DEVELOPMENT OF REQUIREMENTS FOR THE MUTUAL DEFENSE ASSISTANCE PROGRAM

6 December 1954

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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Colonel James K. Wilson, Jr., USA, Acting Director, Office of Military Assistance, Office of the Assistant Secretary of Defense for International Security Affairs, was born at Fort Williams, Portland, Maine, 6 April 1908. He was graduated from the United States Military Academy in 1930. Following graduation he had the usual assignments of an artillery officer, including attendance at the Field Artillery School, regular course and advanced course in communications. In March 1942 he was ordered to Headquarters, U. S. Army Forces, British Isles, as assistant chief of staff, War Plans. He served in north Africa as assistant G-3 of Allied Force Headquarters, and later with SHAEF as senior American officer in the Future Plans Division until the end of World War II. Following the war his principal assignments were assistant director, Department of Communication, Fort Sill, Oklahoma; staff officer, Strategic Plans Branch, P & O Division, War Department General Staff; chief of Army War Plans Branch, G-3, Department of the Army; and executive officer, AC of S, G-3, Department of the Army. In June 1950 he assumed command of the 5th Field Artillery Group with which he fought in Korea from the Inchon landing in September 1950 through Wonsan, and the evacuation of Hungnam. He then served successively as assistant corps commander, G-1, deputy chief of staff and chief of staff, 10th Corps, until April 1952. He attended the National War College 1952-53. In June 1953 he was assigned as chief of Policy Division, OMA, and in July became deputy director, OMA. He has held his present position since 31 October 1954. This is his first lecture at the Industrial College of the Armed Forces.

DEVELOPMENT OF REQUIREMENTS FOR THE MUTUAL DEFENSE ASSISTANCE PROGRAM

6 December 1954

CAPTAIN BROWN: General Niblo, ladies, and gentlemen: An appreciable portion of our total national materiel requirements, even in a period of cold war, such as the present conditions, is that of foreign-aid requirements; and the major portion of foreign-aid requirements is wrapped up in what is known as the Mutual Defense Assistance Program (MDAP), or military assistance.

The office that heads this up in the Department of Defense is the Office of Military Assistance under the Assistant Secretary of Defense for International Security Affairs. The acting director of that office is here today to enlighten us on the determination of requirements for the MDAP.

It gives me great pleasure to introduce to you and to welcome to this platform Colonel James K. Wilson, Jr., United States Army. Colonel Wilson.

COLONEL WILSON: General Niblo, ladies, and gentlemen: I appreciate probably more than most of your speakers what a privilege it is to talk to an audience such as this. Having spent some time in these hallowed halls quite recently as your next-door neighbor, I am glad to have the opportunity to talk to you about how military-assistance requirements are generated.

I must admit that when I first became involved in this business I felt somewhat like my next-door neighbor. We were out farming a little plot of ground side by side one day, and he could see, obviously, that I was not a farmer. So he said, "Jim, what do you do, anyway?" I said, "Well, Chad, I am in the military-assistance business." He said, "Oh, the give-away program, huh."

Now, after about two years of this program, I am convinced it is not a give-away program; it is not charity. It is a program of self-preservation. I am also convinced that it is a program in which each of you has a vital interest. You say, "Why should I?" I tell you this:

In the first place, and as a minimum, you should have an interest in the program as a taxpayer. A taxpayer, you know, is a fellow who does not have to take a Civil Service exam to work for the Government. You should be interested, then, as a taxpayer, in any program of our Government that accounts, as this one does, for some 18 billion dollars. The General Accounting Office tells us this is the second largest program of the United States Government. Not only does the program loom large for its impact on the taxpayer's pocketbook, but also, and more importantly, it has become a major factor in establishing and maintaining our position of leadership in the free world. It has become a major tool of the foreign policy of this country. I can assure you that there is no decision made on matters of national strategy, foreign policy, or military disposition, by the National Security Council, by the State Department, or by the Joint Chiefs of Staff (JCS), without a full and complete consideration and evaluation of the present and later effects of the MDAP. So you should be interested as students of foreign affairs.

There is another and a more personal reason why you should be interested in the program. I wonder how many of you here have served in a Military Assistance Advisory Group (MAAG) or an office directly concerned with the MDAP. Give me a show of hands (counts hands raised). Now, is there anybody who has had anything to do with it in his normal staff capacity? Let us see those hands (counts hands). Well, we have counted them--almost half.

At the present time we have about 25,000 people throughout the world whose daily duties directly involve the MDAP, and a great many more whose performance impinges in some way on the program. So I think I can safely predict that before you serve many more years you will have a good chance of being actively interested in the program. At least you should be interested as a taxpayer, as a student of foreign affairs, and as a potential participant.

In discussing this subject this morning, I would like to take it up under four headings--four whats and hows of MDAP, if you will.

The first of these concerns is the mission and organization. What is the mission of this program, and how does military aid fit into the overall mutual security program, of which it is a part? I think the answers to those questions are necessary to an understanding of the process of computation of requirements.

The Mutual Security Act of 1954 contains the purpose of the MDAP, and therefore a statement of our mission. The purpose is:

> "In the interest of common defense, to furnish military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense."

Please note "to promote the foreign policy." We come to that all the time.

