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U.S. Arms Sales Policy
Background and Issues

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Introduction

Arms transfers have been a major instrument of U.S. policy since the end of World War II. They were relatively noncontroversial at the height of the cold war, but over the last decade the growing global market for weapons became the object of concern for several members of Congress, government officials, and some segments of the general public. President Carter, on the one hand, tried to limit the sale of arms to the third world by adopting a series of unilateral restraints on American arms exports and by initiating negotiations with the Soviet Union. He believed that arms sales could contribute to regional instability and increase the risk of war. President Reagan, on the other hand, views arms sales as necessary to prevent the Soviet Union and its proxies from destabilizing the balance of power in various regions and threatening the security of America's friends and allies.

The recent change in American policy has renewed the debate over arms sales and the contribution they make to U.S. interests throughout the world. Do arms sales enhance the security of the United States and other friendly countries? What diplomatic advantages accrue to the United States from its arms exports? Are the economic benefits from selling arms to other countries worth the potential risks inherent in such sales? This monograph examines these questions, but arrives at no conclusion. Its purpose is to present the major arguments in the debate over U.S. arms sales policy. In doing so, it provides a framework for assessing the issues.

Chapter 1 presents an overview of U.S. arms transfer policy during the postwar period. It examines in detail the policy assumptions and objectives of the Carter and Reagan administrations and looks briefly at the arms transfer policies of other major arms suppliers: the Soviet Union, France, and Great Britain. Chapter 2 describes the decision-making process for U.S. arms sales. Chapter 3 presents the arguments favoring significant curtailment of U.S. arms sales, and chapter 4 outlines the case against curtailing sales. Although the authors do not agree with all of the viewpoints presented, they do believe that each one merits consideration.

This monograph has been written with several audiences in mind. It is hoped that academics, journalists, and the general public will find the study a useful introduction to a complex issue that bridges the foreign policy and defense policy arenas. In addition, U.S. arms sales policy has been chosen as the 1982–1983 national high school debate topic, and it is hoped that this monograph will be useful to those who take part in this debate.

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Notes on Data and Terms

Various organizations compile statistics on arms transfers. The reader should be aware of differences in the use and presentation of data by these sources.

The U.S. Arms Control and Disarmament Agency (ACDA), for example, does not include the cost of military construction, training, and technical services in computations of the value of delivered arms transfers in its *World Military Expenditures and Arms Transfers 1970–1979* (March 1982). Although ACDA provides both current- and constant-dollar estimates, other sources often do not. The Department of Defense Security Assistance Agency's compilation *Foreign Military Sales, Foreign Military Construction Sales and Military Assistance Facts* (as of September 1981) differentiates between sales agreements and deliveries using current dollars.

The reader should also be alerted to the selective use of data to support an argument. One might, for example, select the 1975–1979 period to compare U.S. and Soviet arms sales rather than the 1970–1979 period. The former shows that Soviet transfers in the aggregate exceeded those of the United States; the latter shows the reverse. Trend analyses, in current or constant dollars, can also be misleading. Analysts do not always identify the source of their data and often fail to use data consistently. Data can be selected to support a bias.

Another aspect that should be considered is how the magnitude of arms transfers is presented. Most presentations, including this study, employ dollar values. Another measure used by some studies is the number of units transferred by type of equipment. The number of units may be more appropriate in some cases as a measure of actual military capability. Numbers of units, however, are not sufficient to evaluate relative military strength. The fact that the Soviet Union delivered almost twice as many tanks as the United States to third-world countries in the 1973–1979 period, for example, does not necessarily mean the Soviets supplied twice as much firepower or capability as the United States. The quality of the arms may not be the same, and some of the weapons may be replacements rather than additions to the operational capabilities of recipient countries. (Data on numbers of tanks and other weapons delivered are in *Changing Perspectives on U.S. Arms Transfer Policy,* report prepared by the Congressional Research Service for the Committee on Foreign Affairs of the House of Representatives, September 25, 1981.)

Definitions of terms used in this study are as follows:

Commercial sales: sales made directly by private U.S. arms manufacturers to foreign governments. Examples of items transferred through commercial sales include spare parts, ammunition, small arms, and other equipment.

