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NAVAL VESSEL LOANS

GOVERNMENT

Storage

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE NINETY-FIRST CONGRESS

SECOND SESSION

ON

H.R. 15728

AN ACT TO AUTHORIZE THE EXTENSION OF CERTAIN
NAVAL VESSEL LOANS NOW IN EXISTENCE AND NEW
LOANS, AND FOR OTHER PURPOSES

AUGUST 20, 1970

Printed for the use of the Committee on Armed Services

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(III)

CHAPTER I

The first part of the book is devoted to a general introduction to the subject. It discusses the importance of the study and the scope of the work. The author then proceeds to a detailed examination of the various aspects of the problem, including a discussion of the methods used and the results obtained. The book is written in a clear and concise style, and is suitable for both students and researchers in the field.

**TO AUTHORIZE THE EXTENSION OF CERTAIN NAVAL
VESSEL LOANS IN EXISTENCE AND NEW LOANS, AND
FOR OTHER PURPOSES**

THURSDAY, AUGUST 20, 1970

**U.S. SENATE,
AD HOC SUBCOMMITTEE,
COMMITTEE ON ARMED SERVICES,
*Washington, D.C.***

The subcommittee appointed to consider H.R. 15728, an act to authorize the extension of certain naval vessel loans in existence and new loans, and for other purposes (composed of Senators Inouye (chairman), Byrd of Virginia, and Goldwater) met at 10:10 a.m. in executive session in room 212 of the Old Senate Office Building.

Present: Senator Inouye (chairman).

Also present: Labre R. Garcia, professional staff member, Herbert S. Atkinson, acting chief clerk.

Senator INOUE. The subcommittee will please come to order.

Before we proceed to hear the witnesses, I might state for the record that this special subcommittee was appointed on April 28, 1970, by the chairman of the Armed Services Committee.

In his letter to me appointing me as chairman, Senator Stennis has asked that the subcommittee consider H.R. 15728, which would provide for new loans and extension of existing loans of naval vessels to certain foreign nations.

Specifically the bill would authorize the extension of existing loans of one submarine to Greece and one submarine to Pakistan, and would authorize new loans in the form of two destroyer escorts to the Republic of Vietnam, two destroyers and two submarines to the Government of Turkey, and three submarines to the Republic of China.

I believe it is important to note that authority for the proposed loan of three submarines to the Republic of China was not requested by the executive branch. This particular loan was added to the bill by the House.

On April 11, 1970, the Senate Armed Services Committee requested a report from the Secretary of Defense expressing a coordinated position of the executive branch with respect to the loan of three submarines to the Republic of China. The administration's position on this matter was not received until August 7.

I might state for the record that the executive branch has interposed no objection to the loan of the three submarines to the Republic of China on the basis that the loan, if authorized, would be permissive in nature and not mandatory. A copy of the letter from the Navy Department will be made a part of the record.

(The document follows:)

DEPARTMENT OF THE NAVY,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, D.C., August 7, 1970.

HON. JOHN C. STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Your request for a report representing the coordinated views of the Executive Branch on the authorization of the loan of three submarines to the Republic of China contained in H.R. 15728, an Act "To authorize the extension of certain Naval vessel loans now in existence and new loans, and for other purposes," has been assigned to this Department by the Secretary of Defense for the preparation of a report thereon.

H.R. 15728 would authorize the extension of existing loans of one submarine each to Greece and Pakistan and new loans of two destroyer escorts to Vietnam and two destroyers to Turkey as requested by the Department of the Navy. In addition, as passed by the House of Representatives, the legislation contains authorization for new loans of two submarines to Turkey and three submarines to the Republic of China.

With respect to the three submarines for the Republic of China, the Executive Branch recognizes the need for continuing improvement of the Republic of China's defensive naval capability and steps are being taken to assist in correcting its deficiencies. As the Committee knows the Executive Branch did not request the inclusion of the authority to lend submarines to the Republic of China. Rather, this amendment was added by the House committee. While the Executive Branch thus did not recommend this amendment, in view of the fact that it is permissive and not mandatory, it will interpose no objection should the Congress wish to enact it.

The Department of the Navy has now arrived at the point where the timing of several ship transfers within H.R. 15728 has become critical. Vietnamization turnover plans call for the transfer of the first destroyer escort in August 1970. In order to commence the required pre-transfer overhaul and training actions, the Navy needs assurance of turnover authority as soon as possible.

The Navy is inactivating and otherwise retiring a significant number of combatant ships during this fiscal year. Utilization of these units, instead of the mothballed ships previously used to fulfill ship loan requirements, could provide financial savings to both the Navy and the Military Assistance Program, while immediately enhancing the operational capability of allied navies. Such is the case with the Turkish ships now in the bill. However, if timely authorization for the requested loans is not forthcoming, the opportunity to use these retiring ships will pass.

For the foregoing reasons, the Department of the Navy, on behalf of the Executive Branch, urges that H.R. 15728 receive favorable consideration at the earliest possible time.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report on H.R. 15728 for the consideration of the Committee.

Sincerely yours,

MEANS JOHNSTON, JR.
Rear Admiral, USN, Chief of Legislative Affairs
(For the Secretary of the Navy.)

Senator INOUE. We have with us today witnesses from the Defense and State Departments. It will facilitate matters if the Defense witnesses are heard first. The subcommittee has also invited Dr. Arnold Kuzmack from the Brookings Institution who will also be heard after the witnesses of the executive branch.

Gentlemen, we welcome you here. Please be seated and state your names for the record and your official positions. If you have prepared statements you may proceed in any way you would like.

(The bill follows:)

91ST CONGRESS
2D SESSION

H. R. 15728

IN THE SENATE OF THE UNITED STATES

MARCH 24, 1970

Read twice and referred to the Committee on Armed Services

AN ACT

To authorize the extension of certain naval vessel loans now in existence and new loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That notwithstanding section 7307 of title 10, United States
4 Code, or any other law, the President may extend on such
5 terms and under such conditions as he deems appropriate the
6 loan of ships, previously authorized as indicated, as follows:
7 (1) Greece, one submarine (Act of October 4, 1961 (75
8 Stat. 815)) and, (2) Pakistan, one submarine (Act of Oc-
9 tober 4, 1961 (75 Stat. 815)).

10 SEC. 2. Notwithstanding section 7307 of title 10, United
11 States Code, or any other provision of law, the President

1 may lend two destroyer escorts to the Republic of Vietnam
2 and two destroyers and two submarines to the Government
3 of Turkey and three submarines to the Republic of China
4 in addition to any ships previously authorized to be loaned
5 to these nations, with or without reimbursement and on
6 such terms and under such conditions as the President may
7 deem appropriate. All expenses involved in the activation,
8 rehabilitation, and outfitting (including repairs, alterations,
9 and logistic support) of ships transferred under this section
10 shall be charged to funds programed for the recipient gov-
11 ernment as grant military assistance under the provisions
12 of the Foreign Assistance Act of 1961, as amended, or suc-
13 cessor legislation, or to funds provided by the recipient
14 government. The authority of the President to lend naval
15 vessels under this section shall terminate on December 31,
16 1971.

17 SEC. 3. All new loans and loan extensions executed
18 under this Act shall be for periods not exceeding five years,
19 but the President may in his discretion extend such loans
20 for an additional period of not more than five years. Any
21 agreement for a new loan or for the extension of a loan
22 executed under this Act shall be made subject to the condi-
23 tion that the agreement may be terminated by the President
24 if he finds that the armed forces of the borrowing country
25 have engaged, at any time after the date of such agree-

ment, in acts of warfare against any country which is a
2 party to a mutual defense treaty ratified by the United
3 States. All loans and loan extensions shall be made on the
4 condition that they may be terminated at an earlier date
5 if necessitated by the defense requirements of the United
6 States.

7 SEC. 4. No loan may be made or extended under this
8 Act unless the Secretary of Defense, after consultation with
9 the Joint Chiefs of Staff, determines that such loan or exten-
10 sion is in the best interest of the United States. The Secre-
11 tary of Defense shall keep the Congress currently advised of
12 all loans made or extended under this Act.

13 SEC. 5. The President may promulgate such rules and
14 regulations as he deems necessary to carry out the provisions
15 of this Act.

Passed the House of Representatives March 23, 1970.

Attest:

W. PAT JENNINGS,

Clerk.

STATEMENT OF CAPT. G. M. HAGERMAN, U.S. NAVY, DIRECTOR OF THE FOREIGN MILITARY ASSISTANCE AND SALES DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS, ACCOMPANIED BY COMDR. JOHN H. CARROLL, JR., U.S. NAVY

Senator INOUE. Our first witness will be Captain G. M. Hagerman, U.S. Navy, Director of Foreign Military Assistance & Sales Division, Office of the Chief of Naval Operations.

Welcome, sir.

Captain HAGERMAN. Good morning.

I am Captain G. M. Hagerman, U.S. Navy, Director of the Foreign Military Assistance & Sales Division, Office of the Chief of Naval Operations. I am here as a witness of the Department of Defense and of the Navy in connection with proposed naval ship loans and extensions to friendly foreign countries.

The bill before you contains permissive legislation required to effect one part of the military assistance program, which as you know, receives extensive congressional review.

The ship loan bill this year is rather small in terms of numbers of ships and amounts of money involved. It becomes quite significant though, when viewed in light of the Navy's pressing worldwide commitments and when focused upon today's Mediterranean and Far Eastern maritime situations. The bill proposes the new loans of two destroyers and two submarines to Turkey, two destroyer escorts to Vietnam, and three submarines to China. In addition, it seeks renewal authority for the existing loans of one submarine each for Greece and Pakistan.

The original submission of this bill to the Congress occurred in May 1969. We have reached a point where action is necessary now if we are to implement Vietnamization plans as scheduled. Vietnamization turnover plans call for transfer of the first destroyer escort during August of 1970. We cannot meet this schedule. In order to commence the required pretransfer overhaul and training actions, the Navy needs assurance of turnover authority as soon as possible. Early action on the bill will also result in considerable savings both to the United States and to Turkey in the transfer of destroyers and submarines to that country.

In conjunction with these transfers, as you are aware, the U.S. Navy is now reducing its force levels as a result of budgetary constraints. If transfer arrangements to Turkey can coincide with actual U.S. ship retirement dates, this type of transfer would not only provide ships to fill the Turkish requirements at considerable monetary savings to that country but would also make it unnecessary for the United States to expend unnecessary preservation costs to put those ships in mothballs. If timely authorization for the requested loans is not forthcoming, the opportunity to use these retiring ships will pass. Before discussing the military justification for the ships contained in this bill, I would like to make one or two general comments.

Our worldwide policy of collective security requires assistance from our allies. In the event of hostilities, we must be able to insure our free use of the seas and be able to deny their use to our enemies. The U.S. Navy alone cannot accomplish these objectives. We must count on the naval forces of our allies large and small to accomplish a large

number of tasks such as antisubmarine escort, patrol, mine warfare, and coastal and harbor protection in their local waters.

These are complex skills requiring many types of ships and various kinds of training. It takes time to develop substantive seapower. To enable them to perform these tasks adequately tomorrow requires our help today; and in keeping with this requirement we are proposing to lend these ships to the previously mentioned recipient countries. The ships are needed for legitimate and important defense tasks. Just as the U.S. Navy is faced with a continuing need for ship replacements and force improvements, so are the navies of the selected countries, however, they cannot afford, or do not yet have the technical ability, to construct new or replacement ships. In most instances their shipbuilding industry is just beginning to develop. By combining resources—our idle ships and their competent manpower and strategic locations—we can now make a substantial contribution to mutual defense at a minimum cost. Also it should be remembered that the tempo of operations in these navies is substantially less than that of the U.S. Navy; therefore, these ships should provide useful service for at least 10 years. During this 10-year period we estimate that some of these countries will substantially improve their own shipbuilding capabilities and become more self-sufficient in this area. These loaned ships provide that basis upon which to develop the trained officers and men necessary to generate completely indigenous navies.

