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SALE OF AWACS TO IRAN

GOVERNMENT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON FOREIGN ASSISTANCE

AND THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

PROPOSED SALE OF SEVEN E-3 AIRBORNE WARNING AND
CONTROL SYSTEM AIRCRAFT TO IRAN

JULY 18, 22, 25, 27 AND SEPTEMBER 19, 1977

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NOTES

1. The first part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom. It is shown that the structure of the atom is determined by the laws of quantum mechanics, and that the laws of quantum mechanics are based on the principle of the conservation of energy.

2. The second part of the paper is devoted to a discussion of the experimental results obtained in the study of the structure of the atom. It is shown that the experimental results are in good agreement with the theoretical predictions of the theory of the structure of the atom.

3. The third part of the paper is devoted to a discussion of the applications of the theory of the structure of the atom. It is shown that the theory of the structure of the atom has many important applications in the fields of physics, chemistry, and biology.

4. The fourth part of the paper is devoted to a discussion of the future of the theory of the structure of the atom. It is shown that the theory of the structure of the atom is still in the early stages of development, and that there are many important problems that need to be solved.

5. The fifth part of the paper is devoted to a discussion of the conclusions of the paper. It is shown that the theory of the structure of the atom is a very important and interesting field of research, and that it has many important applications in the fields of physics, chemistry, and biology.

SALE OF AWACS TO IRAN

MONDAY, JULY 18, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON FOREIGN ASSISTANCE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:40 a.m., in room 4221, Dirksen Senate Office Building, Senator Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Church, Clark, Case, and Percy.

Senator HUMPHREY. My colleagues, I am sorry I kept you waiting. I was just trying to find out who scheduled a hearing on Monday morning. I just got in from Minneapolis.

OPENING STATEMENT

This morning, the Subcommittee on Foreign Assistance starts 2 days of hearings on a proposed \$1.2 billion sale of seven E-3 Airborne Warning and Control System Aircraft, commonly known as AWACS, to Iran. Our witnesses today, Senators Eagleton and Culver, have introduced resolutions to disapprove this sale under section 36(b) of the Arms Export Control Act, better known as the Nelson amendment. Under 36(b), the executive branch must submit for congressional review any arms sale over \$25 million, as well as any sale of equipment between \$7 million and \$25 million. That is a new addition to the law that passed about 2 years ago.

The Congress then has 30 days to disapprove the sale by concurrent resolution. Congressional authority to disapprove this particular sale expires on August 5, 1977.

It has been standard practice for the Subcommittee on Foreign Assistance to hold hearings on any arms sales which Members of Congress and the public consider controversial and which deserve a thorough analysis and examination. This sale to Iran is no exception, having already generated considerable controversy and public debate.

Consistent with its oversight responsibilities over arms transfers, the subcommittee will scrutinize the merits of this sale very carefully, especially in light of the President's May 19 arms transfer policy statement, a new policy departure which introduced a set of guidelines and controls to govern U.S. arms transfers.

As I indicated earlier, this morning we will hear from two distinguished witnesses, Senator Eagleton and Senator Culver, both of whom have special expertise on this issue.

Following the presentations of our two colleagues, we will then proceed into closed executive session to hear Mr. Richard Gutmann of the General Accounting Office [GAO]. At the request of Senators Eagleton and Culver, the GAO has prepared a secret report on the AWACS, which will be received in closed session.

On Friday, July 22, the subcommittee will hear from executive branch witnesses.

Senator Clark, do you have an opening statement?

Senator CLARK. I have no opening statement. I happen to be a sponsor of the resolution and the two principal sponsors are here to testify, so we will just listen.

Senator HUMPHREY. Senator Percy, do you have any opening statement?

OPENING STATEMENT OF SENATOR PERCY

Senator PERCY. I would like to welcome our two colleagues and express my deep regret that an overlapping hearing on which I am ranking will pull me out. I will read very carefully their statements because they are both extraordinarily thoughtful men, and I have a deep respect for all three proponents of this.

The question that I have in my mind, of course, is the national policy adopted by our Government, I think with the full support of the Congress, the Guam doctrine, that all our allies who are affiliated and associated with us in a common defense should bear their full fair share of the load. We have encouraged allies to pick up their fair share in the common defense. We have urged and pushed and cajoled to get our NATO [North Atlantic Treaty Organization] allies in Europe to do their fair share, and there are many of us that feel that they have not fully measured up to their responsibility commensurate with their prosperity and levels of well-being and too many countries imposed the load on us.

Here we have a case of Iran, where they have assumed a full fair share, certainly, and that would be the question that I would have asked, how each of you would look on that and how you evaluate the position you have taken, in the light of the Guam doctrine.

I would hope that, at some point during the course of your discussion here this morning, you could bring that point out.

We very much value your testimony and appreciate ever so much your being with us.

Senator HUMPHREY. Senator Case, do you have any opening statement you would like to make?

Senator CASE. No, thank you.

Senator HUMPHREY. Senator Eagleton, we welcome you. Please proceed.

STATEMENT OF HON. THOMAS F. EAGLETON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator EAGLETON. Thank you, Mr. Chairman. I appreciate this opportunity to testify this morning on this proposed sale of the AWACS aircraft to Iran at a sale price of \$1.2 billion. I am pleased

that my colleague, Senator Culver, is here with us. This resolution has been introduced on behalf of Senator Culver and me, and 14 other Members of the Senate.

Parenthetically, just in partial response to Senator Percy's statement, yes, we hope that friends and allies do their fair share. I don't think that should be taken to mean that every military system that the Shah of Iran wishes to purchase, we should sell in order to give full meaning to fair share. I just don't subscribe to that notion.

We should sell him only those weapons that we think are in our interest to sell him and deny him those things which we think would be improper to sell, and that is what the thrust of this hearing is all about today.

WHAT AWACS ARE

Th AWACS is really a Boeing 707 loaded with more than \$100 million worth of sophisticated and esoteric radar, computer and communications equipment. The lately deceased B-1 bomber notwithstanding, AWACS is the most expensive aircraft system we have ever developed, and it represents the state-of-the-art in our electronic arsenal.

AWACS WORKABILITY CHALLENGED

As some members of this committee know, I have long been a critic of this controversial system. AWACS' workability has been challenged by military experts within the Pentagon, as well as in the GAO and I should point out—although I won't dwell on it—its mission has changed repeatedly, from its original proposed mission of strategic U.S. continental air defense, then to the tactical European theater and now, most recently, as an instrument of technology aid in the semideveloped but oil-rich nation of Iran.

One does not have to agree with my past criticisms of AWACS to reach a position on the relative merits or demerits of selling the aircraft to Iran. In fact, if we believe the glowing praise the Air Force showers upon AWACS' look-down radar and advanced equipment, logic dictates our taking a skeptical look at the proposal to transfer this technology to a semi-literate country which does not have the resources to absorb it.

SECRET ARMS DEAL ATMOSPHERE

This is not an ordinary arms deal. It was born in the atmosphere of secret deals of prior administrations which this committee has done much to expose. It violates the tenets of restraints in the arms sales policies which are being developed by the new Carter administration.

The executive branch, as the GAO has reported, still has not fully and objectively analyzed the consequences of this sale and the deal carries wholly unnecessary and unjustified risks to our national security through possible loss of our military secrets through espionage, sabotage, or defection. In my opinion it must be stopped.

In the interest of brevity, Mr. Chairman, I will summarize my objections to the sale. I recognize that this committee will want to take expert testimony on certain highly classified matters in closed session, but we don't have to breach national security secrets to discuss at this

time some of the more serious shortcomings in selling the AWACS to Iran.

DEFENSE, STATE DEPARTMENT STUDIES OF SALE RISKS

First, the GAO has uncovered shortcomings and serious omissions in Defense and State Department studies of the sale; options to consider alternatives were discouraged. Basic questions on the wisdom of such a sale went unasked. To this day, the State Department does not possess the technical expertise to analyze some of the disturbing national security implications that are involved. In fact, until Senators Culver, Proxmire, Nelson, Mathias, and I asked the GAO to obtain an analysis from the intelligence community of possible security risks, it appears that this basic and vital staff work had been overlooked by the executive branch.

General Fish had to tell the GAO that a complete intelligence assessment had not been completed and his partial response was filled with shallow assertions to minimize the security risks, assertions which have been disproved upon examination. This does not reassure those who would like to believe in the impartiality of defense intelligence estimates. I believe the cries of anguish in certain policy circles when the GAO report provided the opportunity for a more sophisticated intelligence analysis reveal clearly that the pressures to sell aircraft took precedence over careful and sober risk analysis.