MDAP is a military program--but it is a mistake to think of it in a purely military sense, because, if you do, you end in frustration at every turn. I will try to give you an example of how that works.

You have heard a lot about agricultural surpluses in this country. You say, "What have agricultural surpluses to do with military assistance?" Here it is: The Congress gives us money to buy tanks. Do we buy tanks? Sometimes but not always. Sometimes we buy wheat and sell it to a country and, for the money we get from the sale of this wheat, we buy tanks. It is a sort of round-about way to do it. I will give you an actual example of how that works. I believe last year about 50 million dollars of MDAP funds were used to purchase surplus agricultural commodities, which we sold to Japan. We sold them for yen. With the yen we received we will pay for contracts for the production in Japan of ammunition which will be delivered to Thailand, Formosa, and the Philippines. So you see, a wheat farmer in Kansas may today be raising wheat that will feed a hungry man overseas; and at the same time provide bullets for a free-world soldier.

That may seem quite complicated. That is one reason why it is comforting to come back to our mission.

Military assistance is one of three types of aid furnished under this program. The other two are economic and technical assistance. Economic assistance is used to support the defense production efforts of the countries involved. Technical assistance is used to improve the working conditions, develop resources, and raise the standard of living, generally, in the countries to which we give this aid. It is an outgrowth of the old Point Four Program. Economic and technical

assistance is administered by the Foreign Operations Administration (FOA), headed by Governor Stassen.

Military aid is administered by the DOD and is designed to assist in filling deficiencies in foreign military units with items from United States resources which we can produce better or faster. We leave to these recipient countries the job of raising the men, buying them food, clothing them, and providing barracks or other housing and soft goods needed. We confine our activities to major items of military hardware, such as destroyers, mine sweepers, tanks, electronics gear, aircraft, and other items that these countries can't make or can't make soon enough.

There are two types of military aid in the program--grant aid, in which we give the equipment, and reimbursable assistance, in which the countries buy the stuff from us.

Chart 1, page 5.--This chart shows the overall organization for administration of MDAP. I have tried to simplify it as much as possible, so, whether you appreciate it or not, this is a simplification. Please note the three levels. There are the United States, the regional, and the country levels.

At the United States level in Washington we have the Director of the FOA. In addition to running the economic and technical assistance programs, Governor Stassen has also a coordinating function of seeing that the three programs, including military assistance, team up efficiently. FOA is the agency for running the economic and technical programs.

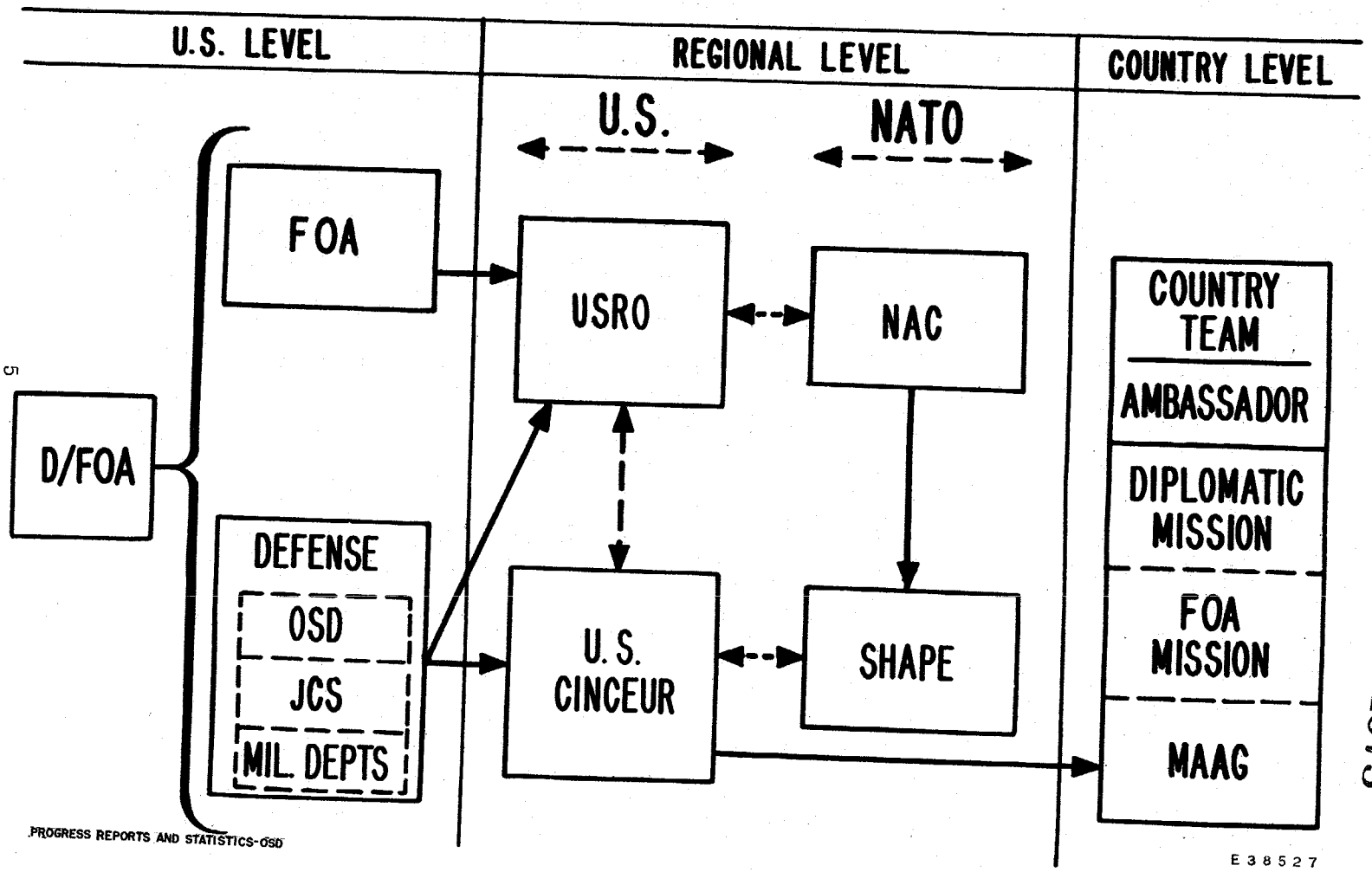
In the Office of the Secretary of Defense, the program heads up to the Assistant Secretary of Defense for International Security Affairs--Mr. H. Struve Hensel, who is my boss. Our office is the Office of Military Assistance Programs, and we are the staff agency charged with the supervision of program operations. The Joint Chiefs of Staff (JCS) provide the strategic guidance and the criteria for the program, and the military departments actually carry it out.