We have gone a long way in building up the effectiveness of allied navies in recent years. We want to continue this trend. At the present time, we have 74 combatant ships on loan to 17 allied nations as follows:

- Argentina—two submarines, three destroyers.
- Brazil—two submarines, three destroyers.
- Chile—two submarines, two destroyers.
- China—six destroyers, one destroyer escort.
- Colombia—one destroyer.
- Germany—five destroyers.
- Greece—two submarines, six destroyers.
- Italy—five submarines.
- Japan—one submarine, two destroyers, two destroyer escorts.
- Korea—three destroyers, three destroyer escorts.
- Netherlands—one submarine.
- Pakistan—one submarine.
- Peru—two destroyers.
- Philippines—one destroyer escort.
- Spain—one helo carrier, one submarine, five destroyers.
- Thailand—one destroyer escort.
- Turkey—five submarines, two destroyers.

They have been on loan for varying periods up to 15 years. These ships are fully operational, manned by trained crews, and are strategically dispersed. Many are maintained and operated entirely at the expense of the foreign country, and others receive varying degrees of U.S. support, but at the most, only a fraction of the cost of operating the same ship in the U.S. Navy. By means of selective loans of ships we are able to make a significant contribution at a modest cost and continue the progress of small allied and friendly navies. Loan ships have proved to be extremely effective catalysts for progress and increased competency in allied navies.

When loaned, ships are manned and operated by the recipient government; however, the title remains with the United States and the possession of the ship cannot be relinquished to a third party without consent of the United States.

We do not receive second-rate sailors for the training in the United States that precedes a ship transfer, but rather members of their carefully selected first team. By the time a foreign crew completes individual specialized and team training in the United States, it is a fully effective crew, as evidenced by the fine records attained by foreign ships in the underway training phase of our transfer program. In addition, almost all of the officers and men of the recipient navies are favorably influenced by their associations with America and the American way of life.

We do not now, nor do we expect to have at any time in the future, the total forces necessary to carry out all possible naval tasks worldwide. Nor should we be in a position where all counterinsurgency or limited war naval tasks in support of our allies throughout the free world must be assumed by the United States. Every necessary task a friendly foreign navy undertakes in its own defense frees the United States from the obligation to provide for accomplishing that task. Despite outmoded ships and equipment, these navies have a proven capability to operate effectively within their material limitations. The absence of these capabilities would create vacuums in many areas of the world which, if not filled by the United States could be filled by naval power hostile to our national objectives. Moreover, lack of continued support to these friendly navies would negate the training effort that has gone toward improving their efficiency. Our ship loan program has shown excellent results in this respect. Should we lessen our efforts at this point, we would be wasting more than a decade of hard work and a large investment in the future.

The following specific military justification exists in each case for the extension and new loans requested in this bill.

PAKISTAN

The Pakistan Navy is primarily a light escort, patrol, and coastal minesweeping force with a modest antisubmarine warfare (ASW) capability. The Navy's one submarine is intended primarily to provide ASW training for the surface forces. This submarine has completed overhaul in the Golcuk shipyard in Turkey at a cost to Pakistan of over \$1 million. This is indicative of Pakistan's resolve to keep the submarine in a high state of readiness. It also shows Pakistan's willingness to participate in area cooperation. In view of the possibility of reduced British naval forces east of the Suez after 1971, extension of this loan will assist in keeping a free world naval presence in the Indian Ocean area. This is the only U.S. Navy ship on loan to Pakistan and is the basis for providing U.S. Navy training to key officer personnel and maintaining a friendly, meaningful navy-to-navy dialog.

GREECE

The submarine now in the Greek Navy, for which extension is requested, is an effective operating unit of the Greek Navy and provides valuable ASW training services to their surface ships and to their newly formed ASW patrol aircraft unit, all of which remain

firmly committed to NATO roles. The submarine is in excellent condition and completed a \$1 million overhaul at Greek expense in January 1969. In October 1969, the Greek Navy purchased from the United States a \$243,000 replacement battery for this submarine. Since April 1967 the current government of Greece has continued to meet its NATO commitments and has continued to provide facilities for the use of the U.S. military. It is in the U.S. interest that Greece continue to be a stable and reliable NATO ally. Our access to Greece, and its cooperation in the Alliance, continue to provide valuable security benefits to us. Greece's importance as a logistical and tactical base for NATO has been highlighted in recent years by the increased Soviet naval activity in the Eastern Mediterranean. A continued U.S. presence is important to the defense of the southern flank of NATO and is not easily replaceable in today's political climate.

Specific and continuing actions on the part of Greece, and their navy in particular, justify our continued faith in their desire to fulfill ship loan commitments. The Greek Navy has been an active participant in NATO exercises, and in operations in support of NATO in their area. Greece was helpful as a refuge during the evacuation of U.S. refugees from Israel and the Congo. Ports in Crete, in the islands, and the mainland provide safe havens for units of the Sixth Fleet and their crews. Naval assistance also includes the use of the shores of the island of Crete for amphibious landing exercises and the harbor at Suda Bay for the refueling of our ships. The restrictions on provision of major end items of military equipment to Greece have had a debilitating effect on the Hellenic Navy. Approval of this loan would enable the Greek Navy to carry out effective antisubmarine warfare, and help insure Greek preparedness to meet her NATO responsibilities.

TURKEY

The Turkish destroyers in the current bill are requested as first priority item toward the modernization of the Turkish Navy. The recent availability of relatively modernized destroyers in an operating condition as a result of fiscal year 1970 budget cuts has substantially lowered the cost of providing these ships. Therefore, it is now readily within our capability to assist the Government of Turkey in achieving the second priority of their navy; namely, submarine modernization. The lack of available MAP funds prohibited the request for these units in our original submission of this bill to the Congress, although the military requirement for more modern submarines was well recognized. Since that time, however, we are being forced to retire from active duty a number of U.S. submarines. In addition, members of the House Armed Services Committee, after having visited the Turkish naval establishment this past winter, urged the inclusion of two submarines in the bill. The Departments of Defense and State concur with the addition of those submarines to the bill. Within the limits of present and programmed funds we are about to inactivate several submarines which have the type of modern sonar and electronic sensors required by the Turkish Navy to carry out their NATO commitments. This will represent a major improvement in the quality of Turkey's submarine fleet. Turkey is a staunch ally of the U.S. as a member of NATO. Since the June war of 1967, there has been a steady increase in Soviet naval activity in the Mediterranean, as I have previously mentioned. In view of this increasing

Soviet threat, a strong Turkish naval presence in this area plus its control of the Turkish straits connecting the Black Sea to the Mediterranean are certainly welcome adjuncts to the existing U.S. 6th Fleet capabilities.

VIETNAM

The two proposed destroyer escorts to Vietnam for which we seek loan authorization will provide the future principal units of the Vietnamese Navy, which, heretofore, has had no "blue water" capability. These ships are needed to patrol the 1,200 miles of coastline, to prevent seaborne infiltration, and to provide naval gunfire support. Attempts at seaborne infiltration can be expected to increase as overland routes through the DMZ and Cambodia are interdicted. Once turned over and operating as units of the Vietnamese Navy, they will replace the USN destroyers now carrying out these specific tasks.

REPUBLIC OF CHINA

This bill also provides for the loan of three submarines for the Republic of China. The executive branch did not request the authority to make this loan to the Republic of China and these submarines were placed in the bill by the House Armed Services Committee in executive session on February 4, 1970. The bill that passed the House of Representatives included these submarines. I will now discuss in detail the question of submarines for China. In 1969 the Chinese expressed a need for submarines, on the basis that the Communist Chinese have over 30 submarines and that ASW forces require constant services of target submarines in order to maintain ASW efficiency. Prior to fiscal year 1969, the military assistance program paid for the cost of two U.S. Navy submarines which serviced the western Pacific navies. This included Taiwan. In fiscal year 1969 due to the decreasing amount of MAP funding the two submarines were changed to service funding. The U.S. Navy picked up the bill.

The Republic of China was receiving 42 ASW training days per year from these two submarines. In July 1969, the Government of the Republic of China renewed its request, and CINCPAC, after careful review, recommended reconsideration of the State/Defense decision, pointing out that the Chinese Navy could develop the necessary skills and facilities to support submarines, but that all acquisition, operation and maintenance and training costs would have to be borne outside of MAP. The Departments of State and Defense reviewed the question and in January 1970 confirmed the original decision to disapprove the Republic of China request. On February 4 the House Armed Services Committee added three submarines for China to the ship loan bill. One additional factor should be considered. Since January, because of budgetary constraints, the U.S. Navy has been forced to reduce target submarine service to east Asian navies, including the Republic of China. If it is necessary to discontinue these services completely, the Republic of China would be unable to maintain such ASW capability as it now has. The executive branch recognizes that this amendment is permissive and not mandatory. It also should be noted that prior to the actual negotiation of any ship loan, the Joint Chiefs of Staff and the Secretary of Defense are required, by section 4 of this bill, to con-

sider the interests of the United States before recommending a course of action to the Department of State and the President. This then outlines the elements of this rather complex problem, and leads me to the executive branch position which I quote:

As the Committee knows, the Executive Branch did not request the inclusion of the authority to lend submarines to the Republic of China. Rather, this amendment was added by the House committee. While the Executive Branch thus did not recommend this amendment, in view of the fact that it is permissive and not mandatory, it will interpose no objection should the Congress wish to enact it.

The ship loan bill, as originally submitted, was developed by the Department of Defense as an integral part of our military assistance program. It reflected the recommendations of our country teams composed of the U.S. Ambassador, chief of the military assistance advisory group and where applicable the director of the U.S. aid mission in each country involved. The loans and extensions were approved by the unified commanders involved, by the Joint Chiefs of Staff, the Secretary of Defense, and the Secretary of State. The Bureau of the Budget has advised that this proposal, as a part of our military assistance program, is in accord with the program of the President.

The funds necessary to implement this authorization for Turkey were obtained from the Congress in the military assistance portion of the Foreign Assistance Act, passed this session. The money necessary to provide an austere overhaul to the destroyer escorts for Vietnam will be provided through military assistance service funding. Should the President exercise the loan option, the cost associated with the provision of submarines to the Republic of China would be charged to funds provided by the recipient government. There is no monetary expense involved in the extension of the ships presently on loan to Pakistan and Greece.

In anticipating questions concerning the recent sales of stricken U.S. warships to allied navies, I would like to explain the background of this program and stress the manner in which it complements ship loan.

The sale of these stricken ships by the Navy is based on title 10 United States Code 7307 which states:

(b) Without authority from Congress granted after March 10, 1951, no battleship, aircraft carrier, cruiser, destroyer, or submarine that has not been stricken from the Naval Vessel Register under section 7304 of this title, nor any interest of the United States in such a vessel, may be sold, transferred, or otherwise disposed of under any law.

Title 10 United States Code 7305 is also applicable and states:

(B) The Secretary of the Navy shall appraise each vessel stricken from the Naval Vessel Register under section 7304 of this title. If he considers that the sale of the vessel is in the best interest of the United States, he shall advertise it for sale.

This authority within title 10 has been used in the past essentially for the sale of auxiliary type ships but has not been used until recently for combatant ships because U.S. Navy had no desirable assets in this category. Recent U.S. budgetary restrictions have altered this situation and made available destroyer types that have been stricken from the Navy Register. All these ships that have been stricken have been inspected by a Navy Board of Inspection and Survey and found to be unfit for further U.S. naval service and would otherwise be disposed

of as scrap. The best ones in this category have been offered to certain NATO and forward defense allies on an "as is, where is" basis.

To date the following combatant ships have been disposed of under this program:

Canada—one submarine.

Italy—three destroyers.

Turkey—three destroyers.

China—five destroyers.