Whether or not one maximizes or minimizes the security risks of selling AWACS to Iran, I submit there is no prevailing U.S. national security interest for taking any risks at all.

AWACS SYSTEM COMPLEXITY

Second, it will take many years, if ever, for Iran to operate AWACS, a system far more complex than anything Iran now possesses. Hundreds, maybe thousands of Americans will have to operate the system for the Iranians. While the Shah has an abundance of money for military technology, he does not have the highly trained personnel needed to competently operate and maintain his arsenal.

Iran's answer to this problem has been to import American arms technicians, and there are now more than 30,000 U.S. nationals in Iran and there could be as many as 50,000 three or so years from now.

Just 12 months ago, there were about 24,000 Americans in Iran. This committee issued a study which found that, after President Nixon secretly opened the Pandora's box of unrestricted arms sales to Iran in May of 1972, and I quote now from the committee report, "for at least 3 years, U.S. arms sales to Iran were out of control and the programs were poorly managed."

Your study, Mr. Chairman, paid special attention to the so-called back-end implementation of sales, the complicated procurement, finance, logistics, maintenance, and training. The study reported that Iran, in the judgment of most informed observers, "will not be able to absorb and operate within the next 5 to 10 years a large proportion of the sophisticated military systems purchased from the United States unless increasing numbers of American personnel go to Iran in a support capacity."

That support alone, your study noted, "may not be sufficient to guarantee success for the Iranian program." Because of these difficulties, not only had the schedule for every major arms program slipped considerably, but the American presence had already given rise to socioeconomic problems and your study pointed out that Iran, even while choking on its sophisticated weapons flow, had its eye fixed on still more sophisticated weapons systems, such as the one before us, AWACS.

Selling AWACS to Iran would add to the difficulties this committee has detailed. Iranians could not operate the system for many, many years, if ever. In the event of hostilities, American lives would be in jeopardy. President Carter—or maybe down the road, his successor—would face a disturbing policy decision: Either to allow Americans to fight a foreign war or to withdraw them, thereby assuring the defeat of an ally. A third possibility is that Americans would be held hostage by the Iranian Government.

COST REDUCTION POSSIBILITY

About the only positive aspect of selling this sensitive weapons system to Iran is the possibility of reducing the unit cost of the U.S. Air Force AWACS. As the GAO points out, the Congress has not approved AWACS procurement in the numbers that have been desired by the Air Force and the potential for a sale to NATO appears to be diminishing.

It makes sense, from the Air Force's bureaucratic vantage point, to sell this costly system to Iran and thus to reduce our own costs. In this regard, it appears the Air Force has paid little heed to the sense of the committee resolution endorsed here last September, and I quote from the resolution, "that the foreign arms sales policy of the United States should be guided exclusively by considerations of the overall foreign policy interests of the United States and not by considerations of commercial advantage."

SECURITY RISK

Now a word on the security risk, which we think is vital in this case. It takes little imagination to conceive of the great Russian interest in acquiring such technology: the Soviet Union shares a 1,200-mile common border with Iran. I doubt that most Americans would wish us to surrender control of our lookdown radar and assorted AWACS secrets to the Shah's secret services. Indeed, the concern of the proposed sale of a civilian computer to the Russians pales by comparison to the possibility of losing this military technology.

Iran's governmental status, centered on a mortal leader, is fragile and subject to radical change. To endorse this sale is to take an imprudent risk to American national security.

CONCLUSION

In conclusion, Mr. Chairman, this deal has not been carefully analyzed, in my opinion, by the executive branch. It is fraught with risks for American lives and technology. It will intensify the problems with

United States-Iranian relations exposed by this committee. It cannot be justified under the administration's new arms policies, and there is no U.S. national security interest in making an exception. But it will go through—I hasten to add—unless Congress summons the will to block it.

Thank you, Mr. Chairman.

Senator HUMPHREY. Thank you, Senator Eagleton, for a very splendid and revealing statement. We thank you very much.

COMMITTEE PROCEDURE

If it is agreeable to my two colleagues, we will proceed now with Senator Culver and then the members of the committee will question both of the witnesses, if they so desire.

Senator Culver, we welcome you. You are a member of the Committee on Armed Services, as I recollect.

STATEMENT OF HON. JOHN C. CULVER, U.S. SENATOR FROM THE STATE OF IOWA

Senator CULVER. Thank you very much, Mr. Chairman.

Mr. Chairman, I also appreciate this opportunity to testify in support of Senate Concurrent Resolution 36, which has already been sponsored, as Senator Eagleton noted, by 16 Senators.

This resolution is the means by which the Congress, under the provisions of the Arms Control Act, can disapprove the proposed sale of seven airborne warning and control system aircraft to the Government of Iran.

RELEVANCE OF SALE TO GUAM DOCTRINE

I would like, at the outset, to respond as requested by Senator Percy to the question he posed about the relevance of this sale, if any, to the so-called Guam Doctrine. At best it is unclear how this sale will benefit the U.S. defense. That really is the import of our testimony here. Rather than benefit U.S. security, I think it fundamentally threatens U.S. national security interests, properly understood and defined.

In answer to questions which I posed during hearings in the Armed Services Committee, the Defense Department has consistently refused to even count Iran's military arsenal as an offset to U.S. force requirements. We don't even count it because we don't know which way the guns will point if, in fact, the regime changes hands overnight. That is a sound defense decision.

I hope that adequately responds to Senator Percy's question.

SALE CONSIDERATIONS

Mr. Chairman, the administration supports this sale as a means of improving Iran's air defenses; but it minimizes concerns about technological security; it minimizes the need for the long-term presence of U.S. support personnel; and it minimizes the potentially destabilizing impact of introducing this highly-capable system into the volatile Middle East.

I believe these concerns are serious. I believe they are legitimate and that they tip the balance very clearly, in my judgment, against the wisdom of this sale. After all, the decision that we in the Congress must make is not whether these planes would be nice for Iran to have. The real issue is whether such a sale is in the United States' own national security interest, assessed and determined independently by civilian authority. The Congress has, at a minimum, a coequal responsibility in this determination.

NATIONAL ARMS SALE POLICY

I have been privileged to work with members of this committee, Mr. Chairman, to help press for and devise a national policy to limit this insane pathological international arms race in conventional weapons and to subject arms sales to prudent analysis and thorough review. Accordingly, I applauded President Carter's excellent policy announcement on this subject on May 19.

Mr. Chairman, as nice as that rhetoric is, the painful fact is that the sale of AWACS to Iran goes contrary to the President's own expressed principles. It makes an exception right out of the starting blocks for our biggest single arms purchaser. It introduces a highly advanced system with great offensive capability into the region. Everybody talks about this being a defensive system. That talk is misleading, AWACS can go both ways with equal capability. Go to any U.S. Air Force briefing on the subject and you can learn all about its force multiplier capabilities. And its sophistication would require the presence of American support personnel for many years to come.

If we are to have a policy that approves sales only in exceptional cases, as the President announced, it makes little sense to me to turn around, before the ink is dry on that piece of paper, and exempt Iran from these guidelines.

GAO REPORT

Four other Senators joined me in requesting a review of our concerns about the AWACS sale by the General Accounting Office, an arm of the Congress, and the GAO's report has been made available to this committee. Regrettably, many of the GAO's significant findings and its supporting information are classified. I will limit my comments in this statement to unclassified matters and discuss sensitive information separately in closed session.

As a member of the Senate Armed Services Committee, I am particularly concerned that this sale carries risks to our own technology and ultimately to our own national security.

AWACS TECHNOLOGICAL EDGE

The AWACS represents our most advanced technology. America is not capable of a more sophisticated system than AWACS in the year 1977. We have spent \$1.5 billion on research and development alone and have devoted 10 years of the best scientific brains America can produce to acquiring a look-down radar with unique surveillance capability. The Soviets don't have this capability and it will take them years to get it—unless we hand it to them.

I have personally inspected the AWACS. I have gone through it and I have talked to the people working on the consoles and the radars and the computers and the encipherment gear. I have talked to their commanders. I have seen the advanced computer system, the world's largest airborne computer. I have watched the complex display consoles which enable the operators to pinpoint enemy targets and guide U.S. planes to them.

Mr. Chairman, with all due respect, I don't think I could pass the test to run this equipment for the most menial task of that 17-person crew without at least a year's schooling. That is how complicated it is.

I have climbed into the area where sensitive black boxes are placed and I have seen evidence of the amazing capability of the AWACS radar to function effectively in an intense battlefield environment. I have war-gamed this system in the simulators. From this experience, Mr. Chairman, I can see why the Air Force, as Senator Eagleton says, proudly claims that—and I quote, "The E-3A is the most revolutionary development in airpower since the invention of radar."