I neglected to say that this chart is for the North Atlantic Treaty area, but in general, with some very minor variations, it applies throughout the world. The NATO nations report to us on economic and political matters through the United States Representative to

CHART 1

ORGANIZATION FOR MILITARY ASSISTANCE

NORTH ATLANTIC TREATY COUNTRIES



Regional Organizations (USRO), Ambassador Hughes. He ties in with NATO by being the United States representative on the North Atlantic Council. The military aspects of the operation follow the normal command channel from Defense to the United States CINCEUR, who is General Gruenther. But the man charged with this program is his deputy, General Orval Cook of the Air Force. He operates it from there to the country level.

At the country level we have the country team, headed by the Ambassador. It consists of the Diplomatic Mission, the FOA Mission, and our MAAG.

Before we leave this chart I would like to bring out one important thing. Notice that the chain of command flows from Defense through the theater commander, directly to the MAAG at the country level. At no time in the planning and administration of this program do we share with any foreign country the decision for the disposition of the equipment furnished. We deal with foreign countries on the basis that these are United States resources and the United States will retain the decision for their disposition. Of course we consult with and have the strategic advice of SHAPE, SACLANT, and the Standing Group, and we also have information and advice from the North Atlantic Council on matters of where things can best be produced in Europe. But the decision remains strictly a United States matter.

So much for mission and organization. That brings me to the second of the four points I would like to cover: What is in the program and how is it developed?

In each country receiving military assistance, our MAAG is the field agency of the Secretary of Defense and is the key agency in the development of the program. These are the people who actually do the work. These MAAG's are joint in composition and most of them have membership from all three services. The service of the MAAG chief is designated by the Secretary of Defense. Right now we have MAAG chiefs from all services--Army, Navy, Air Force, and Marine Corps.

Basically, the MAAG functions as a J-4 section in the country to which it is accredited. In certain countries like Greece, Turkey, and Formosa, it performs a J-3 function by assisting in the training of the forces of those countries.

I pointed out that the MAAG, together with country representatives of FOA, who are concerned with economic matters, and Embassy representatives, who are concerned with political matters, works together as a country team under the leadership of the Ambassador to insure coordinated action in accord with the foreign policy of the United States.

Within the framework of the country-team concept, each MAAG serving as the representative of the Secretary of Defense, performs five principal functions:

1. Advises and assists the foreign government in the determination of materiel and training deficiencies.

2. In conjunction with the foreign government, develops a program based on deficiencies and meets DOD program criteria.

3. Advises and assists in the receipt, identification, care, storage, and proper utilization of equipment furnished by the United States, and effects transfer of title to the recipient Government.

4. Observes and reports on the end use and maintenance of United States furnished equipment and the utilization of foreign students trained in United States schools.

