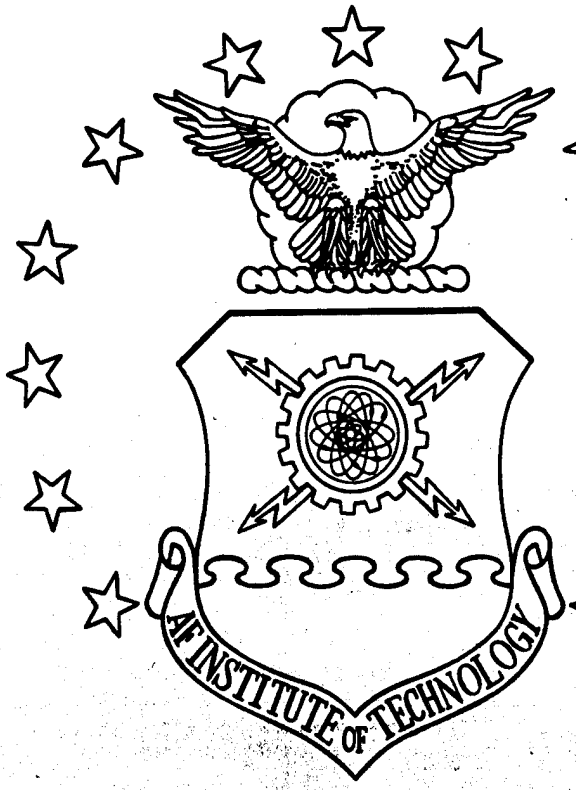


FOREIGN MILITARY SALES POLICY
OF THE KENNEDY PRESIDENTIAL ADMINISTRATION

THESIS

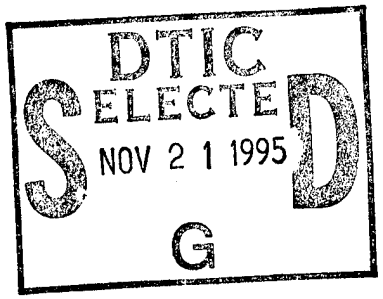
Philip P. Nardi, B.S.
Major, USAF

AFIT/GTM/LAL/95S-10

DEPARTMENT OF THE AIR FORCE
AIR UNIVERSITY
AIR FORCE INSTITUTE OF TECHNOLOGY

Wright-Patterson Air Force Base, Ohio

AFIT/GTM/LAL/95S-10



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The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.

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FOREIGN MILITARY SALES POLICY

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THESIS

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Philip P. Nardi, B.S.

Major, USAF

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Philip P. Nardi

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Abstract

Since the "Truman Doctrine" was enunciated in 1947, the United States has pursued its foreign policy objectives using various forms of economic and military assistance. With the majority of this assistance aimed at containing communist expansionism, the United States' allies became increasingly dependent upon large amounts of grant military assistance. As President John F. Kennedy assumed office the economic burden of this grant assistance came under increasing scrutiny. This study analyzes the role of the Kennedy administration in the evolution of military assistance from grants to sales. An in-depth literature review focusing on historical reviews of this topic, and congressional testimony regarding the Foreign Assistance Act of 1961 was conducted to trace the development of military sales policy during this period. An examination of Kennedy administration actions with regard to Cold War nuclear policy, Latin American challenges, instability in Southeast Asia, and the influence of Secretary of Defense Robert S. McNamara, indicates a policy shift in the method used to deliver military assistance. These policies, and the actions of McNamara indicate an increasing reliance upon foreign military sales as the primary mode of supplying military assistance.

FOREIGN MILITARY SALES POLICY

OF THE KENNEDY PRESIDENTIAL ADMINISTRATION

I. Introduction

Background

> I believe that it must be the foreign policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressures. The free peoples of the world look to us for support in maintaining their freedom. If we falter in our leadership, we may endanger the peace of the world, and we shall surely endanger the welfare of our nation. (Quoted in Hovey, 1965: 5)

In an address to Congress in 1947, President Truman focused on foreign policy. This declaration of policy, later known as the "Truman Doctrine," essentially declared "that wherever aggression, direst of indirect, threatened the peace, the security of the United States was involved" (Truman, 1956: 106). As a result, during his administration Truman initiated several programs that are collectively known today as security assistance. The Military Assistance Program (MAP), a form of grant aid, was one security assistance program used by the United States (US) to carry out its dynamic and complicated foreign policy. Truman's use of security assistance, which eventually led from grant aid to arms sales, was the result of Soviet expansionist tendencies following World War II. This conflict with Soviet hegemony led to our involvement in the "Cold War."

The primary goal of the Cold War was the "containment of communism," and this goal led the US into a variety of conflicts (Defense, 1994: 2). A study conducted by the Brookings Institution highlighted 215 incidents where US military forces were involved

from the end of World War II to the mid-1970s (Blechman, 1978: 25). By the end of the Eisenhower administration, Soviet military adventurism threatened US interests in Vietnam, Cuba, Laos, the Middle East, Latin America, and Africa, to name only a few major areas of conflict. Again, security assistance was used as a tool to achieve foreign policy objectives.

The United States (US) military sales program began following World War II. Initially, the US supplied military aid in the form of grants to our allies because their economic standing prevented them from producing or buying materials to maintain a credible military defense against Soviet aggression. A variety of legal and legislative authorizations governed the program. With the formation of the North Atlantic Treaty Organization (NATO) in 1949, the US Congress passed the Mutual Defense Assistance Act of 1949. This act became the foundation for the Mutual Security Acts of 1951 and 1954, and led to a variety of grant aid and sales programs averaging more than $2 billion per year by 1960 (Thayer, 1969: 37). This "hastily instituted series of measures to meet communist aggression" led President Eisenhower to appoint a committee to study MAP. This committee submitted several recommendations concerning the organization and administration of the program, which the President forwarded to Congress for legislative action (President's Committee, 1959: 1). As President Kennedy assumed the executive office, Congress began a reorganization of MAP.

President Kennedy was quickly drawn into several key foreign policy issues that impacted the future of security assistance. Specifically, the Kennedy foreign policy, combined with congressional actions concerning MAP, led to radical changes in grant aid and arms sales policy. These issues included the Cold War nuclear policy, Latin American challenges, and the instability in Southeast Asia. Through a historical study of these foreign policy issues, congressional actions, and Kennedy administration goals, I will analyze the impact of the Kennedy administration on the evolution of US arms sales

policy. By studying the evolution of the policy during this period, we can learn how our national policy changes in response to outside influences, and how a shift from grant military assistance to arms sales occurred.

Terminology

Security Assistance. Security assistance, as we know it today, was born as a foreign policy tool of the US government during President Truman's administration. The term "security assistance" as used in this work, links national security and national interest, to the many methods that could be used to conduct US foreign policy as a result of legislation prior to the Foreign Assistance Act of 1961. The broad definition of security assistance includes the transfer of defense articles, defense services, military training, and economic assistance to friendly nations in an effort to strengthen their national security, and thus our own (Defense Institute, 1994: 1-5).

Military Assistance and Economic Assistance. The Mutual Defense Assistance Act of 1949 was designed to facilitate the integration of foreign policy with military planning. This was accomplished by establishing a military assistance program under the direction of the Department of State. In the preceding year the Congress had established the Economic Cooperation Agency to administer economic assistance independently from the administration of military assistance. The Economic Cooperation Agency was also tasked with providing advice on the correct balance between military and economic assistance, but, had no actual control over the military program. A third organization, the Foreign Military Assistance Coordinating Committee, was tasked with the overall coordination of the two programs, but by 1951 it became obvious that greater control and coordination were necessary. Thus, the Mutual Security Acts of 1951 and 1954 were enacted to bring together all military and economic assistance, with the exception of the Export-Import Bank (Hovey, 1965:131-135).

Under the Mutual Security Act, and as used in this work, military assistance refers to the provision of defense articles, defense services, and military training, to a foreign nation. This assistance includes military aid, grant aid, disposal of surplus military stocks, or the sale of new or surplus weaponry (Hovey, 1965: 113-131). Economic assistance, on the other hand, refers to assistance provided for other than military reasons. Its intent is to promote economic and political stability in areas deemed to have special political and security interests for the US. Economic assistance is made available on a loan or grant basis (Defense Institute, 1994, 44).

Scope

This thesis will analyze the impact of the presidential administration of John F. Kennedy on the foreign military sales policy of the US. The time period analyzed with respect to the impact of this administration will be from the inauguration of President Kennedy until the passage of the Foreign Assistance Act of 1963. While it will be necessary to understand preceding historical events and relationships, as well as events subsequent to the passage of the Foreign Assistance Act of 1963, only those activities directly attributable to this time period will be considered in analyzing the impact.

Research Objective

The research objective is to study the historical background of the major foreign policy issues facing the Kennedy administration and analyze how military assistance evolved to support foreign policy goals. Specifically, the research will focus on three distinct foreign policy issues dealt with during the Kennedy years, the influence of Secretary of Defense Robert S. McNamara, and the role of the Kennedy administration in the evolution of US military assistance from grants to sales.

Research Questions

1. How did the Cold War policy change, from the "Massive Retaliation" of Eisenhower to the "Flexible Response" of Kennedy, alter military assistance policy?

2. What impact did the Alliance for Progress in Latin America have on the evolution of military assistance policy?

3. What impact did the Kennedy administration's Southeast Asian policy have on military assistance?

4. What role did Secretary of Defense Robert S. McNamara play in the formation of military assistance policy during the Kennedy administration?

II. Methodology

Overview

There is an extensive amount of published material written about the presidential administration of John F. Kennedy, the foreign policy changes of that time, and the changing world order of the early 1960s. Not only was this a dynamic period of time for the United States, but it also was a period of significant change around the world. As this thesis is a historical review of the foreign military sales policies of the Kennedy administration, an examination of several key foreign policy issues was considered to be the best way to present the subject. Therefore, the method utilized in answering the research question was a descriptive historical literature search including a review of published sources, congressional documents, Government Accounting Office reports, and other official documents.

Data Sources

Research by its very nature is a search for information concerning a topic, and the sources of this information can be classified as either primary or secondary. Primary sources are original and yield data intended for a specific task or study, while secondary sources comprise information that has been collected by others to be used for another purpose (Emory, 1980: 191). In this study the vast majority of research is comprised of secondary sources of information. These sources are well suited to a descriptive historical study due to the relative ease and economy in collection. In the specific case of research into the activities of the Kennedy administration a wealth of information has been collected and written, and lends itself to further research in areas unrelated to the original intent. Other sources, however, such as the US House Foreign Affairs Committee Hearings can

be considered to provide primary source information. The original intent in the collection of this information is historical in nature, and serves no other specific purpose.

Data Collection Plan

Emory states "the objective of the descriptive study is to learn the who, what, when, where, and how of a topic" (Emory, 1985: 69). In an effort to learn these historical facts my attempt was to become immersed in the many ideas, views and opinions concerning the Kennedy era. Historical research, according to Borg and Gall, is "a systematic and objective location, evaluation, and synthesis of evidence in order to establish facts and draw conclusions concerning past events" (Borg, 1971: 260). Because of the historical nature of the study, the researcher cannot become part of the organization and operate from the inside. Rather, the ability to operate from the inside must be gained by thorough, unbiased study with few prior assumptions. According to Schmitt and Klimoski, "The researcher is seeking a rich appreciation for the context and the conditions operating at that point in time" (Schmitt, 1991: 116). The major thrust of this effort is, therefore, an extensive search, synthesis, study, and review of relevant literature.

One danger of this type of qualitative research is the impact of biased views on the conclusions. When possible, the researcher will attempt to tie conclusions regarding assistance policy with actual quantitative dollar figures supporting the conclusion. The use of multiple indices to analyze a hypothesis has been referred to as triangulation. According to Schmitt and Klimoski triangulation refers to "the qualitatively oriented researcher's tendency to make inferences or conclusions from consistent data derived from two or more methods" (Schmitt, 1991: 118). Confidence in conclusions is developed by the evidence of convergence found in various sources.

I first attempted to gain a thorough understanding of the political and historical issues relating to military assistance prior to the Kennedy administration. Using these

issues as key direction finding mechanisms, I then pursued a study of the Kennedy administration policies regarding the Cold War, Latin America, and Southeast Asia in an attempt to gain a more thorough understanding of how these issues affected US military assistance.

Literature was obtained by a variety of methods to include a DTIC and DIALOG search of key words. Historical references from Wright State University, the Montgomery County Library, the University of Dayton, and the Defense Institute of Security Assistance Management at Wright Patterson AFB were the primary sources of study materials. Readings from the State Department's Office of Public Affairs bulletins, government periodicals, journals, newspapers, books, and magazines provided a wealth of information on past military assistance policy, activity, and the Kennedy administration.

The Department of Defense Security Assistance Agency's Fiscal Year Series proved to be a key source for quantitative data relating to the actual dollar amounts of military assistance. In addition, transcripts from the US House Foreign Affairs Committee Hearings in 1961, 1962, and 1963 were invaluable in highlighting Kennedy administration policy objectives and congressional attitudes toward security assistance in general, and military assistance specifically. These sources provided key primary information in this study.

Information obtained from this in-depth literature review assisted in pinpointing the role of the Kennedy administration in the evolution of US arms sales and security assistance. Specifically, the research gave insight into the impact of a changing Cold War policy, emerging Latin American policy, and Southeast Asian policy on the military assistance programs of the US.

III. Literature Review

Introduction

Prior to World War II the export of weapons from one country to another was viewed negatively by the international community (Engelbrecht, 1934: 105). Most trade in arms was carried on by private weaponsmakers who sold guns for profit. The arms trade changed forever in 1940 when President Franklin D. Roosevelt traded American destroyers to Great Britain in exchange for the right to build military bases on British territory. For the first time national governments became involved in the arms trade on a massive scale.

The consequent passage of the Lend-Lease Act in 1941 opened the floodgates of international trade in arms. Over $48 billion of military supplies was given away to our allies before the end of World War II. These actions were the beginning of the use of arms grants and sales as an adjunct of US foreign policy (Thayer, 1969: 34).

The involvement of the US government in the arms trade was based on supplying a means to further US foreign policy. The trade in arms became part of what was collectively referred to as security assistance, and it became a crucial part of US post-World War II foreign policy. Both Presidents Truman and Eisenhower made extensive use of security assistance. In the late 1950s Congressional scrutiny of security assistance and a shift in Cold War policy led to a restructuring of the security assistance program. Due to the change in Cold War policy, a new view of Latin American policy, and increasing tension in Southeast Asia, US foreign policy became increasingly complicated during the Kennedy presidential administration.

Post World War II Security Assistance and Foreign Policy

At the end of World War II the US terminated the Lend-Lease policy for our European allies. As we searched for a peaceful resolution of post-war issues with the Soviet Union we provided short term economic assistance to help our allies rebuild their economies. Soviet aggressive tendencies in Greece and Turkey soon led this assistance to expand to military wares as well. By the end of 1947 the "Truman Doctrine" gave rise to the precedent-setting principle of collective security. Under this principle, promoting the security and well-being of a friendly foreign nation was believed to be in the best interest of the US (Defense, 1994: 236). Shortly thereafter, communist expansion into Czechoslovakia, and the Berlin blockade led to the formation of NATO, and the enactment of the Mutual Security Act of 1949. Tensions again heightened with the explosion of the first Soviet atomic bomb, and the Cold War began (Jordan, 1958: 236).

While military aid to our European allies ended for a brief period after World War II, military assistance continued in the Far East. This assistance was focused primarily on thwarting communist expansion in the Republic of China and on the Korean peninsula. The assistance provided to Chiang Kai-shek and the Republic of China suffered from key deficiencies. First, the US halted the flow of aid periodically to encourage Chiang to find a political solution to Chinese unification. In addition, only one-tenth of the military advisors recommended by the US military were committed to Chinese units. Our efforts in China were characterized as "half-hearted, ill-defined, and inappropriate" (Jordan, 1958: 239). In the end, the US never combined its assistance with its foreign policy, and China fell to the communists. In Korea the disconnect between assistance and policy again resulted in a failure that was only overcome by the commitment of US, and United Nations (UN) forces.

Throughout the early post-war period US military assistance was largely grant aid, provided "free of charge" under the auspices of what would become know as MAP. As

time passed and our allies became more economically self sufficient, this grant aid came under increasing scrutiny.

The Eisenhower Administration

During the Eisenhower administration, security assistance continued to grow as a useful foreign policy tool. Its growth during this time was a natural outcome of a bipolar setting with the Soviet Union and US facing each other on several fronts.