Foreign military sales (FMS): sales made with the U.S. government acting as the agent for U.S. manufacturers and foreign governments. The U.S. government buys the arms and resells them to foreign governments. Technical assistance and a variety of design, construction, training, management, and support services are often included in FMS sales. Credits (loans) are also made available to some foreign governments to purchase arms in the FMS program.

Grants: arms and other equipment given to foreign governments and paid for with funds appropriated by Congress under the Military Assistance Program (MAP).

1
U.S. Arms Transfer Policy since World War II

Arms transfers to other countries have been a major and continuing instrument of U.S. foreign policy since World War II. Arms exports have traditionally taken two forms: grant aid and weapons sales for credit or cash. From World War II until the mid-1960s, arms transfers were a noncontroversial component of U.S. national security policy. It was generally accepted that weapons exports not only were helpful to recipient countries but contributed to U.S. security as well. Providing weapons to allies and friends was justified by the perceived Soviet threat and constituted a key element of U.S. containment policy.

The situation began to change, however, in the late 1960s. Although arms transfers continued to play a prominent role in U.S. foreign policy, increasing reliance on weapons exports by successive administrations began to cause concern among members of Congress and segments of the American public. Not only was the volume of arms transfers rising steadily, but the weapons sold abroad were becoming more sophisticated. Whereas arms transfers had previously been directed almost exclusively toward European allies and other close friends of the United States, predominantly in the form of military assistance grants, more and more transfers in the 1970s were made to third-world countries through government-to-government sales.

By the mid-1970s Congress had begun to exercise greater control over U.S. arms transfers, although the primary responsibility for setting arms export policy still resided with the president. The Carter policy sought to limit unilaterally U.S. arms sales to the third world and to negotiate multilateral restraints with other major arms suppliers. The Reagan administration, however, appears to have abandoned a majority of the objectives of the Carter policy. It has instead emphasized what it sees as a global threat posed by the Soviet Union, a threat that requires the United States to supply arms to its friends and allies to ensure mutual security.

Before World War II the United States ranked third in arms exports behind France and Great Britain.[1] With the onset of the war, however, arms transfers became a major instrument of U.S. foreign policy. The initial step was the revision in 1939 of the Neutrality Act, which lifted the legal prohibition against the sale of arms to belligerents and permitted the "cash and carry" concept to prevail during wartime.[2]

As the war in Europe escalated, the United States expanded its role as a supplier of arms and defense services. After revision of the Neutrality Act, the U.S. government found additional ways to aid the Allies despite America's "neutral" status. After the German invasion of France in 1940, President Roosevelt made the destroyers-for-bases deal with Great Britain. This agreement, which many viewed as a flagrant violation of American neutrality, provided the British with fifty U.S. destroyers in exchange for ninety-nine-year leases on British bases in the Western hemisphere. In March 1941, Congress passed the Lend-Lease program, establishing the United States as the arms supplier for the Allied forces. Under Lend-Lease, arms worth tens of billions of dollars were transferred to the Allies between 1941 and 1945.[3]

The actions taken by the U.S. government during World War II marked a turn in weapons export policy. The United States had been a major arms supplier during World War I as well, but the volume of transfers had slackened during the interwar period. In the years immediately following World War II, however, arms transfer programs continued under the U.S. strategy of containing Communist expansion.

It had become clear that Soviet aspirations were in conflict with those of the United States and Western Europe. The Truman Doctrine, enunciated in 1947, was designed to provide American assistance to countries threatened by the Soviet Union, and it became the cornerstone of U.S. containment policy. The policy was initially a response to Communist guerrilla activity in Greece and Soviet pressure on Turkey to gain joint control over the Dardanelles. The enactment

1. Geoffrey Kemp, with Steven Miller, "The Arms Transfer Phenomenon," in Andrew J. Pierre, ed., *Arms Transfers and American Foreign Policy* (New York: New York University Press, 1979), p. 21.

2. Defense Institute of Security Assistance Management (DISAM), *The Management of Security Assistance* (Wright-Patterson AFB, Ohio: Defense Institute of Security Assistance Management, 1981), p. 1-22.

