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NATIONAL DEFENSE UNIVERSITY

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**CHANGING U.S. POLICY ON
LATIN AMERICAN ARMS SALES:
AN INVITATION TO STRUGGLE**

CORE COURSE 5603 ESSAY

LTCOL JON ARMSTRONG / CLASS OF '99

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Report Documentation Page

Form Approved
OMB No. 0704-0188

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1. REPORT DATE 1999		2. REPORT TYPE		3. DATES COVERED 00-00-1999 to 00-00-1999	
4. TITLE AND SUBTITLE Changing U.S. Policy on Latin American Arms Sales: An Invitation to Struggle				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) National War College, 300 5th Avenue, Fort Lesley J. McNair, Washington, DC, 20319-6000				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT see report					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES 16	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Acknowledgements & Disclaimers

This paper evolved out of a research paper for my South American regional studies elective. In particular, I was looking at the potential sale of jet fighters to Chile. In the course of that research I interviewed several industry and DoD officials involved in this process. During those interviews I discovered the background on the policy changes that had taken effect in 1997 to allow pursuit of these potential sales. Specifically, I explored the process by which over 20 years of the "Carter Policy" of no high-tech arms sales to Latin America came to be reversed. In turning my attention to strictly how the policy came to change, I discovered a fascinating study in how U.S. policy is made.

However, little published information exists on this specific subject. Therefore, the case study that follows is the compilation and comparison of facts from a set of interviews with Ron Covais and Norman Nielson of Lockheed Martin Corporation, and Colonel Rich O'Conner at SAF/IAL. Without their outstanding cooperation and candid discussion this paper would not have been possible. On the other hand, this is their collective story and recollection of specific events and how this policy process evolved as they know and believe it to have taken place. Without the ability to actively interview the various other participants in the process, it should be viewed in that unique light. Finally, this paper was written solely by viewing the process through the eyes of the proponents for changing the standing "Carter Policy" because that's who I had the ability to interview. My position on this policy is unimportant and purposefully left unstated.

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Changing U.S. Policy On Latin American Arms Sales: An Invitation To Struggle

Introduction And Background

Making or changing U S policy is a complex and twisting process. Policy proponents and opponents normally consist of alliances between players in the executive branch, special interest groups, Congress and its constituents, industry, and state, city, and foreign governments. Policy decisions are almost never so clear-cut and non-controversial that they effortlessly come into being. In the real world, making U S policy requires strategies that leverage common concerns and benefits or seek to avoid shared pain. Successful strategies are also routinely fashioned among the most unlikely of bed-fellows and involve repeated tradeoffs and multi-front approaches. It's also true that regardless of the energies and resources mustered and expended, an actual policy change may hinge on the unbending personality, influence, and commitment of a single key player. Therefore, U S policy rarely moves in a logical and measured fashion from Point A to Point B.

This was especially true in the case of U S policy on high-tech arms sales to Latin America. Concerned about human rights violations and a lack of support for democracy, President Carter put in place a moratorium on high-tech arms sale throughout Latin America in the mid 1970s. As the initial Clinton Administration took power, this policy was still in effect. However, the Clinton administration also inherited a post Cold War international environment, massive reductions in U S expenditures on new weapons systems, an aggressive military sales posture by the Europeans and

Russians, and an economically flourishing Latin America fully embracing democracy, free trade, and with militaries desperately looking to modernize

With that as a backdrop, this is the story of how standing U S policy on high-tech arms sales to Latin American was reversed. It outlines how over the course of five years U S policy moved from Point A, the "Carter Policy" of no sales region-wide, to Point B, President Clinton's decision to reverse that policy and apply the traditional U S standard of authorizing high-tech arms on a "case by case" basis

Mar '92 - Mar '94: High Hopes . . . Dashed

In the winter of 1992, flush from our resounding victory in Desert Storm, American aerospace companies and their proven high-tech arms were the darlings of the defense industry and foreign military buyers. Simultaneously, the brand new Clinton administration was struggling in a disjointed attempt to consolidate power and get critical executive State Department, DoD, and Commerce appointments filled. Realizing and leveraging both factors, U S defense companies were able to secure permission to "at least take part" in Latin America's largest bi-annual airshow, FIDAE, for the first time since the early 1970s. And participate they did, en masse and on a grand scale, including multiple demonstrations by the F-16, F-15, F-18 and C-17. Returning from South America in March of 1992, U S aerospace companies were brimming with confidence that the door on changing 16 years of the "Carter Policy" was swinging open. Within months, they soon realized just the opposite.