Following World War II the Soviet Union and the US were the only world powers with a strong military industrial complex intact. The global balance of power was totally different from that preceding the war. Germany's bid for mastery in Europe and Japan's bid in the Far East had failed. France and Italy, pre-war powers in respect to others, were now in the shadows, and Great Britain was exhausted from the war. Only the US and the Soviet Union retained the economic power necessary to support a large standing military (Kennedy, 1987: 365). The US used this economic power to build its own forces as well as the forces of our allies.

Several incidents during the 1950s led the Eisenhower administration to expand the containment policy carried over from Truman. The first challenge came on the Korean peninsula where the Soviets had been quick to link-up with Mao Tse-tung's Chinese Communists. The failed foreign policy in this region led to even greater military assistance and ultimately the Korean War.

Further confrontations occurred in Third World, in places like the Middle East, Africa, Indochina, and on the Asian mainland. In Egypt the US stiffly opposed an initiative by the Egyptians to purchase Soviet arms in 1955 (Thayer, 1969: 324-336). Throughout the early 1950s the US/Soviet confrontation spurred a radical change in US foreign aid policy. Up to this point foreign aid had been available only to our allies. As a result of Soviet expansion into the third world, the aid policy was broadened to include

supporting friendly but nonaligned nations as well (Defense, 1994: 17). The US policy of "arms for allies" shifted to include "arms to friends." The Eisenhower administration expanded the policy of containment to include forward defense, internal security, counterinsurgency, civic action, and nation building. The Soviet push into the Third World kept the US on the defensive as we opposed them around the world. Politically, containment shifted from the periphery of the Soviet Union to the entire globe (Farley, 1978: 21).

Like Truman, Eisenhower was relatively quick to link foreign policy with economic and military assistance. This link was the Eisenhower Doctrine. Initiated in 1957, this doctrine stated the US right to employ any means, including military force, to assist any nation in the Middle East that requested assistance in stopping armed aggression from a country under the control of international communism. The doctrine was a direct result of increased Soviet influence in Egypt during the Suez Crisis in 1956 (Vincent, 1969: 75). The Eisenhower Doctrine appears to be a clear example of merging foreign policy, economic policy, and military policy with one goal. The oil reserves of the Middle East were considered vital to the US and our allies. Communist control would be a great victory for the Soviets.

By the mid 1950s the US was giving away so much grant military aid to counter communist expansionism that opposition to this "free" military assistance began to grow in Washington. Selling arms was seen as a legitimate method of disposing of surplus equipment and a sound economic method of keeping the large military industrial complex in business (Thayer, 1969: 39). As a result, the Mutual Security Program in general, and grant security assistance more specifically, gained congressional attention.

Early in 1958, President Eisenhower sent a message to Congress supporting continuation of funding for the mutual security program. Secretary of State John Foster Dulles appeared before the House Committee on Foreign Affairs in February of that year

to defend the administration's position. Dulles highlighted two "great currents of change" that made the mutual security program a necessity. The first was the revolutionary movement of international communism and the second was the rapid growth of nationalism in the third world. Calling the Cold War "political-economic warfare," Dulles stressed that the development of new nations in the third world could not be left to private capital as in the past. The administration's view was that the political risks were greater than private persons would assume and therefore governmental funds must play a part. Dulles countered the opposition view of foreign aid as a "giveaway" by stating that "a dozen or so nations would have indeed been 'given away' (to the Soviets) if we did not supply aid" (Dulles, 1958: 427).

The Draper Report

The impact of the challenge to the Mutual Security Program did not go unheeded by Eisenhower. Late in 1958 he appointed a committee to undertake an independent, objective, and non-partisan analysis of the military assistance aspects of the Mutual Security Program. The committee's task was to evaluate the extent to which future military assistance can advance US national security and foreign policy, and provide the President with conclusions to be used in presenting the Mutual Security Program to the next session of Congress (Eisenhower, 1958).

In June of 1959 the committee appointed by the President submitted the Report on the Organization and Administration of the Military Assistance Program. This report was thereafter referred to as the Draper Report because the committee had been chaired by retired General William H. Draper, Jr. The Draper Report did little to actually shift military aid from grants to sales. Rather, it focused on the continuing need for the MAP and the serious deficiencies in planning and execution (President's Committee, 1959: 2).

The report's primary recommendations are summarized as follows:

1. Strengthening the position of the State Department at the policy level, and increased assurance of the conformity of the military assistance program to foreign policy.

2. Focus planning, programming, and execution of military assistance within the DOD, using policy guidance laid down by the Department of State.

The Draper Report fully supported MAP and recommended that Congress continue authorizations for it. In addition, it recommended that the administration clarify the roles of the Secretary of State and the Department of Defense (DOD). These recommendations clearly delineated the roles of policy for the Secretary of State and operational execution by the DOD (President's Committee, 1959: 3). By clearly outlining these roles, MAP was finally tied directly to the foreign policy objectives of the US. Though both Truman and Eisenhower had managed to link MAP to their containment and massive retaliation policies respectively, there had been lapses like the Korean conflict that emphasized the need for sound guidance.

The Impact Of Cold War Policy On Foreign Military Sales

Introduction. As is true with most federal programs, security assistance and the Military Assistance Program (MAP) have evolved to suit the issues and challenges faced by the United States (US). Several factors have been instrumental in forming the current US foreign assistance policy. During the Kennedy presidential administration, a myriad of challenges faced policy makers. These challenges included rising domestic concerns following World War II recovery, confusion over Southeast Asia policy, and the emerging third world. One additional challenge that had a profound impact on virtually every facet of American life was the Cold War.

Presidents Truman, Eisenhower, and Kennedy each handled Soviet military adventurism, and the threats of Soviet hegemony, with a military strategy that, in

retrospect, was successful. A radical shift in this Cold War strategy, however, occurred during the Kennedy years, and it had a dramatic impact on the foreign assistance and military assistance policy of the US. The change from a strategy of massive retaliation to a flexible response strategy contributed markedly to a shift from grant military assistance to arms sales. This impact can be illustrated by discussing the "massive retaliation" policy of Truman and Eisenhower, the shift to "flexible response" during the Kennedy years, and the results of this new strategy. While the Kennedy administration was brief, its action with regard to foreign policy and the growth of military sales was instrumental in the formation of current US policies.

Background. With the goal of US foreign policy aimed at containing communism following World War II, the US found itself entangled in a variety of conflicts with communist sponsored forces around the world (Defense, 1994: 2). Latin America, Laos, and Vietnam emerged as three of the primary areas of conflict that the Kennedy administration would be forced to react to. The Mutual Defense Assistance Act of 1949, and the subsequent Mutual Security Acts of 1951 and 1954, emerged as a series of measures to implement foreign policy with a wide variety of grant aid and sales programs averaging more than $2 billion per year by 1960 (Thayer, 1969: 37).

This "hastily instituted series of measures to meet communist aggression" led President Eisenhower to appoint the Draper Committee to study MAP. This committee submitted several recommendations concerning the organization and administration of the program, which the President forwarded to Congress for legislative action (President's Committee, Vol. I, 1959: 1). As President Kennedy assumed the executive office, his administration and Congress began to act in the reorganization of MAP.

President Kennedy was quickly drawn into several key foreign policy and military issues that impacted the future of security assistance. Specifically, tensions in many areas around the world demanded a military strategy that was capable of adjusting to a variety

of circumstances. The Truman/Eisenhower massive retaliation strategy left few alternatives in the event of conflict.

Massive Retaliation. Following World War II, conflict between the US and the Soviet Union increased, with disagreements over the future of Poland, Iran, Greece, Turkey, Hungary, and Czechoslovakia. Nuclear weapons were not an issue until the Soviet Union blockaded Berlin after the US and its allies attempted to consolidate their occupied zones in Germany. At this point, the US deployed nuclear forces in 1948 as a sign to the Soviets that we were serious about defending Berlin. Between 1949 and 1950 the Soviets tested their first A-bomb and Truman instituted a crash program to develop additional nuclear weapons in the US. Two months after the stepped-up weapons production, the North Koreans invaded South Korea, and Rep. Lloyd Bentsen, D-Texas, called for the use of the A-bomb to stop the North Koreans. After election to the Presidency, Eisenhower again used the threat of nuclear attack to prompt the Chinese and North Koreans to halt hostilities. These three actions, one in Berlin and two in Korea, gave birth to the policy of massive retaliation (Sweet, 1984: 164-166). Massive retaliation appeared an effective deterrent as long as no enemy possessed nuclear weapons.

Faced with growing fiscal concerns over high military expenditures that had continued for a decade, and the reality of a budget deficit, the Eisenhower administration began to search for an effective means of defense, that also accounted for the budget realities it faced. As a former commander of NATO, Eisenhower was well aware of the realities of the Soviet threat. He was convinced that conventional forces could not adequately defend the European continent from further Soviet aggression. He viewed expenditures on conventional forces as a futile use of resources because the Soviets were easily capable of precipitating crises similar to Korea in other areas. His belief was that the US could not react as it had in Korea without draining its military and economy (Clarfield, 1984: 152-153).

In October of 1953 the Eisenhower administration took two actions to implement its new strategy. First, Eisenhower directed the Joint Chiefs of Staff to reorganize the military based on reduced conventional force and increased nuclear capabilities, aimed at deterring Soviet aggression (Clarfield, 1984: 153). In addition he approved National Security Council Resolution 162/2, calling for contingency plans for the use of nuclear weapons in limited wars. This strategy quickly became known as the "New Look," and Secretary of Defense Charles Wilson stated that it was "based on more effective defense for less money" (Geelhoed, 1979: 73). At this point the US began the overseas deployment of tactical nuclear weapons intended for battlefield use, and military maneuvers in Europe based on the use of nuclear weapons. In January 1954 Secretary of State John Foster Dulles stated the US intent to respond to Soviet aggression with "massive retaliation," an all out nuclear attack (Sweet, 1984: 166). Dulles clarified the administration's new policy in an address to the Council on Foreign Relations in January 1954, when he announced that the US would "depend primarily upon a great capacity to retaliate, instantly, by means and at places of our own choosing" (Dulles, 1954: 108).

Massive retaliation, as described by Eisenhower and Dulles, immediately came under fire from many critics, including the nuclear physicist Robert Oppenheimer. Oppenheimer stated that the Soviets would soon rival the US in nuclear power and both would "be in a position to put an end to the civilization and life of the other, though not without risking its own" (Clarfield, 1984: 156).

Massive retaliation did, however, appear to achieve the objective for which it was intended. With an emphasis on nuclear superiority the administration believed it could save on manpower and money devoted to conventional defenses. George Humphrey, Eisenhower's Secretary of Treasury, believed that the threat of massive retaliation alone kept the Soviets at bay, and "the rest of these soldiers and sailors and submarines and everything else, comparatively speaking, you could drop in the ocean, and it wouldn't

make too much difference" (Kinnard, 1977: 27). Apparently, in the administration's eyes, massive retaliation provided a sound defense against Soviet aggression, while expending the least amount of money on defense.

Flexible Response. While the concept of massive retaliation had its critics from the start, it was heavily relied upon during the mid- to late 1950s by the Eisenhower administration. The strategy, however, began to unravel when Eisenhower's self-appointed Draper Committee pointed out its main weakness.

With a primary goal of studying MAP, and making recommendations concerning its future, the Draper committee undertook an in-depth analysis of the threats to the US, and US strategy to counter the threats. The committee concluded that "it would appear that substantially larger local conventional forces are required together with a substantial buildup in the capacity of the US to rapidly support these local forces in the event deterrence breaks down" (President's Committee, Vol. II, 1959: 15). This statement highlights the strong point of the massive retaliation policy, its deterrence, and the weak point, the lack of conventional forces ready to deal with the failure of deterrence.

Other scholars, like Amos A. Jordan, Jr., emphasized the "comfortable myth" that massive retaliation proposed. Jordan stated that it is a myth to believe we can protect ourselves with a massive retaliation strategy for two reasons. First, massive retaliation is unacceptable when the opposition possesses the same capability, for issues of "less than immediate national survival." Second, a massive retaliation policy "leaves the Free World incapable of coping with covert aggression" such as civil war or *coup d' etat* (Jordan, 1958: 236-253). Clearly, as the 1950s drew to a close, the policy of massive retaliation was threatened, both from within the Eisenhower administration, and from outsiders.

In 1954, then Senator John F. Kennedy, expressed his misgivings about the Eisenhower strategy. He believed the strategy lacked credibility due to the belief in deterrence, and he advocated increased spending for both conventional and strategic

forces (Clarfield, 1984: 232). Kennedy clearly stated his beliefs, concerning the Eisenhower strategy and defense budget, during the 1960 presidential campaign in the following manner:

> Under every military budget submitted by this administration, we have been preparing primarily to fight the one kind of war we least want to fight. We have been driving ourselves into a corner where the only choice is all or nothing at all, world devastation or submission - a choice that necessarily causes us to hesitate on the brink and leaves the initiative in the hands or our enemies. (Kennedy, 1960: 184)

Kennedy accused the Eisenhower administration of leaving office on a "crest of peace" but leaving behind a host of crucial international problems. Worst of all, Kennedy believed that the outgoing administration would leave insufficient military power to deal with the international scene (Kaufman, 40: 1964).

Following election, Kennedy set out to find military options that did not rely on the "all or nothing at all" strategy of massive retaliation. He found an ally in retired Army Chief of Staff Maxwell Taylor who was an adamant critic of the Eisenhower administration's military policies. Taylor believed that while the nuclear deterrent was important, it left little flexibility to deal with contingencies. Taylor believed that budgetary decisions favored strategic nuclear forces over conventional forces to a far greater degree than was prudent. Thus, military leaders had no flexibility in responding to crises, and the strategy led to sharp division within the Joint Chiefs of Staff (JCS) (Clarfield, 1984: 233).

Kennedy's first move in changing the overall military strategy of the US was the appointment of Robert S. McNamara as the Secretary of Defense. McNamara was viewed by Kennedy as an ideal implementer of this expanded military. His corporate background and reputation for cost-cutting and efficiency would be necessary to devise

plans for an expansion of missions while keeping the DOD budget under control (Brinkley, 1993: 191).

McNamara's strong presidential mandate was to shift the nation's defenses from a massive retaliation posture to one of flexible response. This mandate entailed the capability to fight a major war in Europe and in Asia, while at the same time containing a "brush fire" war elsewhere. This strategy became known as "the two-and-a-half-war strategy," and it depended upon the relaxation of budgetary constraints on the DOD. Kennedy freed McNamara and his planners from budgetary ceilings and eliminated review of the defense budget within the executive branch outside the DOD (Jordan, 1981: 195).

In an address to Congress in 1961, Kennedy outlined his directions for McNamara and the modernization of US defenses. His directions included six major steps. First, he directed a complete reorganization and modernization of the Army, with focus on nonnuclear firepower. Second, he asked Congress for additional funding to support the reorganization. Third, he directed the reorientation of forces to conduct paramilitary operations and unconventional warfare. Fourth, he directed the planning for more rapid deployment of reserve forces. Fifth, he requested additional funding to increase the Marine Corps personnel strength. Finally, Kennedy directed the review of the intelligence community aimed at greater coordination (Kennedy, 1961: 517).

Linking these efforts within the DOD with the importance of military assistance around the world, Kennedy shed new light on the impact of his flexible response military strategy on overall foreign policy. In the same address to the Congress, he provided his request for $1.885 billion for military assistance, a request that according to Kennedy was

the "minimum which must be assured if we are to help those nations (along the borders of the Communist bloc) make secure their independence." In addition, he further outlined the budgetary impact of his new strategy by emphasizing the "heavy burden" it placed on US citizens, and the need to "pay the price." (Kennedy, 1961: 517).

Just months after Kennedy's address to Congress, the Cuban Missile Crisis further illustrated his misgivings with the concept of massive retaliation. After the crisis had been averted, Nikita Khrushchev told the Supreme Soviet that the presence of the missiles in Cuba was designed to show the imperialists that the "war which they threatened to start stood at their own borders, so that they would realize more realistically the dangers of thermonuclear war" (Schlesinger, 1965: 796). Throughout the secretive meetings Kennedy conducted to deal with the crisis, he became increasingly troubled by how few alternatives massive retaliation left to deal with the problem. Arthur Schlesinger, Kennedy's Special Assistant, drew an interesting comparison of the situation in Cuba with that in Berlin to further illustrate the problem with reliance on nuclear weapons. In the Caribbean the only recourse for the Soviets was the threat of nuclear war, while in Berlin "it was the US which would have to flourish nuclear bombs" to threaten the Soviets. Ultimately Kennedy chose to pursue McNamara's recommendation to blockade Cuba, but the crisis itself had served to further reinforce Kennedy's misgivings with massive retaliation (Schlesinger, 1965: 796-804).