Technological achievements such as the AWACS help the United States to offset numerical deficiencies in weaponry. When we talk about the U.S.-Soviet balance, when we talk about numerical asymmetries in weapons, what is our best asset? Qualitative advantage, technological edge, the genius of a free society's capability in the lab and in the test tube to develop a capability to offset the numerical advantage of those widgets. The day we start giving away this advantage for money to pay for oil or to reduce per-unit costs in our own defense budget, we ought to tremble when we hold up our hand as to to whose oath we are taking—loyalty to our Constitution and the Government of the United States, or to the fetish of some foreign government to have their hands on our best military equipment. Who do we have an oath to? What is our responsibility—to keep somebody happy overseas, or to protect our own servicemen who might have to fly into the face of a Soviet technological edge that we gave to them? I don't want to go to those funerals.

Technological achievements such as the AWACS help the United States to offset Soviet numbers, and we must be careful to safeguard our advanced equipment.

Mr. Chairman, I think it is so ironical that the sole justification for the B-1 and now for the alternative cruise missiles was possible improvements in Soviet air defenses. The B-52's, in spite of their age, are structurally sound into the 1990's. We were going to the B-1 for one simple reason, that the Soviet Union might develop an enhanced air defense capability with a look-down, shoot-down radar capability and thereby be able to stop and deny the B-52 a penetration on Soviet targets. The Soviets do not now possess this capability and our intelligence community says they have not even got it significantly under way.

We were urged to go to the B-1 because it is faster and has a smaller silhouette on the radar. Even if the Soviets get that look-down, shoot-down radar capability, even though they could keep the B-52 out, maybe they would leave a magic window for the B-1. Perhaps their sophistication in that radar capability won't be as sufficient as ours.

We wanted to bet \$30 billion there would be a magic window there, 10 years from now, that would let the B-1 in.

JUSTIFICATION QUESTIONED

Mr. Chairman, how ridiculous it is that we said that is the future threat and that is why we were prepared to consider a \$90 billion program in order to overcome that threat, if and when it comes on line within 10 years, and now we turn around with the other hand and sell Iran that same capability which would accelerate the learning curve of the Soviet Union and assist it to punch out the eyes of the U.S. Air Force, shoot down our equipment, in NATO, where it is just this technological advantage that makes us viable and in the ballgame in the event of a Soviet aggressive move in the NATO theater.

Now, if you can figure out that one, if you can justify that by any rational, logical means, you have got me. I can see why some in the Air Force may want to take that risk—they have a parochial, bureaucratic interest that doesn't hold them accountable for these kinds of decisions—but they have not been elected to the Congress of the United States.

DEGREE OF RISK INVOLVED

There is disagreement as to the degree of risk which the sale of AWACS to Iran involves. When we consider our own efforts to retrieve a Soviet submarine or to recover one of our own F-14's, however, we must expect vigorous Soviet efforts to get hold of what must appear to them to be a very tempting target. The Iranians lost an F-4 in Yemen. It could have been an F-14 with a Phoenix. It could be an AWACS.

We have already, of course, put the advanced technology of our F-14 fighters and Phoenix missiles at risk by selling them to Iran. Our U.S. Navy can't keep the F-14 operational more than 30 percent of the time and we give it to Iran.

One such dangerous action, Mr. Chairman, does not justify another. Just because you are in a forest and it is a tinderbox ready to explode doesn't mean you run around pouring gas and lighting matches. I heard one Senator say, well, we broke the firebreak when we gave Iran the F-14, so what else matters? That was why someone said they could support the AWACS, the genie is out of the bottle, just dump that candy store technology in there, devil take the hindmost.

IRAN IS AUTOCRATIC STATE

Mr. Chairman, Iran is an autocratic state. The Shah's regime has a superficial stability which masks dissent, intrigue and potential violence. Several Americans have already been killed in the political crossfire. If the Government changes overnight, we cannot be sure that a successor would be friendly to the United States. If a single crewman hijacks a plane or sells secrets to Soviet agents, the U.S.S.R. could reap an intelligence bonanza which may endanger our own Air Force, as well as the defense of Western Europe.

The risks this sale poses to U.S. national security, Mr. Chairman, are undeniable and, in my judgment, totally unacceptable.

IRANIAN USE OF HIGHLY SOPHISTICATED PLANE

There is also a significant question whether Iran could make effective use of this highly sophisticated plane. I don't think there was a finer report that I have read, Mr. Chairman, than the one that came out of this committee a year ago on some of the foreign policy implications of foreign military sales to Iran. I wish to commend you and the committee for it.

Senator Eagleton and I had an opportunity to go to Iran in the fall of 1976 following your report, and I think we both came home believing that every one of your concerns were reinforced in spades.

ABSENCE OF TRAINED PERSONNEL TO OPERATE SYSTEM

A nation, Mr. Chairman, which has to import foreigners to drive trucks is going to be hard pressed to find qualified, technically trained personnel to operate this expanding arsenal of advanced weapons. Koreans and Filipinos are being imported to drive trucks, so they can get the stuff off the dock into the country. I don't mean that as any disparaging slight on Iran, but it is an underdeveloped nation, undertaking an ambitious modernization program on both the domestic and defense fronts, but with a literacy rate I don't want to even publicly quote for the record.

Consequently, Iran will require the presence of several hundred American support personnel for this AWACs for many years to come. Your own committee has talked about 50,000 by the year 1980, and I think that may be conservative unless we slow this process down. Their presence will create a potential hostage situation. In the event of an Iranian involvement in hostilities, we would face the agonizing choice of becoming a party to that conflict or withdrawing people essential to the operation of the system. In short, our own citizens would be in jeopardy and our own foreign policy options would be seriously restricted.

STABLE MILITARY BALANCE AND ARMS CONTROL POLICY IN MIDDLE EAST,
INDIAN OCEAN

The proposed AWACS sale also goes against the U.S. interest in a stable military balance and arms control in the Middle East and Indian Ocean regions. AWACS has a potent offensive capability as an airborne command and control center, which Secretary Brown has called a "force multiplier" for the effectiveness of tactical air forces. AWACs can be used in an offensive mode just as much as a defensive mode. You can site enemy targets and call in your aircraft on them. If you are Iraq or you are Saudi Arabia, India or Pakistan, that is offense.

Mr. Chairman, we have sold Iran 209 F-4s, to Iran, 153 F-5s, 80 F-14s—30 delivered, a most sophisticated high-powered tactical air force capability. All you have got to do is put those forces up there and tell them from AWACS what to go after. Don't accept this defensive-only label. AWACS can be an air defense system, but AWACS can be an offensive force multiplier every bit as much.

As a matter of fact, Mr. Chairman, even the introduction of a crude airborne command center, over North Vietnam, multiplied our aircraft kill ratio by a factor of six, offensively deployed, less capable, not even comparable in capability, but the same principle.

Since Iran has already received or ordered hundreds of these modern tactical aircraft, the AWACS capability to multiply greatly their own offensive power can only increase apprehensions about Iran's growing military might and may lead neighboring nations to seek new weapons in response.

President Carter in his May 19 statement, stated that "the United States will not be the first supplier to introduce into a region newly developed"—talk about newly developed. The United States only has two AWACS. When I was out at Tinker Air Force Base, neither one of them would fly because Boeing was out there working on problems with steering. We don't even have the technical manuals yet. They aren't going to be delivered by Westinghouse until next fall to the U.S. Air Force personnel working on the weapon.

So, to repeat "the United States will not be the first supplier to introduce into a region newly developed, advanced weapons systems which would create a new or significantly higher combat capability" and so on. If AWACS isn't the definition of this point, I wouldn't know if it bit me.

REVIEW PROCEDURES FOR MILITARY SALES

Despite the significant issues raised by the sale, it is my understanding that the established review procedures for military sales were not fully followed in this case. The neutron bomb was another example of inadequate review. The neutron bomb substantively is one thing, but if we don't insist on the proper procedures and we wink them away and short-circuit them, why bother to go to all the trouble here in Congress of insisting on this process? Why bother?

The Arms Control and Disarmament Agency [ACDA] in this instance has the responsibility to provide advice and recommendations to the President and Secretary of State on all significant arms control aspects of a foreign military sales request. That is the proper procedure.

Let's look at the record. In view of the admitted offensive capability of the AWACS, ACDA's review should have been an important consideration in the President's decision. Mr. Chairman, I heard you on the floor the other day talk about the inadequacy of it. ACDA's arms control impact statements. They do come up—tortured—write something up by 7 o'clock, they are going out at 8 tonight, they want a piece of paper. I don't want a piece of paper; I want some toughminded consideration of these issues by our best arms control experts. In view of the admitted offensive capabilities of AWACS this consideration should have been an important factor in this sale. But I am informed that ACDA did not even analyze the arms control implications of this sale before it was approved and sent to the Congress.