By 1993 the Clinton administration team was settled in and the position of key policy players on Latin American arms sales was becoming clear. It was

no surprise that topping the list pushing for a change in policy was the defense industry and the Latin American countries themselves. Joining these two obvious proponents were DoD, especially Secretary Perry who wanted to "level the playing field," and multiple members of congress. The foundation for this initial support was that the full impact of the "Peace Dividend" draw down was becoming painfully apparent in terms of decreasing military R&D funds, closed and lost national resource production lines, lost jobs, and the aggressive offering of high-tech weapons by the Europeans and cash-strapped Russians.

Arrayed in open and full opposition to changing the policy were several of the President's closest advisors. The State Department, and in particular Warren Christopher, feared an arms race would follow and was strongly opposed. Vice President Gore, and his National Security advisor Leon Firth, also emerged as intellectually opposed to allowing high-tech arms into the region because they too feared it would fuel an arms race. Finally, the President's National Security Advisor, Tony Lake, came down firmly against change and was primarily following the lead of Jim Dobbins, a new NSC member. Dobbins was a former officer at State who was intellectually wedded to the classic 'guns versus butter' argument in South America as well as smarting from having his Ambassadorial nomination to South America "deep sixed" by Jessie Helms.

This push and pull continued throughout late 1993 and as the '94 FIDAE approached, U S companies again asked to be allowed to simply participate with an understanding that no promises of any policy change were on the table. The State Department and NSC forcefully opposed any such American participation on the

grounds that they wanted no signal of arms sale encouragement sent to Latin America. All industry requests to participate in FIDAE '94 were denied and no American wares were shown. The Europeans and Russians attended on a grand scale with the French widely acknowledged as the show's dominant exhibitor. Particularly embarrassing were published photographs of Prime Minister Margaret Thatcher sitting in a British Aerospace Harrier jet fighter, during the airshow, clearly demonstrating her support for the potential sale of high-tech British fighters. As U.S. industry leaders limped home from Chile--where they'd been mere observers--they found themselves sharing the same embarrassing and humiliating stories which all echoed a common theme. Senior Latin American leaders repeatedly telling them, "You are out of it . . . you are clearly an unreliable potential supplier." Equally profound was their realization that Latin America was on the verge of procurement decisions which could effectively lock out their companies for another 10-20 years. Determined to not let that be a *fait accompli* outcome, the executives came home committed to circling the industry wagons to develop and execute a two-fold strategy. First to reverse the opinion of Latin American countries on the reliability of the American industry as a supplier, and second, to get the standing "Carter Policy" overturned.

Mar '94 - Mar '96: Strategy . . . A Coalition . . . Keeping the Door Open

Collectively rolling up their sleeves, the major defense industry players agreed to pool their resources and subsequently selected Ron Covais of Lockheed-Martin to oversee the development and implementation of a unified strategy to achieve their joint goals. It was clear from the outset that any chance of success hinged on pulling

together a coalition of key actors and decision-makers representing the executive branch, Congress, the unions, industry, and foreign interests. Making initial contacts, laying the groundwork, fully mapping out who the key players were and why they were for or against policy change rapidly consumed the following months. Initially, the strategy goal was to change the policy by the '96 FIDAE airshow. With this milestone driving their efforts, the team made progress on multiple fronts throughout late 1994 and early 1995. Unfortunately it wasn't happening quickly enough.