McNamara's concept of flexible response centered on the most effective means of countering Nikita Khrushchev's view of war. Khrushchev had described three types of wars: "world wars, local wars, and liberation wars or popular uprisings," asserting that

liberation wars and popular uprisings were "not only admissible but inevitable" (McNamara, 1977: 71). To counter this type of war, McNamara believed nuclear power was not a credible deterrent, and therefore we must balance our nuclear strength with nonnuclear forces. This balancing act, according the McNamara would require sound fiscal planning, and burden sharing on the part of our allies (McNamara, 1977: 72).

Results of the Policy Shift. The budgetary realities of the early 1960s made the increasing monetary demands of flexible response very controversial. As Table 1, from Kennedy's 1963 budget message to Congress indicates, administration requests for national defense continued to rise throughout his presidency (United States Code, 1962: 4057).

Table 3-1. Defense Budget Expenditures

(Fiscal Years. In Billions)

Function	1961 actual	1962 estimate	1963 estimate
National Defense	$47.5	$51.2	$52.7
International Affairs and Finance	2.5	2.9	3.0
Space Research and Technology	.7	1.3	2.4
Subtotal	50.7	55.4	58.1
Interest	9.0	9.0	9.4
Total	$59.7	$64.4	$67.5

(Source: US Code Congressional and Administrative News, 87th Congress, 1962)

Emphasis on balancing nuclear strength with limited, or nonnuclear forces led to a rise of over $8 billion in annual defense appropriations for 1963 alone (McNamara, 1977: 73). For this reason, Kennedy and McNamara began to look outside the US budget for assistance in implementing the flexible response strategy. Speaking of the US position on nuclear weapons for the North Atlantic Treaty Organization (NATO), McNamara stated that "improved nonnuclear forces, well within Alliance resources, could enhance deterrence of any aggressive moves short of direct, all-out attack on Western Europe" (Nitze, 1962: 95). It appeared that McNamara was suggesting that the other NATO members could and should begin to expand their own militaries as part of an overall flexible response strategy on the part of the Alliance. Fearing that NATO relied too heavily upon the nuclear deterrent, McNamara believed they should also expand their conventional capability, and more equitably share the defense burden (Louscher, 1977: 952). Indeed, the European powers had successfully completed a startling economic recovery. Cindy Cannizzo cites the success of the Marshall Plan in aiding European recovery, and states that it only took about ten years for them to get back of their feet (Cannizzo, 1980: 3).

In the meantime the Congress was becoming more skeptical of grant military aid under the MAP to the European allies. For nearly a decade and a half, economic and military assistance had been used to rebuild the European powers, and now Congress believed it was time for them to monetarily take a more active role in their defense. The American balance of payments remained a deficit in the Kennedy administration, and Congress was intent on seeking alternatives to grant military aid (Krause, 1992: 101).

According to David J. Louscher, "The growing dollar deficit in the international balance of payments was one of the causes contributing to the motivation to reduce grant assistance"(Louscher, 1977: 943). The balance of payments deficit was viewed as a "major crisis" for Eisenhower and Congress. The causes of the deficit have been

attributed to private investment by Americans in foreign countries, foreign aid, a sluggish export sector within the US, and the large US military expenditures abroad. Louscher cites military expenditures abroad as the greatest contributor to this deficit.

In late 1960, prior to his departure from office, President Eisenhower sent Treasury Secretary Anderson to Germany on the first mission to convince a NATO member that the US deficit was a serious issue, and that our allies needed to share more of the defense burden. Anderson proposed to Chancellor Adenauer that the West Germans begin to reimburse the US $600 million a year to cover the cost of US troops deployed in that country's defense. This proposal was not warmly accepted by the Germans because they considered it a form of war reparations, but Adenauer did express a willingness to help by other methods. According to Henry Kuss, a member of Anderson's delegation, German Defense Minister Strauss pointed out the possibility of cooperation, wherein the German requirement for advanced military equipment would be supplied by the export of US high tech weapons. On a subsequent trip in early January 1961, Kuss suggested that the Germans purchase $600 million worth of military equipment annually from the US. The deal simmered for several months until President Kennedy sent Deputy Secretary of Defense Roswell Gilpatrick to Germany to pursue the plan once again. Gilpatrick was successful in finally making arrangements for an annual purchase of $600 million worth of US equipment (Louscher, 1977: 945-946). This deal was the first of many designed to shift US assistance to European allies from grants to sales. International Security Affairs Director Paul Nitze and Lieutenant General Robert Wood, Military Assistance Program Director, summed up the results of the German deal in the following manner:

> The Gilpatrick-led negotiations provide a clue to changes, not in Military Assistance Program philosophy, but in emphasis and method. Emphasis is shifted from nations which become capable of shouldering their own and multilateral defense burdens, while credit sales programs and "cost-sharing" arrangements are substituted for grant aid. (Nitze, 1962: 96)

Congressional concerns over the new emphasis, and the ability of the NATO allies to share more of the burden came to light during hearings concerning the Foreign Assistance Act of 1961. Secretary of State Dean Rusk alluded to the ability of European nations assuming more of the burden during his opening remarks. Rusk stated, "We have strong and powerful allies; some of these are powerful and productive nations who can help us carry the burden" (United States House Committee, 1961: 27). Congresswoman Edna Kelly of New York followed Secretary Rusk's remarks by questioning him concerning section 105 of the Mutual Security Act. This section dealt with coproduction issues, and had been eliminated during rewrite of the new Foreign Assistance Act. Coproduction is a policy under which allies manufacture US designed military equipment in their own country. It benefits both countries because US private manufacturers received income from licensing fees, bringing more foreign held dollars into the US, and the allies benefited from the ability to produce at home and produce up to date technology. Kelly emphasized that this program had brought approximately a billion dollars into the US in the past two years, and she requested that a similar section be written into the new act. Rusk commented that the administration had been trying to stimulate additional purchases under the program because of its positive impact on the "gold problem," and the administration would support putting it into the new bill (United States House Committee, 1961: 27-45).

During Secretary McNamara's comments concerning the military assistance aspects of the new act, he emphasized a change in approach to aid for NATO countries as a result of their "increased financial capability." Again, Congresswoman Kelly emphasized the sales of military hardware and pointedly asked if there is "an attempt on the part of the department to increase these sales?" The DOD witness responded that there was (United States House Committee, 1961: 230). Clearly Congress was concerned with the sales aspect of the foreign assistance act, and clearly the administration was making efforts to

increase sales. The Foreign Assistance Act of 1961, however, made little change in the actual sales policy.

During debate concerning the Foreign Assistance Act of 1962 the issue of sales was dealt with directly in Secretary McNamara's opening remarks.

> To the greatest extent possible, military sales are being utilized to replace grant aid. Eligible foreign countries may purchase on a government to government basis military material which is not normally or readily available on the commercial market.
>
> Most military sales are made on cash terms. We expect direct sales to total $722 million in fiscal year 1962, more than twice the fiscal year 1961 amount. Such sales, of course, create a balance of payments advantage to the US. This amount is more than double the amount of procurement offshore which will result from the fiscal year 1962 military assistance program. (United States House Committee, 1962: 69)

In later testimony General Lymon Lemnitzer would further testify that the sales conducted under the military assistance program were increasing and would result in an inflow of gold as opposed to an outflow, as commonly believed. Lemnitzer compared $335 million in military assistance spent outside the US in fiscal year 1962 with $800 million to be received from sales (United States House Committee, 1962: 74).

With the strategy of flexible response, the US and its allies faced the reality that, while one member nation could supply an adequate nuclear deterrent, no single nation could supply all the Alliance's conventional needs. European members would be called on to share more of the conventional burden. One of McNamara's concerns with NATO was the logistics system around which it was built. It appeared to McNamara, and to many others, that each nation had different equipment, and in time of war no single supply system would be capable of maintaining the organization as a single fighting force. McNamara asked, "Why not integrate all of the allies' logistics systems?" This question, when combined with a balance of payments problem, and the resulting outflow of gold from the US, led to a study headed by McGeorge Bundy and Paul Nitze. The study,

which included several "high-powered" American businessmen, recommended that an office be created within the DOD to promote the integration of equipment with US allies by selling the same armaments to all countries (Thayer, 1969: 183).

This office became the International Logistics Negotiations (ILN) Office within the International Security Affairs Division which reported directly to the Secretary of Defense, McNamara. The first Deputy Under Secretary of Defense in charge of the ILN was Henry Kuss. When asked what meaning could be applied to the term "negotiations," Kuss explained that "the sale of weapons required much bargaining while giveaways apparently required none" (Thayer, 1969: 184). The ILN was the organization within the DOD that conducted the sale of military items on the international market.

Thus, with flexible response precipitating a need for greater capability on the part of US allies, and significant problems with the standardization of equipment within NATO, combined with Congressional demands for allies to share more of the burden, a structure emerged that led to greater emphasis on military sales as opposed to grant military assistance. Figure 3-1 illustrates the decline in grant funding in European countries from 1960 to 1964 as compared to the rise in sales over the same period.

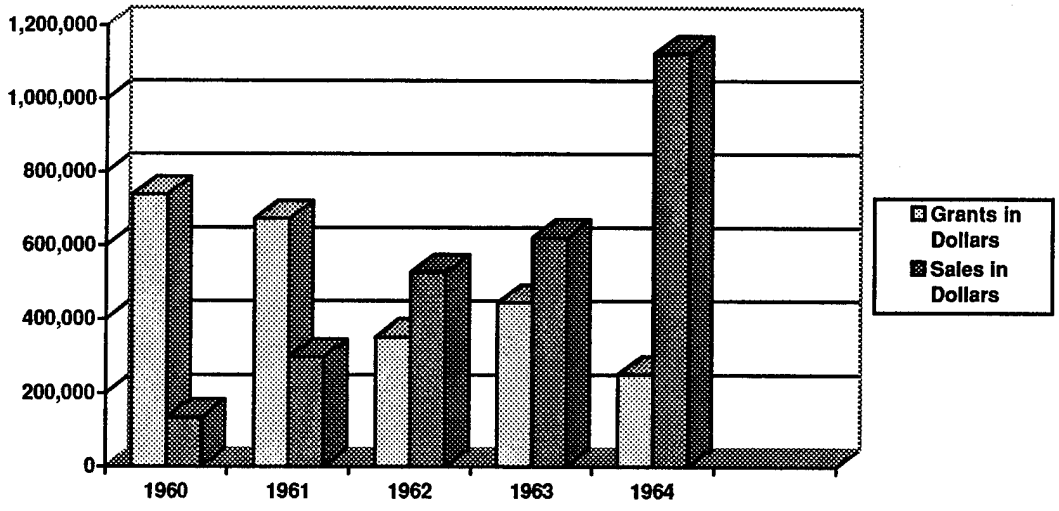

Figure 3-1. European MAP Grants versus Sales 1960-1964 (Source: DSAA 1990)

Conclusion. Prior to the Kennedy administration, the Cold War policy of massive retaliation enabled the US to spend less money on the defense of itself and its allies. Critics of this policy, however, realized that the Soviet threat was not consistently obvious. Khrushchev himself voiced his belief in wars of national liberation and popular uprisings. Prior to the end of the Eisenhower administration, critics of the massive retaliation policy began to voice their displeasure with the lack of flexibility in such a policy. One of those critics was future President Kennedy.

Kennedy's new policy to deal with the Soviet threat, flexible response, had its drawbacks as well. Flexible response demanded much larger defense budgets due to its increased emphasis on conventional forces while maintaining nuclear forces. As a result of the DOD budget demands, the Kennedy administration, with the support of Congress, emphasized the development of our allies' conventional forces as well as our own. This emphasis took the form of increased military sales as opposed to grant military aid. As shown graphically in Figure 3-1 the shift from grants to sales in the European nations from 1960 to 1964 was dramatic. The actual level of sales agreements during this time went from $159.5 million to over $1.1 billion, a nearly seven-fold increase. At the same time grants under the MAP dropped from over $738 million to just over $250 million (DSAA, 1990: 144-156).

Not surprisingly, the creation of the office that conducts the arrangements involved in the sale of armaments, the ILN, occurred shortly after Secretary McNamara noticed the disparity in equipment used by NATO allies. Clearly, by multiplying the means of dealing with the communist threat, the flexible response strategy led to increased military assistance. This assistance, in turn, took the form of increased arms sales as opposed to grant military aid due to the growing economic capability of US NATO allies,

incompatibility of equipment between NATO member countries, and Congressional concern over a growing balance of payments problem in the US.

Latin American Policy

Introduction. The Cold War nuclear policy was unquestionably aimed at the Communist threat, and directly contributed to a shift in the method of security assistance. As Kennedy assumed office, other issues surfaced which dealt with the Communist threat in a different manner, and clearly changed the face of security assistance as well. One major issue Kennedy began to deal with immediately upon assuming office concerned the southern half of our own hemisphere, Latin America.

US military policy, and security assistance in general, in Latin America had evolved through several stages since prior to World War II. Initially, the US focused on organizing a collective or hemispheric defense to counter the possibility of Axis subversion. Grant military aid, military missions, and training for Latin American personnel were the most important aspects of this policy. Following World War II, the Cold War maintained US interest in a collective security arrangement as reflected in the Mutual Security Act of 1951. Military aid was increased to our southern neighbors to increase their ability to resist Soviet hegemony (Zook, 1963: 82). Table 3-2 illustrates the continual emphasis on grant military assistance to Latin America throughout the 1950s.

Table 3-2. MAP Deliveries to Latin America

(In Millions of Dollars)

Fiscal Year	Amount	Fiscal Year	Amount
1952	00.2	1956	23.5
1953	11.2	1957	27.1
1954	34.5	1958	45.6
1955	31.8	1959	31.5

(Source: Hovey, 1965: 51)

This aid consisted of warships, patrol planes, and other weapons designed to improve the hemisphere's defense against the possibility of external attack, primarily a Soviet naval action (Klare, 1981: 9). By the late 1950s, however, this policy changed as the external, overt threat by the Soviets was considered minimal (Zook, 1963: 82).

Within this region, it was believed that the threat from communism could not be adequately dealt with by military means alone. Flexible response was designed to deal with contingencies with varying degrees of armed force, and the Kennedy administration saw the need in Latin America for a different type of resistance to communism. US sponsored resistance, by military means, to the regime of Fidel Castro had proven a failure during the invasion of the Bay of Pigs in Cuba. Castro's victory demonstrated that US aid programs primarily designed to thwart external attack were incapable of dealing with the internal threat from guerrilla warfare (Klare, 1981: 9).

While the Bay of Pigs invasion had been planned by the Eisenhower administration, Kennedy had provided the authority to execute it, and he took the blame for its failure (Warner, 1994: 690). During a visit to various Latin American leaders, following Castro's victory, Arthur M. Schlesinger Jr., Kennedy's Special Assistant, was given the impression that the democratic leaders in the region were against Castro. To these leaders Castro appeared "as the symbol not of social revolution but of Soviet penetration." The region's leaders feared that unless the US offered an "affirmative program for democratic modernization, new Castros would undoubtedly rise across the continent" (Schlesinger, 1965: 187). Robert McNamara further defined the true problem faced by the Kennedy administration in Latin America as economic and social, rather than military.

> It is not an overt, armed Communist attack that is the real danger in this part of the world, or even Communist sabotage and subversion - the real danger lies in the discouragement, disillusionment and despair of the people as a result of the relatively slow rate of economic and social progress. (Fiscal Year, 1963: 16)

The basis of Kennedy's belief was that the primary threat to Latin American security was an internal threat, rather than an external threat to the hemisphere's security. George Thayer cites three primary reasons for the policy shift. First, Cuba's conversion to a communist state and the possibility of a Castro style revolution being exported to other Latin American countries were considered unacceptable. Second, policy makers in Washington were beginning to realize that the capability of the Latin American military would do little to help the defense of the hemisphere. Finally, it was becoming apparent that the Soviet Union was not a direct threat within the region (Thayer, 1969: 242-243).