I also understand that the Central Intelligence Agency was not consulted on the question of security risks prior to our questions from the General Accounting Office.

While there is no formal requirement for CIA review of foreign military sales proposals, I consider it, at a minimum, ill-advised to rely entirely on Defense Intelligence Agency and Air Force opinions about such important national security questions, when the Defense Department is understandably predisposed to support this sale for internal, bureaucratic reasons. There should have been an independent assessment of this sale by the CIA before it was approved.

ASSESSMENT OF TECHNOLOGICAL SECURITY RISKS

We asked GAO to do a study for us and asked for an assessment of technological security risks. CIA comes in with a finding which is part of the classified material we will get into later. Now, in the morning paper, there are certain questions raised about the policalization again of the integrity and the independence of the Central Intelligence Agency. There is no one in the whole country more knowledgeable about this than Senator Church. I would hope we are through the period of subjecting the integrity and the professional competence of that crucial element of our security to any question of political manipulation. If we do, we might as well just close down the door completely and really cut the CIA's budget and quit worrying about it.

SALE JUSTIFICATION AND DOCUMENTATION

In addition, I have been advised that the bulk of the policy justification and documentation that was offered by the Department of State in support of this sale was, in fact, prepared in the Department of Defense. That should be of interest, I think, to the Senate Foreign Relations Committee.

What we seem to have in this case, Mr. Chairman, is a short-circuited policy review, incomplete implementation of established procedures and weak, after-the-fact justifications.

As the GAO report points out, the policy justification for this sale is inadequate. On a sale of such significance, however, the Congress must demand comprehensive analysis and the regular order.

AIR-DEFENSE STUDY FOR IRAN

One of the deficiencies in the policy process was the lack of adequate consideration given to alternatives to AWACS, which appear to be cheaper and certainly less sensitive technologically, yet which provide an equal or better air defense. I hope the committee will look hard at the so-called Air Defense Study for Iran that went forward to justify the AWACS sale. If you have ever seen a self-serving exercise, that study ought to be exhibit A.

The General Accounting Office has studied these alternatives in depth and I understand they will address them in their testimony today.

U.S. NATIONAL SECURITY INTERESTS

Finally, Mr. Chairman, we do not dispute Iran's legitimate air defense needs, but we believe that U.S. national security interests and

not merely the preferences of the present Government of Iran should be taken into account. The full spectrum of alternatives should have been, and should now be, considered before any proposed sale.

Mr. Chairman, the Congress has a grave responsibility to explore all of these issues, even if the executive branch did not. We also have an independent responsibility to evaluate the wisdom of this proposed sale as we weigh these facts. I hope that you will agree with the co-sponsors of this resolution that the sale of AWACS to Iran should be disapproved.

HEARING PROCEDURE

Mr. Chairman, I have some brief additional comments and evidence based upon classified information. I would appreciate the opportunity to discuss these matters in closed session. I have those with me.

Senator HUMPHREY. Thank you very much.

Gentlemen, if you would care to and have the time, you might want to sit through the GAO testimony and thereby be able to interrogate, as well.

Senator CULVER. This classified material is part of my presentation to the committee, Mr. Chairman. I would be happy to wait and present it when you move into secret session with the GAO.

Senator HUMPHREY. I just wanted to offer you the opportunity and might I say, I hope that you will be able to stay through.

ACDA ESTABLISHMENT

The Arms Control and Disarmament Agency—and I hope that Agency is represented here today—was established by law to be an autonomous division within the Department of State, not subject to control of the Secretary of State nor of the President. It was established to give an independent assessment and review of the arms control and disarmament policies of the United States and, at the same time, to conduct research in better means of arms control and to evaluate proposals of arms control and to propose means of arms control.

Recently, as the Senators have noted, we added a new section to the Arms Control and Disarmament Act, which requires what we call the impact statement. I want this record today to make it very clear that, first of all, as chairman of this subcommittee, as author of the Arms Control and Disarmament Agency Act and as the author of the amendment to the recent State Department authorization, I am very disappointed in the ACDA effort thus far, insofar as these impact statements are concerned or the survey and the analysis that was required in the proposed sale of AWACS.

ACDA will destroy its reputation unless it proceeds to give professional performance on time, within the law, on schedule, as required by law.

I appreciate very much, Senator Culver, and Senator Eagleton, your emphasis on this matter because possibly this hearing can be the notice—and I don't mean to give a second one—that we expect the ACDA to perform according to the law and not to the convenience of any member of the executive branch of Government. So if there is an ACDA representative here, take that measure back and if there

isn't one, I will ask the staff to incorporate this message in an appropriate document to the Director, Mr. Warnke, who is now very busy in the Moscow negotiations. But that is no excuse for the lack of appropriate action.

COMMENDATION OF WITNESSES

First of all, let me commend the two Senators. I think this has been extraordinarily powerful testimony.

Senator Eagleton, are you also a member of the Armed Services Committee?

Senator EAGLETON. No, Senator.

Senator HUMPHREY. You are not. I know of your long interest in the AWCS question.

Senator EAGLETON. I am a member of the Appropriations Committee and its Defense Subcommittee.

Senator HUMPHREY. I think that it should be noted again for the record that Senator Culver has put a good deal of personal effort and time into the study of the AWACS, as he indicated in his testimony here today.

I will ask that the executive branch that will be before us on Friday carefully note today's testimony because this testimony comes from two of the most respected Members of the Senate, respected for their competence and their integrity, and if the administration cannot answer these charges and cannot refute the analysis which has been made, then there is no ground whatsoever for even consideration of the sale of AWACS.

ALTERNATIVES TO AWACS

I was particularly impressed with your statement, I believe, Senator Culver, to the effect that there were alternatives to the AWACS which apparently had not been given due consideration. Is that your judgment?

Senator CULVER. Yes, it is my judgment, Mr. Chairman, and I believe the GAO in their report are prepared to go into their analysis of the study upon which the AWACS sale has initially been proposed, the deficiencies in that undertaking, as well as other specific air defense systems that they feel represent viable alternatives without the inherent risks and problems associated with the sale that we have referred to.

SALE DISAPPROVAL EFFECT ON BILATERAL RELATIONS

Senator HUMPHREY. As you know, a good deal of talk has taken place already about this matter, since the introduction of your resolution and since the notification of the sale. The issue is made that we have turned Iran down a good deal, I think seven times this year, about a total of 15 times; and that our bilateral political relations would suffer significantly if this sale were disapproved. This is the charge that is made.

Senator Eagleton, what is your response to such a charge?

Senator EAGLETON. Well, I am surprised that we have turned him down 15 times. I thought, frankly, whatever the Shah wants, the Shah

gets. But we may have turned him down on a couple of little nuts and bolts items.

Senator HUMPHREY. This committee has been responsible for the turndowns.

Senator EAGLETON. It seems to me we have either sold or are planning to sell him practically everything we have in our arsenal, including a plane that we are not even going to make for ourselves, the F-18L, that he wants to buy. We are not going to make an F-18L, but he wants one.

But if we are going to keep a box score and say, well, look, we are going to turn him down and turn him down, and now, we will give him one; then we will turn him down, turn him down, and give him one; the worst one to give him is this one, as Senator Culver has pointed out with great force, this incredibly sophisticated electronic gear.

The Russians have nothing close to this, Mr. Chairman. The Russians have a fighter that maybe is as good or close to the F-14, or maybe another fighter that is as good or close to the F-15, or maybe another fighter that is as good or close to the F-16. One thing the Russians don't have is this thing. I have some doubts about its workability, but my doubts have been totally overruled. The decision has been made that this is the greatest electronic sophisticated breakthrough in modern times.

If we are going to sell this to the Shah, with all the attendant risks, as Senator Culver has pointed out very vigorously, we are going to be making a very serious mistake, insofar as our own national security interests are concerned.

Senator HUMPHREY. Would you like to comment?

Don't misunderstand me; I am just raising the question.

Senator CULVER. I understand. I think it is a very understandable point and a valid one to raise.

I think where our problem began, Mr. Chairman, when President Nixon in 1972 entered into an agreement with the Shah to permit him to buy anything that he might like in our whole inventory. This was a unique and special understanding that only held, in other situations, on the most carefully selected basis. It opened up a blank check arms sales relationship diplomacy with the Iranian Government.

With the oil embargo of 1973 and their newly available resources, Iran started to buy. I don't think President Nixon anticipated the resources which Iran was soon to possess that afford it the wherewithal to implement this arms supply opportunity so aggressively.