By the fall of 1995 there was wide-spread acceptance on the team that it would take at least another 2-3 years to bring their full strategy to fruition, yet FIDAE '96 loomed but a handful of months away. Panic really started to set in by December of 1995 when unofficial rumblings out of State and the NSC made it clear they were again going to disapprove any U.S. industry participation in FIDAE '96. Covais and his team realized time was quickly running out. If locked out of FIDAE '96, they were confident that the window on any sales to Latin America would effectively close for 10-15 years. It was widely known that Chile and Brazil in particular were ready to buy and would be making major decisions based on who participated in FIDAE '96. The team realized they had to turn the participation decision around even if that meant kicking the overall policy change goal downstream. Reacting to the urgency of the new threat, they immediately de-coupled the two issues and began a full-court press directed solely at reversing the no-participation ruling.

Covais, key defense industry lobbyists, unions leaders and supportive DoD executives focused on key and respected defense leaders in Congress, in particular, courting Senators Helms and Nunn, and Congressman Hamilton. In addition, they

frantically worked both sides of the aisle, appropriations committees, foreign affairs committees, national security affairs committees, the rank and file, and key leadership. In multiple meetings they repeatedly stressed they weren't asking for a change of policy decision yet, but simply the chance to keep the door open for U S industry by allowing their participation in the airshow. They repeatedly stressed the number of jobs impacted, the rapidly declining U S industrial base, and specific plans they'd obtained for the kinds of aircraft and offers that France and Israel planned to show and make available—without conditions—at FIDAE '96.

Their message was heard. The result was scores of letters and phone calls from Congress, labor unions, industry leaders, and key DoD officials to the SECSTATE and NSC pressing to allow U S industry the opportunity to simply participate, with no commitment or linkage to changing the standing sales policy. The pressure worked. The State Department started to back away from opposition to U S participation when it realized that Senator Helms was willing to tie department funding, ambassadorial confirmations, and committee investigations of State to their position on FIDAE '96 participation. With both the SECDEF onboard and the SECSTATE no longer opposed, the NSC begrudgingly followed suit and dropped its opposition to American participation in FIDAE '96. U S industry got the "green light" to at least attend, and attend they did—in a huge way!

The U S quickly announced that it would be attending FIDAE '96, in full force, including demonstrations by the F-16, F-18, C-17 and multiple B-2 flyovers. Almost immediately, the French backed out, concerned their aircraft would be upstaged. The British and the Russians both scaled back their planned participation and essentially

sat sullen on the sidelines Surprised, but buoyed by American participation, Latin American leaders came away from FIDAE '96 conveying a clear message to U S industry leaders "Ok, you said you'd find a way to convince your government that you should be allowed to show us what you have to offer and you managed to do that we are interested now what?"

Mar '96 - Nov '96: The Train For Change Accelerates . . . Then Sidetracked

As Covais and the industry team returned home from FIDAE '96 they realized once again that the pressure was on, and it was now time to begin implementing their strategy to formally overturn the "Carter Policy " Throughout the rest of 1996 they worked continuously with defense think tanks, additional members of Congress, lobbyists, additional industry players, and the labor unions--many of which by this time were are on especially rocky terms with Vice President Gore

By September of 1996 they'd secured letters from 50 senators and over 100 congressmen to SECDEF, SECSTATE, NSC and the President encouraging them to revisit the current policy and pushing for Latin America to have the same "case by case" high-tech arms sales status afforded the majority of the world In addition, U S decisions in the late fall of '96 and early winter of '97 which extended the same "case by case" policy on high-tech arms to the former Warsaw Pact countries of Eastern Europe--our enemies of less than a decade prior--also significantly bolstered the movement for changing policy toward Latin America By November this nexus of policy precedence, intense congressional pressure, union dissatisfaction with Vice President Gore, DoD sponsorship, and industry concerns had changed the playing field to the

point that now only the Vice President and his personal staff remained in unwavering opposition to any policy change