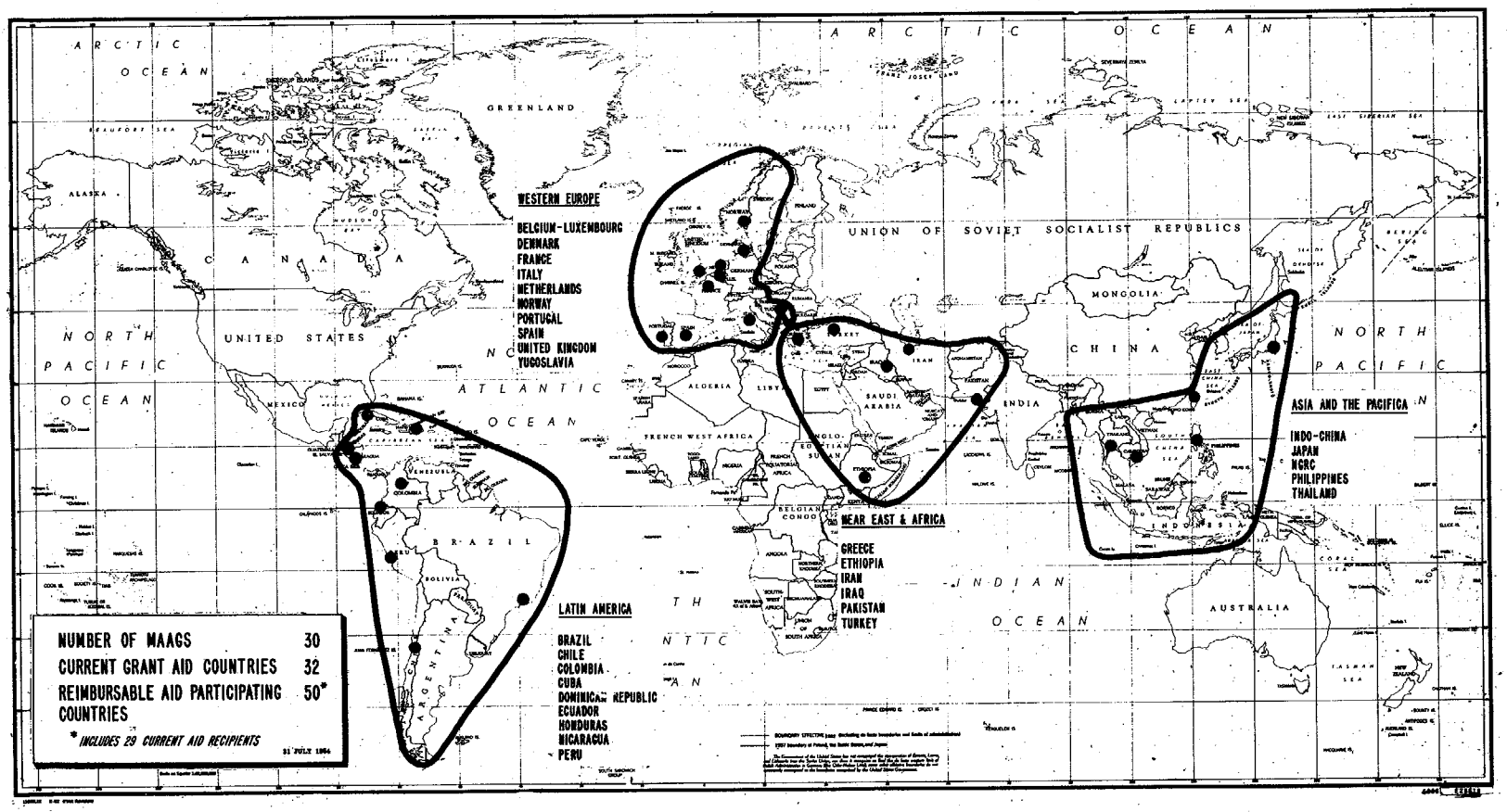
5. Promotes the self-help principle by encouraging increased indigenous production and the establishment of country-supported training schools.

Chart 2, page 8.--This is a map of the world which shows the locations of the MAAG's. At the present time we have 30 MAAG's and we are doing grant military assistance in 32 countries. The countries which have no individual MAAG are--Belgium and Luxembourg which are combined, and in South America we have no MAAG in Uruguay. We have 50 countries participating in the reimbursable military-assistance program.

As you know, any supply operation must start with a statement of requirements. Before we can make such a statement, we have to know what our objectives are. We must have a force basis against which we will make this program, and have some criteria to guide us in making up the program. Every year the Secretary of Defense

CHART 2

MDAP
MAAG LOCATIONS



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provides the basic assumptions, after consultation with State and FOA, under which the military-assistance program will be computed in that year--in the coming fiscal year. These assumptions are then sent to the JCS who are asked to come up with guidance on:

1. The military objectives to be attained.

2. The force basis to be supported in each country.

3. The recommended criteria to be used in programming military materiel.

These programming criteria may vary from year to year, but in general they say what we will program and, equally important, the things that we will not program, and the degree to which we will support the forces of the various countries.

After reviewing the JCS guidance and coordinating it again with State and FOA, we send the guidelines to the military departments for transmission to the MAAG's.

Now we are getting into the meat of this business. Here's how we actually come up with a list of equipment. When the MAAG's receive the programming guidelines, they sit down, service by service, with the representatives of the forces of these countries and develop a program.

First, they calculate the gross requirements for the forces listed in the JCS force basis. Let us take a concrete example. Suppose in a given country we are going to raise, in the particular year we are talking about, a new infantry division. That infantry division is in the JCS force basis, and we say we are going to contribute toward--note that I did say "contribute," not "support entirely"--equipping, training, and maintenance of that division.

We take the tables of organization and equipment (T/O&E) that are being used in that particular country and compute the military requirements for that division. In no case can they exceed the T/O&E of the United States division.

Next, the country representative tells us that they can put into this pot, clothing and housing--that sort of thing, the things that they have

on their shelves, and what they can procure in their own country or purchase from some other country.

We then subtract the country's contribution from the total requirements and come up with an initial deficiency list. We don't furnish, as I said, all the items that this country needs. What we will furnish is determined by the JCS criteria; but, to the extent we can and still be realistic, we try to keep this down to the actual hard core of military requirements.

In the more industrially developed countries, such as in Europe, we try to limit what we furnish to around 31 specific items. Of course, we can't always do this. In some of the countries which are less capable economically, we have to give a little bit. That is what we try to do.

