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Frederic S. Pearson

U.S. Arms Transfer Policy:

The Feasibility of Restraint

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December, 1980

Preliminary draft - not for quotation

* The author greatly appreciates the research assistance of Keith Meyer and Michael Lyons. The University of Missouri-St. Louis Center for International Studies and Summer Research Grant Fund also provided welcome support. The conclusions and views expressed remain the author's responsibility.

US Arms Transfer Policy: The Feasibility of Restraint

Introduction

Frequently, in U.S. election campaigns or in international organizations, politicians or diplomats speak of the need to limit world arms trade. Sometimes, as in the Carter Administration, policies are formulated to define and enforce such limits. Nevertheless, significant new military sales or aid agreements are often concluded through loopholes in or inspite of such policies. Major powers seem intent on responding to their opponents' moves, and ship arms to countries confronted by the opponent or its friends. Arms transfer restraints are often designed to be circumvented; the U.S. was able to respond to Soviet moves in Afghanistan with sudden offers to Pakistan.

In the early days of his administration, Jimmy Carter specified, in a formal policy directive (P.D. 13), that arms sales would be "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." A dollar volume ceiling was placed on new commitments and the burden of proving need was placed on the customer.¹ However, it soon became clear that the Carter Administration was willing to approve a wide variety of arms sales, that certain countries and commercial sales were excluded from ceilings, and that new accounting methods were being employed in calculating yearly sales totals. While F-16 and F-14 aircraft sales were vetoed, AWAC's radar planes and other equipment were quickly approved for the Shah of Iran. As the Administration moved to increase its influence in regional conflicts ranging from the Persian Gulf and Afghanistan to Korea, Southeast Asia, the Horn of Africa, Sahara, and Arabian Peninsula, it utilized arms transfers as an integral, not exceptional, foreign policy tool.

Perhaps arms transfers are inevitably one of the foremost and first pulled foreign policy levers, and perhaps formal limitations on the use of such levers are doomed. Flexibility is necessary in major power diplomacy, and without the offer or threat of arms transfers such diplomacy cannot effectively respond to breaking events. Goals often

listed for U.S. sales include: (1) influence with foreign regimes; (2) national security through collective defense; (3) regional power balancing (war prevention); (4) substitution for U.S. forces; (5) economic benefits. Major power governments generally seek control over their country's arms export mainly to enhance diplomatic effect; they may veto prospective customers if a sale would threaten diplomatic interests. Lesser power governments are involved mainly to promote favorable trade balances and sales for domestic arms manufacturers.² Yet even major power governments are extremely concerned with the success of domestic manufacturers, both for trade balances and jobs, and because their own military depends in a symbiotic relationship on such producers.³ Economic concerns increase the probability that while the major power government may seek to control the destination of transfers, worries about volume will diminish as political realities are confronted both at home and abroad.

Nevertheless, while a policy of restraint may be buffeted, the arguments for such a policy remain cogent. Regional disputes reach levels of astounding destruction--as in Arab Israeli warfare-- in part because of the advanced weapons which are pumped in for political reasons. Although a Senate subcommittee has concluded that many of the Carter restraint policy's premises were wrong-- including the assumption that world arms sales were spiralling⁴ - certain effects of unrestrained weapons transfers to Iran during the 1970's can now be assessed. Not only did they fail to protect the incumbent regime from internal collapse, but they contributed to the revolutionary brew by draining much of the country's revenues from needed internal development programs.

Sovereign states are, of course, free to arm themselves and even to squander their resources in the process; presumably some retribution will eventually result from foolish decisions. Furthermore, we cannot say that arms transfers will inevitably lead to political or social disruption. Yet the question remains as to the interest of the donor state in providing arms with little regard to regional political and social consequences in particular cases. While the Conventional Arms Transfer Talks between the U.S. and

U.S.S.R., also an early Carter innovation, have broken down over Soviet interest in discussing restraints on U.S. transfers to the Middle East and Asia (China),⁵ just 15 years ago U.S. officials lamented the USSR's refusal to "listen to reason" and discuss mutual arms limitations to the Middle East (this in light of their extensive transfers to Egypt in the 1960's). Even though Americans now "enjoy" the influence of supplying arms to Egypt and have displaced the USSR as the prime Middle Eastern arms supplier (60% since 1975), what was reasonable in 1967 still somehow seems reasonable to those who remember the fiasco of a desert strewn with burnt out tanks and mutilated bodies.

Therefore, we are left to ask about feasible and desirable goals for an arms sales policy for the 1980's. Is unilateral restraint any longer a viable approach? Can such restraint lead to multilateral agreements? How are policy guidelines likely to be treated by a bureaucracy with strong agency interests and varying perspectives? What are the likely intended or unintended consequences of various alternative policies, and particularly those which might resemble P.D. 13? These are the main questions addressed in this study, although consideration of multilateral restraints can only be treated tangentially at this point.

To answer some of these questions it is necessary to review the history of U.S. transfer policy⁶ and elaborate upon its consequences both in Washington and abroad. In this context we must also note that guidelines are not solely produced by the Executive branch, and that Congress has passed extensive and sometimes contradictory legislation on arms sales. Often, though, Congress allows suspension of rules if the President determines and defends the necessity, and Congress is also quite subject to political pressures for easing restrictions almost as soon as they are passed.

Therefore, we will evaluate the broad range of U.S. transfer policy, concentrating on sales as opposed to aid (as the Government has done increasingly in recent years). The role of the bureaucracy in implementing the guidelines will also be delineated on the basis of interviews in Washington. Prospects for future restraints depend in part on

agencies' and bureaus' interests. Interviews reveal some surprising emerging coalitions on these issues, and surprising consensus as well. Furthermore, we seek more understanding of the way agencies and decision-makers balance contradictory concerns in different international circumstances - for example, concerns for regional power balances vs. concerns about individual foreign governments' survival, concerns about inappropriate export of sophisticated technology vs. desire to maximize exports so that production costs are reduced and production runs lengthened.

Recent History of U.S. Arms Sales Policy

Until the mid-1970's there was no formal general U.S. policy on the sale of arms, partly because policy-makers wished to maintain flexibility on the issue. Political and security issues dominated over economic interests.⁷ Occasionally restrictions were enunciated and enforced, as in the Tripartite Agreement (British-French-U.S.) against sales to the Arabs and Israelis in the early 1950's. Most U.S. transfers in the 50's were aid packages, and consisted of outdated or surplus equipment. Washington concentrated on supplying developing states bordering the U.S.S.R. and China mainly through SEATO and CENTO. Non-aligned countries were also supplied, after Soviet competition intensified in 1955, if such countries supported American military objectives.⁸

With increased Soviet, British, and French sales competition during the 1960's, U.S. approaches and policies evolved further. McNamara's Pentagon began to see benefits in replacing aid programs with vigorous sales promotions. Gold flow and trade balance problems could be remedied; costs of more sophisticated technology could be reduced and supplies assured by longer production runs; co-production agreements might satisfy nationalistic buyers and better integrate them into the U.S. defense network.⁹ The State Department maintained primary responsibility for deciding on transfers, but few consistent clear foreign policy objectives guided the decisions. At the same time, Henry Kuss was given a mandate for sales promotion through the Pentagon. Four sales "teams" were charged with promotions to specific groups of countries. McNamara noted that business

had only a limited interest in overseas sales promotions; only five percent of military equipment produced in the U.S. was exported at that time.¹⁰

The volume of U.S. transfers did not greatly increase until the Vietnam war, even though sales were increasingly substituted for aid. Arms shipments to Vietnam increased considerably after 1966 but the rest of the the world was held at relatively constant levels. Vietnam also occasioned the first substantial increase in the yearly delivery of major weapons, defined as aircraft, missiles, armored vehicles, and warships-(see Figure 2). Even so, during this period the U.S.S.R., on the basis of massive Middle Eastern shipments, came to supercede the U.S. as a supplier of Third World weapons.

While Congress passed foreign aid programs in the 60's, and while military aid was generally more popular than developmental aid on "the Hill," such programs were viewed as relatively costly in comparison to military sales, especially in light of growing balance of payments problems. The Foreign Assistance Act of 1961 and the Arms Control and Disarmament Agency were implemented in part to assist the Executive branch in judging the implications of arms transfers. The Foreign Military Sales Act of 1959 and the Mutual Security Act of 1968 both set criteria for controlling arms exports, while permitting foreign sales and establishing mechanisms for keeping sales consistent with U.S. foreign policy. Sales were viewed as too important to U.S. strategic interests to leave merely to private companies; essentially the Federal Government would contract to purchase the weapons and transfer them overseas upon receipt of payment from or grant of credit to the recipient country.¹¹

Still, relatively little advanced and sophisticated weaponry had been transferred to the Third World until the Nixon Administration. With the Nixon Doctrine and Henry Kissinger's determination to establish regional police powers, such as Iran, to help the U.S. "stabilize" regions in the wake of Vietnam, many sophisticated weapons (F-14, F-15, F-4, F-5 aircraft, tanks, air-to-surface missiles, etc.) were sold or transferred on credit to Iran, Saudi Arabia, Kuwait, Korea, Israel, and a number of Third World states. Latin

America was included, although the emphasis had previously been on transferring relatively obsolete weapons there in order to dampen arms races and warfare.

Dollar volume of U.S. transfers spurted twice during the 70's (Figure 2), first in conjunction with emerging U.S.-Iranian relations as well as "Vietnamization" of that war, and the second in response to vastly increased Middle Eastern oil wealth. Part of the relative restraint of the 60's had been due to strategic doctrines which emphasized "flexible response" and a direct role for US conventional forces in defending client states. The U.S. supplied more counter-insurgency weapons than sophisticated strategic weapons.¹² The Vietnam experience indicated to Kissinger that it would be politically and economically cheaper to equip client states to carry the burden of regional defense, hence the shipment of weapons more suited to major conventional warfare. In a sense, American arms were substituted for American troops.

Burgeoning sales in the 70's stemmed from a number of factors in addition to the Nixon Doctrine. Soviet arms supplies and advisers had begun reaching Latin America in the 70's and had penetrated the Middle East throughout the 60's and during the buildup to the 1973 war. The U.S. tried to maintain its influence with increasingly ambitious Latin American military leaders in order to oppose radical revolution. The Vietnam war occasioned the introduction of much sophisticated weaponry on both sides, and security interests also seemed to demand the release of high technology weapons to certain Asian allies. Further, arms sales to the Middle East could help recoup coveted "petro-dollars."

Thus, in the 15 years from 1963-78 US arms transfers shot from approximately \$1.5-billion to over \$7-billion; economic interests found a place-- albeit probably still secondarily - in U.S. transfer decisions. Sophisticated weapons were far more widely distributed; competition from other arms producers reduced the US share of the world arms trade from 50 percent (1968) to 39 percent. US sales to Europe, Japan, Canada, and Australia went from 80 percent of the total (1964) to 14 percent, with the remainder going to the Third World.¹³ Government-to-government sales came to represent 90 percent of U.S. arms transfers, despite an increasingly brisk commercial sales business.

The Carter Response and Beyond

Responding to the massive buildup of U.S. arms sales, especially to the Middle East, President Carter was quick to enunciate a comprehensive conventional arms transfer policy. In calling for unilateral U.S. restraint, Carter hoped to inspire reciprocal restraints by other major arms suppliers. Hopes were dashed with the breakdown of Conventional Arms Transfer Talks in 1979, while the pressure of events and vested interests steadily weakened U.S. restraints. Nevertheless, the policy outlined in P.D. 13 and the 1976 Congressional legislation which preceded it have lingering effects and constitute a model against which future sales decisions and future policy guidelines will be weighed.

The immediate impetus for arms transfer restraint in the late-70's came from Congressional legislation. The Foreign Military Sales (FMS) Act of 1968 and the International Security Assistance and Arms Export Control Act of 1976 responded to the vastly expanded FMS and commercial sales programs and the large commitments to Asian and Middle Eastern states after the mid-60's. These acts have now been further amended with the Iranian revolution and Afghan invasion; while restrictions on transfer were increased in 1976, they have been weakened with subsequent events.