This administration inherited ongoing discussions on various weapons sales, and some of them are, unfortunately, quite a way down the pike. Obviously, if you are a State Department person, you are always going to be looking at this empathetically, from the perspective of the host country and you always say, you know, Iran is going to be very upset. We said no on the F-18L; Iran wanted 200 of them. We said no here.

We are trying to reverse a very dangerous policy of 5 years ago which has got a momentum and a life all of its own, but we have got to draw the line.

We talk about the friendship with Iran. If we are friends, what kind of friendship is it if we cater to some of these requests with the risks and the dangers implicit here?

This reversal isn't going to be easy. It is going to take some integrity. The first thing it is going to take is an honest recognition of to whom do the representatives of this Government owe their allegiance. Our allegiance is to the security and the safety of our own Nation. You can only justify these sales, according to the policies emanating from this committee, if they are consistent and compatible with U.S. national security interests and foreign policy objectives. I think that is very proper.

It is going to be tough and take some character, but I think we have to start changing our arms sales relationship with Iran now. We have gotten ourselves in a situation here where our foreign policy interest vis-a-vis Iran are not going to be well served if we continue this kind of relationship. We have put Iran in a position where it is too heavy to do light work and it is too light to do heavy work. We have imposed on them a manpower stress, on a limited personnel, that is only going to cause friction and problems with the United States.

It is like saying that we turned Iran down 28 times and now it wants the nuclear bomb or a neutron bomb. It just happens to come up in that pecking order. We don't dare say no, or there won't be any more parties in town.

[General laughter.]

Senator CULVER. I think there are other things more important than that. If the neutron bomb comes up number 12, I hope somebody says, no, they don't need it and, more importantly, we don't need it over there. This judgment has to be made on this side of the ocean, in terms of our interests.

POSSIBLE ALTERNATIVE RESTRICTION

Finally, Mr. Chairman, GAO is going to talk about alternatives to AWACS, but there is another issue here. While Iran may have looked at the Navy's E-2C, the Grumman Hawkeye, the Defense Department apparently did act in 1975 to restrict Grumman's presentation of the E-2C to Iran as a possible alternative to the AWACS. The Hawkeye costs about \$30 million, while this AWACS proposal would cost Iran \$173 million per plane.

I would like to place in the record a recent article from "Defense & Foreign Affairs Daily" which documents this discrimination. It has copies of cables and DOD [Department of Defense] communications during that period to keep the Hawkeye from being shown to Iranian officials when they were out here shopping around and looking at the AWACS.

[The information referred to follows:]

[From Defense & Foreign Affairs Daily, Thursday, June 2, 1977]

U.S.: MAJOR DRIVE TO SAVE AWACS PROGRAM CAUSED CAMPAIGN AGAINST E-2C HAWKEYE

(By Gregory Copley, Editor)

In a bid to save the Boeing E-3A Airborne Warning and Control System (AWACS) program from extinction because of cost escalations, the two US Ad-

ministrations before President Carter sought to eliminate all cheaper competition to the concept.

This has been revealed by a series of *Defense & Foreign Affairs Daily* probes which show a clear-cut campaign to forbid the sale of the cheaper, more versatile Grumman E-2C *Hawkeye* aircraft.

The support for the troubled AWACS program began in a formal sense with an instruction signed by then-Secretary of State Henry Kissinger to the effect that the AWACS was the "chosen instrument" which Washington wished NATO and other US allies to use.

As a result, all moves by the US Navy to sell the Navy-sponsored E-2C have been thwarted, except in the case of Israel which could not afford to maintain a fleet of AWACS. The US Air Force felt that its AWACS program could be bailed out of its cost-overrun problems by selling the type to foreign countries, thereby spreading the R&D over a wider base.

This program was assisted, contrary to Defense Department policy rulings on impartiality, by Lt. Gen. Howard Fish, Director of Defense Security Systems Agency, which has a strong effect on foreign arms sales policy.

Strong opposition to the Air Force-DoD (Dept. of Defense) moves has come from the US Navy, but without any success thus far. One apparently unofficial study apparently done by the Navy for internal use reads as follows:

By policy, the DoD is supposedly impartial between competitive US systems in international marketing. Occasionally US objectives cause DoD to violate this basic tenet. In NATO, for example, where a fair competition was supposedly conducted between AWACS and the E-2C:

AWACS was offered without normal recoupment of R&D (Schlesinger Congressional Testimony, 24 June 1974). The E-2C had full R&D recoupment levied.

OSD did not allow the E-2C to be formally offered to NATO;

Two major improvements, not required by USAF, were developed into AWACS (at a cost in excess of \$80M) to try to meet NATO objections: Surface Ship detection and PDS;

AWACS was demonstrated in Europe at a cost of \$4.4M. The E-2C was expressly forbidden to take part in a UK operational exercise this month;

Portions of the NATO comparison were conducted with completely erroneous information on the E-2C without the US Navy being involved in checking study parameters (e.g.: system MTBF for E-2C was compared to Mission abort time for AWACS in an STC availability analysis);

The UK MOD PE (Ministry of Defense Procurement Executive) presented a program to proceed with the installation of the E-2C system into the *Nimrod* in February 1974 to their Operational Requirements Committee. Political pressure from the US caused ORC to reject the plan and to order study of the AWACS.

NATO has been determined to be an area where the US believes AWACS should be procured. Supposedly, the rest of the world is open to free competition.

Iran

The Iranians (via unclassified message from CARMISH, Teheran) requested budgetary estimates for 5 to 10 E-2C's in February 1975. On 5 May, SECDEF directed CARMISH to take no action with Iran on the pricing information (SEC DEF message 051335Z May 75);

The Shah of Iran received demonstrations of a number of aircraft at Cecil Field on 4 May 1975. Two E-2C's were sent to Cecil, but were not allowed to land and were diverted to JAX (Jacksonville Naval Air Station, Florida);

It was planned to show E-2C to the Shah at Andrews on 17 May 1975 (OP-631C memo of 7 May '75). Dr. Currie and Lt. Gen. Fish signed a memo (ASD ISA memo of 8 May 1975) stating, "SECDEF does not authorize E-2C demonstration."

The Navy—and, of course, Grumman—note that there is only one operational airborne warning aircraft in service outside the Soviet bloc: namely, the E-2C.

The Navy notes that the AWACS is useless at detecting targets at sea, an E-2C specialty, and yet despite this the US Government had persisted in trying to sell the aircraft to the Royal Air Force for use over the North Sea.

A Passive Detection System (PDS) aboard the E-2C enables it to identify emitting threats without using its own (ie: the E-2C's) radar, thereby aiding detection avoidance. AWACS does not have a similar capability, although the E-2C's equipment pack is being considered as an add-on for AWACS at an extra cost.

Additionally, the E-2C has the capability to automatically track 300 targets while AWACS has a capacity of 100 manually initiated tracks.

The US Air Force noted that more E-2Cs would be needed to handle NATO's requirements than E-3As. However, only four more E-2Cs (29 compared with 25 AWACS) would be needed, at a cost difference of around \$1.2-billion.

A number of other major factors in the E-2C/AWACS debate have been suppressed by the Defense Department with the almost certain result that NATO will pay triple the necessary amount of money for a system which will not provide sufficient protection.

As well, six E-3As are scheduled to be sold to the Imperial Iranian Air Force notwithstanding that service's increasing responsibility to provide better air defense within an increasingly constrained budget.

EUROPE: U.S. TANK SCORES POOR IN CONTEST

US Army tank gunners appear to have scored badly in a recently held gunnery firing contest promoted by the Canadian Army.

Although such tests are not widely publicized, the results of the firings have caused considerable concern among some US Army circles. However, the *Daily* has learned, this was the first time the US had entered this particular event.

The contest, held in Europe, involved tank crews from Canada, West Germany, Belgium, the UK, the Netherlands and the US. What was of particular note about the results was that by far the best performing tank was the *Leopard I*, progenitor of the vehicle which supposedly fared so badly in the recent US MBT contest.

One source said that its fire control equipment functioned so superbly that it put the non-US crews far ahead in the event.

The following table of scores emphasizes the effectiveness of the tank's performance:

	Points
Royal Canadian Dragoons (<i>Leopard I</i>)	21,020
German Panzer Battalion 144 (<i>Leopard I</i>)	20,720
Belgian 1st Regiment Lancers (<i>Leopard I</i>)	19,230
U.K. Unit (unknown) (<i>Chieftain</i>)	17,430
Netherlands 11th Tank Battalion (<i>Leopard I</i>)	17,360
U.S. 2d Battalion 81st Armor (M 60A1)	16,100

U.S.: CARTER FIRM ON BATTLE ORDER FIGURES

One aspect of US President Carter's recent major review of US force structures had disturbed certain military planners in the Pentagon.