3. Ibid.

of Public Law 75, providing military aid to Greece and Turkey, marked the beginning of military assistance programs.[4]

With the formation of NATO in 1949 an increasing number of weapons were exported to America's European allies. That year Congress also passed the Mutual Defense Assistance Act, which formalized and expanded existing military aid commitments to the Philippines, Greece and Turkey, and the Republic of China.[5] The act was passed to demonstrate U.S. commitment to the newly formed NATO alliance and was designed to cover U.S. military assistance to NATO allies and other friends of the United States. It designated such assistance as "essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations to participate effectively in arrangements for individual and collective security."[6]

Military assistance during this period consisted primarily of weapons transfers from stockpiles of surplus war materiel. The majority of U.S. arms transfers were made "free of charge" under what became known as the Military Assistance Program (MAP). Aid went mainly to NATO allies and other countries seen as threatened by communism. Of the $32 billion in military aid transferred in the immediate postwar years, France received $4.5 billion, Turkey $2.2 billion, Italy $2.3 billion, Greece $1.5 billion, and the United Kingdom $1.1 billion. The Netherlands and Belgium also received about $1 billion each.[7]

The use of weapons transfers as an instrument of American foreign policy thus began in response to perceived threats to the United States and its Western European allies. What emerged, according to one observer, was "a military strategy of deterrence; its foreign-policy counterpart was containment, and military assistance was to be the mortar of the NATO alliance."[8]

As the policy of containment expanded in the 1950s and early 1960s to include other geographic regions, so did U.S. military assistance policy. America's European allies were experiencing economic recovery sufficient to contribute to their own defense needs, and

4. Ibid., p. 1-25.

5. William H. Lewis, "Political Influence: The Diminished Capacity," in Stephanie G. Neuman and Robert E. Harkavy, eds., *Arms Transfers in the Modern World* (New York: Praeger, 1979), p. 188.

6. Quoted ibid.

7. *Debating the Direction of U.S. Foreign Policy: 1979-1980 High School Debate Analysis* (Washington, D.C.: American Enterprise Institute, 1979), p. 35.

8. Lewis, "Political Influence," p. 189.

events in the Middle East and the Far East were causing a reassessment of U.S. arms transfers policy. The outbreak of war in Korea in 1950, Egypt's turn to the Soviet bloc for arms in the mid-1950s, and increasing American involvement in Indochina toward the end of the decade resulted in a shift in the direction of weapons exports. U.S. foreign aid policy was broadened from support only for our allies to support for other nations as well. Thus from 1950 to 1965 the primary recipients of U.S. arms exports were France, West Germany, Italy, Turkey, Taiwan, and South Korea.[9]

The shift in arms transfers from traditional allies of the United States to third-world countries in Southeast Asia and the Middle East continued throughout the 1960s. The mid-1960s also saw a change in the form of U.S. arms exports. As the stock of surplus World War II military equipment diminished, U.S. security assistance changed from MAP grants to arms sales under foreign military sales (FMS) programs. In fiscal year 1961, military aid was twice as large as sales. By 1966, the sales figures were double those for military aid (excluding South Vietnam).[10]

In 1969 President Nixon, largely in response to the unsuccessful American military involvement in Vietnam, established new guidelines for U.S. security assistance policy. The Nixon Doctrine declared that the United States would respect its treaty commitments and continue to help its friends and allies through military and economic assistance, but it would "look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense."[11]

The use of grant military aid continued to decline in the 1970s. The number of countries receiving U.S. military assistance declined from fifty-eight in FY 1966 to forty-six in FY 1975. Meanwhile, the number of arms sales recipients increased. In fiscal year 1966, fifty-nine nations received FMS deliveries; by FY 1975 the number was seventy-four. Commercial deliveries also increased, from fifty-

9. Paul C. Warnke, with Edward C. Luck, "American Arms Transfers: Policy and Process in the Executive Branch," in Andrew J. Pierre, ed., *Arms Transfers and American Foreign Policy* (New York: New York University Press, 1979), p. 195.