Next, working in conjunction with the United States Ambassador and other members of the country team, who have a great deal of information about the economic and political status of the country, we further screen out items that the country can procure from its own capability.

Chart 3, page 11.--I have another chart here which shows this screening process. We have now computed out the gross requirements and the MAAG's have screened out the things that are in the country inventory and what can be produced internally.

Next, this list of net deficiencies goes to the Military Assistance Division of EUCOM in General Cook's headquarters, where it is further screened to see that it meets the JCS criteria, particularly in the cross-help business of this screening. The way that is done is--if another country can produce military hardware items in excess of its own needs and the country for which we are preparing a program has a need for these items, we screen them out on the cross-help basis. An actual example of this is the case of Italy, which makes certain types of artillery fuses for most all of the other NATO countries.

We then have a tentative program, and this tentative program is sent to the three services in Washington, where it is examined for the availability of the items required; there a price tag is hung on the program for the first time, which is an important aspect of it.

This is the program we present to the Congress, and we say "Now here it is, and if you give us so much money we will raise for you the forces in these countries." The Congress takes a very careful look at it and goes into it in great detail. General Stewart last year was on the Hill over 15 weeks altogether. Congress is genuinely interested, I believe. It understands there is no real alternative to this. But it sort of naturally irks Congress when it realizes it can't cut down on taxes and balance the budget because of programs of this type.

When we finally get an appropriation--you guessed it--the line is smaller again. So back it goes to the MAAG's. We ask them to refine the program in accordance with the money the Congress appropriates.

Now, the method of furnishing the materiel to fill that refined program is threefold: We get it from United States stocks; from new production in the United States; or we buy it overseas. When we buy it overseas, we call it offshore procurement.

You have all heard, I am sure, about offshore procurement. It appears in the newspapers more frequently than any other part of our program. It usually is spoken of in the derogatory sense, as though there is something fishy about it, or something different. I don't know why it is, but even in other governmental agencies they seem to think we have two pockets full of money--one they give us for military stuff and the other pocketful they give us for offshore procurement. That is not the way it works.

Offshore procurement is nothing more than that part of the money that the Congress gives us which we spend overseas. It is used to buy the items that are in the screened deficiencies that I have been telling you about. Let us take a look at what happens to something we buy offshore. Suppose we take a gun or ammunition that is in our part of the program. We have to buy it somewhere. If we buy it in a foreign country, say Belgium, you get a threefold use of your dollar.

In the first place, you get an item for which you have a requirement and, in general, you get it cheaper--but that is not a governing thing.

Second, you put a dollar in a country that needs a dollar, thereby contributing to the increase of its economy.

Third, you contribute toward the establishment of a facility which can continue to make this piece of hardware and thereby shorten your supply lines and cut down on your overseas transportation, which is a vital thing in time of war.

I have a couple of charts here I would like to show you briefly.

Chart 4, page 15.--This is for OSP in 1950-53 and shows the breakdown of placement of OSP contracts. Notice that the large recipients are France, Italy, and the United Kingdom.

Chart 5, page 16.--Here's the type of thing that we buy. Ammunition for the Army is the big item. That's the thing you like to have in the theater when the fracas starts, if it does. For the Navy there are vessels, which largely represent the types of vessels that are produced by these countries anyway. And for the Air Force, of course, there is aircraft.

Now, in addition to providing military equipment to our friends, we have another phase of the program which is, I think, one of the most important of all. That is the military training part of the program. I think we will get more return out of it than from all the equipment we give away. We train a great many representatives of these countries in various phases of this program. We bring quite a few of these people to the United States to schools here. They are, in general, carefully selected representatives of their government. While they are here they are exposed to our people and to our way of doing things. I think there we have the seed of real future benefit. They see us as we are; not like other people think we are overseas. I hope that's good; and I think it is, generally.

Chart 6, page 17.--There are three major aspects of the training program.

First, we have formal training courses. They are conducted either in the United States or overseas. As of the 31st of August you can see we have trained over 47,000 people in formal training courses. Right now we have almost 4,300 people in training. The service breakdown is shown here.

CHART 4

OSP FY 1950-53 VALUE OF CONTRACTS PLACED BY COUNTRY OF PLACEMENT

(IN MILLIONS OF DOLLARS)