This is that the President is apparently reluctant to move away from the current policy of covering up severe military force deficiencies in some sectors of the armed forces.

The effects of successive budgetary cut-backs have caused a situation in which aircraft squadrons are often said to comprise 12 aircraft. In fact, the actual figure is often less than this, with nine aircraft said to be about the norm.

The same applies to other aspects of force structuring. The situation is particularly bad in central Europe, where the divergence between the size of a Soviet tank division and that of a US one is now causing considerable alarm, in addition to the outright imbalance of forces in the region.

Pressure has been put on the President to "come clean" where these and other examples are occurring. He is, however, believed reluctant to do this. For his part he has to weigh the advantages of "hiding" such weaknesses behind obfuscated statistics from the national security point of view.

U.S.: NSA TO BE HEADED BY NAVY MAN

The US Defense Intelligence Agency's No. 2 man has been chosen by President Carter to head the National Security Agency (NSA). Navy Vice Adm. Bobby R. Inman, 46, will assume his new post in June or July when NSA's current director, Air Force Lt. Gen. Lew Allen, takes over the Air Force Systems Command.

NSA is in charge of the US's vast communications and cryptographic monitoring systems.

Adm. Inman is the second naval man to be given a high position by the Carter Administration. Adm. Stansfield Turner was given the CIA directorship earlier this year.

U.S.: GRUMMAN USING UNIQUE "THEATER" FOR HAWKEYE PUSH

In line with a major attempt—despite US Government lack of support—to "warm-up" the market for the E-2C version of the *Hawkeye*, Grumman is exhibiting this much improved AEW aircraft for the first time at the Paris Air Show.

A new feature of the sales presentations connected with the aircraft is the presence of an "operations van" at the Show. This piece of equipment—which has been code-named "Operation Upstairs Downstairs"—offers audiences of 12 at a time the chance to see aspects of the E-2C's radar performance.

The van contains actual aircraft hardware, and will also demonstrate a live two-way target exchange with an airborne E-2C during special demonstration flights.

There will also be film demonstrations, showing the role of the aircraft in fleet operations.

Senator CULVER. I have been briefed on the E-2C, and I think it could be used instead of AWACS, with certain modifications, in Iran. The E-2C is good enough for the Israelis, who have bought it and use it for their air defense.

BOEING E-3A, GRUMMAN E-2C COMPARISON

Senator HUMPHREY. By the way, we have a comparative study made by the Library of Congress' military specialist, Robert G. Bell, comparing the Boeing E-3A and the Grumman E-2C, that relates to this part of your testimony. I will ask that it be made a part of the record at this time, Senator.

[The information referred to follows:]

E3A/E2C COMPARISON FACT SHEET¹

	Boeing E3A	Grumman E2C
Unit cost: ²		
Program	\$125,600,000	\$29,500,000
Procurement	\$32,000,000	\$27,400,000
Standard mission profile	8½ hr on-station if orbit located 500 nmi from base.	4 hr on-station if orbit located 200 nmi from base.
Endurance	11½ hr.	6 hr.
Max range	6,500 nmi.	1,400 nmi.
Service ceiling	39,000 ft.	30,800 ft.
Station altitude	30,000 ft.	25 to 30,000 ft.
Radar search radius	220 nmi horizon if E3A at 30,000 ft; 300-plus nmi if target is above radar horizon.	220 nmi horizon if E2C at 30,000, less if at 25,000 ft; E2C radar detection range for very high altitude targets is less than that of E3A.
Tracking capability	100 targets—manually initiated/automatically tracked	300 targets—automatically acquired and tracked.
Crew	17 (4 crew plus 13 system operators).	5 (2 crew plus 3 system operators).
Speed	420 kt (cruise); 365 kt (on-station).	269 kt (cruise); 194 kt (on-station).
Missions	Over-land radar surveillance (over-sea capability planned) air traffic control, strike/intercept control, airborne early warning. Full autonomous command post capability.	Over-land and sea radar surveillance. Air traffic control, strike/intercept control, airborne early warning. Very limited autonomous command post capability.

¹ Prepared by Robert G. Bell, analyst in national defense, July 12, 1977.

² Mar. 31, 1977, Selected Acquisition Report. (Assumes 28 AWACS program for U.S. Air Force; under a 34 USAF AWACS program, unit program cost for E2A is \$108,700,000.) The \$1.229 billion price quoted to Iran for the purchase of 7 E3A's includes fees attributable to spare parts, support equipment, site surveys, training, and R. & D. recoupment.

Sources: House and Senate fiscal year 1978 DOD authorization hearings, Boeing Corp., Grumman Corp., Jane's, Defense & Foreign Affairs Daily, and "Interavia".

DEFENSE DEPARTMENT CABLES DENYING DEMONSTRATIONS

Senator CULVER. These cables are unbelievable. Could I just read one, Mr. Chairman? Are you familiar with these cables that the Defense Department sent out denying authorization to even show the Hawkeye to the Iranians?

Senator HUMPHREY. Read it.

Senator CULVER. "It was planned to show E-2C to the Shah at Andrews on 17 May, 1975. Dr. Currie and Lt. Gen. Fish signed a memo of 8 May, stating, 'SEC-DEF does not authorize E-2C demonstrations.'"

At another point: "The Shah of Iran received demonstrations of a number of aircraft at Cecil Field on 4 May 1975. Two E-2C's were sent to Cecil, but were not allowed to land and were diverted to Jacksonville Naval Air Station, Florida."

"The Iranians, via unclassified message from Teheran, requested budgetary estimates for 5 to 10 E-2C's in February 1975. On 5 May, SEC-DEF directed to take no action on Iran with the pricing information."

I am sure this committee can get to the bottom of this, but it is certainly a worthy target of additional inquiry. The article from "Defense & Foreign Affairs Daily" which documents this discrimination is entitled "U.S.: Major Drive to Save AWACS Program Caused Campaign Again E-2C Hawkeye."

Senator CASE. What is the date of that article?

Senator CULVER. The date of this, sir, is June 2, 1977.

Senator HUMPHREY. I am happy to say that the subcommittee staff that has been studying this have brought together in a committee memo—which is classified and in the committee files—information in even greater detail than you have had an opportunity here to develop.

Senator CASE, do you have a question?

Senator CASE. I just want to thank both of our colleagues for their tremendous presentation here, and for raising these questions which concern all of us.

IRANIAN PURCHASE OF BRITISH NIMROD PLANE

There is one question that someone has raised with me. What about a possible purchase by the Shah from the British of the Nimrod plane? Wouldn't that raise security problems just as great, if not greater, in that we wouldn't have a measure of control over that?

Senator EAGLETON. Well, we can't circumscribe what the British may or may not sell. The Nimrod is a different system that is designed for a different use. The Nimrod applies mostly to naval operations, according to my understanding.

I think we have to do what is in our national security interests, what we think is the right thing to do, uninfluenced by what the British may or may not do, but there is no comparison between the sophistication of the electronic gear on AWACS vis-a-vis Nimrod. This is light years advanced of Nimrod. This is the biggest and most elaborate electronics system known to modern man.

IS IT WORTH IT?

Senator CASE. It really comes down to this, doesn't it—and you have been making it clear to us that it does—is the sale in light of the danger and possible alternatives, really worth the candle? And is the candle, as you suggest, in the light of possible alternatives, keeping this assembly line going? Is that really what you are arguing?

Senator CULVER. Yes, sir, Senator Case.

I think there are three main objections that I have. One is the danger of risk, technology transfer, that you have alluded to. The second is—and this goes right at the heart of President Carter's own policy enunciation in May—we are introducing a new weapons system that represents an enhancement of military capabilities in the region, its offensive capability is destabilizing.

My third objection is the continued requirement for American personnel with dependents, to maintain and operate this system at a minimum for the next 10 years, which further aggravates the foreign policy problem that this committee so wisely flagged, the awkwardness of that kind of dependence and the hostage potential.

Those are the three main reasons I hold against the sale.

Senator CASE. I am most grateful to you both. We have a great responsibility here and we will do our best with it.

Keep in touch, from day to day, if you will, and anything you get, let us have.

Thank you, Mr. Chairman.

Senator CHURCH [presiding]. Thank you, Senator Case.

ACDA IMPACT STATEMENT

First of all, I would like to comment on the reference to the ACDA impact statement. I agree with Senator Humphrey, of course, that such a statement should come in a timely fashion, but I must say, having read the ACDA impact statement on the neutron bomb—which, incidentally, did not come in a timely fashion—I wondered whether the exercise in obtaining it was worthwhile because if there ever was a perfect product of a sophisticated bureaucracy, it was that particular impact statement.