The Arms Export Control Act called for a US policy to reduce the international arms trade and called for attempts at both unilateral and multilateral restraint. Sales were not to exceed 1976 levels, and the President was to study and propose policies and legislation to achieve these goals. Congress was to be notified 30 days in advance of major proposed sales and transfer agreements. In the case of FMS transactions of \$25-million or more, or sales of major defense systems valued at \$7-million or more, Congress would have a veto power by vote of both houses, unless the President stated that an emergency existed requiring the sale for U.S. national security. Details of the proposed major sales had to include arms control impact statements, reasons for the sale, likely impacts on U.S. weapons stocks, analyses of the impact on the recipient country and

region, estimates of alternate sources for such defense articles, estimates of U.S. costs and personnel commitments, etc. Commercial sales of "major defense equipment" valued at more than \$25-million (since changed, after considerable corporate lobbying, to \$35-million, and then to \$100-million and to exempt NATO) were prohibited and had to come under FMS procedures (allowing Congressional review). Manufacturers have argued that such requirements greatly slow sales approvals, and that lethal weapons are not necessarily the most expensive weapons; they have also pushed to have many items removed from the commercial munitions lists (requiring State Department licenses) and transferred to Commerce Department lists and licenses (easier to obtain). The trend toward Congressional review and preference for FMS procedures reversed Congressional preferences in the early 1970's for commercial sales.

Congress has yet to veto a proposed major sale of either the FMS or commercial varieties, although key senators pressured in 1980 to have President Carter withdraw a plan to provide sophisticated bomb racks and extra fuel pods for the F-15's sold, despite some Congressional protest, to Saudi Arabia in 1978. Hawk missiles sold to Jordan were also confined to stationary rather than mobile mounts after Congressional objections.¹⁴

Thus, both the ceiling on yearly FMS authorizations and the ceiling on commercial transactions have come under fire from manufacturing, Congressional, and bureaucratic interests. Industries have convinced many on Capitol Hill that inflation has made commercial ceilings unworkable. The House International Relations Committee has moved to emphasize sales facilitation, as support for restraint fades. Leasing possibilities have been explored for certain weapons or facilities.

Responding in part to Congressional initiatives, the Carter Administration set two rather contradictory and vague objectives for its new restraint policy in 1977: (1) to facilitate transfers that "clearly promote" U.S. or allied security; and (2) to restrain those transfers in excess of legitimate defense needs, or which "promote regional arms races or increase instability or otherwise do not advance U.S. interest."¹⁵ The specific guidelines

were less vague, but they were also hedged by provisions for presidential exceptions: (1) the U.S. would not be the first to introduce into a region "newly developed, advanced weapons systems which could create a new or significantly higher combat capability;" (2) the U.S. would not sell newly developed, advanced systems until they are "operationally deployed with U.S. forces;" (3) the U.S. would not permit "development or significant modification of weapons systems solely for export;" (4) the U.S. would not permit co-production agreements with other countries for significant weapons, equipment, and major components; (5) the U.S. would "not allow American weapons or equipment to be transferred to third parties without U.S. Government consent;" and (6) actions by "agents of the United States or private manufacturers which might promote the sale of arms abroad" would require "policy-level authorization by the Department of State." In addition a quantitative dollar ceiling was imposed each year on the total of new commitments under the foreign military sales (FMS) and assistance programs. The FY 1978 ceiling of \$8.5 billion was an 8 percent reduction from 1977, with a further 8 percent reduction in 1979 (the 1980 ceiling was not reduced). The burden of proving need for sales was put on the buyers or proponents of the the transaction.¹⁶

However, in order to allow the President sufficient discretion, and to lessen the impact of the ceiling, provisions were made for presidential exceptions to each provision. Services such as construction (a major portion of U.S. military sales to a country like Saudi Arabia) and commercial transfers were not included. Transfers to important allies or clients-- NATO countries, Japan, Australia, New Zealand, and Israel--were similarly excluded.

In addition, accounting procedures were changed in ways the General Accounting Office (GAO) has found questionable.

Under the new procedure in effect since fiscal year 1977, foreign military sales budget authority for a given year has been defined as equal to the portion of old and new acceptances which will result in implementing obligations during the year. In other words, foreign military sales budget authority since 1977 has not shown the full amount of new acceptances.¹⁷

In prior years FMS budget authority had been based "on the dollar total" of new acceptances during the year, and the budget recorded billions of dollars of unobligated sales authority, i.e., acceptances which had not yet resulted in U.S. Government orders for the items specified. This gave a more accurate picture of the overall volume of FMS funds. The GAO estimated that the amount deleted from reported 1977 budget authority was \$12-13 billion, \$9 billion of which was in the FMS trust fund. The figure shown in the 1977 budget understated the "true authority" for obtaining items specified in new acceptances by \$2.6 billion. Pentagon spokesmen tried to defend this procedure by noting that it gave a clearer picture of transfers actually consummated in a given year. General Graves, Director of the Defense Security Assistance Agency (DSAA) has pointed to the reduced ceiling on the dollar volume of new commitments in a given fiscal year, and has linked the "entirely new separate accounting system" at DSAA to the need to assure the ceiling's required reduction.¹⁸ In short, while the ceiling itself has been lowered, the Carter Administration was able to circumvent it so that American arms transfers (including those to allies) totaled \$15.2-billion in 1978, \$13.5-billion via FMS, a 16% increase from 1977, the only year of substantially reduced exports.¹⁹

Below, the stances of both critics and defenders of ceilings and other specific restraints will be reviewed. Critics have noted that with so many loopholes, the limits are fictitious--a convenient way for a president to appear to be an arms controller while continuing business as usual. However, the extent of debate over the rules indicates that restraints have tangible effects, whether intended or unintended, on transfers and the way responsible agencies regulate them. If no effects and no stakes were involved, P.D. 13 and Congressional oversight would hardly be on anyone's mind in industries or the relevant governmental agencies. It remains to evaluate the impacts and stakes in order to understand the likely fate of these policies in the 1980's. Perhaps the bureaucrats merely wrestle with and resent extra meaningless paper work. However many maintain that P.D. 13 and the Export Control Act's effects go beyond mere paperwork, and produce benefits.

Policy Implementation

The major actors and agencies involved in implementation of the Carter sales process are outlined in Figure 4. One of the bureaucratic effects of the policy was to center responsibility for the evaluation process in the State Department's Office of Security Assistance and Sales (in the Bureau of Politico-Military Affairs). The Defense Security Assistance Agency (DSAA) nevertheless has had considerable impact since technical evaluations of weapons systems and country capabilities must come from the Defense Department (DOD). Consideration of commercial arms sales and export license applications have been focussed in the Office of Munitions Control at State.

While responsibility was centered, prospective FMS and controversial commercial cases were widely distributed to a number of concerned agencies, including the Arms Control and Disarmament Agency (ACDA), whose role expanded greatly in the early Carter days with Paul Warnke as director. Warnke was the first ACDA director to have significant input on the National Security Council's Policy Review Committee which ultimately set arms transfer ceilings.²⁰ The National Security Council (NSC) role expanded as well, with many more transfer cases going from the State Department to the President for approval. The National Security Advisor commented on these cases and included summaries of conflicting agency views in dossiers passed to the President. The Arms Export Control Board (AECB) was created in the 1960's to facilitate policy deliberation, with representatives of the ten agencies involved in the transfer process included: State, DOD, Treasury, Commerce, CIA, NSC, Office of Management and Budget (OMB), Joint Chiefs of Staff (JCS), ACDA, and Agency for International Development (AID). The AECB consists of various sub-groups to handle specific types of negotiations, and rarely meets as a unit, although it reports to Congress. Most inter-agency consultation has been on an ad hoc basis, with the Security Assistance Office at State routing proposed sales to appropriate agencies for approval or comment.

There is considerable redundancy in this system; various offices in State, DOD, CIA, and ACDA have regional desks to handle questions of sales to specific countries. Desk officers are in frequent touch with each other; officials defend the redundancy by claiming that it allows the various agencies to communicate more effectively since the desk officers all specialize in the same countries and receive much the same information. State Department officers supposedly stress political repercussions, DOD stresses military consequences; ACDA stresses arms control impacts; AID (a minor actor) advises on opportunity costs to countries' development programs; Labor, Commerce, and Treasury stress balances of payments and finance questions for FMS; CIA offers "threat" analyses of prospective purchasers' enemies; and NSC monitors transfers. In practice these distinctions are frequently blurred, and the suspicion persists that no agency wants to trust determinations of country conditions or needs to the other agencies. Hence, each agency seeks its own regional analyses. Reasons for this correspond to agencies' stakes in the sales process, as well as "normal" bureaucratic pressure for agency growth.

Although the roles and perspectives of various offices obviously overlap, certain emphases exist. The State Department's general policy coordination responsibility has already been discussed; requests for arms transfers often come through U.S. embassies around the world. The Office of Security Assistance and Sales also receives weekly lists of requests from the Defense Department. Regional, legal affairs, and policy planning bureaus are frequently involved to advise on country or regional ramifications and legal questions. The Bureau of Human Rights and Humanitarian Affairs has been included when the recipient has a questionable rights record; however, Human Rights merely advises the Secretary about the record, and makes no policy determination on its own.

The Defense Department determines the requirements and military capabilities of the prospective recipients, oversees the procurement and delivery of equipment, and establishes priorities for shipments.²¹ Defense offices also carry on liaison with manufacturers to facilitate production and procurement (through regional DOD offices, and

sometimes even offices inside the plants). The Assistant Secretary of Defense for International Security Affairs (I.S.A.) has general authority and responsibility within the Department for arms transfers, and reports to the Secretary. Military Assistance Advisory Groups (MAAG), substantially reduced in size during the Carter Administration, are located in U.S. embassies and evaluate country requests while consulting with the host country's defense officials. MAAG's have been prohibited from promoting sales under Carter's P.D. 13 edicts, but the line between consultation and evaluation on the one hand and promotion on the other can be quite fine. Countries, especially those being considered for important sales, are also visited by inter-agency evaluation teams, led by DOD officials. Such teams report on the needs and "absorptive capacity" of prospective purchasers i.e., ability to use weapons effectively.

The Joint Chiefs of Staff have a two-fold function in arms transfers. They recommend military and force objectives and identify the priorities for and weapons systems which can be sent to certain countries and regions. Such recommendations are made in conjunction with U.S. war plans, so that presumably systems are not released which would complicate U.S. military missions in those regions (e.g., the sale of air defense systems which could be used against U.S. aircraft). The individual military departments are responsible for preparing the data for the development of assistance programs and budget estimates.

While the bureaucratic politics literature indicates that agency priorities and interests will differ greatly, causing substantial potential conflict and complicated bargaining on particular policies, there seems to be a developing inter-agency consensus on arms transfer policy. This is perhaps easiest to see when we consider both the criteria by which various agency officials say they evaluate prospective sales and officials' reactions to P.D. 13.²²

Bureaucrats administering the arms policy evidently play the role of managers concerned with efficiency of transactions, "prioritizing" sales, regional political and

military balances, justification and reports to Congress, and controls on the release of sensitive U.S. technology. In administering a sales restraint policy, which stemmed from supposed Congressional and Executive concern about proliferating conventional arms stockpiles and capabilities around the world, the relevant officials evidence remarkably little concern about overall proliferation or arms control and disarmament per se. Such concern diminished even further after the SALT II failure and Afghanistan invasion. Instead, even those in the Arms Control Agency evaluate sales according to regional balances, purchasers' need or absorptive capacity for certain technologies, the quantitative limits beyond which new sales would begin to threaten neighbors and U.S. national security interests.

In fact, PD 13, with its six qualitative restraints (see above) and required FMS reports to Congress provided such a neat focus for administrators that it was easy to ignore other long range considerations and concentrate on determining whether a certain sale introduced new technology to a region, whether U.S. supplies of the weapon would be jeopardized, whether the system was solely designed for export, whether a co-production or third country transfer was justified, etc. Administrators, even those in defense agencies, grew to like the policy or parts of it, since it gave them clear criteria and check lists, provided excuses if they wished to turn down a sale without embarrassment, encouraged much earlier and more thorough inter-agency review of proposed sales and setting of priorities (because of the FMS ceiling), and emphasized the need to assure adequate supplies for U.S. forces before sales were made. While the fall of the Iranian Shah gave decision-makers pause about the appropriateness and effectiveness of significant sales to the Third World, there are still few clear criteria by which to judge the staying power and political support of a recipient government. It is easier to concentrate on P.D. 13 provisions, or regional military balances.