As Kennedy assumed office he immediately focused upon the need within Latin America for a new foreign policy. In his initial State of the Union Message he outlined several programs that would be initiated under this new "Alliance for Progress." Aimed primarily at "a free and prosperous Latin America, realizing for all its states and their citizens a degree of economic and social progress," the Alliance for Progress would lead to changes in how security assistance was applied within the region (Kennedy, 1961: 27).

The Alliance for Progress. President Kennedy's interest in Latin America originated during his time as a US Senator. In a speech delivered in Puerto Rico in 1958, shortly before Castro began his struggle for control in Cuba, Kennedy argued that Latin America deserved a more prominent place in US foreign policy. Kennedy and others believed that the long standing Good Neighbor policy was no longer sufficient in the conduct of US foreign policy with regard to Latin America, and it did not adequately address the economic and social issues (Schlesinger, 1965: 191).

In an address delivered to a joint session of the Congress in June of 1961, Kennedy outlined his concern with regard to Latin America, and he related the threat in Latin America to the means he would employ as a counter measure.

> I stress the strength of our economy because it is essential to our strength as a nation. And what is true in our case is true of other countries. Their strength

> in the struggle for freedom depends on the strength of their economic and social progress. Their ability to resist imperialism from without and subversion from within depends in large measure upon their capacity for orderly political and economic growth. (Kennedy, 1961: 515)

The alliance, Kennedy further stated, would "develop the resources of the entire hemisphere, strengthen the forces of democracy and widen the vocational and educational opportunities." Specifically, the Alliance would be built on several departures from previous policy. One of these policy changes, "unequivocal support to democracy" and opposition to dictatorship, changed the face of security assistance, and was not unanimously supported within the administration (Schlesinger, 1965: 194-197).

The Eisenhower administration had a distinct preference for strong right wing governments, and many armed service leaders under Kennedy continued to believe that this type of government was the only means of opposing Castro type regimes. The rationale espoused by this opposition to outright support for democratic governments was founded in the belief that Kennedy's plan would lead to unsettling revolution and reform, rather than peace and security. It was believed we should "concentrate on helping out 'tested friends' - those who gave us economic privileges, military facilities and votes in the United Nations and who could be relied on to suppress local communists, tax and land reformers, and other malcontents and demagogues" (Schlesinger, 1965: 197). Social stability, it was argued would result only from keeping friendly regimes in power. Former diplomat John Davies, Jr., a foreign service officer under Eisenhower, stated that "the basic issue is not whether the government is dictatorial or is representative and constitutional. The issue is whether the government, whatever its character, can hold the society together sufficiently to make the transition." Davies' argument went on to explain that civilian governments did not exhibit the stability and security necessary to implement reform. Rather, military governments like those supported in the past provided the necessary stability and security (Schlesinger, 1965: 197-198).

Kennedy's Alliance For Progress was, however, strongly supported by arguments against the status quo. Many individuals, within the administration and without, were calling for an end to security assistance that continually "propped up" dictatorial regimes. It was easy for government officials at the time to classify all Latin American leaders as either Communist or Democrat, when in fact they were neither. Because certain dictators, such as Peron in Argentina and Batista in Cuba, had been anti-Communist, we assumed they were in favor of democracy and continued to support their totalitarian regimes. Thus, by making anti-communism the primary focus of our foreign policy in the region, we also stifled social and economic progress by aiding dictators who sought to maintain their power by labeling any opposition as a communist threat (Tannenbaum, 1962: 181-183).

In addition, many American liberals believed that military assistance led to a strong political impact by increasing military domination within Latin American politics. Their argument supported the need for greater emphasis on social and economic development, as opposed to continued military assistance to achieve foreign policy goals. To many critics of past policies the military assistance appeared to inadvertently support conservative regimes opposed to social reforms like those proposed by Kennedy (Fitch, 1979: 362). Kennedy, however, did recognize that there was popular pressure for change, and he pressed forward with plans for the alliance.

Regardless of the opposition to the Alliance for Progress, President Kennedy remained convinced that it was the only way to deal with Latin American foreign policy. Critics of past policy, including Kennedy, felt that past military assistance had only entrenched the military in power, and stifled economic and social progress. Edwin M. Martin, the Assistant Secretary for Inter-American Affairs, highlighted an additional concern in the "avowed intention of the Castro regime to promote the overthrow of Latin American governments by indirect aggression and subversion" (Martin, 1963: 406). George Thayer clearly stated the reason for Kennedy's alliance as an attempt to divert

interest from military matters to the economic sector (Thayer, 1969: 242). In outlining ten keys to the Latin American challenge in 1962, Frank Tannenbaum listed support for democracy as the key to US foreign policy within the region.

> The surest way for us to regain the good will of the people is to make it clear that we are for democracy. The President of the United States, the Congress, and the State Department ought to repeatedly announce the simple fact that we are for human rights, for human freedom, for social justice, and for democracy. Apart from the disastrous invasion of Cuba, this is what President Kennedy appears to be doing. (Tannenbaum, 1962: 195)

Kennedy believed that the "militant anti-revolutionary" forces would eventually strengthen communist tendencies in the region, and a policy of revolutionary "social idealism" was the only way to proceed (Schlesinger, 1965: 201).

Implementing the Alliance for Progress. All debate aside, the Alliance for Progress was a distinguishing program for the Kennedy administration that reflected Kennedy's strong idealism with regard to society. In general, it was warmly accepted by the Latin Americans, who truly advocated democracy, and the American people. For the first time, a Presidential administration was identifying its priorities to US taxpayers and foreigners with regard to its foreign policy in Latin America. These priorities included first, the social and economic welfare of Latin America, and secondarily the peace and security of the region. The proper balance between economic and military tools to conduct this new foreign policy quickly became an issue.

In a supplement to their final report, Eisenhower's Draper Committee recommended a proper relationship between economic and military assistance. The committee categorized Latin America as one of "those countries which have a more firmly established political tradition, where the military problem is of secondary importance and where the most important component of the problem is economic." They advocated strong economic assistance, to overcome a variety of economic and political problems, that would lead to financial stability, and ultimately a stable democracy. However, they

did recognize that military assistance in "small amounts may play a constructive political role." Because, "if we do not give it, others may, with more dangerous political consequences." The Draper Committee's aversion to strong military aid stemmed from corruption in the Peron regime in Argentina, the Perez Jimenez regime in Venezuela, and the Batista regime in Cuba. The result of military assistance in these cases made the "military a doubtful reed on which to place major political reliance" (President's Committee, Vol. II, 1959, 18-19). While the focus of the Alliance for Progress purported to emphasize economic and social programs, military assistance remained a strong and vital component of overall foreign policy within the region. Combating internal aggression and subversion simply demanded different weapons and training than combating external forces.

In order for the Alliance for Progress to succeed, a stable political environment was necessary. This demand placed the method of military assistance in a dilemma. Maintaining a moderately stable environment would require a heavy demand for new and different weapons, and new and different training. Meanwhile, the Kennedy administration felt it needed to ensure that the military assistance provided was not used by repressive dictators and military governments to suppress and intimidate change. Alternatively, it was feared that completely halting military aid to these stable governments might permit communists to hinder any advances as a result of the alliance (Child, 1980: 145-146).

The security assistance approach followed by the Kennedy administration emphasized assisting economic development and internal security. This policy meant a radical shift in the types of conflict that the governments of Latin America would face in order to counter Khrushchev's "wars of national liberation." With respect to military equipment, the Alliance for Progress dictated a shift away "from tanks, heavy ships, and high-performance aircraft, and towards light trucks and armored vehicles, small patrol

craft, and multipurpose and relatively slow combat and transport planes" (Child, 1980: 149). Further, increased training would focus on riot control, counterguerrilla operations and tactics, intelligence and counterintelligence, public information, psychological warfare, counterinsurgency, and other subjects designed to counter internal threats (Martin, 1963: 407).

The Draper committee had foreseen the need for involving the military in assisting in the achievement of economic and social goals. The Mutual Security Act of 1959 basically recommended the use of military forces for civic projects, and the Committee was in agreement.

> In many instances both equipment and training of elements of the Armed Forces have objectives closely paralleling civilian needs, as in the fields of communications, engineering construction, medical services, education, air, sea, and land transportation, and administration. This potential exists not only in the defense establishments of friendly nations, but also in the US military agencies and personnel who are connected with or available to support the mutual security program. (President's Committee, Vol. II: 96)

While Kennedy's goals were primarily economic and social, the impact on military assistance would remain, for the time being, substantial. Everyone involved, Kennedy, Latin American leaders, the Draper Committee, and Congress, realized that economic and social progress would not occur in a vacuum.

Securing the necessary funding to put the Alliance for Progress on track, and rebuilding the foreign assistance policy were Kennedy's next moves. In an address to Congress in May of 1961 he stated "Our hopes for the Latin American Alliance for Progress...all depend upon Congress enacting the full amount of funds and, of equal importance, the long term borrowing authority which I have requested" (Kennedy, 1961: 517).

Legislation Concerning Latin America. In June 1961, Secretary of State Dean Rusk testified before the House Committee on Foreign Affairs, as they began hearings on

the Foreign Assistance Act of 1961. In Rusk's introductory remarks he stated that communist trends in the use of force dictated finding a means "to strengthen the internal security of many of our friends in the free world" particularly in Latin America. In testimony before the same committee, Secretary of Defense Robert McNamara also outlined the necessary relationship between economic progress and military assistance. McNamara reiterated the administrations objective to continue military assistance to maintain internal stability as "an essential component" of Latin American progress (United States House Committee, 1961: 36).

In emphasizing the important military assistance aspects of the act, McNamara made specific reference to the imposition of a ceiling on military assistance to Latin America. Previously, under the Mutual Security Act, as amended, military assistance to Latin America was limited to $55 million. Congressional intent concerning this ceiling was to ensure the main focus of our security assistance in the region remained economic and social development. McNamara considered this ceiling "particularly restrictive" because it included grant aid, and sales of weapons and material. The administration was seeking no ceiling on military grant assistance, and the exclusion of sales from any imposed ceiling. According to McNamara, approximately $60 million would be sought for grant military assistance to Latin America in 1962. In the end, when the act was passed, a ceiling of $57.5 million was placed on all military assistance, grants and sales combined. (United States House Committee, 1961: 73).

While the act, at this point, made no reference to the Alliance for Progress specifically, it did contain provisions for Latin America in general. The three primary references to Latin America dealt, not surprisingly, with military and economic assistance. In the first reference, under part II, section 511, of the International Peace and Security Act, the value of grant military assistance to Latin America was limited to $57.5 million. In the second reference, under part III, section 618, the bill provided $500 million to

implement the principles of the Act of Bogota, the initial legislation dealing with economic and social assistance for Latin America. Finally, in section 620, the act prohibited furnishing any type of assistance to Cuba, and authorized the President to establish a total embargo on all trade between the US and Cuba (United States Congress, 1961: 485-494). While no specific mention was made concerning the Alliance for Progress within the act itself, the legislative history reflects the Foreign Affairs Committee's concern "with making certain that the needs of Latin American countries are fairly reflected" (United States Senate, 1961: 2475). Congress's actions clearly supported Kennedy's efforts to promote economic and social reform, but they failed to totally support the military assistance that the administration felt was necessary to maintain a safe environment for progress.

Approximately one year later, the House Foreign Affairs Committee again held hearings to amend the Foreign Assistance Act of 1961. By this time the Alliance for Progress had become an important tool in Latin American foreign policy, and it was directly dealt with in the Foreign Assistance Act of 1962. One of the first witnesses to testify before the House Committee on Foreign Affairs was Fowler Hamilton, the Administrator of the Agency for International Development. In his opening statement, the first topic he addressed was the Alliance for Progress. Advocating the critical importance of long-term authorizations for the alliance, Hamilton went on to stress the need for military assistance to give Latin American nations a defense against Communist invasion, and to counter "agitators, infiltrators, and guerrillas" (United States House Committee, 1962: 7). In testimony before the same committee Brigadier General W. A. Enemark, a Director in the Office of the Assistant Secretary of Defense for International Security Affairs, explained the role that the Latin American military would play in the alliance.

> The role of the security forces in Latin America, both police and military therefore, assumes paramount importance. If the Alliance for Progress is to have

> its chance, governments must have the effective force required to cope with subversion, prevent terrorism, and deal with outbreaks of violence before they reach unmanageable proportions. They must be able to sustain themselves against attacks by the international Communist organization and its indigenous members. (United States House Committee, 1962: 268)

In addition Brigadier General Enemark clearly stated the immediate relationship between economic and military assistance within the alliance.

> For Latin America as a whole, the alliance for progress holds great promise both to the other American nations and to ourselves. Nevertheless, during its formative stages, the immediate prospect is for increasing tension, growing subversion, and further revolutionary outbreaks. (United States House Committee, 1962: 269)

Clearly the administration was attempting to win a change in the restrictions Congress had imposed on military assistance within the 1961 act.

To further solidify the alliance, the Kennedy administration strongly advocated the inclusion of an additional title, Title VI, within the 1962 act. This title focused entirely on the alliance, and put into law US foreign policy within Latin America (United States House Committee, 1962: 1-12). Title VI was included in the final version of the 1962 act, and it gave the President broad power with regard to Latin American economic assistance. The act stated, "The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America" (United States Congress, 1962: 315).

The restrictions Congress imposed on the grant military assistance provided to American Republics, however, made it difficult to meet the demands of the alliance. Table 3-3 indicates the continually decreasing administration requests, Congressional appropriations, and Congressional limitations on military assistance to Latin American nations. At a time when the administration was continually asking for less military assistance funding, Congress was continually appropriating less military assistance

funding, and further restricting the use of military assistance within Latin America with a region specific ceiling.

Table 3-3. Declining Military Assistance

(In Millions of Dollars)

Year	Administration Request	Congressional Appropriation	Latin American Military Assistance Ceiling
1961	2,000	1,800(a)	55.0
1962	1,800	1,600	57.5
1963	1,500	1,325	57.5
1964	1,405	1,300	50.0

(Source: United States Congress, Foreign Assistance Act of 1961, 1962, and 1963,
(a) Source: Mutual Security and Related Agencies Appropriation Act, 1961)

In addition to the ceiling on the dollar amount of Latin American military assistance, the Congress had imposed a restriction forbidding the use of military assistance for internal security use in the Foreign Assistance Act of 1961. This provision stated:

> Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics. (United States Congress, 1961: 486.

The reason for the restrictions on the part of the Congress stemmed from a "growing concern over the scope and nature of the military assistance program in Latin America." Congress cited three reasons why military assistance should not be a tool for internal security purposes in Latin America. First, the Foreign Affairs Committee strongly advocated the formation of a hemispheric defense force under the auspices of the Organization of American States, and they were "disappointed" that officials within the administration had not actively pursued its formation. Second, they believed military assistance should be directed toward immediate security rather than long term economic

problems. Finally, the committee felt military assistance should be concentrated in countries on the periphery of the Communist bloc (United States Congress, 1963: 1224-1225).

Kennedy strongly opposed this restriction because when combined with the dollar ceiling it made the use of military assistance impotent in supporting the alliance. In testimony before the House Committee on Foreign Affairs in 1962 Secretary McNamara explained that the President was opposed to the restriction on overall internal security aid, and the related dollar ceiling imposed on Latin America (United States House Committee, 1961 71).

Secretary McNamara explained the administration's opposition to the restrictions.

> I appreciate the purpose of this restriction.... But events in Cuba and elsewhere in Latin America have so sharpened the need for protection against threats to internal stability that it assumes at least an equal place with hemisphere defense of our common concerns, and the mechanism of a special Presidential determination required by the present law seems, under these circumstances, too large an impediment to swift action. (United States House Committee, 1961: 73)

In spite of the administration's concerns, the restrictions remained in force, and as seen in Table 3-3, the ceiling on military assistance subsequently reduced in 1964. The growing need for military assistance within Latin America, therefore had to be handled in a different manner.

Shift to Sales in Latin America. As the demand for new methods and weapons to counter opposing internal forces within Latin America grew, Congressional restrictions on assistance became serious obstacles. When Secretary McNamara testified concerning the Foreign Assistance Act of 1962 before the Foreign Affairs Committee he briefly outlined the administration's success in reducing requests for new military assistance funding, and outlined how the administration intended on complying with the restrictions. By relying on section 505b of the 1961 act, the administration was supplying military assistance to Latin American countries under the provision of "civic action" rather than

internal security. He explained that within countries fighting internal subversion, civic action was "indispensable" in linking the military with civilians, and adds "substantially" in assisting economic development. Immediately following McNamara's statement concerning Latin America, he outlined the administration's efforts to increase sales to replace grant aid (United States House Committee, 1962: 69).