It was so divided between the pros and the cons that any decision the President made could have found sustenance in the impact report.

So I am concerned whether these reports are going to be of much help to the Congress, if they are going to be written in that manner.

CIA TESTIMONY CHANGE

The second observation I would like to make, before I go to questions, has to do with a Washington Post story, which I think you referred to, Senator Culver, that appeared in the July 18 edition of the Washington Post, in which some allegations are made that are very troublesome.

I read from the article:

CIA [Central Intelligence Agency] Director Stansfield Turner is expected to give new testimony on Capitol Hill this week to strengthen the Carter administration's case for selling a costly and controversial airborne radar system to

Iran. Admiral Turner had previously expressed strong reservations about the \$1.2 billion sale of the sophisticated flying electronic system to Iran on grounds that its technological secrets could leak too easily to the Soviet Union.

His views were transmitted in a still-classified letter to the General Accounting Office, which was disclosed in the Washington Post on Thursday.

The CIA director's new testimony, to be delivered to a closed Senate Foreign Relations Committee hearing Thursday, will be strongly influenced by a series of conversations with Secretary of State Cyrus Vance late last week and National Security Adviser Zbigniew Brzezinski, it was learned.

I have read the letter sent to the committee and if these charges are true that Stansfield Turner's testimony is going to be influenced by the talks that he has since had, I think this committee will want to question rather closely what the basis might be for any change of position because I recall that perhaps the most alarming discovery we made in our investigation of the CIA had to do with the charges that were made that at the height of the Vietnamese war, the CIA tailored its estimates of enemy strength in such a way as to conform with its perception of what the President wanted to hear and that, of course, is the ultimate failure and corruption of an intelligence system.

When we come to weapons of this importance and consider the arguments that you gentlemen have made this morning, the last thing that I would want in the way of a director of the CIA—and I should think the President would want—is someone who starts waffling, once the pressures begin to be applied.

Now, let me go to the questions I would like to ask.

ADMINISTRATION JUSTIFICATION FOR SALE

This same article summarizes the administration's justification for selling AWACS to Iran. The article reads:

The prevailing view within the administration is that the AWACS system is essentially a defensive system, as one official put it, and that the dangers of its technology leaking to the Russians are outweighed by the political benefits of the sale to the Shah.

Now, you have already said, Senator Culver, that this is not simply a defensive system, but that it has great offensive capability. Can you tell me just who the Shah is afraid of? Right now, when you consider the enormous military establishment that he has developed, to which we have already added most of our latest equipment, not only aerial but naval, and you compare that immense military machine to anything that his neighbors have, I can't imagine a circumstance where Iraq would want to invade Iran, or Saudi Arabia, or Pakistan, which, for heaven's sake, has had its hands full with India through the years. Who is threatening the Shah?

If it is the Soviet Union, then I don't believe it is possible, either for him or for us or for the two of us in combination, to supply him with a military force adequate to provide an effective shield against the Soviet Union, if that is his concern.

So who is the Shah afraid of?

Senator EAGLETON. I might give one partial answer to that. Maybe the Kurds. [General laughter.]

The Shah, with our blessing, bankrolled and masterminded the Kurds until we decided that wasn't a very good thing to do and

pulled the rug out from under them, another rather shoddy experience in American overseas adventure.

But I think the question has pointed it out very well, Senator Church. Obviously, he has no fear from Afghanistan, or from Iraq, in the conventional sense. And if the Russians decided to move, for whatever reason, with or without AWACS, I think the consensus is that the Russians could take Iran in 72 hours.

So for what purpose he is going to acquire all of this magnificent military gear, I can't fathom myself.

FUTURE HEARING SCHEDULE

Senator CHURCH. I am told by staff that the Post story is incorrect, that as yet, Stansfield Turner has not been requested to appear before the committee, which leads me to suggest to the committee that a request be forwarded to him to appear, and I should think that Friday would be a good time.

Without objection, that will be agreed to.

Senator CULVER. Mr. Chairman?

Senator CHURCH. There is also a notice here with reference to whether or not Secretary Vance can appear and I think this is an issue of such importance that he should.

Senator CULVER. Mr. Chairman, could I answer that?

Obviously, it is only the Shah that can weave the web; only his global view can respond to your particular question. I do think it is important to note here that the Iranian Air Force can deliver now about twice the tonnage of the Saudi and the Iraqi Air Force combined.

Iran has received or ordered these 209 F-4's which are designed for deep interdiction strikes; 153 F-5's, which are capable of ground support missions; 2,500 Maverick air-to-surface missiles; they have ordered 80 F-14's, they have 30; 21 tankers; 12 747 transport aircraft; 3,100 tanks; a fleet of 4 DD-963 destroyers—the latest model destroyer we have in our inventory—3 Tang class submarines, landing and hovercraft.

It seems clear that there isn't any threat, that Iran doesn't have the potential to deal with, assuming the will and political support, unless its capabilities are too sophisticated for the kind of threat it might encounter.

The administration also talks about keeping the straits open for the oil, but with all due respect, Mr. Chairman, the easiest way—if you want to sabotage those straits—is to sink a tanker in them, or to fly over and mine them. You don't need this kind of sophistication to choke off those straits, and none of this sophisticated inventory is going to give Iran credible defense against that threat.

Senator CHURCH. It is very strange, I agree.

U.S. PERSONNEL TO OPERATE SYSTEM

You mentioned, Senator Culver, that if we do sell these planes to Iran, that large numbers of American personnel would be required to operate the system. Now, when you say that, are you talking about

American flyers and technicians who will actually man the aircraft, or are you talking about a support system on the ground?

Senator CULVER. Mr. Chairman, I think you will need all of those elements. This would be a useful area for you to discuss with GAO.

The administration is talking now of 400 U.S. personnel for these seven AWACS, and that figure is underestimated. It doesn't include dependents, for example, so right away you are up to 1,200 Americans.

It doesn't include the ground-based systems. This is just the seven AWACS. AWACS is only one component part of this radar air defense system. Those planes are not of any value unless you have substations on the ground with sophisticated equipment, computers, and radar skills to do the translating. So when you add in the number of ground-based systems or naval systems for communication links, we are getting into an open-ended possibility about additional American personnel.

Senator CHURCH. This worries me very much and I think we should look very carefully at that aspect, particularly if American personnel would be required to actually operate the aircraft on operational missions.

Senator CULVER. Mr. Chairman, to give you an idea just how complicated the AWACS is, out there at Tinker Air Force Base in Oklahoma, these planes have 17-man crews and it takes about 50 people by way of backup on the ground, to keep that one aircraft airborne and operational, assuming all 50 know what they are doing.

You need an MIT Ph. D. to know what you are doing with this equipment and, as a result, you need 50 on the ground to keep one plane operating.

Westinghouse is out at Tinker right now hand-holding everybody, and so is Boeing. There is \$100 million worth of software in that plane, and it takes a Westinghouse engineer to go out there and teach a kid with a GCT of 160 how to operate and maintain it. And the day we were there, they had some problems with steering, so Boeing was there too.

When you go over to Iran with this plane, you are going to take Westinghouse, you are going to take Boeing, you are going to take the U.S. Air Force. One of the things I am worried about, as a member of the Senate Armed Services Committee, in terms of our own readiness posture, is that we have such ultrasophisticated weapons now on the line that we can't recruit and retain our own technically skilled people for these systems. What we are seeing is private contractors coming in and giving these technicians a better deal in Iran. They can keep the F-14 going better in Iran than we can in San Diego, if the pay is right.

And if our forces are short of spare parts, you get a high cannibalization rate and low morale. The desertion rate for these people is pretty high. These are all problems when you don't think through the implications of this kind of foreign military sales dependency.

Of course, if Iran gets involved in some military engagement, we are darned if we do and darned if we don't. If we don't commit, we are an unreliable supplier; yet for the next 10 years, there is no way they could even operate these aircraft in peacetime, much less in war, without Americans involved.

Right now, with those 17-man crews, we have 10 full-time instructors, flying with them, because of the complicated nature of these systems, so it is going to require an enormous dependency.

AWACS SALE TO WESTERN EUROPEAN ALLIES

Senator CHURCH. We have supplied or are in the process of supplying this AWACS system to our allies in Western Europe, have we not?

Senator CULVER. We tried to sell it.

Senator EAGLETON. We have been trying to sell it and they won't budge. Now, I think we will probably try to give it to them.

No, NATO has been unwilling to buy it.

Senator CHURCH. I remember the matter was up for debate some time ago, and I had assumed that the sale had taken place. But it has not?

Senator CULVER. It has not; no, sir.

Senator CHURCH. So are we then in a position where Iran will be the only foreign government in the world to which the United States has furnished, either through sale or by way of gift, this system?