While ACDA spokesmen have noted in Congressional testimony that the qualitative controls "dampen the proliferation of arms production capabilities in third world coun-

tries," they claim it is not possible to put a dollar value on sales turned down or turned off (quick discouragement) or to compare them to years before PD 13.²³ Several hundred cases have been turned down, but few agency officials interviewed stressed the reduction of sales volume as one of the key benefits of P.D. 13 or Congressional review.

Ambiguity of goals and stress on careful management as opposed to major sales reduction is evident in the following justification from ACDA:

In short on the one hand, the guidelines have yielded direct benefits to U.S. national security by insuring that all transfers are carefully considered so as to reduce the risks. At the same time, these guidelines have enabled us to continue meeting our foreign policy and defense requirements with relatively few Presidential exceptions to the policy.²⁴

That few presidential exceptions have been necessary could mean that the limits set by the policy have not greatly constrained anyone interested in sales, but have afforded opportunities to negate specific sales. ACDA was allowed greater input on decisions when it became apparent that their Congressionally mandated concerns in arms control impact statements--i.e., with regional arms races, escalation of conflict, or arms control agreements--could mesh rather well with DOD concerns about release of sensitive technology and preservation of U.S. control in light of shaky regimes abroad.²⁵ Hence, compared to the State Department where regional bureaus generally favored sales, DOD had few objections to including ACDA in the inter-agency bargaining and coalition building process. ACDA's concern for regional balances is seen in other agencies as its main contribution to the decision process.

As one indicator of consensus on the general principles of arms sales policy, note that ACDA was consulted and rendered an opinion on 1360 proposed sales in FY 1979, and objected to 199 (15 percent).²⁶ Most of these objections were ultimately sustained. Once a decision to sell was made (and with P.D. 13's emphasis on qualitative restrictions, many less sophisticated articles can be sold), ACDA tried to press for defensive as opposed to offensive emphases and force configurations. Hence ACDA increasingly focussed on fall-back positions, on dampening regional arms races, and on containing potential for international terrorism.

In 1979-80, six-months of inter-agency review went into consensus building on the controversial development of an F-X intermediate jet fighter solely for export, an explicit contradiction of a P.D. 13 provision. Remarkably, spokesmen came to justify the decision to proceed as an arms control maneuver. Since there was no suitable aircraft for export to replace aging F-5's around the world except the sophisticated F-15, F-16 and F-18, production of an upgraded F-5, the F-X (technically Northrop's F-5G was the leading F-X candidate) would provide an alternative to the "necessity" of exporting America's most advanced systems. When arms control is taken to mean the development of alternative jet fighters, and when decision-makers admit they would have "no choice" but to sell high technology aircraft upon request, the momentum for arms sales in all parts of the Federal bureaucracy, as well as the symbolic uses of one P.D. 13 provision to negate another become evident.

While there is general and growing arms transfer consensus, certain bureaucratic rivalries and frictions still exist. Under President Carter, an extraordinary number of major FMS cases above \$7-million went to the White House itself for review and ultimate decision (an estimated 88 out of 126 cases). Thus, the views of the National Security Adviser were added to the already myriad comments of lower level agencies and Cabinet departments on proposed sales. Indeed the Conventional Arms Transfer Talks themselves seemed to fail largely because of the conflicting priorities of those at State Department, Politico-Military Affairs in Carter's early days, and the National Security Adviser.²⁷ There is a lingering opinion at both State and Pentagon agencies that more decisions should be taken at the Assistant Secretary and Secretarial levels. Some military agency field and action officers feel that they could handle decisions on matters such as the ultimate defensive or offensive configuration of aircraft in areas such as the Middle East more quietly in consultation with purchasing country military officers. Some remember having done so before P.D. 13 required more high level approvals and clearances. Others with high level experience at ACDA lay the blame for the eroding emphasis on arms control under P.D. 13 to the influence of the National Security Adviser.

Certain offices can estimate sales' effects using relatively concrete indicators, as when the Joint Chiefs estimate a country's needs and capabilities focussing on orders of battle, size of military, or threatening neighbors. Other agencies, such as International Security Affairs (ISA) at the Defense Department, deal more with intangibles in estimating government longevity or political repercussions, and rely on CIA and DIA estimates as well as "open source" material. Rates of sales approval can vary between those potential purchasers reasonably able to purchase comparable weapons elsewhere as opposed to those relying heavily on U.S. supplies-- a determination quickly made noting the supplies in their inventories. Bureaucratic disagreement can arise in Washington about degrees of dependency, and about the advisability of risking businesslike relations by turning down a request by a dependent country (P.D. 13 helps here by affording an excuse). Functional bureaus concerned with P.D. 13 questions often line up across departments in opposition to the regional bureaus which somewhat more frequently favor sales. In fact certain DOD agencies were more critical of F-X development than certain State Department agencies. DOD estimated that the technological gap between the F-5 and the F-16 and 18 was narrower than State maintained, and would be closed even further by the time an F-X was marketed and obsolescence set in on the 16 and 18. However, such DOD views are tempered by Joint Chiefs' priorities for support of cooperative military establishments around the world; the Joint Chiefs' staff tends to assume that target countries can be controlled through the military, and that the military are the logical leaders for many Third World states.

Defense Department capability estimates can be complicated. Analysts might conclude that three F-5's could do the job of one F-15 in a Third World state, and reduce costs while restricting release of technologies. Yet they might still recommend the F-15 because the greater number of planes would overtax the recipient's piloting or servicing capability. Hence, U.S. defense bureaucrats are put in the position of thinking for recipients in determining whether force proposals are "appropriate" to the situation.

However, reverse pressure is applied through Congress in some cases (notably Israel-- which is treated as a quasi-ally under P.D.-13 --and Taiwan) if the recipient or other concerned states object either to a sale or a denial.

Ongoing client relations will have much to do with Pentagon sales authorizations. Saudi Arabia evidently pushed and paid for the rather rash dispatch of arms to North Yemen (in the midst of continued Soviet supplies to that country) in 1979. Weapons flow to Jordan partly as a response to that country's integral role in training and facilitating U.S. cooperation with Gulf states on the Arabian coast (this probably has something to do with the relative U.S. silence about Jordanian support for Iraq in its war with Iran in 1980).

On the commercial sale side, Bureaus of Munitions Control at both State and DOD maintain nearly constant touch with manufacturers potentially applying for licenses. Thirty-thousand license applications per year are received by the State Department; though the number was down 13 percent in 1979 the dollar value of commercial sales continued to grow as FMS reporting procedures made commercial sales more desirable (see Figure 3 and the evident effect of Congressional action in 1976). Companies were given advice on licensing possibilities before negotiating their sales, or could defer certain sales which would not qualify under P.D. 13. These have been considered benefits of Carter's policy even by industry groups. However P.D. 13 did not apply to the bulk of commercial business, which went to U.S. allies. Eighty percent of license applications were considered routine and could be approved or vetoed by license officers referring to the International Traffic in Arms Regulations. Twenty percent were "controversial" and were routed to relevant agencies for review. At the State Department such cases would be sent to the Security Assistance and Sales Office as well as regional bureaus; unless they concerned very sensitive issues they would generally not be seen at the Assistant Secretary level or above.

The Defense Department's Munitions Control Office also has been closely linked to manufacturing interests with an evident perception that firms should be assisted in sales to further U.S. competition with other arms exporting countries and because of the need for ever more advanced technology. Lists of prospective customers for the F-X have been prepared and approved through P.D. 13 criteria, although officially sales of the new aircraft are to be reviewed under P.D. 13 (the five operable criteria) on a "case by case" basis.

On the whole then, P.D. 13 and accompanying legislation have been seen throughout the bureaucracy as a useful management tool, though not necessarily very relevant to arms control. These provisions allow for more systematic sales priorities, quicker turndowns and turnoffs with less embarrassment when administrators do not want to dispatch arms, quicker and better notice of companies' foreign sales promotions, easier protection for U.S. inventories and procurement needs, clearer evaluative criteria and checklists, and overall, more order in a complicated and sometimes chaotic policy arena. While such benefits may make life easier for bureaucrats, the overall policy impacts must also be analyzed.

Policy Evaluation and the Future

Clearly most of the provisions of post-1976 arms restraint policy had been dented if not breached by the time of the Reagan election. The policy may have improved bureaucratic management, albeit while promoting bureaucratic redundancy, and for this reason elements of it may be retained in the 1980's, but it did not fundamentally alter bureaucratic priorities. The question remains as to what worldwide and domestic effects the policy has had as well as what prospects remain for its continuation in the next administration.

Despite formal restraints, sophisticated new technologies have been introduced to the Middle East and other regions; AWAC's radar systems were earmarked for Iran and Saudi Arabia (though U.S. personnel kept some measure of control). The Middle East

came to be seen as a de facto exception to P.D. 13. F-X export development was authorized. More exceptions were granted on co-production (13) than any other P.D. 13 provision, although it seems that most requests for third country transfers were refused. Priorities for operational deployment of systems with U.S. forces seem to have been successfully enforced, but assuring that U.S. personnel do not promote sales abroad, especially in light of military consultation, the use of agents and intermediaries, and close government - company relations, has been extremely difficult. Officials cite discouragement of company promotions as supposed evidence of the fulfillment of this provision; however, it was further eroded when the ban on U.S. participation in international arms trade fairs was lifted. Nevertheless, proposed transfers have been refused, and it is necessary to evaluate the consequences and benefits.

To arms control advocates, the delays built into P.D. 13 and FMS procedures are beneficial in slowing the rates of approval; estimates on time for FMS sales range from six months to several years depending on technological and political issues; comparable rates for export-minded Great Britain, for example, are from one to three weeks. Critics note that delays jeopardize Defense Department relations with manufacturers. If prices and delivery dates cannot be quoted, production lines which depend on subcontracts cannot be programmed. Contractors might abandon a product if assurances of foreign sales cannot be obtained, and the Defense Department might lose a valued commodity. Foreign buyers are generally asked to move to the end of the production line, as U.S. needs have priority; therefore, delays can discourage agreements. However, there are ways around almost all these provisions especially if the customer is willing to pay premiums to expedite delivery. The "no export only" and "no promotions" provisions were the only facets of PD 13 totally new to U.S. arms sales management, and even these provisions would not be crucially limiting because most countries want equipment which has been purchased and tested by the American military.

Carter Administration White House spokesmen who noted the effectiveness of P.D. 13 mentioned that aggregate sales to the Third World declined in 1979. However, NATO sales, which now can be cleared by the State Department without NSC review, increased, and sales to Israel and certain Arab states continued to mount; these states are often not included in tallies of "Third World" states.

It was maintained that A-7 and F-18 aircraft certainly would have been sold to Iran and F-16's to South Korea if it had not been for P.D. 13. Advanced aircraft in Korea could have spurred a peninsular arms race. Nevertheless, it must be remembered that Mr. Warnke at ACDA argued and won the restriction on F-16's early in the Carter years over the objections of Mr. Brzezinski. Mr. Warnke later left the Government, as arms control attitudes and the influence of Mr. Brzezinski changed markedly. Personal influence rather than the policy itself accounted for these successes.

To better evaluate the effects of sales restraint we can look to the years of greatest decrease in transfers, 1977-78. Table 1 shows the items sold to and those denied every country in the world those years; these data evidently were inadvertently made available in testimony to the Senate Budget Committee and unfortunately cannot be compared to similar figures for years before P.D. 13. Nevertheless we can derive some idea of the types of restraint and the regions where restraint was most evident.

While bureaucrats speak of various restraint criteria--regional balances, release of technology, U.S. force readiness, etc. it appears that the release of sophisticated technology was the main reason for denying Third World sales, especially in Africa. Despite increasing cost, countries increasingly seek sophisticated air-to-ground and naval missilery and laser guided weapons (naturally some countries would also seek credits). These have been denied so far to African countries, and in some cases to Latin America and Asia. P.D. 13 seems far less relevant to Middle Eastern dealings where questions of regional balance may predominate in Washington considerations, i.e. extremely advanced weapons were dispatched but evidently only in quantities designed to limit Arab offensive

capabilities and threats to neighbors. Limitations of co-production, third country transfers, and sales promotions show up in Asian transfers, as companies seem ready to increase exports to this region. In South and Central America, significant spare parts and radars were sold--and even attack aircraft in Chile's case - but concern for regional arms race balance, between Brazil and Argentina and in Central America, was evident as well. With a history of recent warfare, Honduras, Guatemala, Nicaragua and El Salvador were denied certain advanced tank and gunnery capabilities. It must be noted, though, that the pressure is mounting for increased sales, especially commercial sales, to Chile and Argentina which were somewhat restricted because of human rights problems.