McNamara stated that "To the greatest extent possible, military sales are being utilized to replace grant aid" (United States House Committee, 1962: 69). In addition to the positive military assistance impact in the receiving country, the sales created a balance of payments advantage for the US. Two paragraphs later, in McNamara's prepared statement he highlighted the defense interest in economic assistance. McNamara explained that in many of the countries that receive military assistance, the country itself is unable to financially support its forces unless it continues to receive economic assistance (United States House Committee, 1962: 69). This explanation appears to indicate that economic assistance from the US frees a foreign government to devote more of its own funds to military needs, because its economic needs are reduced due to US assistance.

Within the Foreign Assistance Act of 1962, Congress made significant changes to section 511, dealing with military aid to Latin America. Previously, the act set a ceiling of $57.5 million on military assistance programs to Latin America. Partially succumbing to the administration's wishes, this phrase was changed to read "grant programs of defense articles." Apparently Congress was willing to allow sales above $57.5 million (United States Senate, 1962: 2058). Theoretically, the combination of economic assistance, and removal of the Congressional ceiling affecting sales would permit Latin American countries to buy their military needs from the US.

The limitation on military assistance to Latin American countries drastically affected how they spent their defense budget. US military assistance to these countries amounted to less than four percent of their entire defense budgets in 1964 (Hovey, 1965:

65). Table 3-4 illustrates, however, the Latin American nations began to purchase increasing amounts of US military hardware in the years following the foreign assistance act, while military assistance program grants dwindled.

Table 3-4. Latin America: Sales versus Grants 1961-1971

(In Thousands of Dollars)

Year	Total Sales Agreements	Military Assistance Grants
1961	7,341	49,862
1962	18,047	47,723
1963	11,939	33,462
1964	16,547	45,435
1965	42,748	54,023
1966	24,512	64,727
1967	51,891	42,268
1968	26,179	16,268
1969	23,365	12,146
1970	24,209	9,258
1971	47,350	5,809

(Source: Department of Defense Security Assistance Agency Fiscal Year Series, 1990)

As Table 3-4 indicates, foreign military sales began to rise sporadically throughout the 1960s and into the 1970s in Latin America. Meanwhile, military grant assistance began a slow decline. Administration policy with respect to foreign military sales was clearly to shift from grants to sales, whenever possible. Secretary McNamara's testimony to the House Foreign Affairs Committee, and the actual foreign assistance acts of the early 1960s placed increasing emphasis on promoting the sale of military hardware. General Lyman L. Lemnitzer, then Chairman of the Joint Chiefs of Staff, testified to the Foreign Affairs Committee that the "net result of all military assistance programs for fiscal year 1962 will be an inflow of gold" (United States House Committee, 1962: 74) This fact was not well known and appeared to contradict the concern, at the time, that military assistance resulted in a serious balance of payments problem, and thus a resulting outflow

of gold. David J. Louscher cites the "adverse balance of payments" problem, and the resulting outflow of the nations gold supply as one reason for the emergence of foreign military sales as a foreign policy instrument (Louscher, 1977: 936).

In the Foreign Assistance Act of 1961, Congress made only brief mention of sales as one method of supplying military assistance. However, in the 1962 act, following McNamara's statement concerning sales and Lemnitzer's figures contradicting the balance of payments problem, Congress included more forceful language.

> The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy. (United States Congress, 1962: 317-318)

Clearly, changes to the Foreign Assistance Act favored strong support for substituting sales for grants whenever possible. Kennedy's administration had lobbied for the changes and Congress had supported the administration's requests with forceful language favoring arms sales.

Conclusion. Prior to election, President Kennedy recognized the need for a new foreign policy regarding Latin America. Driven by the threat of Cuban style revolution, lack of capacity by Latin American militaries to affect a hemispheric defense, and realization that the true threat to security was internal rather than external, Kennedy's solution to the foreign policy problem took an economic and social, rather than military slant (Thayer, 1969: 242-243). However, regardless of the focus on economic means, the military aspect of security assistance could not be separated from the economic side.

As John Child stated concerning the alliance, "the major thrust of the innovative change was the linking of defense and development" (Child, 1980: 149). While the development would be carried out primarily with economic assistance, it would also require military assistance for "civic action." In 1959, the Draper Committee had

recognized that military assistance was an essential component of any economic and social development program, and their use for civic purposes could be indispensable (President's Committee, Vol. II, 1959: 18-19). The counterinsurgency role itself demanded not only extensive training to reorient the militaries, but also significant training and equipment for Latin American police forces (Child, 1980: 149). The Alliance for Progress was really the first time the US had become involved in supplying technology and training on a large scale to police forces. The general belief regarding Latin America was that the police constituted the "first line of defense" against insurgency, and this led to the formation of the Office of Public Safety (OPS). For twelve years, following the creation of the OPS in 1962, it supplied $325 million in aid to Third World countries (Klare, 1981: 17-18). In effect, this new office provided a means of offsetting what would be an increasing demand for funding to meet the objectives of the alliance. When combined with the military assistance that would be required to accomplish the defense role, it appeared that the total military assistance needs under the alliance would remain high.

The Alliance for Progress was designed with the intent of providing a sound economic and social background for the development of democracy within Latin America. While the achievement of this objective is debatable, the fact that it was a stimulus for change in the means of supplying security assistance is not. Both the executive and legislative branches of government, in their efforts to make the alliance a viable foreign policy tool in Latin America, caused a shift from grant military aid, to sales of military hardware within the region. From the outset of legislation concerning the Alliance for Progress, however, this was not consistently the case. The Foreign Assistance Act of 1961 had severely restricted the amount of military assistance for Latin American nations and the means of delivering the assistance. Only strong opposition on the part of the administration and the realization that military sales could help offset a serious balance of payments problem forced the Congress to reevaluate the restrictions they had imposed. In

the passage of the Foreign Assistance Act of 1962, Congress changed the restriction to permit sales of military items to exceed the imposed limit on military assistance. This significant change permitted the growth of arms sales in Latin America.

President Kennedy's forceful backing of measures to implement the Alliance for Progress, and Secretary McNamara's management of the military assistance policy with regard to Latin America, combined with Congressional cooperation, led to a rise in arms sales as seen in Table 3-4. While the rise in sales, and subsequent drop in grant assistance, are not dramatic they do reflect a shift in trends that would continue well into the future and become dramatically higher under subsequent administrations.

Southeast Asian Conflict

Introduction. While both flexible response and the formation of the Alliance for Progress had direct impacts on the change of military assistance from grants to sales, conflict in Southeast Asia would also play a significant role in reshaping security assistance and military assistance policy. The eventual impact of disproportionate military assistance to Southeast Asia would also contribute to a shift from grants to sales. This conflict so drained military assistance funding, and was so controversial, that while it played a somewhat indirect role, its impact was easily as important. Perhaps, no other issue concerning foreign policy during this period would have such far reaching and long remembered consequences.

President Kennedy inherited a confusing Southeast Asian policy from the Eisenhower administration. Overwhelmed by communist challenges in China, Cambodia, Laos and Vietnam, the Eisenhower administration had dealt haphazardly with foreign policy in the Far East. Kennedy was immediately faced with crucial decisions concerning assistance for this area of the world.

US interests in Southeast Asia were based on a long standing tradition of idealism and economics. Henry Kissinger summed up the US relationship with this region:

> In the past generation Americans have fought three major wars in Asia (Vietnam War included). We have learned the hard way that our own safety and well-being depend upon peace in the Pacific and that peace cannot be maintained unless we play an active part.
>
> American foreign policy has known both great accomplishment and bitter disappointment in Asia. After World War II we sought above all to contain communist expansion. We essentially succeeded. We forged a close alliance with democratic Japan. We and our allies assisted South Korea in defeating aggression. We provided for the orderly transition of the Philippines to full independence. We strengthened the ties with Australia and New Zealand that had been forged as allies in two wars. We spurred the development of the Pacific basin into a zone of remarkable economic vitality and growth. (Kissinger, 1977: 414-415)

Following World War II, US involvement in the Pacific basin grew rapidly. We had suffered as a nation due to complacency in this region prior to the attack on Pearl Harbor, and the American public was highly supportive of a strong military defense in the region. Communist-inspired insurgencies became commonplace following the war, and hostilities broke out in Laos and Vietnam.

Laos. Laos was born out of the Geneva agreements of 1954. These agreements were designed to end hostilities within the region and give independence and neutrality to Laos and Cambodia. Neither the US nor Vietnam was pleased with the agreements because they believed the agreements gave advantages to communist forces that could threaten neighboring countries. Nevertheless, both the US and Vietnam agreed to abide by them. In addition, the agreements permitted the US to continue its economic and military assistance programs with the Lao government. From its inception, this small country presented a puzzling challenge for US foreign policy. Roger Hilsman, Kennedy's Assistance Secretary of State for Far Eastern Affairs, stated that the Laos situation was

"out of all proportion to the intrinsic importance of a country so poor, so remote, and so lightly populated" (Hilsman, 1967, 105).

Regardless of the politics involved, however, what is certain is that the US was actively supplying assistance to this country from the beginning. The US hoped to gain the friendship of the rulers of the new country, and thwart a certain communist attempt at further expansion in the infant nation. Aid to Laos was so extensive during the Eisenhower administration that it included shipments of rice and consumer goods as part of the American aid program. These goods were then sold to merchants in exchange for Lao currency that would be paid to the army (Hilsman, 1967: 105-113).

When Kennedy assumed the Presidency from Eisenhower, Laos was viewed as the key to all of Southeast Asia. In a single, short transition meeting between the two leaders and their closest advisors, Eisenhower stated "Laos is the present key to the entire area of Southeast Asia." He and his advisors apparently believed that by losing Laos, the entire region would be under threat of Communist domination, and the US should be prepared to unilaterally defend against this occurrence if necessary (McNamara, 1995: 36-37; Neuman, 1992: 9; Schlesinger, 1965: 163). The major problem with the transition from one administration to other, concerning this topic, was outlined by Secretary McNamara.

> What I do know is that we received no thoughtful analysis of the problem and no pros and cons regarding alternative ways to deal with it. We were left only with the ominous prediction that if Laos were lost, all of Southeast Asia would fall. By implication, the West would have to do whatever was necessary to prevent that outcome. The meeting made a deep impression on Kennedy and us all. It heavily influenced our subsequent approach to Southeast Asia. (McNamara, 1995: 36-37)

This transition meeting clearly highlighted Eisenhower's "domino" theory, which argued that if one country were to fall to the Communists, the other states in the region would fall as well, like dominos knocking each other over (Hilsman, 1967: 101). President Kennedy, however, thought that a neutral Laos was possible, and he clearly sought an "independent" country (Neuman, 1992: 9). The domino theory would continue

to have an impact on the Kennedy administration and continue to impact the use of military assistance as a foreign policy tool in Southeast Asia.

As expected in the US and elsewhere, the Geneva agreements were conducive to communist expansion and aggression in Laos. Only one month after assuming office Kennedy was faced with a decision whether or not to intervene militarily when Communist forces threatened the ruling government. Kennedy continually held to the possibility of a political solution, and reaffirmed his desire for a neutral, independent Laos. During Kennedy's meeting with Khrushchev in June of 1961, the two leaders could agree on only one point: Laos. They both agreed that Laos should be a neutral country and they would both work to ensure this took place. In a joint communiqué signed by both leaders, they explained the superpowers' stand with regard to Laos, and cited the need for an "effective" cease fire in the region. For a full year the cease fire wavered in its success, and eventually the government and Communist forces returned to fighting. The situation came to a head in the spring of 1962, and Kennedy was finally faced with a final military versus political decision (Hilsman, 1967: 127-154).

By May of 1961 Defense Secretary McNamara forwarded his analysis of the situation to Kennedy, offering two courses of action. McNamara's first option was nonintervention in Laos and the introduction of troops into Thailand and Vietnam, ostensibly to prevent the spread of communism and the validation of Eisenhower's domino theory. The second option was to intervene militarily, with the possibility that China and the Soviet Union might enter the fray as well. These two options were again considered relevant to the situation in 1962. Many in the administration believed that sooner or later we would have to stand and fight in Southeast Asia (Warner, 1994: 685-693). Holding to his belief that a neutral Laos was best for all, Kennedy chose nonintervention and the use of political means again. Fortunately, Kennedy's choice was followed shortly thereafter

with the cessation of hostilities, and an agreement that formed a government of national union in Laos (Hilsman, 1967: 127-155).

The long history of political and military wrangling over the Laos situation is confusing, but the use of military assistance by the US throughout the entire time is obvious. Table 3-5 indicates the military assistance levels throughout the time period. While no military sales took place between the US and Laos, the increasing level of grant assistance drained available funds from other foreign policy issues of greater importance. Total US aid to Laos, economic and military, grew to over $300 million by the end of 1960, and was larger per capita than US aid to any other country (Schlesinger, 1965: 325). Given the relative importance of Laos, it appears that the level of grant military assistance was out of proportion as compared to other foreign countries. In these countries another method would have to be used to overcome the lack of available military assistance funding. Just as sales of military hardware were used to overcome restrictions on grant assistance in Latin America, so too could sales be used to overcome lack of available grant assistance in other countries. Eisenhower's belief in, and Kennedy's continued reliance on, the domino theory forced ever increasing obligations of critical resources to oppose communist expansion into Southeast Asia. Laos, however, was only the beginning, as the Kennedy administration became ever more involved in Vietnam.

Vietnam. While Laos was fading in importance, its neighbor, Vietnam, emerged as the new battleground of communism and democracy. Like Laos, Vietnam would be fertile ground for the use of security assistance. More specifically Vietnam would soon overwhelm the Kennedy administration with the need for ever increasing expenditures from the military assistance program. In addition, the vehicle used to deliver military assistance would be grant aid. Since the mid-1950s, the US had been supporting South

Table 3-5. Military Assistance to Laos 1958-1962

(In Thousands of Dollars)

Year	Military Assistance Funding
1958	5,094
1959	7,199
1960	17,563
1961	34,360
1962	47,846

(Source: DSAA, 1990)

Vietnam with military and economic assistance, and when Kennedy took office over 2000 American troops were stationed in Vietnam. Between 1960 and 1963 this force grew to over 16,000, and military and economic assistance would continue to grow (Schlesinger, 1965: 996-997).

In addition to the formation of Laos, the Geneva agreement of 1954 divided Vietnam at the seventeenth parallel, forming North and South Vietnam. Ngo Dinh Diem, a devout Catholic with neither French or Communist loyalty, was appointed as the Premier of South Vietnam. Diem had a reputation as a patriot, having resigned from a previous government post when the French had failed to deliver on promised reforms. He appeared to be a logical choice for the premiership. The task of building a nation in South Vietnam, however, proved immense. War had ravaged the country for years, a million Catholic refugees had fled to South Vietnam from the North, Communist agents mingled with the population, and religious sects maintained their own armies. Largely due to US assistance, Diem was able to solidify his hold on Vietnam, and break the military power of the religious sects. Diem's primary supporter in the US was Edward Lansdale, an Air

Force colonel working with the Central Intelligence Agency (CIA) at the time. Well experienced in guerrilla warfare, Lansdale continued to assist Diem throughout the Eisenhower administration and into Kennedy's (Hilsman, 1967: 416).

By 1956 Diem had not only quelled his primary military foes, but he also had control of his internal political opponents. At this time the external threat from North Vietnam was being held in check by his own large army, which was being trained and equipped by a US Military Assistance Advisory Group (MAAG), and supplied with US military assistance. In addition, US economic assistance was helping with health and sanitation programs, education programs, and other social programs. Regardless of Diem's success, his popularity began to wane in the late 1950s (Hilsman, 1967: 418-419).

The Geneva accords set 1956 as the point for popular elections in the unification of North and South Vietnam, and Diem would not follow the accord because South Vietnam had not signed the agreement, nor were Communists in the North allowing such elections. By 1957, Diem's regime was becoming more dictatorial and less popular for several reasons. He abolished village elections that were an ancient tradition, making personal appointments instead; his Catholicism was resented by Buddhists; and his family, many of whom held appointed positions in the government, ruled with near total disregard for democracy. The radical shift in Diem's popularity led to an assassination attempt in 1957, and a major coup attempt in 1960. In each case, Diem's response was to become more dictatorial and repressive. Throughout the last several years of the 1950s, Diem's drop in popularity was accompanied by a rise in guerrilla and terrorist activities, carried out by Communist sympathizers in the South. Not surprisingly the Communist Party in North Vietnam called for the unification of Vietnam, and in 1960 Ho Chi Minh encouraged Communists to become more active in the revolution in the South (Hilsman, 1967: 418-419). North Vietnam was actually supplying the Viet Cong with training, equipment and advice by 1960 (Schlesinger, 1965: 539).