10. Ibid., p. 197.

11. Congressional Research Service, *Changing Perspectives on U.S. Arms Transfer Policy,* Report to the Subcommittee on International Security and Scientific Affairs of the Committee on Foreign Affairs, U.S. House of Representatives, September 25, 1981, p. 5.

one countries receiving arms from U.S. companies in FY 1966 to seventy-seven in FY 1974.[12]

In the latter half of the 1960s, some members of Congress began to question U.S. arms transfer policy. With enactment in 1968 of the Foreign Military Sales Act, Congress required administrations to emphasize foreign policy considerations in their arms sales policies. The act prohibited arms sales to governments that engage in human rights violations or impede social progress.[13] The dollar value of arms transactions was rising dramatically, and the weapons sold by the United States were becoming increasingly sophisticated. These factors, combined with what was seen as an overcasual attitude on the part of U.S. policy makers toward arms sales, remained a source of concern among members of Congress and the public in the 1970s.

The Nixon and Ford administrations did not appear to have coherent arms sales policies. Many analysts thought that arms sales agreements were made haphazardly and without due consideration for long-term strategic interests. President Nixon in 1972 instructed the bureaucracy to honor virtually all requests from the government of Iran for conventional arms, thereby circumventing the formal review process. Similarly, President Ford decided during the 1976 presidential campaign to sell Israel military equipment that had previously been banned.[14] Arms sales appeared to have become a tool of politics rather than a policy for security, and the arms traffic appeared to be out of control.

In response, Congress asserted its power over individual transactions by enacting the Nelson amendment to the FY 1975 foreign aid authorization bill. The amendment required the president to report military sales of $25 million or more and gave Congress twenty days to veto them by passing a concurrent resolution of disapproval.[15] Congress had long exercised authority over grant aid,

12. As cited in Warnke, "American Arms Transfers: Policy and Process in the Executive Branch," pp. 198-99.

13. Congressional Research Service, *Changing Perspectives on U.S. Arms Transfer Policy*, p. 4.

14. U.S. Congress, Senate, Committee on Foreign Relations, *U.S. Military Sales to Iran*, Staff Report to the Subcommittee on Foreign Assistance, 94th Cong., 2d sess., July 1976, p. 41; and Andrew J. Pierre, *The Global Politics of Arms Sales* (Princeton, N.J.: Princeton University Press, 1982), p. 48.

15. Richard Whittle, "Controls on Arms Sales Lifted After Failure of Carter Policy to Reduce Flow of Weapons," *Congressional Quarterly Weekly Report*, April 10, 1982, p. 798.

which requires the appropriation of funds. With passage of the Nelson amendment, it secured veto power over major arms sales as well.

Other congressional initiatives in the area of U.S. arms sales culminated in 1976 in passage of the International Security Assistance and Arms Export Control Act. This measure was designed to shift the emphasis from selling arms to controlling the sales of arms, and it included specific congressional guidelines for U.S. arms sales policy. With the Arms Export Control Act, Congress retained the right to veto proposed arms sales and extended from twenty days to thirty days the period of time during which a proposed sale could be vetoed. Congress took several additional steps to control arms traffic.[16] A ceiling was placed on commercial arms sales: sales to non-NATO countries in excess of $25 million were required to occur on a government-to-government basis. Negotiations were encouraged to reduce and control international arms traffic. Information on arms transfers was disseminated to Congress and the public: the president was required to submit to members of Congress quarterly information on arms transactions. U.S. military assistance and advisory groups (MAAGs) in foreign countries were restricted; MAAGs were reduced in size and scope of action with regard to transfers of military equipment; and security assistance was withheld from countries whose governments engage in human rights violations.

The Carter Administration

The election of Jimmy Carter in 1976 represented an affirmation of the congressional initiatives to limit the sale of American arms overseas. On May 19, 1977, President Carter announced his arms sales policy, stating that conventional arms transfers would be viewed as an "exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests." The Carter policy established controls on transfers to all nations except member countries of NATO, Japan, Australia, and New Zealand. The controls were binding "unless extraordinary circumstances necessitate a Presidential exception, or where I determine that countries friendly to the United States must depend on advanced weaponry to offset quantitative and other disadvantages in order to maintain a regional balance."[17]

16. Congressional Research Service, *Changing Perspectives on U.S. Arms Transfer Policy*, pp. 6-9.

17. "President Carter Announces Policy on Transfers of Conventional Arms," *Department of State Bulletin*, June 13, 1977, p. 625.