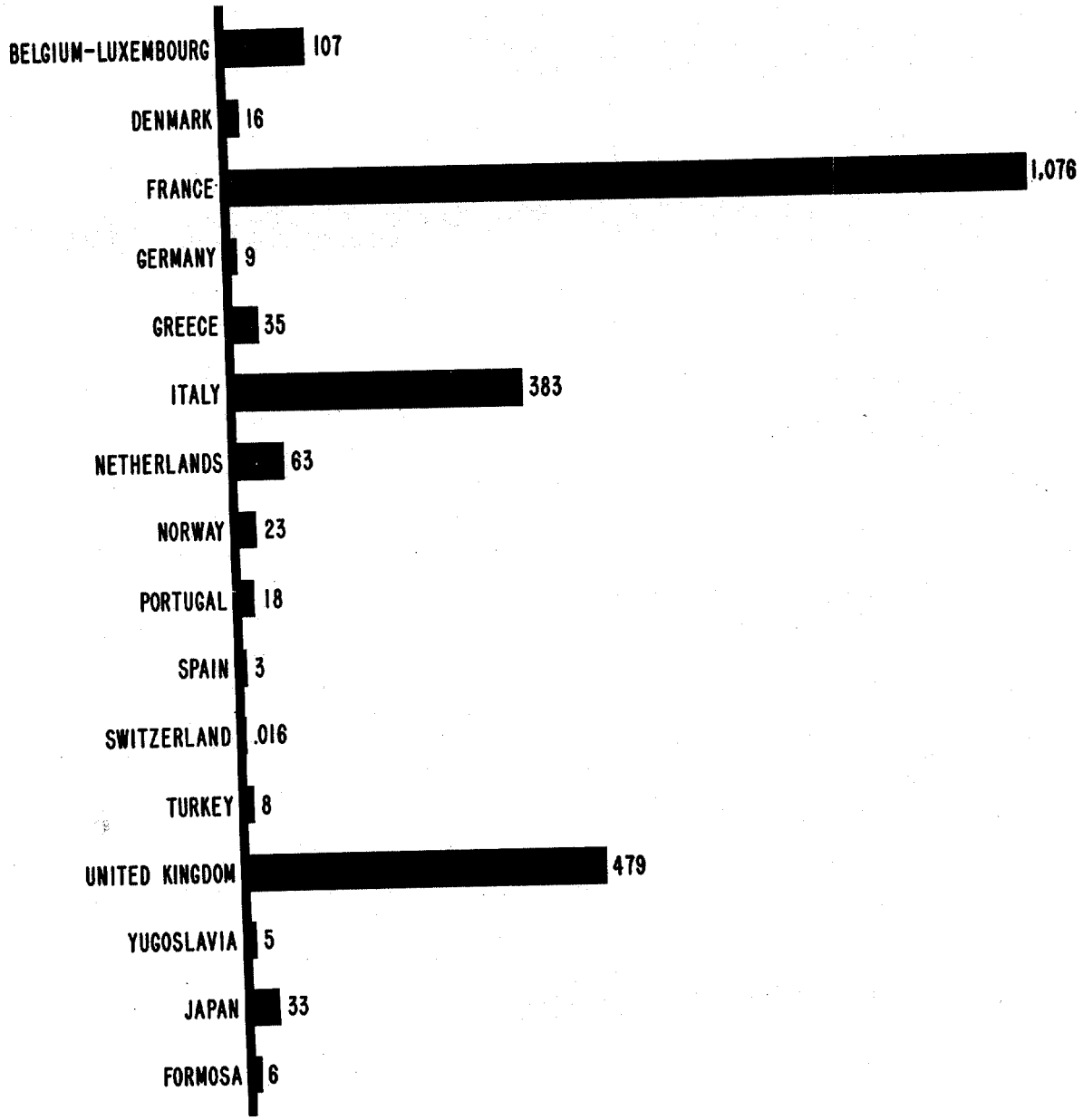

CHART 5

OSP FY 1950-53 VALUE OF CONTRACTS PLACED BY SERVICE AND COMMODITY CATEGORY

(IN MILLIONS OF DOLLARS)