National funds are used in the purchase of these ships and of course this is a sizable savings to the military assistance dollar. For example, the three destroyers sold to Turkey were overhauled in the United States and they underwent shakedown training with full crews in this country. They are now en route to Turkey. The total expenditure for these three destroyers was \$7.3 million of which \$2.8 million were Turkish national funds. By comparison in the past when we went the ship loan route and a ship was brought out of mothballs, activated, modernized, crew trained, spare parts and ammunition provided, we estimated the cost to be \$7.5 million per ship. These are normally military assistance dollars. We thus feel that the availability of the stricken ships has allowed the Navy to modernize certain allies at a pace much more rapid than if we relied on the availability of the military assistance dollar and the use of inactivated ships alone. In fact with the decreasing military assistance dollar, it is doubtful that we would ever come close to our planned goals without the availability of these stricken ships.

There is one additional phase to this program which I would like to bring to the attention of this committee. We consider the stricken ship and even the ship loan program to be a short-range solution to force improvement. As a long-range solution, the U.S. Navy is promoting the in-country construction program of new ships. Several programs of this type have been initiated. Turkey with U.S. Navy assistance is building diesel powered destroyer escorts, the first of which will be launched next year. These new ships should last well past the year 2000 and by 1980 Turkey should have replaced several of her loaned and purchased Destroyers obtained from the U.S. Navy with these new ships.

We recently sent a team of experts to Korea for consultations with our Military Assistance Advisory Group personnel on a boat that will be built in Korea and that will be designed specifically to counter the North Korean infiltration by sea. We have completed a program with Portugal in which three Dealey class destroyer escorts were built in that country with U.S. Navy assistance. We believe that the provision of loaned and stricken ships provides the best short-range solution for the smaller free world navies allowing time for the in-country naval construction capability to develop, which of course will provide new ships and be the best long-range solution.

The combination of sales, loans and construction programs, then, supports U.S. policy, strengthens free world forces, and enhances U.S. forward security. Last and most important it converts ships no longer useful to the U.S. Navy, plus the potential of a portion of the Reserve Fleet to actual operating naval strength, strategically dispersed and operational in the hands of our allies, at minimum cost to U.S. resources.

In essence, we in the Navy consider that the proposed legislation is in the best interest of the United States.

This concludes my statement. Thank you.

Senator INOUE. Thank you very much, Captain Hagerman. I would like to ask a few questions relating to your testimony here.

On page 3—I am quoting you—

Just as the U.S. Navy is faced with a continuing need for ship replacements and force improvements, so are the Navies of the selected countries; however, they cannot afford or do not yet have the technical ability to construct new or replacement ships. In most instances their shipbuilding industry is just beginning to develop.

Several lines below that you continue and say "During this ten-year period we estimate some of these countries will substantially improve their own shipbuilding capabilities and become more self-sufficient in this area.

Now, Captain Hagerman, I have been led to believe that today in the area of shipbuilding, Japan is now No. 1 and leads the United States; Germany should be No. 2 or No. 3; Greece is supposed to be one of the top merchant marine countries in the world.

Are you trying to tell me that these countries do not yet have the technical ability to construct new or replacement ships?

Captain HAGERMAN. No, sir. I think, sir, we are talking first of all about warships. There is no question concerning what you say about Japan, and they certainly have the capability to construct any type of warship.

Senator INOUE. Isn't it right that most of our ships are now being repaired in Yokosuka.

Captain HAGERMAN. Yes, sir. I have no argument with the fact that Japan can do this. This was not meant in the context of Japan.

Senator INOUE. I know we loaned them one submarine, two destroyers and two destroyer escorts.

Captain HAGERMAN. Those ships were on loan 10 years ago.

Senator INOUE. And what about Germany's five destroyers?

Captain HAGERMAN. This was back in 1958 when the new German Navy was just becoming reorganized, and since that time, yes, they have built.

I might point out as far as the German Navy is concerned they bought three guided missile destroyers from us. The last one is still here in this country.

Senator INOUE. Do you still find it is necessary to loan ships to these countries?

Captain HAGERMAN. No, sir; we have not loaned ships to those countries for 10 years, sir. Ten years ago the situation was somewhat different, or even longer ago.

Senator INOUE. On page 8, the fifth line, there is a phrase saying that these ships were forced to retire from active duty.

If they were so bad that they were forced to retire, how is it that they are good enough for our allies, naval defenses?

Captain HAGERMAN. I am sorry, sir, what line?

Senator INOUE. On the fifth line of page 8 you use the phrase these ships have been forced to retire from active duty.

Captain HAGERMAN. This is because of budgetary constraints, not the condition of the ship.

As you know, because of the cutback in budget, we cannot man the number of ships that we did in the past years.

Senator INOUE. Yet I noticed in the procurement bill we are requesting new submarines and new destroyers.

Captain HAGERMAN. Sir, I am not qualified to speak to it.

Senator INOUE. Is anyone qualified here?

I am just intrigued by this testimony that says all these ships are necessary for our allies to carry out their commitments in the Mediterranean and Far East. We find that these ships are adequate enough to counter the threat of the Soviet Union, but yet they are stricken from our list and forced to retire because they are either scrap, as you say in the one part.

Captain HAGERMAN. Yes, sir.

Senator INOUE. Scrap for us, but good enough for Turkey and Greece and others.

Captain HAGERMAN. Yes, sir; because this is basically budgetary. If we had the money that we had a couple of years ago, or expected to have that money, I am reasonably sure those ships would remain in the active United States Navy on the Ship Register.

Senator INOUE. I shall keep that in mind. I didn't realize that.

What made the executive department, the Department of Defense, the State Department, change their minds on the Republic of China? They declared twice officially that they were against the loan of three submarines to the Republic of China, but finally after the action taken by the House they came out with this rather unusual statement saying they interpose no objections because this is permissive, not mandatory.

If this is just permissive, why not forget about it? What do we intend to do with it?

Captain HAGERMAN. Again, as I tried to indicate in the statement, this is a changing situation. The reason that they give for wanting the submarines is to provide training to their ASW forces.

As I indicated in the past, we in the U.S. Navy make two submarines available to swing a couple times a year through the Far East. Again because of budgetary constraints it looks like this situation is changing and we will no longer be able to do so and if the Chinese Navy is to have a substantive ASW capability, they need target submarines. This loan authorization would be one way of doing it.

Senator INOUE. Yet earlier in this year your Department didn't believe in that. I just want to know what made you change suddenly in a matter of a few months, in fact?

Captain HAGERMAN. Well, it has been about 6 months.

Senator INOUE. Is this the result of political muscle? This is an executive session, so please be candid.

Captain HAGERMAN. Very honestly not from my point of view. I think, as I say, the situation has been developing and rather rapidly. The budget changes and the drawdown in ships has come basically since the first of the year. In fact, we are not even sure where we are going to end up in this and this is one alternative to do something about the Chinese Navy.

Senator INOUE. I have been impressed that the 7th Fleet of the U.S. Navy is the most powerful fleet that man has ever put on our oceans and I have been assured that this fleet has taken adequate care of our friends on Taiwan.

What is happening to the 7th Fleet now? Aren't we providing enough in that part of the world?

Captain HAGERMAN. Being in military assistance, I don't think I am qualified to speak on the 7th Fleet.

The submarines that are assigned to the 7th Fleet have specific operational missions which they carry out, and, of course, the submarines for Taiwan and Korea and other places have to come from the CINCPAC assets.

Senator INOUE. I would like to know what sort of activity is being carried on by the 7th Fleet in relationship to Taiwan in protecting that area. I gather from your testimony that the Communist Chinese have 30 submarines.

Captain HAGERMAN. Yes, sir. (An insert subsequently furnished for the record is classified.)

Senator INOUE. Have any of our merchant ships or Republic of China merchant ships been engaged or threatened by these submarines?

Captain HAGERMAN. Not to my knowledge, sir.

Senator INOUE. There is no danger there, but we need ASW activities? I have never heard of a merchant ship being sunk in the Straits of Taiwan or that part of the world—at least not since World War II.

Captain HAGERMAN. I think that is a true statement, sir.

Senator INOUE. So possibly the threat has been overblown, blown out of all proportions.

Captain HAGERMAN. As a personal observation, perhaps the reason that there weren't any ships sunk has been because the 7th Fleet and the Taiwan Navy has been a relatively potent force.

Senator INOUE. So my question was, is the 7th Fleet still in that area?

Captain HAGERMAN. Yes, sir, to a degree.

Senator INOUE. Do we have a State Department representative here?

STATEMENT OF MR. CHRISTIAN A. CHAPMAN, DIRECTOR OF THE OFFICE OF MILITARY ASSISTANCE AND SALES, BUREAU OF POLITICO-MILITARY AFFAIRS

Mr. CHAPMAN. Yes, sir.

Senator INOUE. Can you tell me what made the State Department suddenly change its mind on the three submarines?

Mr. CHAPMAN. I don't think there has been any change. As Captain Hagerman has emphasized, this is a very fluid situation in the Far East stemming in part from Southeast Asia, but also because of the budgetary cuts in the Department of Defense, the Defense Department is going through a review of its requirements and is obliged to retire quite a few of its ships.

As of January last, both Departments had looked at this Chinese request for four submarines and at that time we had determined that there was no requirement and I believe there has been no change in that position since then. But the House introduced this amendment and as the captain has indicated, since it is permissive and not mandatory, both Departments are interposing no objection.

Senator INOUE. In other words, your position has not changed?

Mr. CHAPMAN. No, sir.

Senator INOUE. You are still not for it?

Mr. CHAPMAN. That is right.

Senator INOUE. Captain Hagerman, I would like to proceed further. Thank you very much.

In the House Armed Services Committee last November and February, the chairman of that committee brought up the issue of the U.S.S. *Isherwood*.

Captain HAGERMAN. Yes, sir.

Senator INOUE. It is in the possession of Peru. What is the current status of the *Isherwood*?

Captain HAGERMAN. The *Isherwood* is still in Peru and still a unit of the Peruvian Navy.

Senator INOUE. Has an extension been negotiated?

Mr. CHAPMAN. We have not concluded an extension of the loan.

Senator INOUE. I note that the loan lapsed on October 8, 1966.

Mr. CHAPMAN. Yes, sir. The President was given authority to renew the loan in December 1967.

Senator INOUE. So, in other words, Peru is exercising control over the ship without authorization.

Mr. CHAPMAN. The Department of State has asked the Peruvian Government to renegotiate the loan.

Senator INOUE. What do we do when they refuse—just sit by?

Mr. CHAPMAN. The relations between Peru and ourselves the last 3 years, as you know, sir, have been very difficult. There have been a series of developments that have caused a good deal of tension. There has been our refusal to sell them jet aircraft in 1967. There has been the overthrow of the government in 1968. There has been a seizure of the IPC and there have been these seizures of American fishing vessels inside of the 200-mile zone which Peru claims as territorial waters, and this claim of the 200-mile zone is the heart of the difficulty in this particular area.

We have been seeking for the last 3 years to bring Peru as well as two other countries of Latin America, Ecuador and Chile, which have made the same claim, to negotiate to see if we can arrive at an agreement on the fishing within the zone that they claim.

Senator INOUE. This is a question of mechanics. In the simple life of most of us here, if I should purchase a car or lease a car and I fail to make payments or live up to my obligations, someone would come by and get hold of that automobile. In the case of Peru they have refused to negotiate. Obviously they are hanging onto the ship without any renewal of obligation.

What sort of mechanism do we have to take possession of it, or can Peru just hang on to it indefinitely?

Mr. CHAPMAN. There is no mechanism as such. We could ask for the recall of that ship. But it has been the judgment that to do so would undermine the effort to arrive at a larger objective, which is an agreement on the fishing problem and the territorial water problems. This has been the basic issue and this is the reason that we have not pushed on this issue further.

I might add just yesterday it was announced publicly that the

Fisheries Conference with the CE countries, Chile, Ecuador, and Peru, would be resumed September 10 in Buenos Aires.

Senator INOUE. I note, Captain, in your testimony that one of the main reasons for having a program of this sort is to provide these small countries with a naval capability so that they can carry out certain defense activities which we would have to perform if they didn't.