When Kennedy assumed office, Eisenhower emphasized the urgency of the situation in Laos, and made virtually no reference of how critical the Vietnam situation was. Just six days after the inauguration, Walt Rostow, Kennedy's Deputy Assistant Secretary for National Security Affairs, delivered a report on the situation in Vietnam that had been written by Edward Lansdale. Lansdale's report painted an ominous picture of the current situation in Vietnam. First, the Communist sponsored guerrilla campaign had made impressive gains, and the report stated that the Viet Cong goal was to take over South Vietnam be the end of 1961. In addition, while Lansdale was in Vietnam during his fact finding mission, he discovered that the situation was worse than that painted by prior reports he had read Washington. Lansdale also reported that Diem was shocked by the bad news and "held similar grim views" (Neuman, 1992: 3-4). According to Rostow, Kennedy was surprised by the report, and he stated that Eisenhower had never mentioned Vietnam (Rostow, 1972: 265).

Two days after reading Lansdale's report Kennedy was briefed on a counter insurgency plan for Vietnam. This plan contained two provisions. The first provision included more military assistance to add 20,000 men to Diem's army. The second provision called for reforms on Diem's part as a requirement to receiving the aid. The reforms included streamlining the military, institution of an economic planning system, and provisions for free elections in the villages (Neuman, 1992: 5). This plan achieved Kennedy's approval, and it was expected to win the war in eighteen months. In order to emphasize the importance Kennedy attached to the proposed reforms, Vice President Johnson visited Diem as part of a general tour of Southeast Asia. Eventually, Diem agreed to the reforms in exchange for the additional support for his army, but as was often the case with Diem, the actual reforms never materialized. Whether unwilling or unable, Diem's regime never accomplished the goals set for the reforms, and his popular support slipped even further (Schlesinger, 1965: 539-544).

Again, Kennedy was forced to send a delegation to Vietnam to assess the situation. This time the thrust would be a military one and the delegation was headed by General Maxwell Taylor and Walt Rostow. This mission arrived at the collective opinion that Southeast Asia was worth fighting for, and the war could be won with a major US effort. The delegation recommended prodding the Vietnamese army to take the offensive, use of American troops for tasks such as airlift and air reconnaissance, and it proposed the possibility of a force of 10,000 US soldiers for self-defense and perimeter security (Schlesinger, 1965: 546). Kennedy was pleased with Taylor's report, but he did not agree with the possibility of using US troops. Kennedy commented to Arthur Schlesinger:

> They want a force of American troops. They say it's necessary in order to restore confidence and maintain morale. But it will be just like Berlin. The troops will march in; the bands will play; the crowds will cheer; and in four days everyone will have forgotten. Then we will be told we have to send in more troops. It's like taking a drink. The effect wears off, and you have to take another. (Schlesinger, 1965: 547)

Eventually, Kennedy succumbed to the military pressure for two primary reasons. First, J. K. Galbraith had traveled to Vietnam and his views were bleak as well. Galbraith saw little chance that reforms forced on Diem would cause him to perform as desired, and Kennedy saw "no long term solution that did not involve a change of leadership" in Vietnam. Finally, Kennedy felt that an "American retreat in Asia might upset the whole world balance" (Schlesinger, 1965: 548). Furthermore, Kennedy stated to Galbraith, "There are limits to the number of defeats I can defend in one twelve-month period. I've had the Bay of Pigs and pulling out of Laos, and I can't accept a third" (Schlesinger, 1978: 705).

With social and economic assistance having little impact, the administration turned to a policy primarily centered on the military effort, and the enlarged American presence appeared to be succeeding. The Viet Cong were falling back when McNamara made his first visit to South Vietnam, and the overall picture appeared to be favorable. McNamara

emphasized that large scale US economic and military assistance was beginning to pay off and victory was no longer impossible in South Vietnam (Fiscal Year, 1963: 17). In addition, McNamara remarked that "Every quantitative measurement we have shows we're winning this war." In Kennedy's 1963 State of the Union message he stated "The spearpoint of aggression has been blunted in South Vietnam" (Schlesinger, 1965: 549-550). The Viet Cong, however, did not rely on quantitative measures, and the Kennedy administration misread their determination. Not surprisingly the military grant assistance to Vietnam had more than doubled between 1961 and 1963 (Defense Security, 1990: 79).

During the late summer and fall of 1963, the Kennedy administration finally faced the question of what to do about Diem. Throughout the summer of 1963, conflict had simmered between Buddhists and Diem's regime, and on August 21, an elite military unit attacked a group of monks under Diem's orders. This action was the last straw for many in the Kennedy administration, and a US-sponsored coup was haphazardly authorized by Kennedy. In late September, Kennedy again sent McNamara to meet with Diem and convince him that continuing US assistance, both military and economic, must be accompanied by reforms on his part, and the end to his repressive policies. Diem reacted unfavorably to McNamara's assertions, and it was subsequently decided by the administration that planning for a coup by general officers in the South Vietnamese army was too far along to stop. On November 1, 1963 , Diem and his brother, Ngo Dinh Nhu were deposed and killed by a group of military leaders. What remained for the Kennedy administration was a political vacuum into which we were pouring millions of dollars in US military assistance (McNamara, 1995: 51-85).

Growth of Military Assistance. Throughout the political wrangling with Diem, the Vietnam conflict had survived the Bay of Pigs invasion, the Cuban missile crisis, conflict in Africa, and the Berlin crisis, to become the dominant foreign policy issue of the Kennedy administration. Vietnam was viewed by Kennedy, and eventually President

Lyndon Johnson, as the consummate case of a Communist-sponsored "war of national liberation," and he could not back down. Vietnam was a third world country struggling for independence, and appeared as the perfect stage for security assistance, both economic and military. It would, in the end, have a "profound" impact on domestic support for the war in Vietnam, and security assistance in particular (Grimmett, 1985: 21).

Vietnam is the perfect case to illustrate the shift in security assistance grants from the countries of war ravaged Europe to emergent Third World countries. Richard F. Grimmett believes that, "had it not been for the Vietnam conflict, the MAP program levels would likely have fallen even more precipitously than they did" during the 1960s (Grimmett, 1985: 21). Indeed, when compared to other countries, the MAP funding for Vietnam grew disproportionately, as illustrated in Figure 3-2. When Kennedy assumed office in 1961 the level of MAP funding for Vietnam stood at just over $87 million, by 1963 the MAP program was pumping over $176 million in MAP funds into Vietnam. This dramatic rise in grant funding did not go unnoticed by Congress.

In a 1961 address to Congress, Kennedy made little mention of Vietnam, but he defended his request for $1.885 billion in military assistance funding. Kennedy concluded his remarks on military assistance by stating that "We cannot merely state our opposition to totalitarianism without paying the price of helping those now under the greatest pressures" (Kennedy, 1961: 517). What he did not realize at the time was that Vietnam would rise to the forefront of the countries facing the "greatest pressure."

Opposition to the growing level of assistance and involvement in Vietnam existed even within the Kennedy administration. George F. Kennan, Kennedy's ambassador to Yugoslavia, became a critic of what he called the "overmilitarization" of Cold War thinking, and he resigned his post as a result. Kennan questioned policies that relied on economic and military aid to "keep teetering nations from dropping into the pit of

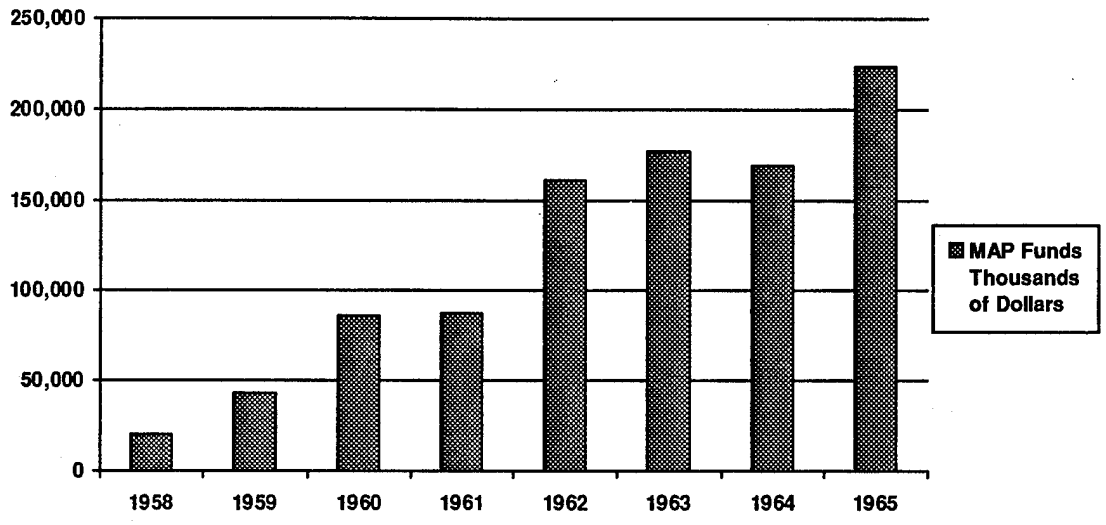

Figure 3-2. Vietnam MAP Funding 1958-1965 (DSAA, 1990)

communism." With regard to Vietnam, Kennan advocated "getting out" as a possibility to be considered (Moskin, 1963: 27).

Congressional aversion to the growing military assistance expenditures became very apparent during debate concerning assistance in the early 1960s. Military expenditures had risen from 29 percent of budgeted items in 1950, to 52 percent in 1960 (Neuman, 1994, 93). When Secretary of State Dean Rusk addressed the House Committee on Foreign Affairs concerning the Foreign Assistance Act of 1961, he outlined the requested appropriation of $1.885 billion for military assistance in fiscal year 1962. Rusk's statement clearly outlined to Congress that the largest share of the program was directed toward the Far East (United States House Committee, 1961: 36).

Before the same committee, Secretary of Defense McNamara also defended the disproportionately high funding for Vietnam. McNamara described how, unlike Latin America, the administration believed that Vietnam faced a two-fold threat; a direct threat from communists in China and the Soviet Union, and an internal threat from guerrillas within Vietnam. McNamara outlined the administration's Vietnam policy.

> Because of this two-fold threat the military aid we plan to give them is proportionately high. We recognize the inadequacy of their forces to cope with an outright Communist invasion, yet with our assistance we count on their courage and ability to deal with large-scale guerrilla warfare. Should they suffer an open attack across their borders, we look for local forces to resist the initial thrust until such time as free world forces may come to their support. In these areas the capability of our own forces to deploy quickly against aggression is heavily dependent upon the development and maintenance of base facilities or military infrastructure on the spot or in the vicinity. Military assistance is a key factor in constructing new facilities, improving existing facilities and insuring their availability when required. (United States House Committee, 1961: 70)

McNamara recognized the continuing trend to increase the absolute amount devoted to the Far East, and stated that this need was directly related to threats from Communist China. He summarized the situation in Southeast Asia by stating that "The strength, the confidence and the will to fight of the whole area are sharply affected by the size and character of the aid we give them" (United States House Committee, 1961: 71). The graph in Figure 3-3 indicates the administration's proposed breakdown, by region, for the requested $1.885 billion for 1962. Clearly the size of the aid to the Far East far overshadowed all other regions, and the combined aid to Vietnam and Laos accounted for one quarter of the entire Far Eastern proposal. Other recipients of large amounts of military assistance in the Far East included Japan, Korea, the Philippines, Taiwan, and Thailand (DSAA, 1990: 6-80). Overall, the Far East represented 46 percent of the total MAP request.

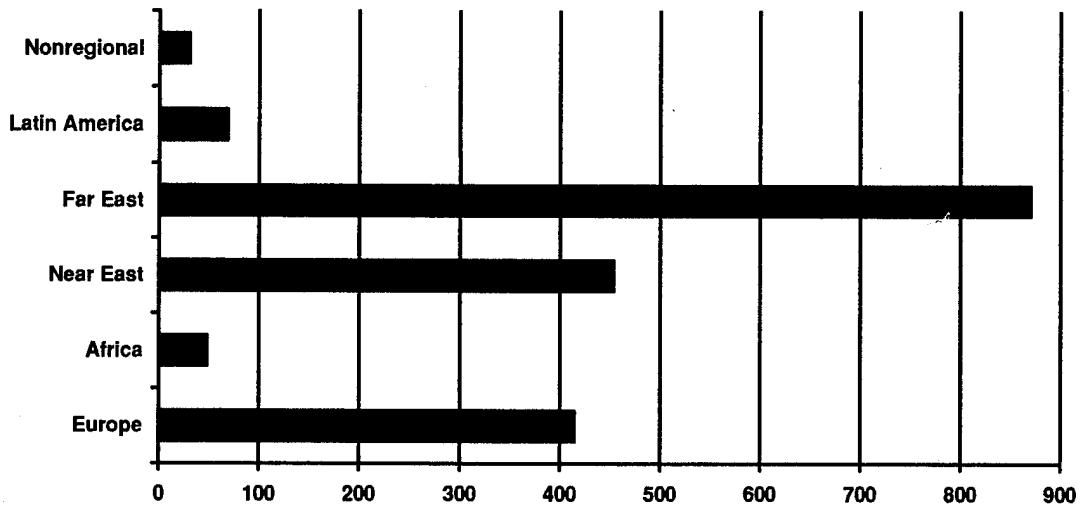

Figure 3-3. FY 1962 MAP Request Regional Breakdown (In Millions of Dollars) (United States House Committee, 1961)

Originally the President's request for military assistance funding for FY 1962 was only $1.6 billion. When McNamara was questioned by the Foreign Affairs Committee as to the $285 million change, he responded that conditions in Southeast Asia alone accounted for approximately half of the increase. The Committee further questioned McNamara concerning the administration's policy with regard to increasing assistance and the lack of progress in the area, and asked how much effort should be put into Vietnam. McNamara responded that we should use "whatever effort is required." When asked if he thought Vietnam would stand with the additional assistance, McNamara responded in that he did. Repeatedly, throughout the testimony concerning assistance to Vietnam, McNamara found himself on the defensive. At one point a Committee member asked General Lymon Lemnitzer, the Chairman of the Joint Chiefs of Staff, how much assistance it would take to prevent other countries from "going the same way Laos has gone," referring to the large amount of assistance that had been devoted to Laos. Again Lemnitzer responded, as McNamara had, that we should do whatever was required (United States House Committee, 1961: 79-84). Apparently, the Congress was very

concerned with the escalating assistance to Vietnam, but the administration held firm in Kennedy's belief that we had to make a stand in Vietnam.

In additional testimony concerning the 1961 Act, questions arose concerning diversion of funds from one country to another, and the possibility of increasing sales of military hardware. Administration witnesses stated that reprogramming funds from one country to another was possible to a limited degree, but not an acceptable practice because it left forces in other areas at undesirable levels. When asked if the DOD was attempting to increase sales, Major General Frederic H. Miller, a director of International Security Affairs, testified that we were trying to increase them (United States House Committee, 1961:131-230). Eventually the Congress appropriated $1.6 billion for military assistance in FY 1962 (United States Congress, 1962: 2029).

One year later, in testimony before the same committee concerning the Foreign Assistance Act of 1962, the administration again found itself defending increased assistance for Vietnam. Assistant Secretary of State for Far Eastern Affairs, W. Averell Harriman, testified that we had again stepped up military assistance in response to growing Communist attacks. He stated that "we are trying to give them the means to win," and "American assistance to Vietnam has been and will be expensive." The administration request for FY 1963 included $1.5 billion in new obligational authority for military assistance. The breakdown, by region, is indicated in Figure 3-4. Total military assistance amounted to $1.73 billion due to reappropriation of unobligated funds. (United States House Committee, 1962: 6-71). As was the case for FY 1962, the amount programmed for the Far East far overshadowed other regions, and one quarter of the Far Eastern amount was intended for Laos and Vietnam alone. The Far East request represented 48 percent of the total.