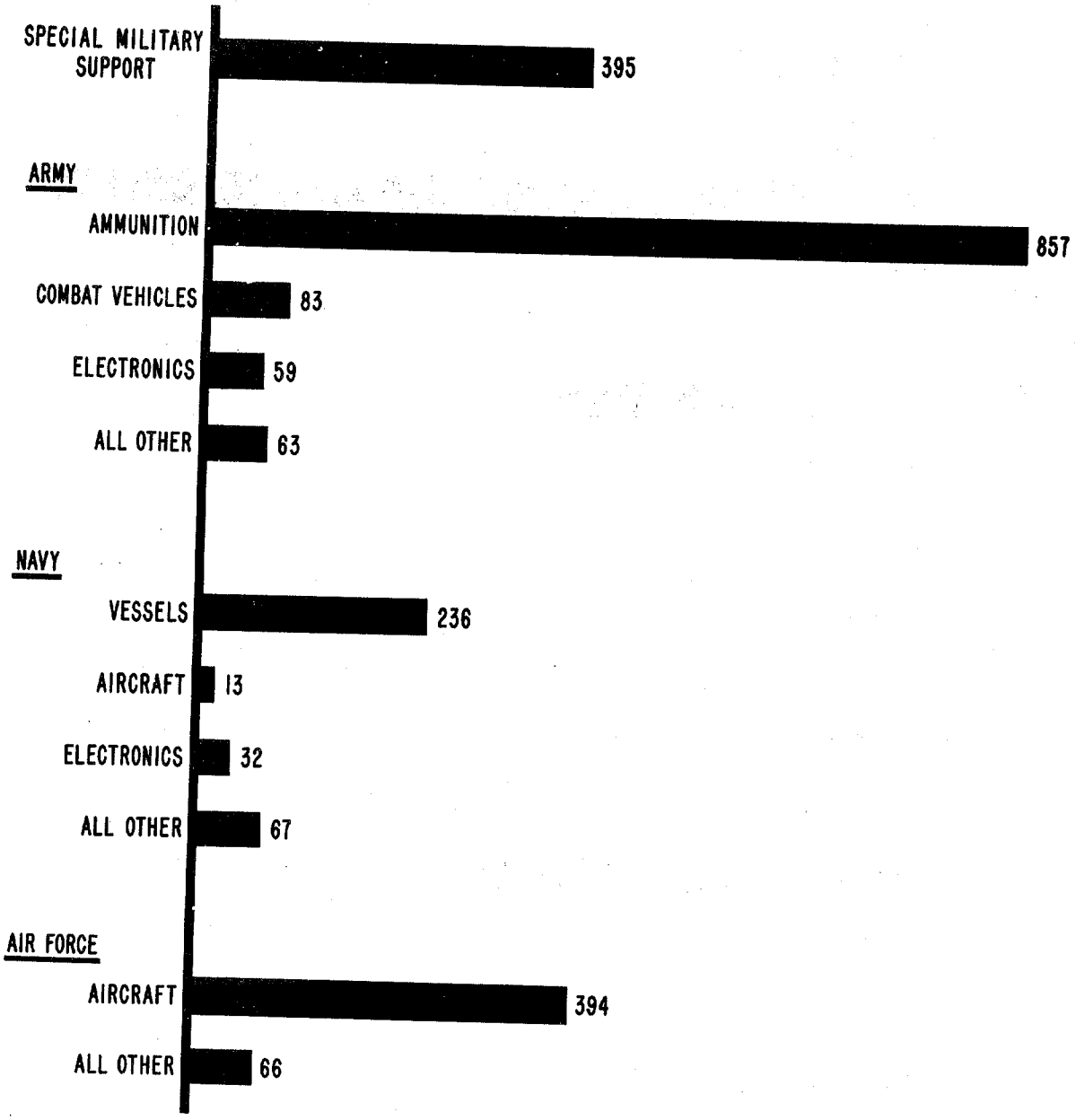

CHART 6

DEPARTMENT OF DEFENSE

MDAP
TRAINING PROGRAM
31 AUGUST 1954

		COMPLETED TRAINING	CURRENTLY TRAINING
FORMAL TRAINING COURSES		47,070	4,295
	IN U.S.	39,235	4,066
	OVERSEAS	7,835	229
	ARMY	12,401	576
	NAVY	19,054	2,171
	AIR FORCE	15,615	1,548
NUMBER OF MOBILE TRAINING TEAMS		882	201
NUMBER OF TECHNICAL REPRESENTATIVES		392	333

The second aspect of this is the mobile training-team program, in which we send teams of technicians into the country. Their program usually involves the training of instructors to assist in setting up schools in the countries in which these teams visit.

The third aspect of it is in regard to the technical representatives. We have certain more complicated types of equipment, maybe in the radar line, on which we go out to the manufacturer of the equipment and make a contract with him to send instructors and instructional material into the countries to instruct them in the use of this equipment. We have sent 392 who have completed their training missions and we now have 333 currently conducting training.

Comparatively, from the money point of view, this training program is good value. It might be interesting to note that it costs us 85 thousand dollars to train a combat aircraft pilot. One of the big problems is, as soon as we get him trained he goes back to his country and gets out of the army and goes into commercial aviation and competes with ours. Then the first thing we have letters from Congressmen asking, "How come?"

So much for objectives, what the program contains, and how it is developed. This brings us to our third point. What about results? How are we doing?

Well, we haven't delivered all the equipment for which the Congress has given us the money, but we are beginning to show results. I would like to quote General Gruenther, who came over here in September and made a talk before the National Security Industrial Association in New York. Here is what he had to say:

> "I'd like now to move to our general progress in the North Atlantic Treaty Organization from the standpoint of build up of our forces, starting with the time when General Eisenhower arrived in January 1951. Now he found, when he arrived in Europe, a very low state of morale. You will recall at that time that we were about to be ejected from the Korean peninsula. And, in Europe itself, the new and better world which we had been led to believe was going to follow the last war had given way as a result of incidents in Europe and throughout the world to the stark realism that Soviet imperialism was again on the march. General Eisenhower found precious

few troops. But what was worse still was that there was no way to use the troops that he did have, no way to employ those resources in a common strategy.

"Now some 3-3/4 years later, that situation has changed considerably. We now have, division-wise, between 90 and 100 divisions. Not all of those are D-Day divisions; some are D plus 15, some are D plus 30. But they constitute a very substantial force."

Chart 7, page 20.--I have another chart which shows the major items that have been shipped; that is, since the beginning of the program, and gives you some idea of the magnitude. Tanks and combat vehicles--almost 36,000; motor vehicles, 196,000; small arms and machine guns, 2.2 million; almost 36,000 pieces of artillery; 843 naval vessels of various types; and over 6,000 aircraft. That's quite a sizable thing when you see it.

That brings me to my final point. How about the future? What are the problems?

The logical question is: How long is this program going to last? Are we going to be saddled with this as taxpayers from now on in? This time last year we estimated that the program was on a downward trend. Now I am not so sure. The length of time the program will be in effect, I believe, depends on the international situation; on the impact that new and more powerful weapons will have on the tactics and techniques of the forces involved. At any rate, we have many problems ahead in Europe. While we have largely made our initial commitment, we still have the problem of Germany. Things are looking up in this direction. We have already instituted some talks which may lead to a bilateral agreement for mutual defense assistance when and as and if this treaty is ratified.

The program in Spain has now been in effect almost a year. We made our first shipment in January, and that program is pretty well under way.