Captain HAGERMAN. That is right.

Senator INOUE. What sort of a naval activity in behalf of our security is Peru carrying out?

Captain HAGERMAN. Well, I think as with many of the Latin American countries, naval presence. Since 1967 the number of ships rounding South America, the number of ships rounding South Africa has tremendously increased. The shipping lanes, the merchant shipping, of course, there is an increase in that regard and of course—

Senator INOUE. I don't think it is fair to be asking you these questions because I suppose it involves policy. But if I may ask Mr. Chapman here, isn't it true that these ships serve no American security purpose at all?

Mr. CHAPMAN. Not in the immediate situation. But I think you have to recall—

Senator INOUE. For example, jet fighters in Peru, what sort of security would they serve in our behalf, or submarines for Chile and Peru?

Mr. CHAPMAN. I think we have to go back a few years to the 1950's when this program was launched and when these ships were first provided to Latin American navies. At that time it was the general judgment in this country and elsewhere that we were faced by a very aggressive enemy and that in the event of a new major conflict the U.S. Navy could not discharge all of its roles and missions.

Senator INOUE. I presume this enemy was the Soviet Union?

Mr. CHAPMAN. Yes, sir.

Senator INOUE. And the threat was felt in Chile and Peru?

Mr. CHAPMAN. It was felt that the U.S. Navy—the U.S. Navy at that time considered that there was a mission to protect the sea lanes on either side of the Panama Canal.

Senator INOUE. What is the rationale now?

Mr. CHAPMAN. Now, the threat appears certainly to have lessened and certainly the political context has changed, but the fact is these navies have a tradition, they have these ships, and to withdraw these ships at this time without any obvious motives would be considered a political gesture inimical to these countries without any particular benefit to the United States.

Senator INOUE. This is what I wanted, an honest appraisal of what is happening there because I will have to report to the full committee. It is fine to have an official statement saying that these ships are needed for security purposes, but I hate to kid my colleagues here.

Captain HAGERMAN. May I make a statement?

Senator INOUE. Primarily political, isn't it?

Mr. CHAPMAN. One of the ships we are talking about today, a submarine for Greece, is an assigned vessel to NATO. It has a NATO role.

Senator INOUE. We are going to come to that later on.

Captain HAGERMAN. May I make one additional comment?

When you talk about security, I think you have to talk about internal security, and I think we all will appreciate the fact that in Latin America particularly, the military is a very powerful force and in many ways is the stabilizing force of most governments. Whether we like it or not, this is true. And these ships are used for internal security and civic action work.

We recently loaned an APD to Colombia and this is a sort of DE made into a transport for underwater demolition teams. They put dental chairs on board and they run it up and down the coast to the various remote areas.

Senator INOUE. They don't do that on submarines, do they?

Captain HAGERMAN. No, sir.

Senator INOUE. Or destroyers.

Captain HAGERMAN. No, sir. But I was trying to make a point of some of the use made of these ships. Chile does the same sort of thing, transportation up and down their long coastline where there are many islands. The statement here is applicable to the ships in this particular bill also.

Senator INOUE. Mr. Chapman, maybe you can help me here. We now have the U.S.S. *Brown* and the *Bradford* on loan to Greece for a period from September 1962 to September 1967. And I note that this extension was just negotiated this past February. Why this delay of 3 years? Does it take that long to negotiate?

Mr. CHAPMAN. [Deleted.]

Senator INOUE. Are you suggesting to this committee that as of this February the regime in Greece is democratic?

Mr. CHAPMAN. No, sir, we have never said that, sir. It is still authoritarian. We deplore it and regret it but we continue to believe that the best way of influencing it are quiet influence and quiet pressure rather than public scolding and public lecturing.

Senator INOUE. Would you think that if we withheld the extension of this one submarine as a symbolic gesture on our part of our opposition to that regime it might help?

Mr. CHAPMAN. [Deleted.]

Senator INOUE. I gather that at the present time we are about the only ones who are friendly with Greece among the NATO allies. They have been unceremoniously thrown out of the Common Market and Council of Europe and they have been snubbed here and there.

Mr. CHAPMAN. They are still a member of NATO in good standing, and we note that Germany, France, the United Kingdom are selling considerable amounts of equipment to Greece. There is economic investment from Western Europe in Greece. So while there is a good deal of criticism with the nature of the regime, I think there is a realistic appraisal among the NATO governments.

Senator INOUE. Won't it be helpful to your efforts if the Congress of the United States also assisted you in expressing our concern on what is happening in Greece by just withholding one ship?

Mr. CHAPMAN. I think the debates in the Congress of the United States, particularly in the Senate, have been brought to the attention of the Greek regime and they are fully aware of the broad concern as felt here in Congress and throughout this country.

But on this subject of our policy in withholding a ship loan, to be quite specific, just within the last month some senior State Department people have met with the leadership of the Democratic parties, excluding the extreme left, but including the old Papandreou party, and they told our people that while they didn't like the regime they as Greeks, were concerned about the security of their country and about the suspension policy that we initiated. And I would think that the withholding of a submarine like this would only, as I said, degrade further their capability, and that it would contribute to the concern of many Greeks regarding their country's security.

Senator INOUE. You are not suggesting that one submarine can make or break NATO, are you?

Mr. CHAPMAN. I have never said that. But there is always a marginal point.

Captain HAGERMAN. May I comment?

Senator INOUE. Yes.

Captain HAGERMAN. I would also like to point out on this particular loan, as with all loans, before the loan itself is actually negotiated, the JCS, Joint Chiefs of Staff and Department of Defense must make a military determination and justification to the State Department and to the President. So going to the Greek submarine, when it was originally loaned there was a military requirement for it.

Now, I think if anything since that time the military situation in the Eastern Mediterranean with the increase Soviet presence is certainly more of a threat than it was at the time of the loan. So the military requirement is still there. And from a Navy point of view, I appreciate we don't succeed 100% in this, but these ships are made to fulfill a military requirement and we are reluctant to see them being used as a political tool because we have ships on loan to 17 nations. These are really borrowed navies and if we get involved in this for political reasons this tends to undermine to some degree our situation throughout the world because we are allowing something which is to fulfill a military requirement to become a political implement.

Senator INOUE. Captain, this is hypothetical because I don't suppose it has happened. What if the ship which we have transferred to Peru is used by the Peruvian Navy to attack our fishing fleet? What do you do with that ship?

Captain HAGERMAN. Sir, I hate to duck the issue, but this becomes a matter of national policy. We would be told by the State Department what to do and we would carry out this.

To my knowledge, this particular ship has not been used in the seizure of fishing vessels. But at this point this would get above the Navy level and we would do what we were told to do and if this included the recall, this is what we would do.

Senator INOUE. Would the State Department recall the ship?

Mr. CHAPMAN. I just can't answer that, sir. It has not happened yet. The vessels that the Peruvians have used to seize American shipping vessels are smaller vessels over which we have no control.

Senator INOUE. Greece and Turkey are allies. What if the ships we have loaned to Greece are used in attacking Turkey or Turkish ships?

Mr. CHAPMAN. It would be a tragedy.

Senator INOUE. Can we avoid that?

Mr. CHAPMAN. I think we faced that possibility in 1964. I think we faced this when the events in Cyprus took a very dangerous turn and it seemed that the Turks were about to intervene on Cyprus. President Johnson sent a letter to Prime Minister Inonu which made the Turks rather unhappy, but it helped dissuade them from their plan to intervene.

Senator INOUE. Since we began this program, have we ever demanded the return of a ship?

Captain HAGERMAN. No, sir. Going back to your last question, the bill itself says:

Any agreement for a new loan or for the extension of a loan executed under this act shall be made subject to the condition that the agreement may be terminated by the President if he finds that the armed forces of the borrowing country have engaged at any time after the date of such agreement in acts of warfare against any country which is a party to a mutual defense treaty ratified by the United States.

So in the bill itself there is provision.

Senator INOUE. I realize we have a lot of words in the treaty, but not withstanding these words, we get held up by a country like Peru which refuses to abide with some of the words in the treaty and negotiate.

Isn't this program actually a 10-year program?

Captain HAGERMAN. By and large the loans that are made, once passed by the Congress, as specified in the bill, that the loan is for a period of 5 years and then the President is authorized a one-time extension of 5 years, which means that every 10 years we have to come back to the Congress to renew the loan. This is why we are here for the Greek and Pakistan submarines.

Senator INOUE. Captain, I don't know if you can answer this, but how many ships have been retired in the last fiscal year?

Captain HAGERMAN. You mean U.S. Navy ships?

Senator INOUE. Yes.

Captain HAGERMAN. This is an estimate which I will confirm.

Senator INOUE. What I want to know is what portion of that was retired because of budgetary restrictions or constraints, as you say, and what proportion because of old age?

Captain HAGERMAN. I would say that 147 were retired because of budgetary constraints, and an additional 31 were retired under our normal replacement program.

Senator INOUE. In other words, most of these ships were in pretty good condition?

Captain HAGERMAN. I would say this, sir: From what I can understand in the halls of the Pentagon, if we had the money they would by and large still be in operation today.

As you know, we do have a building program where some of the oldest ones are being replaced. Of course this is a normal attrition. Aside from that, I am sure that by far the large majority of these would still be on active duty today had we the money.

Senator INOUE. Captain, for the committee's record, will you provide this subcommittee with a list of information regarding-ship loans to, including country, the number and type of ships, the identification of the ships, the delivery date, the extension date, current status, just for the record?

Captain HAGERMAN. I believe, sir, this is it.

Senator INOUE. This list will be included at the end of the captain's testimony.

(The document follows:)

SHIPS ON LOAN TO FOREIGN COUNTRIES (MAJOR COMBATANTS UNDER 10 U.S.C. 7307)

[TIAS: Treaties and other international acts series]