Although certain turndowns, such as Israeli "Kfir" sales to Ecuador and Swedish Viggen sales to India, drew considerable attention, relatively few requests for third country transfers have been denied; the State Department noted that most countries want to transfer older and excess equipment which raise few policy issues.²⁸ The 13 Presidential exceptions to the co-production ban over the three years from 1977-79 included a mixture of high and low technology weapons such as rifles, grenade launchers, howitzers, ammunition, and less advanced air defense missiles and aircraft. Co-production cases denied included 155mm rounds, Maverick and Stinger missile motors, Dragon missile systems, and 2.75 inch rockets. No compliance violations of bans on re-exporting co-produced equipment were reported. Some NATO members may have hesitated to conclude co-production agreements because restrictions on third country transfers seemed to threaten export markets.²⁹ As for sales of equipment not yet available to U.S. forces, the government listed denials of Copperhead, Viper, and Blackhawk helicopter systems.

Furthermore, surprisingly the State Department has "been able to identify only a few significant cases in which other suppliers of weapons made sales. . . equivalent to those which were denied by the U.S." There were only three major examples: French fighter sales to Ecuador; French fighter sales to Pakistan after the U.S. A-7 refusal; U.K.

Jaguar aircraft sale to India after U.S. refusal to sell deep strike aircraft or authorize Swedish Viggen sales. Such British or French sales may have gone through without U.S. denials since customers often consider alternate products simultaneously.³⁰

Other supposed successes of the restraint policy included a shifting emphasis toward NATO rather than Third World sales, although the U.S. was the leader in Third World sales in the decade of the 70's. The NATO share of U.S. worldwide FMS and commercial sales climbed from 5.6 percent in 1976 to 19.1 percent in 1979.³¹ It could be argued though that the restraint policy did not produce this change, but rather reflected the new emphasis on NATO in its very guidelines (NATO exemptions and facilitation of commercial sales to NATO). Furthermore, as indicated in Figure 3, the restraint policy and FMS procedures seemed to spur commercial sales to take up some of the slack after 1975. When commercial sales are added to FMS, sales decline during the Carter years is much less pronounced and really confined to the year 1977 (1979 figures were not available and may have shown a similar dip due to cancelled Iranian contracts and world economic factors).

Congressional and Carter Administration restraints have also failed to stem the tide of major weapons exports (Figure 1). With temporary fluctuations, these exports have shot upwards since 1975 despite U.S. concerns about exported technology. The Americans, Soviets, French, and to a lesser extent the British and Italians seem to be intent on vastly increasing the sale of major systems both for economic gain and as a part of strategic competition. While arms restraint critics commonly assume that unilateral sales reductions result mainly in advantages for competitors, the data indicate relatively few substitution effects. Instead the U.S. and U.S.S.R. follow quite parallel sales courses, as do most of the Europeans. Occasionally, as in U.S. -Soviet figures for 1968-70 and 1976, one country's sales declines might accompany another's increase. This was true for Britain and France in 1973-75 as well. But as seen in Figure 2, when world arms sales increase or decrease, most suppliers benefit or suffer simultaneously. Moreover, the

occasions for sales spurts or declines frequently have more to do with regional or political issues than with inter-supplier sales competition. The Soviets' sales peaks of the late 60's related to replacement of Egyptian war losses and Vietnam commitments and Middle Eastern opportunities. The correspondence of peaks in 1973 (Figure 2) was therefore somewhat coincidental, although on the whole related to the myriad of disputes raging in the Middle East, Asia, and Africa that year. Furthermore, the correspondence also indicates a continuing U.S. -Soviet competition to arm clients and thereby reduce each other's world-wide influence.

Thus, there is an evident arms sales race especially in the sale of major weapons, which increased fourfold in the 1970's compared to the 60's, and eightfold compared to the 50's. The yearly increase is put at 25 percent from 1975-80 compared to 15 percent from 70-75 and 10 percent from 65-70.³² In the midst of such international pressures, as well as domestic economic and technological incentives, unilateral arms restraint policies are not likely to be rigorously enforced by major powers (even the Swedes report increased sales pressures, despite a restrictive policy, as energy and other costs mount).

Yet for a variety of reasons some of the U.S. restraints are likely to be retained. Certainly a strong case can be made for even more stringent restraints since arms transfers frequently do not bring the type of influence abroad major powers have sought. Both Americans and Russians have been rudely expelled in recent years by long-standing arms customers and clients. Alternate arms sources are increasingly available, even for sophisticated weapons. Costs are mounting and might bankrupt some Third World states. However, spokesmen in both the Carter and Reagan Administrations have seen Soviet "successes" in the Third World as due to U.S. passivity and weakness rather than to unique and isolated local or regional conditions. Hence, worries about the viability of influence obtained through arms transfers are not likely to motivate a Reagan policy of restraint, although weapons proliferation may so clearly jeopardize regional stability and U.S. control that efforts for multilateral restraints, or consumer restraints as the French advocate, could be revived.

Instead, the management arguments of the bureaucracy are likely to foster the retention of some P.D. 13 provisions. In particular there is little or no controversy about the "supply U.S. forces first" doctrine, and little opposition to at least a careful review before advanced technology is released. As sales competition looms, support can be marshalled for the co-production and third country transfer provisions as well, although advocates of co-production might point to cost savings in an era when new technological breakthroughs are increasingly expensive for any single country and when employment concerns plague every region of the world. It is likely that restrictions on U.S. government and company sales promotions will be eased; and almost certainly the no "development for export" clause will fall by the wayside.

Finally we must consider the implications of the newly developed logic justifying "export only" weapons development. Remembering the export pattern of the 1950's, it could be argued that developments such as F-X limit the proliferation of weapons technology and destructiveness by promoting the export of modern but non-advanced weapons. Furthermore, such weapons sales would be subject to governmental supervision and control on a case-by-case basis. However, the availability of scaled down models or slightly retarded systems will tend to keep costs down, and hence sales are likely to rise steadily. Many more weapons, albeit of lower sophistication are likely to be sold. Such systems will pack high destructive potential, so that the analogy to the 1950's breaks down. Obsolete propeller driven planes or early model jets could wreak considerable havoc on ill-armed opponents, but generally could not compete with later jet models in speed and destructive potential. Today's "export only" systems are likely to be of the same general order of destructive potential as the most sophisticated systems, or else nationalistic customers-- with many potential sources to choose from--would not want them. Manufacturers will have to overcome customers' suspicions at being offered models admittedly inferior to and not included in the U.S. arsenal. With costs of sophisticated systems rising rapidly, some manufacturers may increasingly emphasize sales of such

systems to industrialized and oil rich states while eschewing the rest of the Third World market. Other manufacturers are likely to promote "export only" models to lower cost, and equip them to compete with British, French, and Soviet models. The overall potential for Third World warfare will escalate sharply, both because of "export only" sales and the "trickle down" of second or third hand weapons from states purchasing newer models. The escalation might be sharper than would be the case if the choice remained between selling the escalation sill be standard U.S. forces' technology vs. no sale. The higher cost of U.S. arsenal systems, and the greater potential American governmental reluctance in releasing them could do more to dampen Third World arms races than the supposed benefits of selling less refined and advanced systems.

Depending upon the degree of uniqueness in systems such as F-X, they could also turn U.S. production from Pentagon needs. An upgraded F-S presumably would prolong F-S production capabilities, but entirely new export oriented products might be of little use to the American government. In the past, U.S. policy was premised on U.S. security needs, with economic interests coming second and relating mainly to longer production runs and lower costs. A wholesale encouragement of export-oriented products could reverse these priorities, fitting U.S. regional power balance concerns, but raising balance of payments questions to primary status.

Far more lasting alterations of U.S. policy may result from Republican control of the Senate. The efforts of Senator Helms and others to abolish ceilings on commercial sales and restrictions on U.S. intervention in such places as Angola are likely to bear more fruit. The result could be much increased commercial sales despite purchaser preferences for FMS and bureaucratic desires for control, and the melting of restraints on African shipments so evident in the 1977 data.

Before his departure from Washington, Senator Javits had been pushing for yearly sales plans by executive agencies and reported to Congress to replace FMS ceilings. This idea seems popular throughout the bureaucracy and stands a good chance of adoption.

Supposedly it would still promote quick establishment of priorities, though there would appear to be even more loopholes and potential exceptions to the plan's implementation during the year than those of the ceiling. Critics of the ceiling argued that it represented as much a sales target as a limit; a plan would also represent a target, though perhaps a less specific one. Symbolically the ceiling's demise might be viewed abroad as a signal of U.S. resolve to sell ever larger quantities of arms.

Senator Helms and others are likely to continue efforts on behalf of certain manufacturers to have various transport and propeller aircraft, trucks, helicopters, communications equipment, and anything with "civilian applications" removed from the munitions list (requiring State Department licenses) and moved to the Commerce Department list. This measure has already passed the House of Representatives in modified form, and is likely to pass the Republican controlled Senate as well.

Because of bureaucratic consensus, careful consideration is likely whenever sophisticated technologies might be released, but a National Security Adviser, as well as regional bureaus, might work to contravene such restraints in cases of major regional powers such as Brazil, Argentina, South Korea, Israel, Nigeria, Zaire, or Egypt. Managers sensitized to the Iranian debacle and worried about regional arms races and balances might try to resist or limit such sales; the result could be more impetus for weapons designed carefully for export, although if carried too far this might divert production lines from U.S. military needs.

The process for reviewing controversial arms transfers will probably be continued in the bureaucracy, despite notions of cutting the "size of government." Fewer cases are likely to find their way to the President's desk for review, however. Dollar volumes of U.S. transfers are likely to increase further in the 1980's, even after inflationary effects. Petro-dollars are still available to pay the high costs. Six or seven F-X customers have been identified, with more in the offing as the plane is marketed. Third World countries such as Pakistan or India, which can ill afford the cost, will probably join the bidding for

new weapons and press for co-production agreements to avoid complete dependence and maintain their arms races and industries. Restraints, currently evident on sales to Africa, might erode with increasing U.S. -Soviet competition on that continent.

Even in Jimmy Carter's last days as President efforts were underway to modify the Arms Export Control Act to allow presidential authority to permit sales in emergencies, to eliminate advance Congressional notification of FMS sales to allies, and to "clarify" restrictions on the types of defense "services" U.S. advisers could lend to countries engaged in "self defense" or other military operations.³³ The Reagan Administration is likely to continue such modifications, as Congressional oversight diminishes, and is confined to certain "trustworthy" committee chairpersons.

Yet no administration in a major power would completely abdicate control and consideration of arms sales, since arms can be used or can work against major power interests. Restraints might be totally removed from transfers to specific favored countries, perhaps sometimes with disappointing results, but a case-by-case approach is likely. Such an approach in contrast to a rigorously enforced general policy may be unavoidable when dealing with a complicated politico-military-economic activity such as arms transfers. However, failure to establish and maintain general policy guidelines, publicly enunciated and carefully enforced, could be disastrous. Administrators have now recognized the problem:

Unrestrained arms transfers can generate arms races, increase the likelihood of local conflicts, heighten the danger of great-power confrontation, and divert resources from badly need economic and social development. In unstable circumstances the political influence sought through arms transfers may be quickly lost and the arms may be used in ways not initially contemplated or in the U.S. interest. Unrestrained arms transfers also pose the continuing risk of the compromise of sensitive military technology . . . (A) controlled arms transfer policy is necessary to reduce the threat which the uncontrolled proliferation of conventional arms can pose to regional stability and our own security.³⁴

It will be difficult for a new administration totally to yield these bureaucratic insights.