An important program came in, in February when Pakistan signed a mutual defense assistance bilateral. That came into effect in May of this year; you may have seen it in the papers. We have established a MAAG and our initial shipment was delivered last week.

CHART 7

MUTUAL DEFENSE ASSISTANCE PROGRAM

SELECTED ITEMS SHIPPED

THRU 31 AUGUST 1954

TANKS AND COMBAT VEHICLES	35,462
MOTOR TRANSPORT VEHICLES	196,051
SMALL ARMS AND MACHINE GUNS	2,202,122
ARTILLERY	35,479
VESSELS	843
AIRCRAFT	6,097

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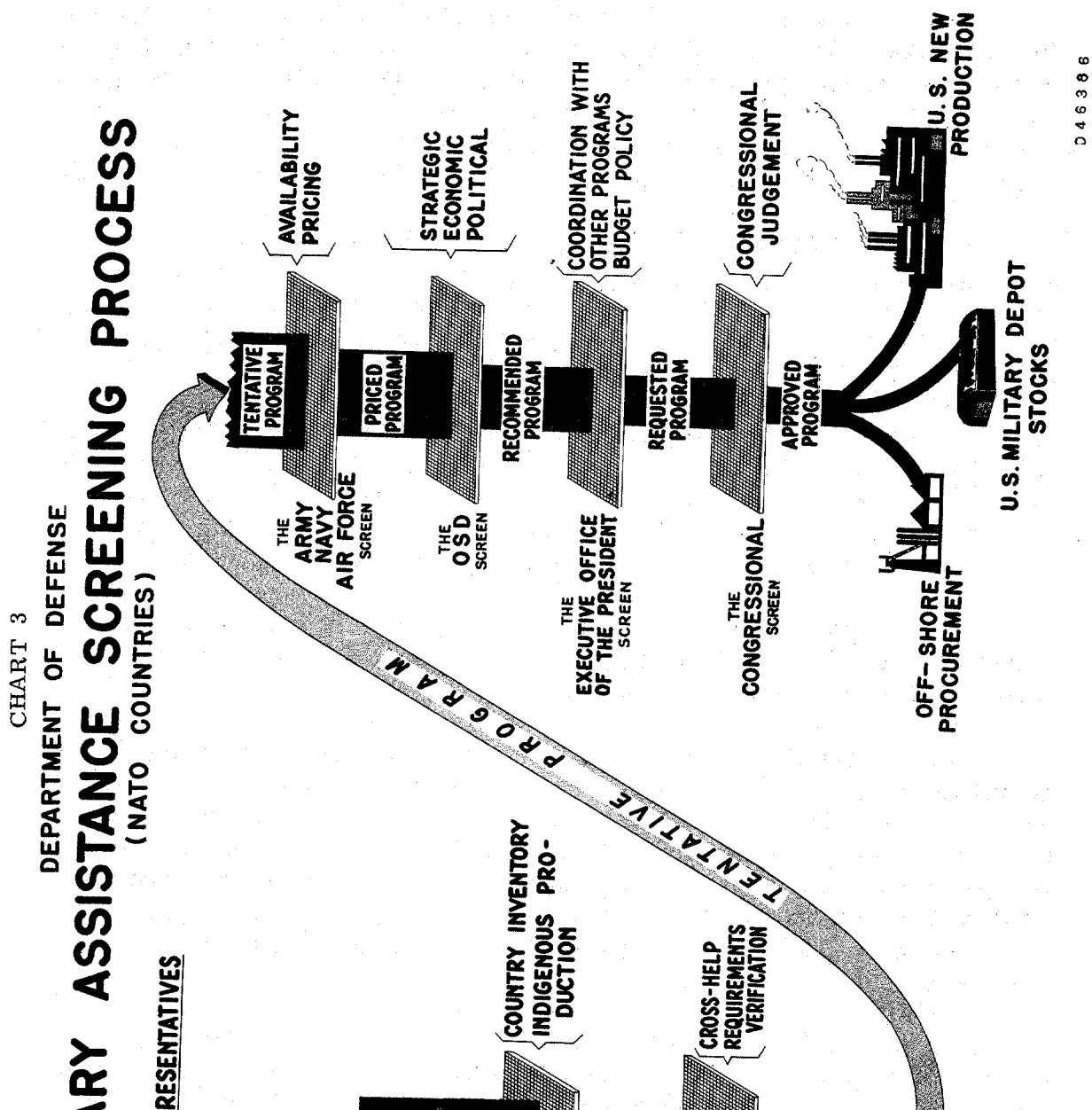
Another country in the Near East which has completed an MDA bilateral agreement and, I think, an important one, is Iraq. Its initial shipment will soon be on the way.

In the Far East the problems are more complex, to say the least. With the developments of May when the Indochina situation changed radically, and with the Geneva talks about Indochina and Korea which followed, attention was focused on this area of the world as a vital one to the security of the free world. Right now, under General Collins, there are negotiations in progress which may lead to the United States taking over some training responsibilities in South Viet Nam. I don't know; but there is a possibility.

... industrial capacity and technical know-how put ... Pacific



President tells us how [illegible]
Congress in any fiscal year.

You will notice this black line on the chart has been getting smaller all the time, and a very important metamorphosis takes place. When we say, "Here are your military programs," up to this point we have