Country, number, and type	Ship	Authority	Delivery date	Expiration date
Argentina:				
2-SS	Lamprey, SS-372 ^{1,2}	Public Law 85-532, TIAS 4455, extended Public Law 88-437.	July 21, 1960	July 21, 1970
	Macabi, SS-375 ^{1,2}	do	Aug. 11, 1960	Aug. 11, 1970
3-DD	Heermann, DD-532 ^{1,2}	Public Law 85-532, TIAS 4653, extended Public Law 90-224.	Aug. 7, 1961	Aug. 7, 1971
	Doortch, DD-670 ^{1,2}	do	Aug. 14, 1961	Aug. 14, 1971
	Stembel, DD-644 ^{1,2}	do	do	Do.
Brazil:				
2-SS	Sandlance, SS-381 ^{1,2}	Public Law 85-532, TIAS 4662, extended Public Law 90-224.	Sept. 7, 1963	Sept. 7, 1973
	Plaice, SS-390 ^{1,2}	do	do	Do.
6-DD	Guest, DD-472	Public Law 85-532, TIAS 4437, extended Public Law 88-437, TIAS 6777.	June 5, 1959	June 5, 1974
	Bennett, DD-473	do	Dec. 15, 1959	Dec. 15, 1974
	Cushing, DD-797 ¹	Public Law 85-532, TIAS 4662, extended Public Law 90-224.	July 20, 1961	July 20, 1971
	Hailey, DD-556 ¹	do	do	Do.
	Lewis Hancock, DD-675 ¹	Public Law 89-324, TIAS 6278.	July 2, 1967	July 2, 1972
	Irwin, DD-794 ¹	Public Law 89-324, TIAS 6292.	May 10, 1968	May 10, 1973
Chile:				
2-SS	Springer, SS-414 ¹	Public Law 85-532, TIAS 4589, TIAS 4638, extended Public Law 90-224.	Jan. 23, 1961	Jan. 23, 1971
2-DD	Spot, SS-413	do	Jan. 12, 1962	Jan. 12, 1972
	Wadleigh, DD-689 ¹	Public Law 85-532, TIAS, 4638, extended Public Law 90-224.	July 26, 1962	July 26, 1972
	Rooks, DD-804	do	do	Do.
Colombia: 1-DD	Hale, DD-642 ¹	Public Law 85-532, TIAS 4464 and 4568, extended Public Law 90-224.	Jan. 23, 1961	Jan. 23, 1971
Germany:				
5-DD	Anthony, DD-515 ¹	Public Law 83-188, TIAS 3852, as amended by Public Law 84-948, TIAS 5181, extended Public Law 90-224.	Jan. 17, 1958	Jan. 17, 1973
	Ringgold, DD-500	Public Law 85-532, TIAS 4125, extended Public Law 88-437, TIAS 6805.	July 14, 1959	July 14, 1974
	Wadsworth, DD-516	do	Oct. 6, 1959	Oct. 6, 1974
	Claxton, DD-571	do	Dec. 16, 1959	Dec. 16, 1974
	Dyson, DD-572	do	Feb. 23, 1960	Feb. 23, 1975
Greece:				
2-SS	Lapon, SS-260	Public Law 83-188 as amended by Public Law 84-948, TIAS 3887.	Aug. 10, 1957	Aug. 10, 1972
	Scabbard Fish, SS-397 ³	Public Law 87-387, TIAS 5042.	Feb. 26, 1965	Feb. 26, 1970
6-DD	Charrette, DD-581	Public Law 85-532, TIAS 4308, extended Public Law 88-437.	June 16, 1959	June 16, 1974
	Aulick, DD-569	do	Aug. 21, 1959	Aug. 21, 1974
	Conner, DD-582	do	Oct. 1, 1959	Oct. 1, 1974
	Hall, DD-583	do	Feb. 15, 1960	Feb. 15, 1975
	Brown, DD-546	Public Law 87-387, TIAS 5042.	Sept. 27, 1962	Sept. 27, 1972
	Bradford, DD-545	do	do	do
Italy:				
5-SS	Barb, SS-220	Public Law 83-188 as amended by Public Law 84-948, TIAS 3124, and Public Law 86-57, TIAS 4418, extended Public Law 88-437.	Dec. 13, 1954	Dec. 13, 1974
	Dace, SS-247	do	Jan. 31, 1955	Jan. 31, 1975
	Lizard Fish, SS-373	Public Law 85-532, TIAS 4365, extended Public Law 88-437.	Jan. 9, 1960	Jan. 9, 1975
	Capitaine, AGSS-336. ¹	Public Law 89-324, TIAS 5930.	Mar. 5, 1966	Mar. 5, 1971
	Besugo, AGSS-321	do	Mar. 31, 1966	Mar. 31, 1971

SHIPS ON LOAN TO FOREIGN COUNTRIES (MAJOR COMBATANTS UNDER 10 U.S.C. 7307)—Continued

[TIAS: Treaties and other international acts series]

Country, number, and type	Ship	Authority	Delivery date	Expiration date
Japan:				
1-SS	Mingo, SS-261 ^{1,4}	Public Law 83-188, TIAS 3162, 4355, extended Public Law 88-437.	Aug. 15, 1955	Aug. 15, 1970
2-DD	Edwards, DD-663	Public Law 85-532, TIAS 4171, extended Public Law 88-437.	Mar. 10, 1959	Mar. 10, 1974
	Leary, DD-664	Public Law 85-532, TIAS 5834, extended Public Law 88-437.	do	Do.
2-DE	Amick, DE-168 ^{1,2}	Public Law 83-188, TIAS 2985, 4355, extended Public Law 88-437.	June 14, 1955	June 14, 1970
	Atherton, DE-169 ^{1,2}	do	do	Do.
Korea:				
3-DD	Halsey Powell, DD-686 ¹	Public Law 90-224, TIAS 6483	Apr. 27, 1968	Apr. 27, 1973
	Hickox, DD-673 ¹	do	Nov. 15, 1968	Nov. 15, 1973
	Erben, DD-631 ¹	Public Law 87-387, TIAS 5298, extended Public Law 90-224.	May 16, 1963	May 16, 1973
3-DE	Muir, DE-770 ¹	Public Law 83-188, TIAS 3353, 4658	Feb. 2, 1956	Feb. 2, 1971
	Sutton, DE-771 ¹	do	do	Do.
	Holt, DE-706 ¹	Public Law 87-387, TIAS 5298, extended Public Law 90-224.	June 19, 1963	June 19, 1973
Netherlands: 2-SS				
	Icefish, SS-367	Public Law 82-510, as amended by Public Law 85-220, TIAS (none), extended Public Law 88-437.	Feb. 21, 1953	Feb. 21, 1973
Pakistan: 1-SS				
	Diablo, SS-479 ³	Public Law 87-387, TIAS 5390	June 30, 1964	June 30, 1969
Peru:				
2-DD	Benham, DD-796 ^{1,2}	Public Law 85-532, TIAS 4602, extended Public Law 88-437.	Dec. 15, 1960	Dec. 15, 1970
	Isherwood, DD-520 ⁵	Public Law 85-532, TIAS 4724	Oct. 8, 1961	Oct. 8, 1966
	Booth, DE-170 ¹	Public Law 89-324, TIAS 6263	Dec. 15, 1967	Dec. 15, 1972
Philippines: 1-DE				
Spain:				
1-Helo Carrier	Cabot, AVT-3 ¹	Public Law 89-324, TIAS 6000	Aug. 30, 1967	Aug. 30, 1972
1-SS	Kraken, SS-370	Public Law 85-532, TIAS 4262, extended Public Law 88-437.	Dec. 24, 1959	Dec. 24, 1974
5-DD	Capp, DD-550	Public 83-188, as amended by Public Law 84-948 and 87-387, TIAS 3789, 5096.	May 15, 1957	May 15, 1972
	D. W. Taylor, DD-551	do	do	Do.
	Converse, DD-509	Public Law 85-532, TIAS 4262	July 1, 1959	July 1, 1970
	Jarvis, DD-799 ^{1,2}	Public Law 85-532, TIAS 4582	Nov. 3, 1960	Nov. 3, 1974
	McGowan, DD-678 ^{1,2}	Public Law 85-532, TIAS 4582, extended Public Law 88-437.	Dec. 4, 1960	Dec. 4, 1970
Republic of China:				
6-DD	Benson, DD-421	Public Law 83-188, TIAS 2916, as amended by Public Law 86-57, TIAS 4340.	Feb. 26, 1954	Feb. 26, 1974
	H. P. Jones, DD-427	Public Law 83-188, TIAS 2916, as amended by Public Law 86-57, TIAS 4340, extended Public Law 88-437.	do	Do.
	Rodman, DD-456 ^{1,2}	Public Law 83-183, TIAS 3215, 4597 as amended by Public Law 86-482, extended Public Law 88-437.	July 28, 1955	July 28, 1970
	Plunkett, DD-431	Public Law 85-532, TIAS 4180, extended Public Law 88-437.	Feb. 16, 1959	Feb. 16, 1974
	Kimberly, DD-521 ¹	Public Law 89-398, TIAS 6282	June 2, 1967	June 2, 1972
	Yarnall, DD-541	Public 90-224	June 18, 1968	June 18, 1973
1-DE	Riley, DE-579 ¹	Public Law 89-398, TIAS 6411	July 10, 1968	July 10, 1973
Thailand: 1-DE	Heminger, DE-746	Public Law 85-532, TIAS 4235, extended Public Law 88-437.	July 22, 1959	July 22, 1974
Turkey:				
5-SS	Guitarro, SS-363	Public Law 88-214, TIAS 3042, as amended by Public Law 86-57, TIAS 6746.	Aug. 7, 1954	Aug. 7, 1974
	Hammerhead, SS-364	Public Law 88-214, TIAS 3042, as amended by Public Law 86-57, TIAS 4309, TIAS 6746, extended Public Law 88-437.	Oct. 23, 1954	Oct. 23, 1974
	Bergall, SS-320	Public Law 85-532, TIAS 4117, 6588	Oct. 18, 1958	Oct. 18, 1973
	Mapiro, SS-376 ^{1,2}	Public Law 85-532, TIAS 4117	Mar. 18, 1960	Mar. 18, 1970
	Mero, SS-378 ^{1,2}	Public Law 85-532, TIAS 4117, extended Public Law 88-437.	Apr. 20, 1960	Apr. 20, 1970
2-DD	C. K. Bronson, DD-668 ¹	Public Law 89-324	Jan. 14, 1967	Jan. 14, 1972
	Van Valkenburg, DD-656 ¹	Confidential agreement in JAG	Feb. 28, 1967	Feb. 28, 1972

¹ Legislative authority. 5-year extension.² Extensions being processed.³ Request for extension authorization before Congress in 1969 ship-loan bill.⁴ Will be returned to U.S. custody in calendar year 1970.⁵ Public Law 90-224, signed Dec. 26, 1967, authorizes extension of loan for 5-year period.

Senator INOUE. Capatin, with regard to the Pakistan loan, can you tell me the nature of the threat posed by the Soviet Union in the Indian Ocean?

Captain HAGERMAN. I would say this: that over the past 2 years the Soviet naval presence in the Indian Ocean has increased. It has more than doubled. There are combat units of the Soviet Navy in the Indian Ocean area on practically a continuing basis whereas before 1967 that was not true. And in my own mind, I am quite sure if the Suez Canal were reopened this figure would increase a great deal more.

Senator INOUE. Would this one submarine to Pakistan serve as a sufficient counterforce?

Captain HAGERMAN. No, sir. But, on the other hand, this submarine does provide ASW training to the Pakistan Navy and gives them a better ASW capability.

The Pakistan Navy has a light cruiser, five destroyers and two DE's, which, particularly the destroyer and DE, require a target submarine if they are to have ASW capability.

Senator INOUE. Mr. Chapman, are you in any way concerned that the Pakistanis may use these ships in their disagreements with India? They have had disagreements, as you know.

Mr. CHAPMAN. There is always that possibility, but on balance we believe that the situation since 1965 is perhaps more stable. We have had no evidence whatsoever.

Senator INOUE. Have the Indians objected to this?

Mr. CHAPMAN. To the renewal of the loan? Not that I know of. The Pakistanis have a very small navy.

Senator INOUE. We have been advised, sir, that the Red Chinese supply the Pakistanis with substantial military aid, in fact they are considered a staunch supporter of the Pakistanis. How is this consistent with our anti-Communist aims?

Mr. CHAPMAN. After the war between Pakistan and India, as you know, we suspended deliveries of all military lethal items to both countries; and as Pakistan had relied on the United States as its sole supplier, it cast about for allies and for new sources, and to offset India they struck an agreement with Communist China whereby China would provide them with a number of planes, light bombers and tanks, but not in vast quantities. [Deleted.]

Senator INOUE. Have they made any recent gifts?

Mr. CHAPMAN. Not that we know of. [Deleted.]

Senator INOUE. It is confusing if we should get into a conflict with the Red Chinese as to where Pakistan would stand.

Mr. CHAPMAN. I think Pakistan's main principal concern, of course, is that they will not be overshadowed by India. As I indicated, the two countries seem to have achieved a degree of stability in their relations in the last few years.

Captain HAGERMAN. Again, sir, as I mentioned in my statement, one of the things we think is important here, particularly in light of the Red Chinese deliveries, is that we maintain a meaningful dialog with the Pakistani Navy. If we cut off everything, we have no chance of improvement. Right now we have a medical officer. In submarine medical training, we have one or two people in the diving school. We have about 15 Pakistanis a year through the Navy training establishment.

Senator INOUE. I would like to touch on Greece in greater detail now. What role has the Greek Navy played in our NATO strategy?

Captain HAGERMAN. As you know, it is one of the two navies on the southern flank, and particularly in the eastern Mediterranean, there are frequent exercises between the 6th Fleet and the Greek Navy as well as the Turkish Navy. [Deleted.]

Senator INOUE. These are ships that have been stricken off our register. Do you think that they would be of real value in a conflict with the Soviets?