In the late 1970's agencies began to give more thorough consideration to the unintended consequences of sales and the effects they have in the Third World. While this did not show up in the sales and transfer figures, such reconsiderations if continued over time could increase the skepticism about sales as foreign policy levers and begin to erode the sales consensus. Pressures will build for exceptions to formal regulations, but regulations represent both important bureaucratic check-points and symbolic statements to administrators and foreign powers. Healthy skepticism about priorities and the efficacy of strategies is all too rare in foreign policy administration; an institutionalized program of sales restraint, with built-in delays, facilitates reconsideration. As such it has been a valuable foreign policy innovation.

TABLE I
"SELECTED" TURNDOWNS AND ALL SALES TO COUNTRIES IN FY 1977

Country	Total Sales (\$ million)	Items *	Turndown (off) Items
<u>Africa</u>	Region Total 23.3 (20.0 commercial)		
Algeria	.186	Pistols (radios)	<u>Commercial</u> : Super King Aircraft; T-34 Aircraft; Air Defense Radars
Angola	.022	Electronic Spare Parts Voice Priv. Device	None reported
Benin	None reported		<u>Commercial</u> : Bell Helicopters
Botswana	.002	Cartridges and Pistols	<u>Commercial</u> : Hughes Helicopters
Cameroon	7.73	Cargo Aircraft (vehicles, spares, radios, rifles)	None reported
Chad	.015	Image Intensifiers and Pistols	<u>FMS</u> : Fighter Bombers, Helicopters; Rocket Launchers <u>Commercial</u> : Night Vision Equipment
Ethiopia	4.25	F-S Spare Parts (vehicle spares)	<u>Commercial</u> : F-S spares; AIM guided missile promotion; Naval Gun Mounts and Ship Defense Systems
Gabon	.178	Spares (cartridges sights)	<u>Commercial</u> : Wide Range Receivers
Gambia	None reported		<u>Commercial</u> : Armored Personnel Carriers
Ghana	.283	Electronics Spares (Small Arms Equip.)	<u>Commercial</u> : Chinook Helicopters
Ivory Coast	None reported		<u>FMS</u> : 105 mm Howitzers
Kenya	.228	Training Equipment (Small arms; Spares cartridges; grenades)	<u>FMS</u> : Data on A-4 Aircraft <u>Commercial</u> : 16 TA-45 Aircraft; Laser Guided Bombs; Target Drones; APC's (3rd country transfer); Skyhawk Aircraft
Lesotho	.001	Pistols	None reported
Liberia	.166	Cartridges (Small arms; speech scramblers)	None reported
Libya	None reported		<u>FMS</u> : Maps and Navigational Charts <u>Commercial</u> : 22G222 Aircraft; Tank Transporters (3rd country transfer)
Malagasy Rep.	.066	Radios	None reported
Mali	.000	Cartridges	None reported
Mauritania	.098	Radios and Electronics Spares (Chemical Agent Equipment)	<u>Commercial</u> : 10 AD-4 Aircraft (World War II Vintage); Night Vision Equipment

* Especially small dollar volume in parentheses

Country	Total Sales (\$ million)	Items	Turndown (off) FY 1977
Mauritius	.038	Riot Control Equip. (Small Arms)	None reported
Morocco	31.3	Cargo Aircraft; Spares & Ammo; APC; Small Arms Mine Detectors	FMS: Mini-Gun Equipped Helicopters; Redeye Missiles, Stinger Missiles
Nigeria	1.61	Navig Sys; Electronics Spares; Aircraft Spares; (Tools; Transponders)	Commercial: Airborne Laser Locator T-2 Aircraft
Senegal	.197	Navig Sys; Small Arms; Speech Scramblers	Commercial: Night Vision Equip.
Somalia	None reported		FMS: Small Arms & Ammo Commercial: Chinook Helicopters; Night Vision Equip.
South Africa	5.70	Vehicle & Aircraft (C-130) Spares; Navig. Equip; Electronics Spares; Tank Engine Parts	Commercial: C-130 Spares; Ground Support Equip; Hughes Helicopters; Mobile Assault Bridge Equip.
Spanish Morocco	.001	Cartridges & Pistols	None reported
Sudan	.089	Chemical Agent Equip. (Pistols)	Commercial: A-10 Aircraft promotion
Tanzania	.351	Electronics Spares (rifles)	Commercial: Radars & APC's
Tunisia	2.68	F-86 Spares; Radio Equip and Spares; Helicopter Support Equip; Vehicle Spares	FMS: Improved Chapparral Commercial: A-10 Aircraft promotion
Upper Volta	.054	Small arms & Spares	None promoted
Zaire	1.80	C-130 Spares (Small Arms; Electronics Spares and Radios)	Commercial: AH-15 Helicopters; M-16 Rifles; APC's (involving 3rd country transfer); Ship and Fire Control Radar; TA-4 Skyhawk Aircraft
Zambia	.216	Small Arms and Radios	Commercial: Mobile Assault Bridge Equip.
East Asia	Regional total 588 (322 Commercial)		
Australia	74.7	Aircraft Spares; Pistols Rifles and Ammo; Grenades; and Stinger Electronic Spares; Vehicle Spares; Radar Surveillance (Radios)	FMS: AIM (under review) Commercial: Fire Control System promotion and Day and Night TV System
Brunei	.235	Mines & Small Arms and Spares	None reported

Country	Total Sales (\$ million)	Items	Turndown (off) items
Burma	.039	Sonar & Speech Scramblers (Weapons Spares)	<u>Commercial</u> : Chinook Helicopter <u>proposal</u>
Taiwan (China)	91.9	F-5 Aircraft; spares ammo; Arms, Navig, Sys.; Radio & Radar; Missile Support Equip; Riot Control Agent; Tank Spares	<u>FMS</u> : Tech Data Packages; Gun; Maverick Missiles; F-16's; AIM (under review); Harpoon & Chapparal Missiles; Flamethrowers <u>Commercial</u> : F-18 Aircraft (under review); Dragon; Roland <u>promotion</u> ; Infrared Scanners; Maverick; Miniguns; TOW; SAM <u>promotion</u> ; Sonar <u>promotion</u> ; M50 Ammo (<u>3rd Country</u> <u>transfer</u>); Fire Control System; Day and Night TV System
French Polynesia	.002	Cartridges	None reported
Hong Kong	3.80	Electronics Spares Navig. System; Riot Control & Small Arms; Computer & Electronics Spares; Night Vision	<u>Commercial</u> ; Hughes Helicopters <u>proposal</u>
Indonesia	8.99	Aircraft Spares; Electronics Spares; Helicopters, & Support; Vehicle Spares; Radios; Small Arms	<u>FMS</u> : Aircraft Miniguns <u>Commercial</u> ; Light Weight Gun Pods; Intelligence System <u>proposals</u> ; M50 Ammo (<u>3rd</u> <u>country sale</u>); LAMPS ESM Systems.
Japan	136	Fire Control Sys; Helicopter support; Electronics Spares; Aircraft & Sattelite Spares; Rocket & Missile Spares & Support Equip; Radar Grd. Control Equip; Small Arms; (& Riot Control) & Spares	<u>FMS</u> : XM-1 Tank AGT 1500 Tank Engine; AIM (under review); Cannon Launched Guided Projectile
Korea (Rep)	165	Aircraft & Helicopter Spares; Supp't, Equip; Ammo; Fire Control Sys. Spares; Missile Spares & Support; Night Vision Spares; Patrol Craft; Radios (Riot Control Equip; Sonar; Tank Spares)	<u>FMS</u> : Stinger; FLIR; Fuel Thickener; Defoliant; M-60 Tank; Lance Missile <u>Commercial</u> : Roland <u>promotion</u> ; Side Looking Radar; F-15 <u>Tech Data</u> ; M-47 Dragon; SAM <u>promotion</u> defended; Sonar <u>promotion</u> ; Fire Control Sys. <u>promotio</u> Chinook Helicopter <u>promotion</u> ; Day Night TV <u>promotion</u> ; F-18 Aircraft <u>promotion</u> (Under review)
Macao	.023	Cartridges & Pistols	None reported
Malaysia	47.1	Ammo; F-5 & C-130 Spares; Helicopters & Support Equip; Small Arms & Spares; Vehicle Spares; (Night Vision; Mine Detector & Craft	<u>Commercial</u> : A-10 Aircraft <u>promotion</u> ; A-7 <u>Tech Data</u> ; M50 Ammo (<u>3rd country</u> <u>sale</u>) CH47 Helicopter <u>promotion</u>

Country	Total Sales (\$ million)	Items	Turndown (off) FY 1977
New Caledonia	.074	Ammo & Small Arms	None Reported
New Hebrides	.002	Ammo & Rifles	None Reported
New Zealand	27.6	Helicopter Support; Ammo; Aircraft Spares; Small Arms & Spares	None Reported
Papua N.G.	.188	Explosives; Small Arms; Riot Control Agent; Voice Privacy Device	None Reported
Philippines	15.1	C-130's; Ammo; Aircraft Spares; Helicopter Support; Radio & Communic. Equip; Small Arms Spares; Tank Spares	FMS: 105mm Howitzer Tech, Data; Harpoon (<u>Turn-Off-Not Releasable</u>); Walleye; F-4; F-16; Redeye & Skyeye; <u>Commercial: A-10 promotion</u> ; Patrol Boats; APC's (<u>3rd country sale</u>) A-7 Tech Data & <u>promotion</u> ; Machine Guns; High Mobility Intelligence System; Sonar Specs; M50 Ammo (<u>3rd co. sale</u>)
Singapore	30.0	A-4 Aircraft & Spares; F-5 Spares; Electronics Spares; Ammo; Small Arms & Spares; Radios; Side- winder Support (Riot Control; Truck Wreckers)	FMS: Hawk Missile <u>Commercial</u> ; Laser Guided Bombs; Chinook <u>proposal</u> ; Rifle <u>Factory</u> ; Machine Guns
Thailand	16.1	Ammo; Electronics & Aircraft Spares; Vehicle Spares; Small Arms; Ship & Rocket Spares; Trucks; Radios (Riot Control Agent; Helicopter Support)	FMS: White Phosphorous Ammo; Maverick Missile; Gatling Gun <u>Commercial: 20 mm & M50 Ammo</u> (<u>3rd co. sales</u>); <u>Chapparal promotion</u> ; TF34 Engine Tech Data; Sonar <u>proposal</u> ; Chinook Helicopters
<u>Near East & South Asia</u>		Regional Total 970	(452 Commercial)
Abu Dhabi		None Reported	<u>Commercial: Promotion of A-4 Air- craft</u>
Afghanistan	.132	Radios; Electronics Spares (Small Arms & Ammo)	None Reported
Bahrain	.686	Aircraft Spares; Small Arms & Riot Control; Electronics Spares (Ammo)	FMS: F-5E Aircraft; TOW; Harpoon; Readeye; and Guided Missile Patrol Boats
Bangladesh	.808	Electronics Spares; Radios (Small Arms)	<u>Commercial: F104 G Aircraft (3rd Country Transfer)</u> ; G91Y Aircraft (<u>3rd country sale</u>)