Unfortunately for those committed to change, the ability to cash in on their growing momentum was quickly sidelined by the '96 elections and the ushering into office of an entirely new team of principals at State, DoD, and the NSC. Dejectedly, Covais and company realized they were back to the drawing board in terms of counting the new SECDEF, SECSTATE, and National Security Advisor as allies. Even more disheartening was the increasingly clearer view that the Vice President was digging his heels in deep and effectively blocking the President from getting any other perspective. As Ron Covais noted "the word we were getting was that it simply wasn't on President Clinton's personal scope, so he simply continued to yield to the VP's hardcore position."¹ Therefore, the policy change team realized that breaking the Vice President's information-lock on the President was paramount, and to do so would require getting the aggressive support of the rest of the new Clinton team quickly!

Nov '96 - Mar '97: New Players And A "Point Of No Return" Deadline

Almost immediately Covais' team was bolstered by feedback that the new SECSTATE, Madeleine Albright, was much more receptive to the possibility of reversing the "Carter Policy." She did not share the arms race concerns of her predecessor and saw it as a potential concrete signal to the Latin American countries that their commitment to democracy would pay dividends and they would be treated as equals.

¹ Ronald T. Covais, Lockheed Martin Corp, President, Business Development, Americas Region, interview by author, 24 Nov 1998

In the case of the new SECDEF, simple good fortune played a significant role. By selecting a sitting U S Senator to be his new SECDEF, President Clinton provided the policy change team with a key player they'd already been courting for over a year. Initially, as the new SECDEF, Cohen was unsure whether to push for the policy change as forcefully as Secretary Perry had done. He was quickly reminded, however, that as a Senator, he'd already signed and sent multiple letters—just months prior—aggressively supporting the policy change and was on record as being in favor of overturning the “Carter Policy.”

Sandy Berger, the President's new National Security Advisor, had no vested or burning personal interest in the Latin American arms sales issue. He was more concerned about trying to foster a collegial atmosphere and consensus among the President's new inner circle of advisors. Consequently, since both the SECDEF and SECSTATE fully supported changing the policy on high-tech arms to Latin America to a “case by case” basis, he was willing to support their position.

The industry team was ecstatic! Within a couple of months they'd managed to not only make up lost ground after the election, but now had fully engaged proponents in place at State, DoD, and the NSC. Also aware of the shifting momentum, Vice President Gore hardened into the critically committed opponent of any policy change. As the issue started to bubble up in various forums, Gore repeatedly blocked alternative views from getting to the President. Finally, as the concerted pressure from multiple fronts built, Gore resorted to a private discussion with President Clinton where he secured the President's continued support for his position.

Breaking down the wall the Vice President had built around President Clinton and getting him alternate views on the cost of continuing to support the "Carter Policy" became the topic of several ABC (i.e. Albright, Berger, and Cohen) weekly meetings. In spite of these repeated meetings the discussions simply dragged on, with the ABC trio unable to produce a strategy for changing the President's mind.

As announced at the FIDAE airshow the previous year, Chile submitted a new fighter aircraft Request For Information (RFI) to U.S. industry in early 1997. Under the "Carter Policy" restrictions, American companies were forbidden from responding to the Chilean's request. At the same time the Chileans outlined several different fighter aircraft they were interested in buying. One of those aircraft was built by a European manufacturer but had critical and sensitive components manufactured in the U.S. and so would also be excluded from competing by the "Carter Policy."

Through old industry contacts, additional international pressure was brought to bear on the SECDEF. A European foreign minister of defense personally called and lobbied Secretary Cohen to push the President for changing the Latin American policy. His line of reasoning centered around both the short and long term impacts. First, the potential for strained relations between the two countries if their aircraft wasn't allowed to compete and corresponding job losses in his country. And second, he reminded Cohen of what had happened when the U.S. pressured the Europeans during the Cold War on arms sales to India, and not urged us not to go down that same failed path again.