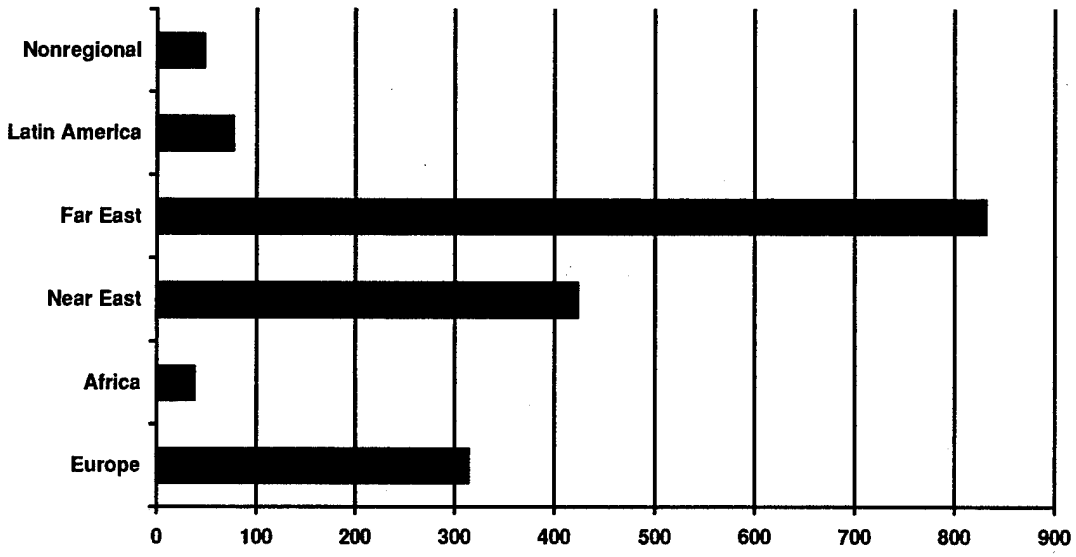

Figure 3-4. FY 1963 MAP Request Regional Breakdown (In Millions of Dollars) (United States House Committee, 1962)

In defense of the continuing need for large appropriations in the military assistance program, General Lemnitzer cited Eisenhower's Draper Committee report which said the military and economic aspects of security assistance were sound concepts, and "What is needed is the determination to continue it and the ability to administer it well." General Lemnitzer concluded his statements by arguing that our military assistance programs result in an inflow of gold due to the sales of military equipment under the program, rather than an outflow of gold due to grant assistance. Therefore, Congressional concern over the contribution of military assistance to the balance of payments problem was unfounded (United States House Committee, 1962: 72-74).

Regardless of the administrations unequivocal support for military assistance in Vietnam, the Foreign Affairs Committee remained skeptical. Congresswoman Edna Kelly of New York pointedly asked Secretary McNamara if saving South Vietnam was "the most important issue facing us in the free world?" McNamara responded that he believed we should make every effort possible to save Vietnam, but he would not rank its priority.

Congresswoman Kelly responded "that the cost to save Vietnam is so great that we can consider it the cost of our own survival." When asked if he would regard a cut in the military assistance program as equal in importance to an equal cut in our own defense budget, Secretary McNamara responded that he would regard the military assistance program cut as more important. In a similar fashion, General Lemnitzer's response to a question concerning the value of military assistance funds versus DOD funds, was that a dollar spent on military assistance was as important as a dollar spent in our own defense budget (United States House Committee, 1962: 72-92).

To offset the continuing reliance on military grant assistance in FY 1963, the administration included a new section within its proposed changes to the Foreign Assistance Act. This section dealt with the issue of utilizing military sales to the "greatest extent possible" through purchases on a government-to-government basis (United States House Committee, 1962: 69). This amendment to the act was warmly accepted by the Foreign Affairs Committee and language was inserted in the resulting law that advocated reducing and terminating grants to all nations with the capacity to fund their own defense (United States Congress, 1962: 317). In the legislative history of the act, the Foreign Affairs Committee also agreed with the importance of aid to Vietnam, recognizing that it accounted for 48 percent of the entire military aid program. In addition, the Committee pointed to the increasing emphasis on sales of military hardware that were helping to offset such large demands for grant assistance (United States Senate, 1962: 2060). All debate aside, Congress continued to whittle away at the administration's requests and appropriated $1.325 billion in new funding for military assistance in 1963 (United States Congress, 1962: 1368).

In 1963 the Foreign Assistance Act would once again undergo heated debate before the House Foreign Affairs Committee, and once again the administration's request for FY 1964 would be cut. In this case the administration requested $1.405 billion, and

the Congress appropriated $1.3 billion. In addition to recognition of Vietnam as the "outstanding recipient" of military assistance, Congress and the Department of Defense agreed that the military assistance program should be trimmed to no more than $1 billion by 1968 (United States Senate, 1963: 1224-1227).

Conclusion. The combination of a long history of involvement in the Pacific region, and the Kennedy administration's preoccupation with thwarting the expansion of Communism led to an ever larger program of security assistance in support of fledgling countries such as Laos and Vietnam. Conflict within these countries, and the resulting assistance, played a significant role in reshaping security assistance policy in general, and military assistance policy more specifically.

In Laos and Vietnam the Kennedy administration found itself dealing with countries in which communist sponsored forces fighting a war of national liberation, opposed a government that the US was attempting to promote through the use of security assistance. In each case the result of the US foreign policy was a substantial increase in the amount of military assistance to Southeast Asia, and an eventual shift to offset these increases with arms sales. Figure 3-5 demonstrates the relative growth in the level of military grant assistance in Laos and Vietnam as compared to the decline of the entire military grant assistance program worldwide, and the increase in arms sales worldwide. Over this time period the actual amount of money devoted to grant military assistance in Laos and Vietnam became a consistently larger percentage of the overall smaller total grant military assistance budget.

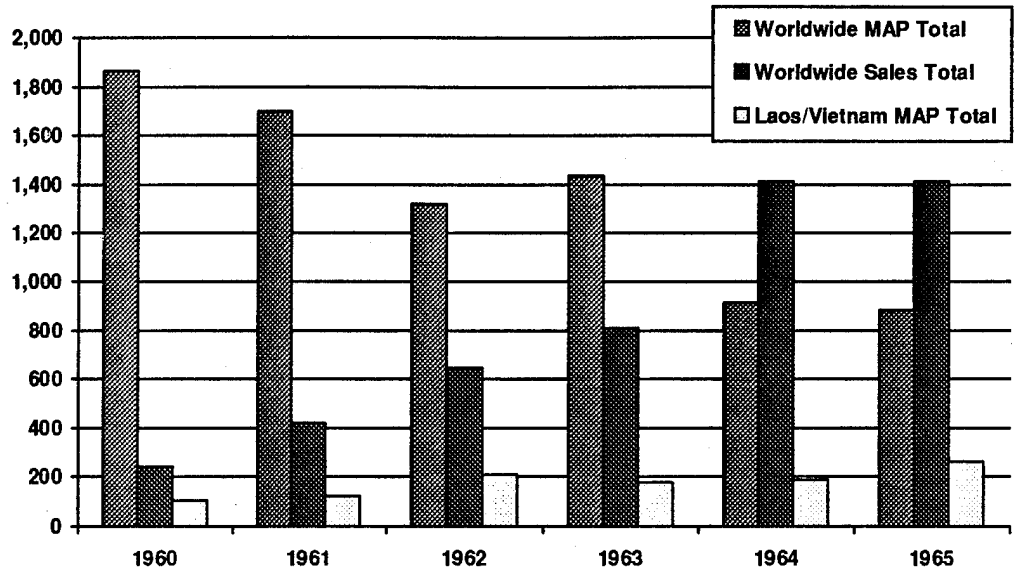

Figure 3-5. MAP: Worldwide versus Laos and Vietnam (In Millions of Dollars) (DSAA, 1990)

As this trend became increasingly apparent to the American people and Congress, critics of the "give away" program became ever more vocal. Debate over the military assistance aspect of the Foreign Assistance Acts of 1961 through 1963 centered on the inordinate growth in the allocation of military grant assistance to the Far East and Vietnam in particular. At this time the use of sales of military hardware to offset grant military assistance was brought to the front.

Congressional testimony by Secretary McNamara and General Lemnitzer indicates that both the administration and Congress were advocates of a policy to increase the sales of arms as a means to offset grant military assistance. The Foreign Assistance Act of 1961 carried forward the sales program portion of military assistance in section 507 of the new law, but the program at this point remained much the same as it had under the Mutual Security Act (United States Congress, 1961: 484). However, by 1962 the act was amended to include a statement that the President shall begin to seek means to terminate grant assistance whenever possible, thus leaving only sales and loans as a means of

providing military assistance to countries capable of paying (United States Congress, 1962: 317). During testimony concerning the 1963 amendment to the Act, Secretary McNamara pointedly stressed the administrations desire to utilize sales to replace grants, and stressed that sales "create a balance of payments advantage" for the US (United States House Committee, 1962: 69).

While sales of arms to Laos and Vietnam did not take place during this period of US history, the growth of the grant assistance to these two countries had a direct impact on the overall growth of sales worldwide to offset expenditures on grant assistance. David J. Louscher points to 1962 as the time of the first substantial rise in arms sales, and advocates two reasons for the emergence of arms sales that are pertinent to Southeast Asia. First, the sales provided an "inexpensive economic and military assistance instrument" to conduct foreign policy. Secondly, the adverse balance of payments problem could be partially offset by the sale of arms (Louscher, 1977: 936). Both of these reasons were brought to light during debate concerning military assistance in Southeast Asia. In addition, Louscher states that the expanded sales program resulted from the "repeated inadequacy of several alternative efforts, and was facilitated by the changing attitude toward foreign assistance within Congress and the Administration during the late Eisenhower and early Kennedy years" (Louscher, 1977: 942). Jo L. Husbands identified Vietnam as having a "close link" between arms sales and "American hopes of avoiding further direct intervention in Third World conflicts" (Husbands, 1980: 19). Testimony by Administration witnesses and skeptical questioning on the part of Foreign Affairs Committee members indicates that grants under the military assistance program were one of these inadequate alternative efforts. Clearly, conflict in Southeast Asia, which resulted in large increases in grant military assistance had a direct impact on a shift in US foreign policy with regard to the sale of arms.

Kennedy Administration Goals and the McNamara Influence

Background. The impact of Cold War policy, Latin American policy, and Southeast Asian policy on the nature of security assistance has been demonstrated, but other forces played an equally important role. In addition to the actual foreign policy issues faced by the Kennedy administration, the personalities involved in building policy and leading the country had a major impact on the changing nature of security assistance. The Secretary of Defense, Robert S. McNamara, played a key role in radically shifting the nature of security assistance from one of grant aid to the actual sale of arms.

It has been stated that "the administration of John F. Kennedy held a powerful grip on many imaginations during its brief and brilliant career" (Kaufmann, 1964: 1). The appointment of Robert S. McNamara as the eighth Secretary of Defense was one factor in that "powerful grip." Kennedy, however, did not recruit McNamara as a defense secretary, but rather as a manager and leader. Having been referred to the President elect as a "businessman with innovative ideas" by a common friend, Kennedy sought McNamara for a position within his administration.

Shortly after Kennedy's election to the Presidency, he sent his brother-in-law, Sargent Shriver, to recruit McNamara for the position of secretary of the treasury first, and secretary of defense if the first position was refused. Clearly, what Kennedy sought in McNamara was his skills as a manager and leader rather than his knowledge of defense. In fact, McNamara himself believed his appointment to the defense position was "absurd" because he was "not qualified" for the position. Ultimately McNamara accepted the secretary of defense position because of the "obligation to serve the nation when called upon" (McNamara, 1995: 13-17).

Having served two years in Army ROTC at the University of California at Berkeley, McNamara was not entirely new to the defense establishment. After graduation from Berkeley, McNamara attended the Harvard Graduate School of Business

Administration and a year after graduation returned to Harvard as a junior faculty member. While in this faculty position, he was asked to accept a position as a civilian consultant teaching statistical control under the War Department in 1943, and was soon thereafter commissioned as an army officer. During the following three years McNamara's tour in the army led him around the world, and culminated with the award of the Legion of Merit for his part in building and managing the army's statistical control program to plan and control operations (McNamara, 1995: 6-9). The quantitative techniques employed by McNamara would later be used to plan and control the entire DOD.

Kennedy's direction to McNamara as the new secretary of defense was to provide "security for the nation at the lowest possible cost" (McNamara, 1995: 23). This directive, according to William W. Kaufmann, led McNamara to two major changes within the DOD. First, McNamara set about redesigning military strategy and the forces to fit the threats. Secondly, McNamara instituted new methods of decision making based heavily on quantitative measurement (Kaufmann, 1964: 3). These changes would lead to stiff opposition, but to McNamara they were necessary to manage an organization the size of the DOD.

According to McNamara, one of the most important accomplishments of his tenure as the secretary of defense was the reformation and integration of military strategy and foreign policy. In yearly posture statements to the Congress, McNamara began each with the foreign policy objective, followed with an analysis of the threats, and the military strategy designed to counter the threats. Finally, the strategy design would yield the required force structure and budgets required to conduct the driving foreign policy. To McNamara this systematic method of approaching the directive from the President was almost second nature. McNamara explained his methodology as follows:

> This all reflected an approach to organizing human activities that I had developed at Harvard and applied in the army during the war and later at Ford, and in the World Bank. Put very simply, it was to define a clear objective for whatever organization I was associated with, develop a plan to achieve that objective, and systematically monitor progress against the plan. Then, if progress was deficient, one could either adjust the plan or introduce corrective action to accelerate progress. The objective of the Defense Department was clear to me from the start: to defend the nation at minimal risk and minimal cost, and, whenever we got into combat, with minimal loss of life. (McNamara, 1995: 24)

McNamara's systematic organizational approach to decision making, and quantitative methods of measuring performance appeared to be an effective method of managing the DOD, and he would also rely on these methods to integrate military assistance into the DOD budget.

McNamara and Military Assistance. McNamara's quantitative methods of evaluating various options in the decision making process were well suited for the stark budget realities faced by the Kennedy administration with regard to foreign assistance funding. The previously mentioned balance of payments problems faced by the US and the resulting deficit were causing Congressional concern over grant aid programs designed to further US foreign policy. McNamara, however, believed strongly in the benefits of military assistance.

Security assistance in general and military assistance specifically were viewed as force multipliers by McNamara. According to McNamara a key function of MAP was "ensuring an effective conventional defense, and limiting the American requirement for general purpose forces by the maintenance and support of strong allied capabilities." McNamara emphasized the importance of MAP by stating that "if I had to chose between a billion dollar reduction in economic aid, a billion dollar reduction in military assistance, or a billion dollar reduction in remaining defense requirements, I would choose the latter" (Kaufmann, 1964: 99-100). This approach to the available options would come to the forefront with regard to burden sharing within NATO.

In the early 1960s the US commitment to NATO was becoming an economic burden and McNamara pursued agreements with NATO countries to begin developing conventional capabilities of their own. As previously mentioned, these efforts stemmed from McNamara's concern about problems in logistical cooperation and standardization of weapons (Louscher, 1977, 936). Ultimately this effort led to the formation of the ILN in 1962. George Thayer saw a clear shift from grant military assistance to sales as a result of McNamara's strong business influence. Thayer stated:

> "It has been said that the idea of selling arms was solely the product of McNamara's fertile mind. The facts are that he took what was previously a vaguely articulated sales policy (co-production) and changed it into a dynamic sales effort - an effort that in retrospect has been not too far removed from what the Secretary might have demanded at an earlier time of his Ford Motor Company salesmen. (Thayer, 1969: 183)

Between 1962 and 1968 the ILN was averaging sales of over $2 billion dollars a year and McNamara illustrated his strong support and satisfaction with the operation by awarding Henry Kuss, the Deputy Under Secretary in charge of the ILN, the Meritorious Civilian Service Medal, the highest peacetime award available to civil servants (Thayer, 1969: 186).