Captain HAGERMAN. You are talking about——

Senator INOUE. Ships that we have loaned.

Captain HAGERMAN. Yes, sir. The ships that we have in this bill for Turkey, the two destroyers that are in the bill for Turkey——

Senator INOUE. And Greece—the one for Greece.

Captain HAGERMAN. Yes, they are identical with the ones that are serving the 6th Fleet today. If we go with Turkey with destroyers, we don't know what number it would be, but it could be—well, the ships in the 6th Fleet today, next summer would be in the Turkish Navy.

Senator INOUE. I have been told that these ships are primarily used by Greece to look out for smugglers, to patrol their coast against political enemies and to observe Turkish activities.

Does that make any sense to you?

Captain HAGERMAN. I can't honestly say what the Greek requirements are for their own Navy. Most navies do have a coastal surveillance—we have one—for smugglers and whatever else they want to be looking for.

I know that Admiral Rivero, who is the NATO Commander based in Italy, who is responsible for that area as far as NATO is concerned, thinks very highly of the Greek Navy as a fighting force.

Senator INOUE. I would like to come back again to Mr. Chapman. What do you think would be the real effect of a congressional refusal to renew this loan of one submarine to Greece—just one?

Mr. CHAPMAN. It is the only one that is outstanding so it would be fairly severe comment on the part of Congress toward Greece. As I indicated our judgment has been that it is more effective to exercise quiet pressure.

Senator INOUE. Has quiet pressure worked?

Mr. CHAPMAN. It is impossible to say how important a factor that has been. The fact is there has been evolution since April 1967. They have formulated a constitution. There has been a vote on the constitution. They have a schedule for implementing the provisions of this constitution. They are abiding by this schedule. They are beginning to relax a more repressive aspect of the regime. There were about 6 000 political prisoners in 1967 and they are now down to 600. They have just released 500 very recently. So there is movement and we are encouraged. We believe quite persuasion is a more way to influence them than public lecturing. [Deleted.]

Senator INOUE. Isn't it true that the extension of this loan, the transfer of military supplies, sale of the equipment to this regime, is being interpreted by Greeks and others as our approval of the dictatorial regime?

Mr. CHAPMAN. It is a difficult matter of judgment. All I can say is to repeat what I mentioned and that is that just within the last month the leadership of the former Democratic parties have told us directly that they were concerned about the security of their country and about the present policy of military supply that we are following.

Senator INOUE. Security of the country and threat from where?

Mr. CHAPMAN. From Bulgaria. There is concern in that part of the world about the explosive situation in the Middle East between Israel and the Arab world that this situation could explode and have consequences in Greece itself. And the Greeks themselves have decided the possibilities are present of the Bulgarians creating incidents on their borders. From here it doesn't seem very likely but on the ground there that is their concern, sir.

Senator INOUE. This submarine would be important in that conflict?

Mr. CHAPMAN. As I indicated, this is a marginal piece of equipment which may not make a big difference but at a certain point it becomes important. It has been there for 6 years now and to withdraw it at this time—

Senator INOUE. Have you ever considered the possibility that those people who are not being oppressed in Greece might get back in power again and when they do they may not be too happy with what we have done in supporting the dictatorial regime? These things do happen.

Mr. CHAPMAN. The United States is powerful and influential but it is not God Almighty and it cannot dictate the regime of other countries.

Senator INOUE. Can't we indicate our displeasure?

Mr. CHAPMAN. Oh, I think this has been made quite clear.

Senator INOUE. Don't you wish the Congress to join you in expressing this displeasure?

We want to cooperate with you.

Mr. CHAPMAN. I don't feel free to comment.

Senator INOUE. I have one deep concern about how these ships are used. Are you sufficiently satisfied that these ships are not being misused?

Captain HAGERMAN. In what respect, sir?

Senator INOUE. Oh, used for internal political activities or oppression of people.

Captain HAGERMAN. I cannot really see how you can use a ship in this context.

Senator INOUE. Do you have any evidence of our ships being used by the Peruvian Navy to coerce our fisherman?

Captain HAGERMAN. The seizures that took place are a matter of record on that ground, I suppose. I thought you were talking in terms of internal security.

Senator INOUE. Internal security or external security.

Captain HAGERMAN. But of the countries in this bill, we have no evidence whatsoever.

Senator INOUE. Since the program began, have we ever had a return of one of these ships?

Captain HAGERMAN. Oh, yes, sir. We have had 12. I think I have that figure.

Senator INOUE. I just want to ask one more question.

Were they returned in good condition?

Captain HAGERMAN. When they get to the point where they want to return them, sir, usually they have other ships on the same kind on loan and when they say they want to return them in order to save everybody money, we have a board of inspection and survey inspect them. Where they are normally found unfit for duty, then they are scrapped.

For example, you mentioned Germany. We had loaned them some destroyers and a year or so ago they decided one of those they wanted to turn back to us. But in order to provide spare parts for the ones remaining, we made an arrangement with them where it was decommissioned in Germany and cannibalized and we recently did the same thing for a submarine that the Netherlands had and the same thing in Japan.

Senator INOUE. With regard to Vietnam, you indicated in your testimony that we are loaning these ships as part of the Vietnamization program.

Does Vietnam presently have capability to operate and maintain a destroyer escort?

Captain HAGERMAN. Sir, before this bill was delayed because of the submarines for China, we had in training—in fact we have a crew of Vietnamese which are in the final stages of being ready to man the ship. I might also point out that the Coast Guard transferred to the Vietnamese Navy two WHEC's which are similar in size to a DE. They are diesel powered, fairly large ship and the Vietnamese are operating these.

They do have a shipyard in Saigon which has a dry dock of over 500 feet long which is perfectly capable of taking a ship this size and we feel, yes, they can operate them.

Senator INOUE. They have the capability for repair?

Captain HAGERMAN. Yes, sir.

Senator INOUE. And I presume that we have been training all of these Vietnamese?

Captain HAGERMAN. Yes, sir.

Senator INOUE. At our expense, naturally.

Do you have further plans to loan ships to Vietnam? I gather that if the Vietnamization program succeeds we will gradually withdraw ourselves from that part of the world.

Captain HAGERMAN. Well, in this bill there are two. The first one was scheduled this summer. That has been somewhat delayed now and the second one is scheduled for next summer. So about 1 year.

We haven't gone any farther than those two.

That is as far as we plan. And I mentioned the Coast Guard.

Senator INOUE. Does the Nationalist Chinese Navy have the capability of using these three submarines?

Captain HAGERMAN. Sir, at the moment the Chinese Navy has no submarines. Any capability for manning purposes, repair, upkeep, maintenance, and so on, would have to be developed.

Senator INOUE. They don't have it but they want the submarines?

Captain HAGERMAN. That is correct.

Senator INOUE. And who is going to train them?

Captain HAGERMAN. To the best of our knowledge about the only

place they could be trained would be here. But this would have to be outside of the MAP program and would have to be funded by the Government of the Republic of China.

Senator INOUE. Speaking of funding, you use the phrase "national funds." Are you speaking of soft currency?

Captain HAGERMAN. In the case of China, yes.

Senator INOUE. What about Pakistan and Turkey. I believe in your testimony somewhere you spoke of national funds.

Captain HAGERMAN. Yes, sir. Soft money, I am not sure.

Mr. CHAPMAN. Their own foreign exchange.

Senator INOUE. It can't be used here. It has no gold backing.

Mr. CHAPMAN. They use their foreign exchange, their dollars in their foreign exchange to pay.

Senator INOUE. They are using hard currency to pay for these ships?

Mr. CHAPMAN. It is indirect but it comes out that way.

SENATOR INOUE. My last question, sir.

This has been a long morning. It has been very helpful. What do you mean by permissive authority? This is in relationship to the Nationalist Chinese submarines.

Captain HAGERMAN. Let us assume that the Congress passes the bill with the three submarines in it. I would think Mr. Chapman here might wish to comment on this. But assuming that the State Department maintains its present position that this is not in the best interests of the U.S. Government, then the loan would never be consummated. This loan authority expires the 31st of December 1971. And if the papers aren't signed and the loans are not consummated by that date, it cannot be done after that date. So unless between now and then it would be decided within the executive branch that this is in the best interest of the United States, it just wouldn't be done.

Senator INOUE. Captain Hagerman, I thank you very much, and will you furnish this committee with the information I requested on the 7th Fleet and its activities in that part of the world?

Captain HAGERMAN. Yes.

Senator INOUE. I would appreciate that very much.

We have heard from Mr. Chapman, but may I formally welcome you to the subcommittee, sir.

Our next witness will be Mr. Christian A. Chapman, Director of Military Assistance and Sales, Bureau of the Politico-Military Affairs, Department of State.

Mr. Chapman.

Mr. CHAPMAN. Captain Hagerman has given you a detailed and comprehensive statement which covers the executive's position fully and precisely. There is no point in taking your time by going over the same ground and my statement will therefore be brief.

The Department of State concurs with the Navy's statement as presented by Captain Hagerman. The Department also considers that ship loans are an important element of our military assistance program. This is particularly true at a time when the levels of grant assistance are trending downwards and when the foreign military sales bill—which provides military credits—has not yet been enacted for either fiscal year 1970 or 1971.

The legislation you are considering permits the transfer of U.S. ships which would otherwise be held in our inactive reserve fleet at U.S. expense to active service in friendly navies. This program enables friendly and allied countries to meet their own defense requirements at substantial savings. It serves well our bilateral relations, strengthens collective defense, and enables underdeveloped countries to devote resources to their own economic development which might otherwise be spent on the acquisition of naval vessels.

This program then is an excellent example of the implementation of the President's policy—the Nixon doctrine—as enunciated in his report to the Congress on U.S. foreign policy for the 1970's.

"In cases involving other types of aggression we shall furnish military and economic assistance when requested and as appropriate. But we shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense."

This policy seeks to strike a new balance with our partners assuming a larger share of the common defense. But to enable them to do so, we must provide them the means, and these loans of ships are exactly the kind of means they need.

Thank you, sir.

Senator INOUE. Thank you very much.

What kind of mechanism do you have, diplomatic or otherwise, for recall of ships from beneficiaries of this program?

Mr. CHAPMAN. There is no special mechanism. To the best of my knowledge, we have not sought to recall any ship in the past. If we were to do so, it would be, I presume, through a diplomatic note requesting the recall.

Senator INOUE. There are four destroyers loaned to Greece and the authority ran out in 1967 and 1969. What is happening to that now?

Mr. CHAPMAN. I believe these loans were renewed in February 1970, sir.

Senator INOUE. Both of them? All of these four destroyers?

Mr. CHAPMAN. As I recall there were six ships on which loans had expired and one which was due to expire in February, and all seven loans were extended in that month.

Captain HAGERMAN. I am sure there were.

Senator INOUE. Will you provide us with a status report on that?

Captain HAGERMAN. It has it on that piece of paper we gave you before.

Senator INOUE. Getting back to the recall mechanism, are you just assuming that there will never be an occasion to recall these ships?

Mr. CHAPMAN. There is no assumption, but there has been no reason to develop any special mechanism just for that purpose.

Senator INOUE. I would assume that from past experience you do enter negotiations with the knowledge that when the time comes for an extension of the loan these ships may be used as a bargaining chip as Peru is doing now, and, if so, I want to know if that is good, diplomatic practice, to be put into a position where our ships are used for bargaining purposes against us.

Mr. CHAPMAN. I have not been directly involved with negotiations in Peru.

Senator INOUE. Or for that matter any country.

Mr. CHAPMAN. I don't think this has played that sort of a role. As I indicated, we have had a troubled relationship with Peru over the last 3 years and in this matter of fisheries and ship loans and our principal objective has been to try to arrive at an agreement with Peru and two other Latin American countries on a *modus vivendi* regarding their claim to a 200-mile zone and our recognition only of a 12-mile territorial sea limit and our position that our fishing vessels therefore have the right to fish outside that 12-mile limit.