Country	Total Sales (\$ million)	Items	Turndown (off) FY 1977
Cyprus	.100	Electronics Spares Small Arms & Ammo & Spares	None Reported
Dubai		None Reported	<u>Commercial</u> : Promotion of A-4/TA-4 Aircraft
Egypt	1.40	Small Arms; Riot Control Agent; Ammo; Aircraft & Electronics Spares; Navigational System	<u>FMS</u> : TOW <u>Commercial</u> : Mortar Fire Control Radar; AGT100 Vehicular Turbine Engine Promo; <u>Tech Data</u> for Air Defense; APC's; Electronic Warfare System; A-10 Aircraft <u>Promo</u> ; A-4 Trainer; Engines & Transmissions for Russian Tanks; Skyeeye RPV; Pods for MIG 21's (<u>3rd Country Sale</u>).
India	10.9	Artillery Projectiles; Electronics Spares; Gyro- scope; Aircraft Spares; Radios; Sonar; Riot Control Agt; Small Arms & Ammo; Radar (Helicopter Sup. Eqp)	<u>Commercial</u> : Modular Flare & Chaff Dispensing Equipment; Infrared Line Scanner; Press for producing 155 mm Projectiles; Remote Control Sys. for Drones; A-4 Aircraft; Skyeeye RPV.
Iran	297	Airborne & Ground Control Radio-Radars; F-4, F-5, & other Aircraft Spares & Engines; Artillery & Ammo; Drones; Electronics Spares & Test Equip; Gyroscopes; Helicopters; Military Bridges & Vehicle Spares; Missile Spares; Night Vision & Nuclear Equipment; Communi. Eqp; Patrol Boat Spares; Radios; Tank Spares; TOW & Sidewinder Missiles & Support; Riot Control Agt & Small Arms; Voice Priv- acy Devices; Training Eqp Spares	<u>FMS</u> : Mine & Torpedo Sys; TAC Fire; Gunfire Display Unit; Encapsalated Harpoon (sub launched) Harpoon <u>Coproduction</u> ; ARM; ECM Pod; Maverick <u>Coprod</u> ; Stinger; Command & Control Courses; INS & Radar for F-16 & F-18 <u>Coproduction</u> ; Cargo Aircraft; Certain Phosphorus Ammo & Napalm. <u>Commercial</u> ; F-15 <u>Tech Data</u> ; Radar <u>Tech Data</u> ; YC15 Aircraft; AIM; A-2 <u>Tech Data</u> ; Target Drone; M-60 Machine Gun <u>Production License</u> ; Chaff Dispenser; Angle Rate Bombing System; PAVE TACK; MOD FLIR; AN-PAQ & TAQ; Slads; Computer Generated Image Subsystems (<u>3rd Country Sale</u>) <u>Promotion</u> ; Plans for Laser-Guided Bombs; Patrol Boats; Skyeeye; M-50 20mm Ammo (<u>3rd Co. Sale</u>); Fire Control system; Day-Night TV System
Iraq	.063	Pistols; Voice Privacy & Speech Scramblers	<u>Commercial</u> : C-9 B Jet; Transportable Surveillance Sys.; Patrol Boats; Skyeye RPV.
Israel	425	A/C Mods; Aircraft Control & Support Equip & Spares; Radar; F-4 Air- craft; Radio Eqp; Ammo; Bomb Spares; Artillery Spares Parts; Chem. Agent Equip & Detectors; Electronic Control & Test Eqp. & Spares; Jet Engines & Spares; Explosives; Gun Spares; Helicopter Support Equip; Image	<u>FMS</u> : CBO-72 (Fuel air explosive); KFIR Fighter (Transfer to 3rd Co); AIM-9; Maverick B; KC-135 Tanker Aircraft; APC's <u>Commercial</u> : 200-300 Muzzle Velocity Radar Sets <u>Coproduction</u> ; Weapons Designation Radar System; BLU-82B Bombs; XM-1 Tank; <u>Tech Data</u> on Roland; AIM logistic Support Plan; M-113 Modification; Locan; AN/FPS Upgrade. <u>Coproduction</u> of Laser Guidance System

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
Israel		Intensifiers; Vehicle Spares; TOW Missile Launchers & Hawk & Redeye Support Equip; Periscopes; Small Arms; Radios; Riot Control Agents; Sidewinder & Sparrow Support; Tank Spares; TV Cameras; Torpedoes; Trucks; Wave Tube (Sonar; Voice Privacy Equip; Laser Range Finder; Gyros; Image Intensifiers)	
Jordan	20.0	Jet Engines; Vehicle & Aircraft Spares; Hawk Support Equip; Small Arms & Ammo; Radios, Tank, Weapons, & Electronics Spares; Telephones; Navig Sys.; Chemical Agent Equip; TOW Missiles & Support	<u>FMS</u> : Maverick (Air to Ground Missile); Laser Guided Bombs; Additional Redeye & Stinger Missiles. <u>Commercial</u> : Target Drones; Laser Range Finder (Developed Solely for Export); Day-Night Sensor Promotion; A-4 Aircraft; APC (General Export license denied)
Kuwait	.872	Aircraft Spares; Navig. Equip; Small Arms; Mine Detectors; Aircraft Ground Control (Radar Equip)	<u>FMS</u> : Shrike Missile; Harpoon; Lance; Redeye/Stinger; 8" Howitzers; 175 mm SP Gun <u>Commercial</u> : Tacfire; KC 33 Launching System; A-10 Aircraft Proposal; Patrol Boats; Skyeye; APC's (general export license denied)
Lebanon	.002	Night Vision Devices	None Reported
Libya	.199	Aircraft Spares (C-130) (Protective Personnel Equipment)	
Morocco	31.3	C-130 Aircraft & Spares; Other Aircraft Spares; Ammo & Artillery & Bomb Projectiles; APC's; Elec- tronics Test Eqp. & Spares; Guns & Vehicle Spares; Mine Detectors; TOW Missiles & Support; Small Arms & Scopes & Spares; Radios; Rocket, Torp., Missile & Mine Spares	None Reported
Nepal		None Reported	<u>Commercial</u> : Hughes Helicopter Promotions

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
Oman	1.15	Jet Engine & Aircraft Spares; Ammo; Helicopter Support Equipment; Navig. Equip.; Small Arms & Spares; Radios; Voice Privacy Dev.	<u>FMS</u> : 175 mm SP Guns (turnoff) <u>Commercial</u> : Skyeye; <u>Promotion</u> of A-4/TA-4 Aircraft
Pakistan	19.2	Electronics Spares; Ammo & Small Arms; Aircraft Spares; Explosives; Navig. Equip; Helicopter and Hawk Support Equip.; Protective Personnel Equip. & Spares; Radar & Radios; Rocket & Ship Spares; Telephone Equip.; Trucks; TOW Suppt. Equip. (Parachutes)	<u>FMS</u> : Manufacture Ammo; A-7 Aircraft TOW Equipped Helicopters; Cluster Bombs. <u>Commercial</u> : <u>Promo</u> of Command & Control Modernization; M-65 TOW; A-4 Aircraft; Hughes Helicopter <u>Promotion</u> .
Qatar	.578	Ammo; Jet Engine Spares; Small Arms; Radios	<u>FMS</u> : F-5E Aircraft; 155/mm Howitzers; TOW <u>Commercial</u> : <u>Promo</u> of A-4/TA-4 Aircraft
Saudi Arabia	158	Aircraft & Helicopter Support & Spares; APC's Ammo; Barges; Howitzers & Spares; Navig. Sys; Vehicles; Night Vision Devices; Hawk & TOW Suppt. Equip.; Patrol Craft; Pers. Protective Equip. & Spares; Radios; Ship Spares; Small Arms; Tank Spares; Target Drones; Utility Landing Craft; Voice Privacy Equip; Mortars	<u>FMS</u> : Munitions <u>Facilities</u> ; <u>Tech</u> <u>Data</u> for Ammo <u>Production</u> ; Shrike
Sri Lanka	.021	Mapping Equip; Electronics Spares; Helicopter Suppt. (Small Arms & Ammo)	None Reported
Syria	.040	Electronics Spares (Pistols & Infrared Viewers)	None Reported
Tunisia	2.68	F-86 Spares; Ammo; Batteries; Electronics Spares; Helicopter Suppt; Parachutes; Radios; Ship Spares (Small Arms & Pyrotech- nics)	None Reported

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
UAE	.658	C-130 Spares; Ammo; Radios; Electronics Spares & Test Eqp; Jet Engines & Spares, Small Arms (Riot Control Agents; Protective Eqp. Spares)	None Reported
Yemen	.001	Pistols & Revolvers	None Reported
<u>Latin America</u>	Regional Total 237	(150 Commercial; Incl. Canada)	
Antigua	.002	Cartridges; Riot Control Agents	None Reported
Argentina	11.1	Aircraft Spares; Radar & Gnd. Control Eqp; Ammo; Military Spares; Computer Components; Electronics Spares; Helicopters and Suppt. Eqp; Navig. Sys. & Image Intensifiers; Vehicle Spares; Training Eqp. & Night Vision Spares; Other Weapons & Small Arms & Sub Machine Guns; Pers. Prot Eqp; Radars & Radios; Ship Spares; Sub Spares; Trucks & Voice Privacy Eqp.	<u>FMS</u> : Sidewinder; Cobra Helicopter Gunships <u>Commercial</u> : Ground surveillance Sys; Night Vision Eqp for FN Rifle; Noctron IV; Armored Car; Submachine Guns & Ammo; AR-18 rifle & Accessories Image Intensifiers; APC's
Bahamas	.008	Small Arms; Ammo Manufacturing Eqp.	None Reported
Barbados	.008	Pistols & Ammo	None Reported
Belize	.012	Small Arms & Ammo	None Reported
Bolivia	.708	Aircraft Trainers & Spares; Ammo; Parachutes; Small Arms; Zoom Scopes; (Radios; Protective Eqp. Spares; Helmets)	<u>Commercial</u> : APC's (<u>3rd Country Transfer</u>)
Brazil	13.6	Ammo; Aircraft Spares; APC Spares; Electronics Spares; Explosives; Gyrocompass; Helicopter Supported Eqp Intensifier Spares; Vehicle Spares; Parachutes; Night Vision Devices; Small Arms; Radar & Radios; Riot Control Agent; Sonar	<u>FMS</u> : Sidewinder; Harpoon <u>Commercial</u> : <u>Tech Support</u> for <u>Propellant Processing Facility</u> ; APC's; Coprod of Vehicular Turbines; <u>Promo A-7 Aircraft</u>

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
British Vgn. Islands	.077	Chem. Agent Eqp	None Reported
Cayman Is.	.000	Riot Control Agent	None Reported
Chile	21.3	Attack Aircraft & Spares; A/C Mods; Electronic Test & Control Eqp. & Spares; Jet Engines; Vehicle Spares; Parachutes & Communic. Eqp.; Radios; Ship Spares; Telephone & Telegraphic Eqp. (Small Arms)	<u>Commercial</u> : T-34 Trainers
Columbia	7.07	Cartridges, Ammo, & & Ammo Manufacturing Facilities; Helicopters and Suppt; Electronics Spares; Grenades; Small Arms & Spares; Riot Control Agent; Submarine Spares	<u>FMS</u> : S-2E Aircraft
Costa Rica	.132	Ammo; Riot Control & Chem. Agent Eqp; Small Arms; Boats	None Reported
Dominica	.000	Cartridges	None Reported
Dom. Rep.	.839	Cartridges; Loading Machines; Machine Guns; Small Arms & Spares; Riot Control Agent	None Reported
Ecuador	.671	APC Spares; Ammo; Electronics Spares; Helmets; Aircraft Spares & Helicopter Suppt; Small Arms (Pers. Protective Eqp)	<u>FMS</u> : F-5 Aircraft & Hawk Anti- Aircraft Missile Sys. <u>Commercial</u> : F-104's (3rd co. transfer); KFIR Aircraft (3rd co. sale); <u>Promo</u> of A-10 & A-7 Air- craft.
El Salvador	.271	Ammo; Chem Agent Eqp.; Electronics Spares; Explosives; Vehicles; Small Arms	<u>Commercial</u> : Driver's Viewer & Image Intensifier; Ingram Sub- machine Guns
Grenada	.002	Pistols	None Reported
Guadeloupe	.001	Rifles & Cartridges	None Reported
Guatemala	1.02	Cartridges; Electronics Spares; Parachutes; Small Arms & Spares	<u>FMS</u> : 5.56 mm Ammo (1 Million rounds) <u>Commercial</u> : APC's; Drivers Viewer & Intensifier; Small Arms Manu- facturing Machinery

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
Guyana	.113	Electronics Spares; Ammo; Small Arms.	None Reported
Haiti	.451	Electronics Spares; Cartridges; Vehicle Spares; Small Arms & Spares	None Reported
Honduras	.106	Ammo; Hawk Support Eq; Small Arms & Spares	<u>FMS</u> : A-6 Aircraft <u>Commercial</u> : Driver's Viewer & Intensifier
Jamaica	.216	Ammo; Chem & Riot Control Agent Eq; Electronics & Vehicle Spares; Small Arms	None Reported
Martinique	.002	Small Arms	None Reported
Mexico	2.39	Ammo & Manufacturing Eq; Barges; Carbines; Chem Agent Eq; Explosives; Navig Eq; Landing Craft, Small Arms & Spares Riot Control Agent; Ships Tanker; Radar Grd. Control; Propellents	None Reported
Montserrat	.000	Pistols-Revolvers	None Reported
Netherlands Antilles	.023	Ammo; Chem. Agent Eq; Electronics Spares, Computer Spares; Freq. Counter Small Arms	None Reported
Nicaragua	1.70	Ammo, Small Arms & Spares; Helicopter & Suppt; Aircraft Spares; Radios	<u>Commercial</u> : Ingram Machine Guns; Driver's Viewer & Image Intensifier
Panama	2.72	Armored Cars; Ammo; Artillery Eq; Cargo Ships; Helicopters; Vehicle Spares; Small Arms & Spares	<u>Commercial</u> ; AN/AP5-128 Airborne Search Radar
Paraguay	.435	Ammo; Small Arms & Spares	None Reported
Peru	5.29	Ammo; Electronics Spares & Test Eq; Patrol Boat Spares; Helicopter Suppt; Navig. Sys; Vehicle Spares; Aircraft Spares; Parachutes;	<u>FMS</u> : Bombs; Marine Corps Eq; APC's Command Post Carriers; Reconnaissance Vehicles <u>Commercial</u> : TOW; Tech Data on A-4; Airborne Search Radar; Armored cars; T-2 Aircraft; APC's (and <u>3rd co.</u>

