permits such government furnished equipment to be sold to foreign customers only through Foreign Military Sales (FMS) or government to government channels. By allowing sales of selected items to U.S. defense industries, we would be removing a real obstacle to management of certain transactions which those concerned agree should be made on a commercial basis. Such instances are few in number and we would insure that they would not adversely impact on U.S. force readiness.

A third legislative change is intended to relieve our overseas (and, to a lesser extent, our CONUS) personnel from the onerous burden of using personal funds to cover the costs of carrying out their security assistance functions. This request seeks an amendment to the AECA to authorize the use of collections from FMS administrative surcharges to augment MAP appropriated funds for representational purposes. The amount of money we are seeking is extremely small (\$73,500). Setting aside a small portion of the returns from our FMS program would not require any budgetary

outlays and would not be an added expense to the American taxpayer. The work of our people at field level, that is, those with the diplomatic missions in the foreign countries, is becoming more and more important as we sharpen the focus on this program as an essential instrument of our national security strategy. For the past several years, we have been administering programs steadily rising in value, volume, and complexity. On top of this, the rate of inflation in recent years has been steep. Yet, over the past six years, our representational funds have declined by more than 40%. We must ease the personal financial sacrifices our field personnel are asked to make in order to conduct their jobs in a professional manner. Mr. Chairman, I know from personal experience that the normal functions of our Security Assistance Organizations cannot be carried out properly at current funding levels. To do so is not only unfair to our people, but also creates an unflattering reflection of the U.S. in the eyes of foreign governments.

Finally, we are proposing improvements in the Congressional notification process involving requests for reprogramming International Military Education and Training (IMET) funds. This proposal would establish a \$50,000 reprogramming threshold below which Congressional notification would not be required. Our intent here is straightforward--we want to streamline the notification process, to relieve Congress, State and Defense of the large number of notices and to expedite the more rapid shifting of programmed country funds. Had the proposal been in effect in FY 1981, 16 of the 30 IMET notices would not have been required; in the critical end-of-fiscal year August-September period, seven of the eight notifications would not have been required. Each of the proposed benefits of this proposal is important in itself; together, we believe, they provide a compelling rationale for amending Section 634A of the AECA which now requires Congressional notification for all IMET reprogramming.

In conclusion, I want to return to the theme highlighted by Secretary Buckley and at the beginning of my statement. Security Assistance is a complement to our defense budget and, when adequately funded and fully-manned, directly contributes to the successful implementation of our defense policy. There was the closest collaboration possible between the Department of State and Department of Defense in developing the recommendations for the proposed FY 1983 security assistance amendment. I know that I reflect the views of the Secretary of Defense when I urge the Committee to give favorable consideration to the Administration's security assistance proposals. Security Assistance is a good investment for the United States--an investment in improved security, and investment in the U.S. economy, and an investment in the improvement of our foreign policy and defense posture.