Senator INOUE. In other words, these ships are not in Peru for military reasons but for diplomatic reasons.

Mr. CHAPMAN. Well, not only that, as I said, when the program was originated there was very real concern there could be widespread conflict and that the U.S. Navy could not patrol all of the oceans of the world and fulfill all of its missions and there was need for hemispheric defense and particularly defense of the approaches to the Panama Canal. The likelihood of a worldwide conflict has receded, but I am of an age that recalls how fast we demobilized after the Second World War and I have read the history books on the demobilization after the World War I.

Senator INOUE. My final question will be on Taiwan. The captain has indicated that as of this moment the Department of Defense is not in favor for the loan of submarines to Taiwan.

What is the position of the State Department as of this moment?

Mr. CHAPMAN. As I indicated, it hasn't changed since January 1970 when the two Departments turned down the requests from the Chinese for four submarines.

Senator INOUE. Thank you very much.

Captain HAGERMAN. May I give you the dope on the Greek submarine and destroyers? I have it right here for the record.

Senator INOUE. Fine.

Captain HAGERMAN. There are two submarines on loan to Greece. Their expiration dates are September 10, 1972 and February 26, 1970. This last is the one in the bill. There are six destroyers on loan and the expiration dates are June 16, 1974, August 21, 1974, October 1, 1974, February 15, 1975, September 27, 1972, and September 27, 1972. They are all up to date.

Senator INOUE. Thank you very much, gentlemen.

I have on the witness list Lt. Gen. Robert Warren.

STATEMENT OF LT. GEN. ROBERT H. WARREN, USAF, DEPUTY ASSISTANT SECRETARY OF DEFENSE (ISA) FOR MILITARY ASSISTANCE AND SALES

General WARREN. Yes, sir. I was requested to be here in case issues came up on military assistance or the foreign military sales program.

Senator INOUE. Would you like to add anything here?

General WARREN. No, sir.

Senator INOUE. I thank you very much for your presence, sir.

Our final witness will be Dr. Arnold Kuzmack of the Brookings Institution.

STATEMENT OF ARNOLD M. KUZMACK, BROOKINGS INSTITUTION¹

Mr. KUZMACK. Mr. Chairman, first let me say my name is Arnold Kuzmack. I am a research associate at Brookings Institution and I have been asked to state the views I am expressing are my own and do not reflect the views of Brookings Institution, its trustees, officers or other staff members.

I am pleased to appear here before you to discuss the naval ship loan programs. The bill you are considering is part of an on-going program. Rather than focus on the particular ships in this bill, I would like to discuss more generally the contribution that the navies of the countries in this program can make to U.S. national security and the extent to which the destroyers and submarines in this program can help them do so. I would also be glad to discuss to the best of my ability any questions you might have on the overall naval situation in the areas involved.

The general conclusion of the arguments I will be presenting is that the contribution of this program to U.S. national security is so small as to be nearly immeasurable. At the same time, the cost is also very small. This suggests that decisions on this program should be based less on military than on general foreign policy considerations, for example, whether we wish to support or appear to support the governments involved at this time, whether we wish to strengthen the military in the internal political life of these countries, whether these ship loans will improve our relations with these countries or be useful bargaining counters in our dealings with them, et cetera.

Before discussing the countries included in the program, I would like to make a few comments about the ships themselves. The ships in the loan program and related programs have been almost exclusively destroyer types and conventional submarines. In U.S. Navy planning, the main line of the destroyers and attack submarines has been antisubmarine warfare (ASW). The conventional submarines would have very little capability against modern Soviet submarines, particularly Soviet nuclear-powered submarines (SSN's). Their main value would be as targets for training other ASW forces. The ships in the loan program are by definition the oldest and least capable of the U.S. Navy's ships.

All those now in the program or likely to become available soon were built before or during World War II. They will therefore soon be at or over the age judged by the Navy to be their maximum useful life expectancy, 28 years for the submarines and 30 years for the destroyers.² The destroyers are not equipped with ASROC, the United States Navy's primary surface ship antisubmarine weapon, and their sonars are inferior to those in newer ships. In addition, we must realize that ASW is a highly technical field. Even the U.S. Navy has great difficulty keeping its equipment in first-rate condition and properly operated. These problems would be greatly magnified in a country which did not have the technological sophistication of American

¹ The views expressed in this paper are those of the author and do not necessarily represent the views of the trustees, the officers, or other staff members of the Brookings Institution.

² Statement by VADM Cousins, "Hearings on Military Posture," House Armed Services Committee (HASC 91-53), 1970, pp. 7378-7379.)

society to drawn on. In summary, the capability of one of these ships in an allied navy would be only a fraction of the capability of the average destroyer or submarine in the U.S. Navy.

Now, let us consider the contribution which could be made to U.S. national security by the navies of the countries which have been the major beneficiaries of the ship loan program. I will discuss in turn the Latin American countries, Greece, Turkey, and Nationalist China. In Latin America, even though there are no ships involved in this bill, since there have been a number of them in previous programs.

LATIN AMERICA

It is difficult to conceive of a situation in which the Latin American countries would face significant submarine threat. In the context of a war with the Soviet Union in Nato Europe, little shipping would now go to Europe from this area;³ two ships a day according to a recent article. While this might increase somewhat with greater use of supertankers, alternatives to it would be available if needed, for example, providing the oil from the United States or Venezuela (not a recipient of ship loans). While the Soviets might send a few submarines (nuclear powered because of the distance) into the South Atlantic, this would be a diversion of effort on their part from the main task of disrupting the flow of shipping to Europe. Our most attractive options in that case would be either to stop shipping through the area, using available substitutes, or to take our losses, which would probably be small. In any case, it is doubtful the Latin Americans could do much against Soviet SSN's, and they would have every incentive to minimize their direct involvement.

The Latin American countries do have clear and present security needs; namely, for internal security. While broad foreign-policy questions are raised by our support of the Latin American military, it seems clear that whatever aid we do give should be oriented toward internal security, rather than prestige items, like jet fighters, or irrelevant capabilities, such as ASW. The navies of these countries have a role to play here, but it involves antismuggling activities and the like, not ASW.

GREECE AND TURKEY

Turning now to Greece and Turkey, we find no lack of a submarine threat in the Mediterranean. There would be three possible missions for ASW forces there in connection with a war in Europe: protection of shipping from the Mediterranean to Northwestern Europe, protection of shipping into the Mediterranean to our allies there, and protection of the 6th Fleet, perhaps augmented.

With respect to the first, it is doubtful that there would be much essential shipping from the Mediterranean to Northwestern Europe. The world has learned to do without the Suez Canal, which might well be closed to us anyway. Essential oil imports could be provided from the Western Hemisphere and perhaps from the Persian Gulf, going around the Cape.

³ Two ship arrivals per day, according to J. Marriott, "Nato's Antisubmarine Potential," *International Defense Review*, vol. 3, No. 1 (March 1970), pp. 50-55.

With respect to the third, protection of the 6th Fleet would be a severe problem if the Soviets chose to concentrate against it. They could bring to bear not only submarines but also land-based aircraft and their surface Navy. There is serious question whether the 6th Fleet could be successfully defended at all under those circumstances, even with massive increases in defenses, including ASW. This situation has far-reaching implications for U.S. naval strategy and forces, a full discussion of which goes beyond the scope of our present subject. It seems clear, however, that the situation would be too crucial for the U.S. Navy to be willing to rely on allied forces and that a few obsolete destroyers operated by Greece and Turkey would not make much difference.

Protection of shipping to Greece and Turkey themselves appears to be a more reasonable mission for the Greek and Turkish Navies. Their force levels are generally consistent with this mission. The trouble is that we could not have much confidence in their ability to perform it successfully against modern Soviet submarines. If they could not, the other allies would have to bail them out. In this sense, their force would not significantly reduce other NATO requirements.

In any case, the contribution of the Greek and Turkish Navies to Nato ASW capability is small. Their 22 ASW escorts amount to about 4.6 percent of NATO's total ASW escorts,⁴ and in actual capability they would be an even smaller percentage. And escorts provide only a portion of total ASW capability. Thus, we are talking about at most a 1-2 percent improvement in Nato ASW effectiveness. The major contribution of Greece and Turkey to NATO is to deter a possible Soviet diversionary move on Nato's southern flank and to fight a holding action if such a move does occur. Their armies and air forces play the most important role here; their navies are of secondary importance. It should also be realized that the most likely use of aid to the Greek and Turkish Navies would be to fight each other.

In passing, I might note that this argument has implications for the more general question of U.S. military aid policy toward Greece. The current partial ban on military aid to Greece is based on the rationale that, although there are good political reasons for denying this aid, Greece's contribution to NATO is an overriding military consideration. Press reports indicate that an NSC decision has been made, but not announced, to remove the ban entirely. The position of the U.S. Government has been, in effect, that Greece's contribution to the defense of NATO is so important to U.S. national security that we have to provide them with military aid no matter how unattractive the Greek regime is. But what is that contribution? In fact, the only essential NATO mission of Greece is the defense of Greece. We do not need the help of Greece to defend Italy or Turkey or for support of the 6th fleet. Other functions generally could be done as well elsewhere. Thus, rather than Greece helping NATO and the United States, we are helping Greece defend herself. There is thus no overwhelming military reason for military aid to Greece.

NATIONALIST CHINA

In the case of Nationalist China, the United States has provided six DD's and one DE in ship loans, and the bill before you would add

⁴ Institute for Strategic Studies, *The Military Balance, 1969-70*, London, 1969.

three submarines. The submarines would be intended primarily to provide ASW training for the destroyers.

The main threat to the security of Nationalist China would be an invasion from Communist China. Communist China would have great difficulty in launching such an attack. They now have about 30 LST's, including those in the merchant marine, which could land perhaps 5,000 men. The remainder would have to be carried in hundreds of small boats. In planning the attack, they would also have to consider the likelihood of U.S. intervention resulting from treaty commitments. Such intervention is consistent with, and required by, the Guam doctrine. The United States must therefore consider to what extent it will provide for this contingency from the forces it would maintain in any case, particularly naval and tactical air forces, rather than to build up the forces of the Chinese Nationalists. Although I am not prepared to discuss this more general question, it should be kept in mind as you consider the specific proposal before you.

If a Chinese Communist invasion of Taiwan were to occur, the first priority for the defense is clearly air superiority over the landing area or areas and over the seaward approaches to them. Without this air superiority, Naval operations would be practically impossible and defense on the ground would be much more difficult. With air superiority, strikes can be made against both the invading ships and boats and formations of enemy troops that do get ashore. Nationalist Chinese naval forces could help the aircraft in sinking the attacking ships. To do this, they would need, first, destroyers to knock out enemy destroyers protecting the assault by using classical ship-versus-ship tactics with naval gunfire and torpedoes. Small, fast patrol boats would also be useful at this stage.

Submarines could also, in principle, be used to sink the assault shipping. However, because of their low speed and small torpedo load (in comparison with the number of enemy ships and boats), their effectiveness would be limited. Indeed, the torpedoes may be completely ineffective against very shallow draft small craft. (This conclusion would be different if there were a small number of high-value targets.)

Now, let us consider what role a Nationalist Chinese ASW capability would play in this situation. The Chinese Communists have 25 attack submarines equipped with snorkels, as well as seven older ones that are World War II or pre-World War II without snorkels, but they would not be of much use in an amphibious invasion. What they could do is try to enforce a blockade of Taiwan, hoping either to break the will of the Chinese Nationalists to resist or to limit the logistic support available to their forces. Historically, such attempts have been unsuccessful. For example, three attempts to starve England into submission have been made in the last 170 years and have failed.

Taiwan is largely self-sufficient in food and produces a substantial portion of its total energy consumption. Imports of oil and some other essential commodities would be needed, amounting to perhaps a few dozen ship deliveries per month. The Nationalist Chinese Navy, with seven DD and 15 DE, could probably convoy this much shipping. How effective it would be in protecting the shipping is another matter and would depend on how well each side operated the forces it had.