Country	Total Sales (\$ million)	Items	Turndown (Off) FY 1977
		Radios; Small Arms & Spares; Sonar, Sub Spares; Torpedoes; Telephone Sets; Wave Tubes (Riot Control Agent)	<u>transfer</u>); <u>Tech Data</u> for Fire Control Sys. for Destroyers; Vehicle Night Driving Sys.; <u>Promo</u> . A-7 Aircraft
St. Christopher	.001	Artillery; Explosives; Grenades	None Reported
St. Lucia	.003	Pistols & Ammo	None Reported
Surinam	.008	Small Arms & Cartridges	None Reported
Trinidad Tobago	.027	Jet Engine Spares (Pistols & Revolvers)	None Reported
Turks & Caicos Is.	.003	Chem. Agent Equip	None Reported
Uruguay	.968	Ammo; Aircraft Trainer & Spares; Vehicle Spares; Helicopter Suppt. Small Arms	<u>Commercial</u> : Hydrafoils; Tru- Flite Projectiles; Shoulder Fired Gas Guns
Venezuela	11.8	Elec. Test Eqp & Spares; Vehicle & Aircraft Spares; Small Arms & Spares; Trucks & Utility Landing Craft; Aircraft Suppt. & Spares; Ammo; Chem. Agent Equip; Radios; Pyrotechnics; Ship Spares; Riot Control Agents; Speech Scramblers; Boat & Crafts	<u>FMS</u> : Mini-Tat Weapons Sys; A-6 Air- craft <u>Commercial</u> : <u>Promo</u> of A-7 & A-10 Aircraft

1. Through September, 1978 the following additional types of turndowns or turnoffs were noted:

Africa: Several Bell Helicopter with TOW Commercial Cases (15 countries); scattered other helicopter and missile cases; no FMS turndowns reported.

East Asia: Commercial: Burma, Malaysia, & Thailand (Gun Pods); Taiwan (Rocket Eqp. & Aircraft Engines); Indonesia (A-10 & F-8 Aircraft); Korea ("Enforcer" aircraft & coprod of missiles & aircraft) Philippines (Helicopters); Singapore (Machine Pistols). FMS: Korea (F-18 under review); Philippines (A-7 Aircraft)

Latin America: Commercial: Night Vision Eqp & Laser Sighted Rifles (5 countries); Tech. Assist. for Mexican Navy (pending); Coprod of Ammo & Night Vision in Bolivia; Naval Electronics & Surveillance Peru.
FMS: Aircraft Avionics & Moisture Detection Eqp. (El Salvador); F-5's (Guatemala); Suspension of all FMS to Nicaragua because of Human rights situation; Suspension of trucks & tools to Paraguay & Uruguay; A-37 Aircraft to Peru.

Near East South Asia: Commercial: Large variety of systems, especially to Egypt, Iran, Israel & Saudi Arabia-including advanced laser technology; Night Vision Eqp. for Russian-built weapons; TOW, Chaparral, Mortar Fire Control, Armored Cars with Cannon Turret; Cluster bombs (Iran); Sub Control Sys. (Iran); Improved Radar; Airborne Decoys; A-10 Aircraft.

FMS: India (Viggen transfer from Sweden); Iran (Pilot Training Transfer to Lesotho; Advanced Sea & Air missiles & F-4); Jordan (M-60 tanks=turn-off, Approved for 1980; Stinger & TOW with armor); Saudi Arabia (Stinger; Gas Projectiles & Flame Thrower)

Total Value of Exports to Near East - South Asia for 1978=\$939m with Egypt=\$8.0m ($\frac{1}{2}$ for communications eqp.); India=10.3m, Iran=158m, Israel=305m

2. NATO and other European Countries excluded here since NATO and Japan do not come under Presidential policy limitations.
3. Sources: For Sales-Report Required by Section 657, Foreign Assistance Act, (Washington, D.C. U.S. Dept. of State Fiscal Years 1977 and 1978).

For Turndowns and Turnoffs-Foreign Military Sales Trust Fund (Hearings Before the Task Force on National Security and International Affairs, Committee on the Budget U.S. House of Representatives, Oct. 3, 1978).

FIGURE 1

VALUES OF MAJOR WEAPONS EXPORTS, 1959-78 (SIPRI)

\$ MILLION

7,000

6,000

5,000

4,000

3,000

2,000

1,000

0

KEY:
US —
USSR*
FRA —
UK ..
GER —
SWE x
ITA o

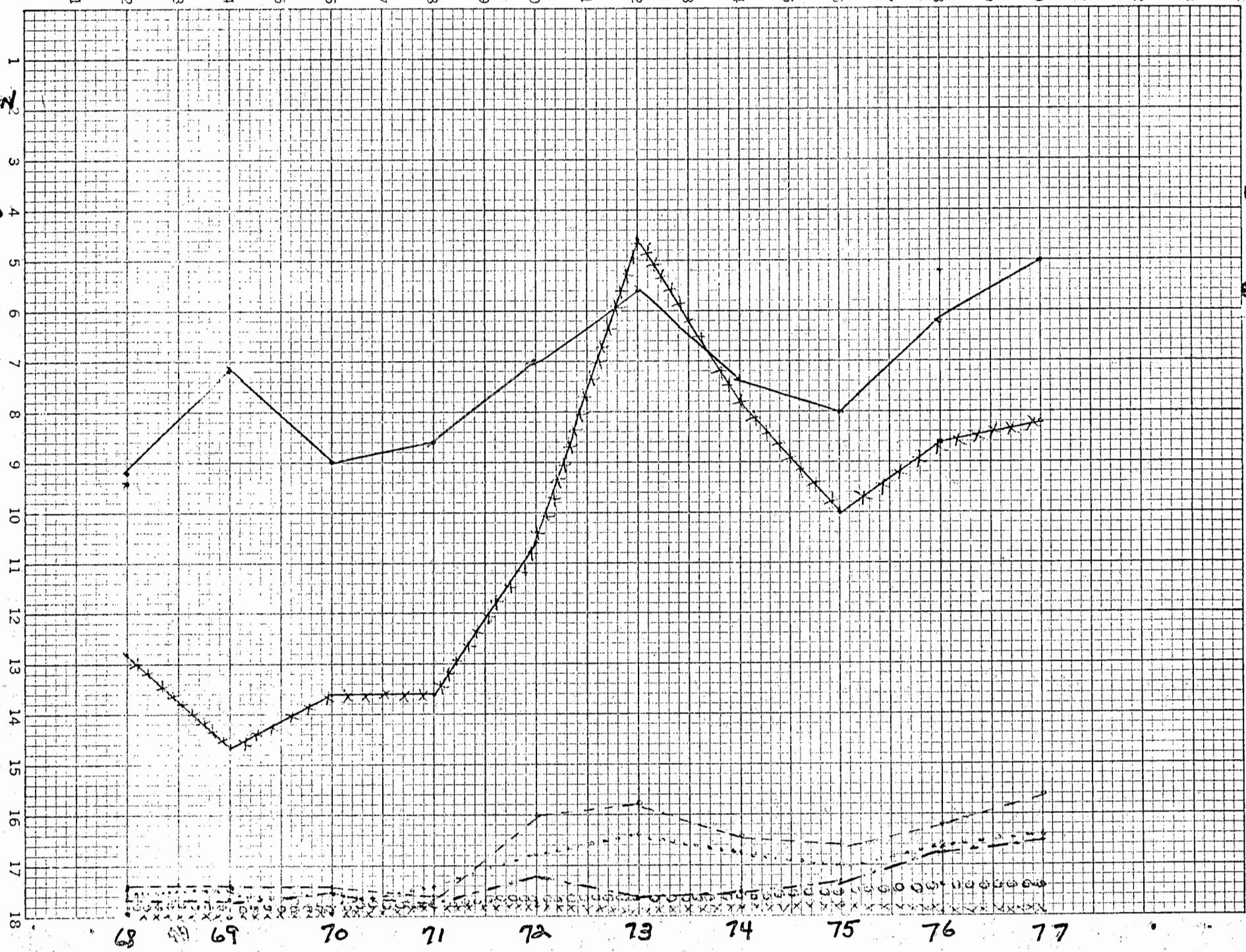


FIGURE 11

ARMS TRANSFERS BY MAJOR SUPPLIERS, 1968-77 (ACDA DATA)

CONSTANT
\$ MILLION

MILLION

8,000

7,000

6,000

5,000

4,000

3,000

2,000

1,000

1959 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78

KEY
US
USSR
FRA
UK
ITA
PRG

5 Squares to the Centimeter

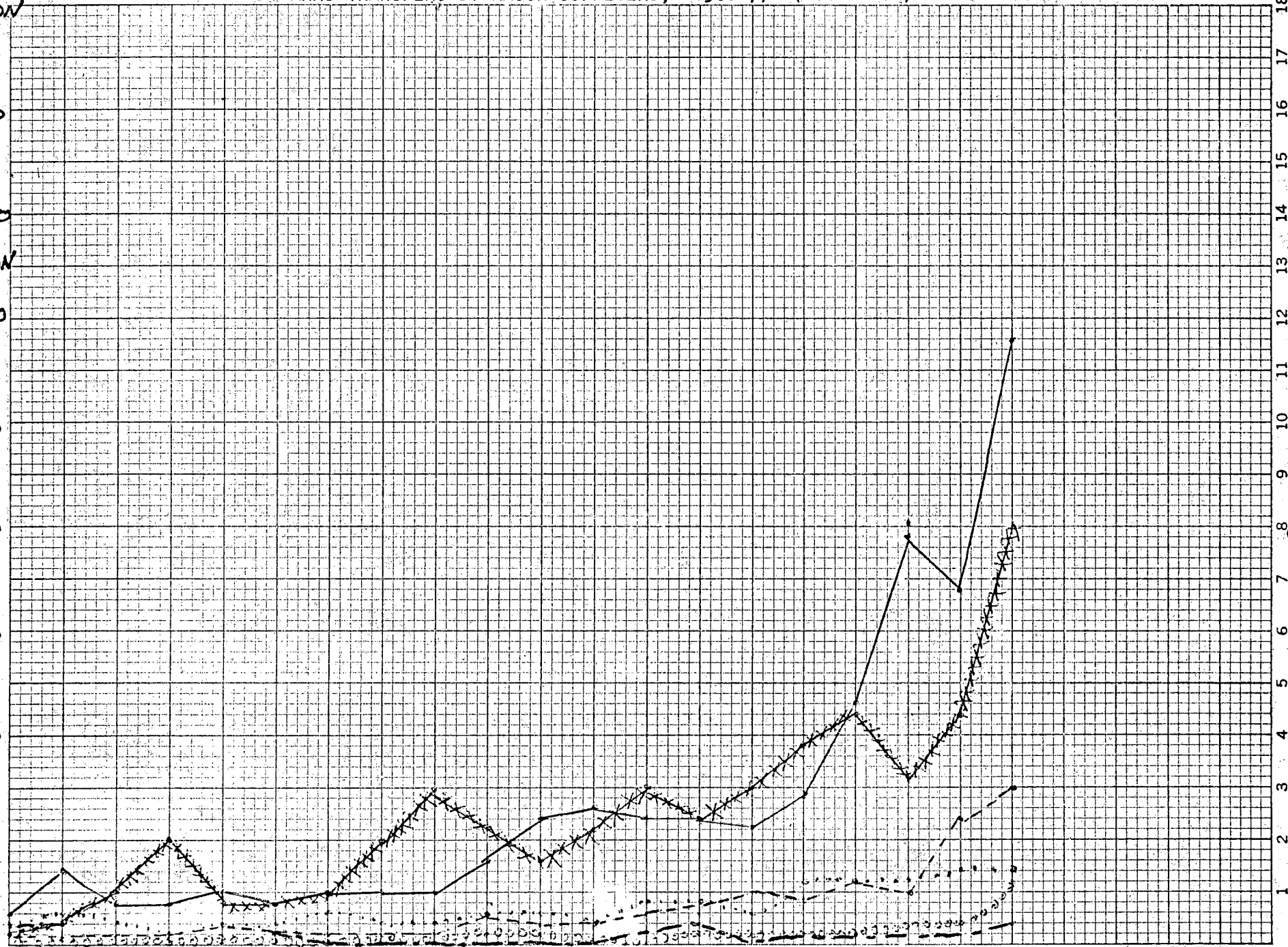


FIGURE III

U.S. COMMERCIAL AND GOVERNMENT TO GOVERNMENT ARMS SALES, 1969-70 (SIPRI)