Although encouraged by the support of multiple influential players, the industry team concluded that they'd reached a Mexican standoff and with no deadline to push a

decision, the discussions were languishing. Realizing an external catalyst was needed to bring a sense of urgency to the debate, they convinced the Chileans to set a 1 April 1997 deadline for all responses to their fighter aircraft RFI. If a requested company did not respond by that date, their fighter aircraft would be cut from the competition permanently. In addition, it was recommended that Chilean President Frei accelerate his planned visit to the U.S. and meetings with President Clinton, to include making a discussion of overturning the "Carter Policy" a centerpiece. Amazingly, because of their deep involvement in the process, informal and formal requests from both the U.S. and Chilean government came to Covais and his team for developing key talking points to be used by both Presidents in these discussions.

With the 1 April deadline rapidly approaching there was total consensus among the proponents that Vice President Gore remained the sole center of gravity in overturning the policy. What's more, there was near unanimous agreement that after meeting with the Chilean President, President Clinton would be receptive to changing the policy if they could "just get his ear" without Vice President Gore being part of the conversation. The question was how? In trying to answer that question the team watched as the days till 1 April melted away.

Mar 30: Late In The 4th Qtr . . . Behind . . . No Timeouts . . . "Hail Mary" Time

On the evening of March 30th 1997, only hours before the Chilean RFI deadline was set to expire, a formal social event took place at which all the key players were present. In the course of the evening a very high ranking DoD member literally grabbed Vice President Gore's arm and anchored him in an extended conversation.

With Gore engaged, a former high-ranking and highly respected member of the Democratic Party and government quickly sought out President Clinton and asked to speak with him privately for a few minutes

Cloistered with the President, he outlined what supporting the Vice President's position on Latin American arms sales was costing him with the unions, industry, Congress, his cabinet, and internationally. Further he reiterated to the President, that all of his other key advisors, SECSTATE, SECDEF and NSC, as well as congressional leaders were in agreement that politically and economically the time had come to change the policy. He also outlined that the Europeans and Russians were prepared to offer and sell their very best high-tech arms in Latin America. Finally he noted that the situation had reached the point that essentially only the Vice President stood in opposition and on almost exclusively intellectual grounds. He also pointed out that letting U.S. industry reply to the Chilean RFI doesn't legally commit us to sell anything. But not responding meant we would effectively be shut out for at least 10-15 years.

Later that evening the President instructed the State Department to issue licenses to U.S. industry allowing them to respond to the Chilean fighter aircraft RFI. U.S. industry marketing teams quickly assembled early the next day and working with pre-printed licenses, flew to Chile where they briefed Chilean officials on 1 April!

Mar '97 - Aug '97: The Wheels Of Change Are In Motion

Although allowing U.S. industry to respond to Chile's fighter aircraft RFI did not constitute overturning the "Carter Policy," it clearly put the President on a train headed down that track. Answering the RFI meant we were in effect offering to sell that

product. It's highly unlikely that, if a U.S. aircraft were selected, the president could reverse his position in face of what would be even more pronounced pressure.

Following the President's decision to allow the U.S. companies to respond to the RFI, the Vice President continued to vehemently oppose changing the overall policy. Rather than acquiescing, Gore was simply overridden by the President, who, on 1 Aug 1997, formally announced that he was overturning 20 plus years of the "Carter Policy" and that Latin American countries would now have access to high-tech American arms on a "case by case" basis.

Final Thoughts

Although this case study showcases industry as the leader in pulling together the strategy for achieving this policy change, it clearly demonstrates the pluralism unique to the American governmental process. It portrays the confluence and diversity of players and pressures that must be coordinated and orchestrated if a policy is to get from Point A to Point B. It also makes clear the power of individual involvement, luck, key player turnover, and the necessity for external pressures and formal deadlines to keep policy from simply being held hostage to the process.

Whether you agree or disagree with the policy itself or the process by which it was changed, the fact remains that this "piece of policy sausage" became a reality because there was a centralized, consistent, and focused strategy which took into full account the players involved, possible pressure points, and had a clear understanding of how American governmental policy is ultimately formulated.

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