The Chinese Communist submarines are fairly modern but have generally stayed close to home waters;⁵ the Nationalist Chinese escorts are quite old and will remain so even if this program goes forward. If the Chinese Communists learn to operate their submarines as well as, say, the Soviets can operate similar submarines, and there is no reason why they could not do so, then they could probably inflict severe losses on the shipping into Taiwan. This would be true even with a substantial improvement in the Nationalist Chinese Navy. At their present level of effectiveness, the Chinese Communist submarines would probably not be able to enforce the blockade.

The argument so far would tend to support low-cost measures to improve the Nationalist Chinese ASW capability (assuming that the diversion of their resources does not result in inadequate army and air forces). We would be hoping, in effect, that the Chinese Communists remain sufficiently incompetent in operating their submarines that the improvement in Nationalist Chinese ASW capability would make some difference. A problem arises, however, when one considers the likely attitudes of the owners and crews of the ships being protected. Most of them would belong to other countries and would probably be unwilling to entrust their lives and property to the ASW capability of the Nationalist Chinese Navy. The United States is likely to be the only country that feels its vital interest are sufficiently at stake to order its ships to carry supplies to Taiwan. The ship owner and crews would be in a strong position to demand U.S. Navy protection, particularly since other U.S. military forces are likely to be involved. U.S. ASW forces, designed for the much larger, better and more proficient Soviet submarine force, could certainly handle the Chinese Communist submarines, although probably not without some losses to convoys.

Thus, it appears likely that U.S. ASW forces would become involved. Since they would be more than adequate, little would be gained by building up the Chinese Nationalist ASW capability. It should also be realized that a major use of submarines by Nationalist China would be for clandestine operations against Communist China during peacetime. It is not clear just what U.S. policy toward such operations is. Clandestine operations of this sort, using U.S.-loaned submarines, might seriously complicate the present U.S. aim of increasing normalized political contacts with mainland China.

SUMMARY

In summary, then, the ship loan program has been devoted almost solely to developing the ASW capability of certain allied navies. Considering the countries likely to be major beneficiaries of the program in the future, I have argued that:

1. The Latin American countries do not need an ASW capability, and it tends to divert resources from more pressing military and non-military programs.

2. Greece and Turkey can make a contribution to NATO ASW capability, but it is likely to be small.

3. Nationalist China does not need much ASW capability since U.S. ASW forces would be involved and are adequate to counter the threat. Our main priorities in military aid should be tactical air and land forces.

⁵ Article by Jack Anderson, "Chinese Naval Threat," *The Washington Post*, June 2, 1970, p. B 11.

However, although the payoff of the program is small, the cost to us is small also and may, herefore, be justifiable in purely military terms. This suggests that the decision should be made on the basis of more general foreign policy considerations.

Thank you

Senator INOUE. I thank you very much, Dr. Kuzmack.

Are you suggesting that from a military standpoint it would not be essential to extend this loan of one submarine to Greece?

Mr. KUZMACK. On that particular subject, I would say that I don't see that the one submarine to Greece would make much difference one way or the other. I would also think that getting it back wouldn't do us much good militarily either. And so it is completely a matter of our political relations with Greece.

Senator INOUE. So the justification should not be a military one?

Mr. KUZMACK. That is right.

Senator INOUE. It is a diplomatic one?

Mr. KUZMACK. Yes, sir.

Senator INOUE. Whether we recognize, support, condone the regime, then?

Mr. KUZMACK. I do recognize the force of the State Department arguments that our actual leverage may be limited. It is a rather difficult decision to make.

Senator INOUE. And you are suggesting that the three submarines are not needed in Nationalist China?

Mr. KUZMACK. That is correct.

Senator INOUE. I am glad the DOD and State Department people are still here. We shall not close the record. Since I believe some of the statements made here by Dr. Kuzmack deserve a response, I would like to invite you, if you so wish, the Department of Defense and the State Department, to respond to Dr. Kuzmack's contentions.

Captain HAGERMAN. Would you like this in writing, sir?

Senator INOUE. Yes, please.

I appreciate this assistance very much.

(The information follows:)

The statement of Mr. Arnold M. Kuzmack provides a series of scenarios involving possible wartime usage of loaned US warships, and uses this procedure to arrive at the conclusions that:

- a. the contribution of the ship loan program to US national security is so small as to be immeasurable,
- b. the ship loan program should be based less on military than on general foreign policy considerations.

The statement is not specifically oriented toward HR 15728, the bill before the committee, but rather deals with the entire principle of ship loans. In general, the statement minimizes the capabilities and requirements of certain allied navies, and understates their contribution to the deterrence of aggression. It fails to recognize the contribution which ship loans make to the principles of the Nixon Doctrine.

The Executive Branch does not take the view that any one destroyer or any one submarine on loan to an ally makes a major contribution to collective defense. It does remain firmly convinced that the 74 warships presently on loan to allied navies and the ship loans requested within the bill before this committee, enable friendly countries to meet their own defense requirements at substantial savings, serve to enhance bilateral relations, strengthen collective security, permit them to devote more sizeable resources to their own national development, and make an important contribution to total naval strength at a time when our own assets are decreasing sharply.

The capabilities of allied navies to meet all conceivable threats is undeniably marginal. MAP recipient navies are relatively unmodernized, but are making best possible use of the equipment we can put into their hands. This equipment pro-

vides them with a considerably greater capability than they would otherwise have at least cost. Also, in-country installation of new equipment and the Military Assistance Program have modernized many of these ships. It must be remembered here that we are striving for aggregate allied naval capability. Every individual allied capability presents a planning problem for the potential enemy and dilutes his ability to concentrate forces. Every naval task that can be performed by an ally makes some contribution to U.S. security and raises the threshold at which the U.S. might have to fulfill its treaty obligations. Comments of Task Force Commanders regarding joint exercises with the Latin American, Greek, Turkish and Chinese Navies are consistent in their regard for the professional ability of the allied naval personnel and the capability of these navies to operate effectively within the budgetary and equipment limitations of each.

Significant allied naval capability exists today, and will provide needed assistance in the event of war. Seapower is not instant. It requires many years of training. Ships on loan from the U.S. (or provided by other means) are excellent training vehicles, even in cases where the recipient navy possesses more modern units. Mr. Kuzmack has made use of scenarios to outline his concept of wartime situations. The number of conceivable scenarios is almost limitless since naval warfare is most complex. Whatever the scenario, trained and ready allied naval forces are important to the security of our allies. They can and do contribute to our own needs. Recent examples of the foregoing are:

- a. Korea—sunk three agent boats.
- b. Chile—used its fleet oilers for underway refueling of US task forces en route to and from Vietnam. This service provides significant economic savings to the US.
- c. Turkey—reacted rapidly to man and accept a submarine rescue vessel being retired from the US Navy. This will provide rescue capability now for their submarines plus US submarines needing assistance in the eastern Mediterranean.

Submarine forces have historically sought the path of least resistance—striking where ASW forces were stretched the thinnest. In Latin America, for example, during World War II, German U boats sank 599 ships along shipping routes and in ports with only marginal losses. *These losses not only affected the outbound shipment of war materiel but also incoming raw material essential to our industry.* The traffic in an average month around the Cape of Good Hope this year exceeded 400 ships and almost 850 ships transited the Panama Canal during the same period. With the susceptibility of the Panama Canal to sabotage, reductions of USN force levels, closure of the Suez Canal and construction of merchant ships that cannot use the canals, increased reliance in both peace and war must be placed on Latin American trade routes. *Furthermore, we must bear in mind that the present potential submarine threat exceeds the Germany submarine capability of World War II, especially in range and endurance, and that we now are even more dependent than in World War II on the importation by sea of essential raw material.* Thus we cannot accept the thesis that Latin American countries require no ASW capability; nor can we agree that the needs and the contributions of the Greek, Turkish, and Chinese navies are of so little importance to alliance security.

It is important to remember that the ships we are lending today, until loaned, will have been active units of the US Navy; they are more modern than any ships presently operated by loan recipients; and they provide the finest training and fighting platforms available to these recipients today. Admittedly, ship loan is not the entire answer to Free World naval modernization. New ship construction provides the only long range satisfactory solution; however, ship loan and sales provide an immediate short range option, and often the only one.

Mr. KUZMACK. Thank you.

Senator INOUYE. Your testimony will be most helpful to us in deciding what we should do on the ship loans.

Mr. KUZMACK. Thank you very much, sir.

Senator INOUYE. I have my own personal statement, which I would like to make a part of the record of this hearing, at this point.

(The statement follows:)

STATEMENT BY HON. DANIEL K. INOUE, U.S. SENATOR
FROM HAWAII

Recently, a young schoolchild asked me to define democracy. After giving what I considered was an adequate explanation of my thoughts on democracy, this young citizen inquired further. She wanted to know why, if we considered ourselves a democracy and have proclaimed ourselves as defenders of democratic ideals and principles, we persist in supporting governments and regimes which are obviously not democratic.

I could not answer her question then because I knew from my study of recent American history that we have indeed consorted with and supported numerous dictatorships all over the world. I knew, too, that in the name of expediency, we have looked the other way while these so called "free" nations—free only to the extent that they were non-Communist—engaged in campaigns of repression and the suppression of civil rights and liberties.

Therefore, as a response to this schoolchild's inquiry, I have decided to offer an amendment to delete the extension of the loan of a submarine to Greece. I need not belabor the point that Greece is a military dictatorship. I doubt sincerely if any of my colleagues would or can defend Greece as a democracy. I also realize that Greece is not the only dictatorship we support. However, the time has come when this country must indicate to Greece and other dictatorships that we in the United States do not look with favor upon totalitarian regimes. I realize that my rationale has little to do with the ultimate military situation in that part of the world, but I hope my opposition and that of my colleagues at this point of our history will indicate that we shall no longer tolerate this masquerade of authoritarian dictatorships as "free" nations or permit them to use the fruits of our free society to extend their powers over their oppressed people.

I have selected Greece because we in the West have always looked up to Greece as the home of democracy. The term "democracy" is derived from the Greek word "demokratia", or, rule of the people. Ancient Greece was the home of Pericles and Aristotle, two of the greatest political philosophers in world history. In ancient Greece also flowered for a brief moment Athens, which practiced direct democracy, the purest form of democracy conceived. Thus for me and many others, Greece is more than another nation. I was taught that Greece is something very special—the fount of Western civilization and democratic government in spite of her defects. Therefore, I cannot sit by silently while we encourage her authoritarian government by our willingness to ignore the imposition of a cruel and heartless dictatorship upon the Greek people.

The elimination of one submarine will not make any difference to our military posture in the Eastern Mediterranean or our NATO commitments. Whereas previous amendments would have had a substantial effect on the Greek army, the deletion of one submarine will not reduce the military effectiveness of their armed forces. Therefore, at the appropriate time I shall offer an amendment to delete this loan of a submarine from H.R. 15728.

I have tried to tell the young people of this country that they should work within the system and direct their idealism toward peaceful change. My encouragement is by no means original, and all those who have confidence in and hope for our country have done the same thing. However, there have been many occasions when, confronted by students, I have been compelled to reflect at length on the inconsistencies of our ideals and our practices in foreign relations. I was unable to answer the young girl's question that afternoon, but with this amendment I hope to show her and all our youth that we in the Senate are not happy with the political affairs of Greece.

As Chairman of this subcommittee, I could have used devious means to stall consideration of this bill. However, I believe that this matter should be brought to the Senate floor for a vote to give my colleagues an opportunity to vote for or against the dictatorship. It is true that the vote will have only a symbolic effect, but it will be a symbol of our commitment to democracy and freedom across the globe. I do not believe that we can any longer shirk this responsibility to stand up for genuine freedom and democracy.

Senator INOUE. The hearing is adjourned.

(Whereupon the subcommittee was adjourned subject to call of the Chair.)

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