KEY:
 \$/-BILLION

GOVT-
 GOVT

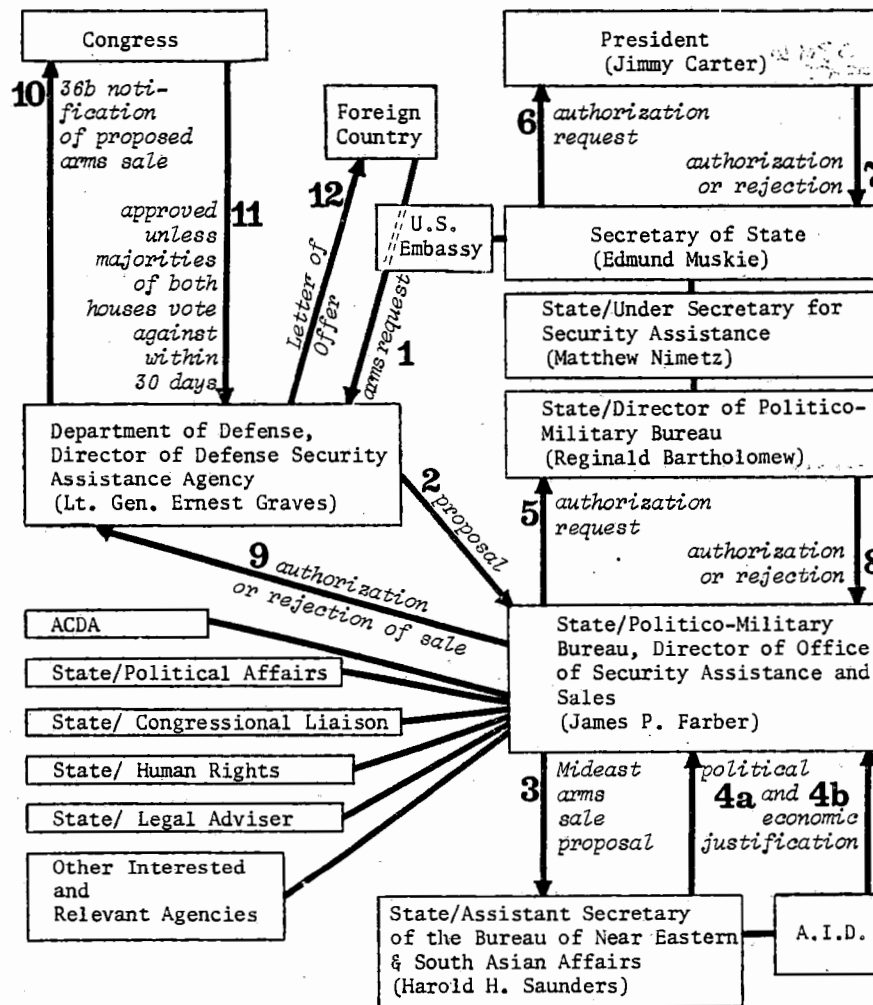
COMMERCIAL

TOTAL



FIGURE IV

Arms Sales Decision Process



Source: The Mideast Observer in Washington (Oct. 1, 1980), p.2

FOOTNOTES

1. U.S. Congress, Senate, Subcommittee on Foreign Assistance, Committee on Foreign Relations, Implication of President Carter's Conventional Arms Transfer Policy (Washington, D.C., U.S. Government Printing Office, December, 1977), pp. 1-7.
2. See, for example, Lawrence Freedman, British Foreign Policy to 1983--Arms Production in the United Kingdom: Problems and Prospects (Hertford, England: Stephen Austen and Sons, Ltd. 1978), pp. 28-29; Lawrence Freedman, "Britain and The Arms Trade," International Affairs, vol. 54 (July, 1978) pp. 377-42; Roger F. Pajak, "French and British Arms Sales in the" Middle East: A Policy Perspective, Middle East Review, vol. 10 (Fall, 1977-Summer, 1978), Stockholm International Peace Research Institute, (SIPRI), World Armaments and Disarmament Yearbook (New York: Crane Russak and Co. 1975, 1979 and 1980); "Defence Policy and Arms Sales," Journal of the Royal United Services Institute for Defense Studies, vol. 124 (December, 1976), pp. 59-67; and Edward A. Kolodziej, "Determinants of French Arms Sales: Security Implications," in Threats Weapons, and Foreign Policy, ed. by Pat McGowan and Charles W. Kegley, Jr. (Beverly Hills, Ca.: Sage Publications 1980), pp. 137-75.
3. Geoffrey Kemp, "The International Arms Trade: Supplier, Recipient and Arms Control Perspectives," Political Quarterly, vol. 42 (October-December, 1971), pp. 376-89.
4. U.S. Congress, Senate, Implications, pp. 7-8.
5. New York Times, December 20 1978, p. 12.
6. For purposes of this analysis, "arms transfers" represent the international transfer of conventional military equipment via grant, credit, or cash sales. Conventional military equipment is considered to be non-nuclear weapons of war, spare parts, ammunition, support equipment, or other primarily military commodities. See U.S. Arms Control and Disarmament Agency (ACDA), World Military Expenditures 1968-77 (Washington, D.C.: October, 1979), p. 23. Sales will be considered separately from other transfers where specified.
7. See Phillip J. Farley, Stephen S. Kaplan, and William H. Lewis, Arms Across the Sea (Washington, D.C.: Brookings, 1978).
8. See SIPRI, Yearbook, 1975, p. 51; and Yorick Blumenfeld, "International Arms Sales," Editorial Research Reports, vol. 2 (1970), p. 650.
9. George Thayer, The War Business: The International Trade in Armaments (New York: Simon and Schuster, 1969).
10. Ibid., pp. 184-88; and Robert Harkavy, The Arms Trade and International Systems (Cambridge, Mass.: Ballinger Publishing Co., 1975), p. 146. See also, David J. Louscher, "The Rise of Military Sales as a U.S. Foreign Assistance Instrument," Orbis, vol. 20 (Winter, 1977), p. 943.
11. While sales were increasingly emphasized, they never constituted a significant percentage of total U.S. or Soviet exports. In a peak sales year, 1975, officially reported military sales accounted for only 2% of U.S. exports and 6.4% of Soviet exports. Thus, while sales may benefit the super power's economy, they are not

crucial to the overall trade picture. In the U.S. where an estimated 90,000 jobs are created for every \$1-billion worth of transfers abroad, the employment impact may be more significant, at least in the short term, than the trade impact. See Editorial Research Reports, "World Arms Sales," vol. 1 (1976), p. 325; United Nations, Statistical Yearbook, 1977 (New York: United Nations); and Stockholm International Peace Research Institute, World Armaments and Disarmaments: Yearbook 1977 (Cambridge: The MIT Press), p. 254. On the question of U.S. Government as opposed to private control of sales and transfers, see the Stanford Arms Control Group, International Arms Control (Stanford; Ca.: Stanford University Press, 1976), p. 3.

12. ACDA, Expenditures and Transfers 1968-77, pp. 16-18; see also SIPRI, Armaments and Disarmament in the Nuclear Age; A Handbook (Atlantic Highlands, N.J.: Humanities Press, Inc., 1976), p. 165. Note the discrepancies in reported sales data released by ACDA, and SIPRI by comparing Figures 2 and 3. The SIPRI data, based on U.S. Commerce Dept. figures, seem far more indicative of total transfers, than ACDA data presumably based mainly on FMS statistics. The discrepancy also may have caused President Carter's very low \$20-billion estimate of world-wide arms transfers. Serious discrepancies also exist between ACDA data on French sales and those reported by the French government; ACDA evidently underestimated French deliveries by an average of \$500-million during the years 1966-75 (conceivably statistical definitions vary between Washington and Paris). The decline in French transfers shown in Figure 2 from 1973-75 showed up only for 1973-74 in the French data (constant francs). Such discrepancies also affected U.S. policy, as Washington concluded, evidently incorrectly, that the European allies might participate in a Conventional Arms Transfer Treaty because they were not highly dependent economically on arms sales. See Kolodziej, "French Arms Sales," pp. 148 and 163.
13. Michael T. Klare, "The Political Economy of Arms Sales: United States-Saudi Arabia," Society, vol. 11 (1973-74), p. 42.
14. U.S. Congress, House of Representatives, Subcommittee on International Security and Scientific Affairs, Committee on Foreign Affairs, Hearing, Foreign Assistance Legislation for Fiscal Year 1981 (Part 2) (Washington, D.C.: U.S. Government Printing Office, March 1980), p. 90.
15. "Review of Arms Transfer Policy," Current Policy, no. 145 (Washington, D.C.: U.S. Department of State, March 6, 1980), p. 2.
16. Ibid., pp. 2-3; and ACDA, Expenditures and Transfers 1968-77, p. 18.
17. U.S. Congress, House of Representatives, Task Force on National Security and International Affairs, Committee on the Budget, Hearing, Foreign Military Sales Trust Fund (Washington, D.C.: U.S. Government Printing Office, October 1978), p. 4.
18. Ibid., pp. 4 and 11.
19. U.S. House, Foreign Affairs, Hearings Foreign Assistance (Part 2), 1980, p. 137.
20. Duncan L. Clarke, Politics of Arms Control: The Role and Effectiveness of the U.S. Arms Control and Disarmament Agency (New York: The Free Press, 1979), pp. 227-28.

21. Recent inquiries have shown that DOD has failed to keep careful track of payments for equipment. GAO estimates place the amount of unaccounted funds in the hundreds of millions of dollars; foreign countries were not charged for equipment and DOD was unable in some cases to specify the weapons purchased from manufacturers New York Times, July 29, 1979. Furthermore, The GAO has found discrepancies in export values in 50% of all expired or returned 1976 and 77 commercial licenses reported by the State Department. See SIPRI, Yearbook, 1980, p. 68.
22. Information in this section was derived through confidential interviews in Washington, D.C. with officials in each of the agencies concerned with sales clearances, conducted by the author in August, 1980.
23. U.S. House, Foreign Affairs, Hearing, Foreign Assistance (Part 2), 1980, pp. 71 and 81.
24. Ibid., p. 71.
25. Clarke, Arms control.
26. U.S. House, Foreign Affairs, Hearing, Foreign Assistance (Part 2), 1980, p. 72.
27. New York Times, December 20 1978, p. 12.
28. U.S. House, Foreign Affairs, Hearing, Foreign Assistance (Part 2), 1980, p. 77.
29. Ibid., pp. 79-81.
30. Ibid., pp. 81-82; see also SIPRI, Yearbook, 1980, pp. 57ff.
31. U.S. House, Foreign Affairs, Hearings, Foreign Assistance (Part 2), 1980, p. 137. While the French have increasingly concentrated their arms sales on Third World states, U.S. sales under Carter gradually shifted toward NATO. On France, see Kolodziej, "French Arms Sales," p. 146.
32. SIPRI, Yearbook, 1980, p. 57.
33. Congressional Quarterly Weekly Report, vol. 38 (March 8, 1980), p. 678.
34. U.S. House, Foreign Affairs, Hearings, Foreign Assistance (Part 2), 1980, p. 81.