According to Thayer, McNamara's business sense was at the heart of the development of the ILN. Thayer points out that prior to the inception of the ILN only about five percent of all US produced military equipment went to foreign nations, with the remaining 95 percent absorbed by the US military. Thayer stated his theory concerning McNamara and the ILN as follows:

> He knew perfectly well that very few businessmen were willing to go to the expense of setting up a worldwide sales organization just to sell 5 percent of their products. The best solution, he reasoned, was to have the government do the selling for them, thereby centralizing the effort, eliminating the duplication of facilities and theoretically giving the government some control over the program's direction. (Thayer, 1969: 188)

In addition to Thayer, other historians point to McNamara as the originator of foreign military sales as a new policy. David J. Louscher points to McNamara as the originator of the ILN. Following prompting from the Joint Chiefs of Staff and Kennedy, McNamara appointed a task force to study the problem, and, not surprisingly Henry Kuss, a key player in the original arms sales deal with West Germany and the future head of the ILN, was a member of this group. Louscher points to this McNamara appointed committee as the originator of the "concept of foreign military sales" (Louscher, 1977: 950-951). William D. Hartung, author of several studies on arms sales, stated that the pattern of grant assistance continued until McNamara emphasized arms sales as a "cash crop" to offset the balance of trade problem (Hartung, 1994: 25). Finally, Cindy Cannizzo, another arms sales historian, traces the continual decline of grant military assistance and the steady rise in sales to McNamara's appointment of Kuss as the head of the ILN (Cannizzo, 1980: 4).

Conclusion. The appointment by Kennedy of Robert S. McNamara as Secretary of Defense set the stage for a unique interaction between the distinct foreign policy issues of the time and military assistance policy. Given his strong background in systematic management, and leadership in business, McNamara was uniquely qualified to stimulate radical changes in how military assistance was applied. Given his mandate to provide for effective defense of the country at the lowest possible cost, it has been hypothesized by many historians that McNamara was the catalyst necessary to shift grant military assistance to foreign military sales.

McNamara himself believed that the integration of foreign policy and the defense budget was "absolutely fundamental" to an effective national defense, and in a time of increasing national debt and alarm over a negative balance of trade some method of offsetting high defense expenditures was necessary (McNamara, 1995: 24). While the

shift from grant assistance to sales cannot be totally attributed to McNamara, his influence on the change in policy was clearly a major contributor. Without his insightful, quantitative, and innovative approach to the issue the result may clearly have been different.

IV. Conclusions and Summary

Overview

A thorough analysis of the Kennedy administration's foreign policy with regard to the Cold War policy shift from massive retaliation to flexible response, the evolution of the Alliance for Progress in Latin America, growing involvement in Southeast Asia, and the influence of Secretary of Defense Robert S. McNamara was presented earlier. These policy issues provided insight into the structure of the US security assistance program, and an emergent trend in shifting the emphasis of military assistance from grant assistance to foreign military sales throughout the Kennedy years. To gain this insight a comprehensive literature review was carried out which led to the formulation of factually based opinions on the various issues discussed within the thesis.

Up to this point, the study's main objective has been the documentation of facts leading to US foreign policy in general, and security assistance changes more specifically. This final chapter will answer the original research questions presented, and discuss the impact of each distinct issue with regard to its impact on security assistance. In addition, this chapter will summarize how each factor, when taken as whole, impacts security assistance and causes a shift from grant military assistance, to foreign military sales. In doing so, the study focuses on the overall research objective, relating the Kennedy administration to the evolution of US military assistance policy and the resulting shift from grants to sales.

Research Questions and Conclusions

Question 1. How did the Cold War policy change, from the "Massive Retaliation" of Eisenhower to the "Flexible Response" of Kennedy, alter military assistance policy?

Flexible response was designed to counter Soviet expansionist tendencies by incorporating a wide variety of conventional military options into US military strategy. The maintenance of sufficient nuclear deterrence, however, remained a necessity and therefore defense budget demands became larger. Accordingly, both the Presidential administration and Congress placed increasing emphasis on the development of allied capabilities in the conventional arena. As a result of this shift to a flexible response strategy, military assistance policy began a slow but definite shift from grant military assistance to arms sales.

Besides the need to further develop conventional military capabilities within US forces, flexible response focused attention on the growing budget problems in the US and the remarkable economic recovery of our NATO allies following World War II. Congressional concern had been mounting since the late 1950s over an imbalance of trade and resulting deficit spending within the government, and President Kennedy spoke out concerning this issue in early 1960. In an address to Congress he stated that he believed other industrialized countries could begin to cooperate and help alleviate the strain in the international balance of payments. In 1959 the balance of payments deficit approached $4 billion (Kennedy, 1960: 113). When combined with a dramatic rise in social welfare spending, growing military expenditures placed a large burden on the US budget. Social welfare and defense outlays accounted for over 90 percent of federal outlays in 1960 (Neuman, 1994: 93).

This economic burden eventually led to the first large sale of defense materials to West Germany in 1962, and ultimately to the formation of the ILN. Within the ILN

Secretary of Defense McNamara formed the initial defense organization designed to oversee and coordinate the negotiations and sale of arms. While the incompatibility of equipment between NATO member countries provided additional impetus for the formation of this organization, the primary force in its inception was the need to share the economic burden of Soviet containment. Flexible response simply multiplied the means of dealing with the communist threat. To reiterate, the actual level of sales to European nations increased seven fold from 1960 to 1964. These sales demonstrated the economic capability of our allies, the increased emphasis on the conventional capability within NATO, and the viable use of sales to offset the adverse balance of trade, essentially, brought about by the flexible response strategy.

Had the shift to flexible response not taken place, and a continued reliance on the nuclear deterrent been adhered to, defense budget outlays would likely have remained much smaller. The appeal of massive retaliation was not simply its great deterrent ability, but also its ability to provide a more economical method of deterrence than flexible response.

Question 2. What impact did the Alliance for Progress in Latin America have on the evolution of military assistance policy?

Like the change to a flexible response strategy, the initiation of the Alliance for Progress in Latin America also led to significant changes in how military assistance would be applied in the future. The Alliance for Progress changed the focus of defense within the southern half of this hemisphere from one of defense against external forces to the opposition of internal forces aimed at providing greater stability for growth and development. Essentially the Alliance for Progress demanded new methods and weapons to counter internal forces within Latin America. These new methods and weapons would be provided by shifting military assistance from grants to sales.

Kennedy's foreign policy in Latin America was forced to deal with the threat of Cuban style revolution, the inability of Latin American militaries to mount a credible defense for the hemisphere, and the realization that the true threat was from internal subversion and political unrest. Accordingly the alliance relied on economic and social assistance to promote a healthy climate for peace and prosperity. This type of development, however, did not alleviate the demand for military assistance.

Military assistance was viewed as an essential component of economic and social development because, theoretically, the military would be required to become active in civic action programs to maintain peace and harmony. Without police action on the part of the military, the belief was that economic and social progress would not occur. Internal forces would be resistant to change and subvert effective social development. Kennedy's administration understood the need for combining economic and military assistance, but Congress opposed the use of military assistance within the region, and restricted its use in the Foreign Assistance Act of 1961 by limiting the amount of military assistance that could be given to Latin America. Initially this limit applied to both grant military assistance and sales.

The restrictions imposed by Congress on the amount of military assistance met strong resistance from the administration. During hearings to amend the Foreign Assistance Act of 1961 Secretary McNamara voiced this opposition, and clearly outlined the benefits of allowing unlimited sales in the region. Not only would the ability to sell military hardware facilitate faster economic and social development through civic action, but the sale of arms helped offset the balance of payments problem. As a result, Congress lifted the restriction on foreign military sales, with respect to Latin America, in the Foreign Assistance Act of 1962.

Within ten years of the Foreign Assistance Act of 1961 foreign military sales to Latin America increased nearly seven-fold, and military assistance grants to the region fell

to about one seventh of the 1961 level. Throughout the debate concerning military assistance within Latin America, Secretary McNamara and General Lemnitzer, Chairman of the Joint Chiefs of Staff, continually emphasized the importance of military sales. For the first time the administration touted the ability of foreign military sales to offset the adverse balance of payments, and result in an inflow of gold.

While the rise in sales and drop in grants of military assistance within Latin America do not represent large dollar amounts as compared to other regions of the world, the trend toward sales as opposed to grant assistance is an obvious result of the new Latin American policy, and its emphasis on nonmilitary means. Grant assistance became largely a social and economic tool, while sales became the preferred method of supplying military assistance.

Question 3. What impact did the Kennedy administration's Southeast Asian policy have on military assistance?

The Kennedy administration became increasingly involved in first Laos, and then Vietnam. As the involvement grew, the level of military assistance paralleled the rise, and eventually resulted in a disproportionate level of military grant assistance within Southeast Asia. By 1962 the level of grant military assistance in Southeast Asia climbed to 48 percent of the entire budget for US military assistance. With grant funds so depleted by this one region, the administration was forced to rely more heavily upon the foreign military sales in other regions. Thus, while the sale of arms to Southeast Asia did not rise significantly, the inordinate rise in grant assistance in this region demanded a rise in sales to other regions to compensate.

Secretary McNamara explained the dire need in Southeast Asia as a two-fold problem. Unlike Latin America where the threat was solely internal, in Southeast Asia the administration saw a direct threat from Communists in China and the Soviet Union, as

well as an internal threat from Communist sponsored guerrillas. South Vietnamese ability and will to fight were viewed as directly linked to our willingness to provide assistance.

The Congress became increasingly skeptical of the large burden military assistance was placing on the US budget, but when compared to the possibility of further involvement of US troops, military assistance was seen as a favorable alternative. McNamara's statement that he would rather suffer cuts in our own military as opposed to a cut in military assistance, clearly outlined the administration's view that military assistance was preferable to further direct involvement in the region. As a result, congressional approval of the large assistance program in Southeast Asia continued. Throughout the period, however, administration requests and congressional appropriations for military assistance continued to decline.

With decline in the military assistance program becoming an obvious trend, the Kennedy administration included language to stimulate increased foreign military sales during hearings on the Foreign Assistance Act of 1962. The legislative history of this act reflects congressional approval of this administration policy, and indicates an awareness within Congress that continued heavy reliance on grant assistance within Southeast Asia demands a shift to increased sales in other regions. In addition, the Congress displayed some skepticism with the ability of grant assistance to stimulate results. David Louscher cites the "repeated inadequacy" of programs like grant military assistance to Vietnam as one clear reason why sales expanded beginning in the early 1960s (Louscher, 1977: 942).

Question 4. What role did Secretary of Defense Robert S. McNamara play in the formation of military assistance policy during the Kennedy administration?

Robert S. McNamara's role in the radical change from grant military assistance to foreign military sales can be characterized as that of a catalyst. Although McNamara himself had serious misgivings over his qualifications to carry out the duties of the

Secretary of Defense, his abilities and revolutionary ideas with regard to the application of systematic management and innovation proved to be crucial to molding security assistance to fit with the foreign policy issues faced by the administration. McNamara's unique abilities and proven business sense were key factors in shifting the main vehicle for military assistance from grant aid to sales.

Kennedy's mandate to McNamara was to provide "security for the nation at the lowest possible cost" (McNamara, 1995: 6-9). This directive was ideally suited to McNamara's abilities and he quickly set about reorganizing DOD's planning and budgeting process. The first step in this process was the linking of foreign policy with the budget. Military assistance was a key component of both foreign policy and the budget, and McNamara relied on his past business experience to make the military assistance policy an integral part of the US foreign policy, while considering the austere budget issues of the time.

In each of the three previously mentioned foreign policy issues McNamara incorporated military assistance into the overriding foreign policy. First, when faced with the expanding missions of the military due to the shift from massive retaliation to flexible response, he led to the formation of the ILN to manage arms sales. Several historians, including David Louscher and George Thayer, credit McNamara with the creation of this office. Having worked his way to the top in the Ford Motor Company prior to accepting the defense position, it is not surprising that the idea of promoting the sales of military hardware through the DOD occurred to McNamara. In addition, McNamara, with the support of General Lemnitzer, advocated the use of sales as a means of building Latin American capability to resist internal subversion, touting the net inflow of cash as a result of arms sales. When Congress initially restricted all forms of military assistance, including sales, to Latin America, McNamara clearly went on the offensive to urge the lifting of the restriction on sales. Finally, McNamara's forceful lobbying for continued military

assistance in Southeast Asia led to disproportionate grant assistance to this region and ultimately greater reliance on sales in other regions.

While each of the three distinct foreign policy issues previously discussed played a direct role in the shift of military assistance from grants to sales, the outcome in each case was influenced by Secretary McNamara. His forceful leadership, sound management skills and innovative ideas were instrumental in shifting military assistance from grant aid to sales.

Summary

The Kennedy administration marked the first major foreign policy changes resulting in a shift from military grant aid to military sales. Many factors contributed to this shift. Flexible response, Latin American policy, Southeast Asia, and the influence of Secretary McNamara were clearly four main contributors in changing the primary method of military assistance from grants to sales.

Foreign assistance in general, and military assistance more specifically are integral parts of overall US foreign policy. Like foreign policy, one cannot point to any one issue involving military assistance and state unequivocally that it caused the shift from grants to sales. On the other hand, by considering several issues over a period of time, it is possible to discern a pattern and tendencies that lead to the perception of a certain policy. Given the events surrounding Kennedy's presidency the issues discussed are not all encompassing, but they clearly represent major factors in the foreign policy of that time period, and they indicate a clear trend in foreign policy with regard to foreign military sales.

While the Mutual Security Act initiated the sale of military hardware in the form of a law, it made little specific mention of sales, and focused primarily on grant assistance to stimulate development in war torn Europe. During the Kennedy administration, however,

the Foreign Assistance Acts made specific mention of sales and actually promoted the sale of military hardware to allies who had the economic strength to purchase them. House Foreign Affairs Committee hearings during the initial passage of the bill, and subsequent amendments included debate and testimony that often discussed the pros and cons of foreign military sales. Eventually, forceful language was included within the bill that promoted foreign military sales as an alternative to grant military assistance. In addition to the impact of each of the foreign policy issues discussed, the influence of Secretary McNamara was an obvious factor in the direction of military assistance policy. Many historians have characterized his influence as the primary catalyst in the shift to sales, based on his business approach to problem solving.

The sale of military equipment met the two key requirements that emerged from debate surrounding the Foreign Assistance Acts. First, it was an effective means of providing defense capability to foreign nations given the overwhelming concern with Communist aggression during that time period. Secondly, the sale of military hardware was an inexpensive and economical method of promoting our own national security while providing security to friendly nations as well. Simply stated, foreign military sales increased the military strength of the US and its allies while at the same time providing economic stability that could not be achieved through continued reliance on grant military assistance.

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Vita

Major Philip P. Nardi is from Ishpeming, Michigan. He graduated from Northern Michigan University in 1981 with a Bachelor of Science degree in Biology. After receiving his commission into the United States Air Force through Officer Training School, and completing Undergraduate Navigator Training, Advanced Navigator Training, and Combat Crew Training, Major Nardi was assigned to Ellsworth AFB, South Dakota.

During his tour at Ellsworth AFB, Major Nardi filled a variety of positions in the 28 Air Refueling Squadron and 28 Bombardment Wing. These positions included Crew Navigator, Instructor Navigator, Wing Evaluator Navigator, and Wing Executive Officer. In 1988 he was reassigned to K.I. Sawyer AFB, Michigan.

While serving with the 46 and 307 Air Refueling Squadrons, and 410 Bombardment Wing, Major Nardi performed duty as the Senior Training Flight Instructor Navigator, Flight Commander, Chief of Tanker Scheduling, and Wing Executive Officer. Following the outbreak of hostilities in Southwest Asia in 1990, Major Nardi deployed several times during the following year to Dhahran and Riyahd, Saudi Arabia, flying combat missions in support of Operation Desert Shield/Desert Storm. Major Nardi is a Senior Navigator with over 2000 flying hours in the KC-135.

Permanent Address: 1907 Jackson Ave
Ishpeming, MI 49849

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Since the "Truman Doctrine" was enunciated in 1947, the United States has pursued its foreign policy objectives using various forms of economic and military assistance. With the majority of this assistance aimed at containing communist expansionism, the United States' allies became increasingly dependent upon large amounts of grant military assistance. As President John F. Kennedy assumed office the economic burden of this grant assistance came under increasing scrutiny. This study analyzes the role of the Kennedy administration in the evolution of military assistance from grants to sales. An in-depth literature review focusing on historical reviews of this topic, and congressional testimony regarding the Foreign Assistance Act of 1961 was conducted to trace the development of military sales policy during this period. An examination of Kennedy administration actions with regard to Cold War nuclear policy, Latin American challenges, instability in Southeast Asia, and the influence of Secretary of Defense Robert S. McNamara, indicates a policy shift in the method used to deliver military assistance. These policies, and the actions of McNamara indicate an increasing reliance upon foreign military sales as the primary mode of supplying military assistance.

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