Carter's basic guidelines, as expressed in his statement of May 1977, were as follows:

- The United States would reduce the dollar volume of new commitments. For fiscal year 1978, a ceiling was set at $8.4 billion, an 8 percent decrease from fiscal year 1977 in new commitments to nonexempt nations. Excluded from the ceiling were non-weapons-related services such as military construction and U.S. commercial arms transfers.
- The United States would not introduce newly developed advanced weapons systems into a region until they were operationally deployed with U.S. forces.
- An effort would be made to promote respect for human rights in recipient countries, and the economic impact of arms transfers to countries receiving U.S. economic assistance was to be considered.
- The United States would not permit development or significant modification of advanced weapons systems solely for export.
- The United States would not permit coproduction agreements for significant weapons, equipment, and major components.
- The United States would not permit the retransfer of American weapons to third countries. This stipulation was laid down to avoid "unnecessary bilateral friction caused by later denials."
- The "burden of persuasion" for a sale rested on proponents, not opponents, of an arms sale.
- An attempt would be made to remove the economic incentives for arms sales, such as lower per unit costs for Defense Department procurement of similar items.
- U.S. government employees were forbidden to help arms salesmen abroad without express authorization from Washington.
- An attempt would be made to reduce international arms traffic through multilateral negotiations.

In retrospect, the Carter policy of unilateral restraint met with mixed success. His guidelines did provide criteria to judge requests for arms, but in practice arms sales were not an "exceptional" implement of foreign policy, nor did the dollar ceiling result in reduced arms sales.[18] The conventional arms transfer talks, which were to complement the effort at unilateral restraint, also fell short of their objective of limiting the arms sales of the other major supplier nations.

18. Pierre, *The Global Politics of Arms Sales*, pp. 57-58. Seventeen exceptions were made to the guidelines by the Carter administration. See Congressional Research Service, *Changing Perspectives on U.S. Arms Transfer Policy*, pp. 25–26.

Conventional Arms Transfer Talks. One of the essential components of the Carter administration's arms transfer policy was its initiative for multilateral restraint among the major arms suppliers. Soon after the inauguration, administration officials were dispatched to major European capitals to discuss mutual cooperation in reducing arms transfers, including European agreement not to take advantage of American unilateral restraint by selling the arms the United States might refuse to sell. The reactions of the allies varied, but the Europeans made it clear that their support was dependent upon agreement on restraint by the Soviets.

Conventional arms transfers were discussed during the first visit to Moscow by Secretary of State Cyrus Vance in March 1977. The United States and the Soviet Union agreed to set up a bilateral working group to address this subject. The first session of the conventional arms transfer (CAT) talks was held in December 1977 in Washington. The American delegation explained the Carter administration's policy on arms transfers and outlined the idea of multilateral restraint. The Soviets viewed the session as exploratory and sought clarification of the Carter policy.[19]

The second round of negotiations was held in Helsinki five months later, in May 1978. The Soviet delegation agreed at this session that arms transfers were a serious problem that required further discussion. They also presented draft political-legal criteria for defining permissible and nonpermissible arms transfers. In a different vein, American officials suggested military and technical guidelines for weapons exports similar to the unilateral guidelines that the administration had adopted.[20]

Throughout the second session of the negotiations, the American delegation consistently linked CAT talks to the 1972 agreement on Basic Principles of Relations between the United States and the Soviet Union and the 1973 Agreement on the Prevention of Nuclear War. These documents had "sought to spell out rules necessary to sustain and promote cooperative relations between the superpowers and to avoid situations that might lead to nuclear war."[21] A joint communiqué issued at the end of the second session stated that "these meetings, being a component of the Soviet-American negotiations on cessation of the arms race, are held in accordance with the Basic Principles of Relations."[22]

19. Ibid., p. 287.

20. Ibid.

21. Barry M. Blechman, Janne E. Nolan, and Alan Platt, "Pushing Arms," *Foreign Policy*, no. 46 (Spring 1982), p. 142.

22. Ibid., p. 143.