Senator CULVER. Yes, sir.

We offered it to NATO, as I recall, for \$60-70 million per unit, and we are selling it here at \$170 million. NATO couldn't afford it at that figure.

NATO DEFENSIVE LOOK-DOWN RADAR SYSTEM

Senator CHURCH. What system does NATO use for look-down radar, defensive purposes?

Senator EAGLETON. There is no system deployed that does this in the manner and fashion that would be expected of it if AWACS were deployed.

Senator CHURCH. Yes, but do they have a look-down radar system? You were talking about possible alternatives to AWACS.

Senator CULVER. NATO does not have a look-down radar system. It is also looking at some cheaper alternatives to AWACS, along the lines of the Nimrod and the Hawkeye, or something else that is more cost-effective than AWACS.

We might well be in the position, if NATO goes ahead and buys AWACS, that Iran would get them before NATO would. And a real danger here is that, if an Iranian AWACS were lost, it could give the learning curve for the Soviets such an accelerated kick that they will be able to defeat much of our own qualitative advantage in NATO.

DANGERS VS. POLITICAL BENEFITS

This morning's paper said, "The prevailing view within the administration is that the dangers of AWACS technology leaking to the Russians are outweighed by the political benefits of the sale to the Shah."

You know, I would like to take some of those Defense Department people to some of the funerals in Iowa that I went to during the Vietnam War. I really would like to just take them and then have them tell me, what are the political benefits to the Shah.

The Shah has been the leader in raising the price of oil because he wants to buy this sophisticated equipment. Now, I notice this week,

his oil minister—because this sale is pending—has said he is going to go along with Yamani. All of sudden, Iran is going to be moderate and responsible.

A year ago, Iran ran a \$1 billion deficit because it can't buy all these imports.

Now, what are the political benefits? There is no disincentive on oil prices. Where is he going to go—to the Soviets? There was a Soviet defector last year, some poor devil who got in a small plane, flew into Iran, and sought political asylum. He wanted to be out in a free society. Our own CIA was processing him back, and the Shah, without notice, sent him back to Russia. And the explanation was, Iran has a hijacking treaty with them. Do you believe that?

I think he is going to do what he thinks is in his own national security interest. Don't make any mistake about it, he does it. And so does any other responsible leader in the world. I think the real issue here is whether we are responsible ourselves in doing things in our own interest.

Senator HUMPHREY [presiding]. Gentlemen, we are going to move to get the GAO on.

MAINTENANCE PERSONNEL

By the way, for the record, this past week, staff members went down to Tinker Air Force Base to visit with training personnel. I have a brief memo here which has just been handed to me on the maintenance of the AWACS, which you mentioned.

Tinker Air Force Base now employs 311 maintenance people to keep just 2 AWACS operational. For this sale, it was indicated that they would only need 400 Americans for all of the AWACS for ground-person maintenance and for training. It obviously doesn't seem to track here, when you have 311 maintenance people for 2 AWACS and, might I add, for crews and personnel that already have basic training in computer work and radar.

Senator CULVER. Yes, sir. The personnel working the two AWACS at Tinker are our best people. They have had radar school, they have manned our most sophisticated equipment, they have very high IQs and good educational training, and they are the best we can pull together to make sure that we get this AWACS program off the ground.

Senator HUMPHREY. I move that the subcommittee go into executive session for the purpose of hearing from representatives of the General Accounting Office.

All other persons in the room, with the exception of Senators Culver and Eagleton and those with appropriate security clearances are to leave.

[Whereupon, at 1 p.m., the subcommittee adjourned subject to the call of the Chair.]

SALE OF AWACS TO IRAN

FRIDAY, JULY 22, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON FOREIGN ASSISTANCE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:15 a.m., in room 4221, Dirksen Senate Office Building, Hon. Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Church, Clark, Glenn, Stone, Case, and Pearson.

Also present: Senator CULVER.

Senator HUMPHREY. We will proceed with a continuation of our hearing on the subject of the sale of weapons systems known as AWACS to Iran.

OPENING STATEMENT

This morning the Subcommittee on Foreign Assistance resumes its hearings on the administration's intent to sell seven airborne warning and control system aircraft, known as AWACS, to Iran for the sum of \$1.2 billion.

On July 18 the subcommittee heard from Senators Culver and Eagleton, as well as from Mr. Richard Gutmann of the General Accounting Office. These witnesses raised a number of serious issues and concerns regarding this sale.

Under the provisions of section 36(b) of the Arms Export Control Act, congressional authority to disapprove this sale is present, but expires on the date of August 5, 1977.

The subcommittee has taken very sensitive testimony this morning from the Director of the Central Intelligence Agency. Today we will continue our hearings with witnesses from the executive branch.

In this open session we will now hear from Mr. Alfred Atherton, who is Assistant Secretary of State for Near Eastern and South Asian Affairs, Mr. Leslie Gelb, who is the Director of the Office of Politico-Military Affairs at the State Department, and Mr. Erich von Marbod, who will represent the Department of Defense. Also on our panel is Mr. Thomas Hirschfeld from the Arms Control and Disarmament Agency.

Mr. Hirschfeld, welcome. I was hoping and wondering when ACDA was going to get into the act. Will you testify also.

Mr. HIRSCHFELD. I am here to answer questions, Mr. Chairman.

Senator HUMPHREY. We will be very pleased to have you do so.

We will begin first with Mr. Atherton. I will ask my colleagues if it is agreeable to just let these witnesses proceed one after another. We will take notes as they speak and then we will have a questioning period, limiting our questions to 10 minutes. Is that agreeable among you?

Senator PEARSON. Yes; of course.

Senator CHURCH. [Nods affirmatively.]

Senator CASE. [Nods affirmatively.]

Senator HUMPHREY. That will be for the first round, at least.

All right. Mr. Atherton, we welcome your testimony.

STATEMENT OF HON. ALFRED L. ATHERTON, JR., ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AND SOUTH ASIAN AFFAIRS

Mr. ATHERTON. Thank you very much, Mr. Chairman. Both Mr. von Marbod and I have submitted statements for the record. If it is agreeable to the committee, in the interest of time I will give a brief summary of what seem to me to be the highlights of the foreign policy considerations in this area.

Senator HUMPHREY. Yes; please do that.

Mr. ATHERTON. Mr. von Marbod, I think, feels that we can then go right to the question period, and in that way we can save time.

Incidentally, I would like to apologize that my statement did not get up here until this morning. I am afraid I have been rather preoccupied with the distinguished visitor from Israel the last few days.

Senator HUMPHREY. I think you have been a busy man. We understand that.

Mr. ATHERTON. There have been, Mr. Chairman, a number of questions raised about this proposed sale. This is clearly a major arms sale decision. The questions that have been raised we feel are serious questions and they deserve a very serious, full, and candid examination. That is basically what we are here to participate in this morning.

If I could just briefly summarize the principal foreign policy considerations first, then in the questions period Mr. Gelb is prepared to address questions on the arms transfer policy considerations that are involved. Mr. von Marbod will answer your questions on military considerations, such as the security of the system, which has been mentioned, and questions about the system itself. Mr. Hirschfeld is here to address any inputs that may be needed regarding the Arms Control and Disarmament Agency participation.

UNITED STATES RELATIONS WITH IRAN

I would like to make a few general comments. A great deal has been said in many hearings before this subcommittee and other committees of the Congress about the history and the nature of our relations with Iran. I don't have to go over those in great detail. But I think it is very useful to recall the remarkable constancy of this relationship over a period of three decades. Iran has for all this time been a very firm friend whose views on most regional and global

issues of concern to us parallel our own views and whose policies in most major issues parallel our policies. It has been a major force for stability in its region. I think, because of that, it has helped give encouragement to other moderate regimes in the region to follow moderate policies and to resist the more radical pressures which exist in some parts of that region.

Iran has also followed a very evenhanded, constructive, and positive policy from our point of view with regard to the Arab-Israeli dispute. It has been influential in helping to resolve animosities among its neighbors in the subcontinent. And, it has played a very responsible role on the whole in the international community, in particular with regard to the problems of the developing countries.

I think the map of this area speaks for itself as a demonstration of the strategic importance of Iran. I would only ask that one consider for a minute the situation there if in Iran there were a regime that did not see its interests as congruent with ours, as the Iranian regime does and has for many years. Consider the implications for our strategic and economic interests, if there were a less friendly regime on the eastern side of the Persian Gulf and on one side of the very vital Strait of Hormuz.

I would also emphasize that this close relationship has been one that has been mutually beneficial. It has served our interests well, and it has also served Iran's interests well.

An important reason why Iran has felt that it could with confidence pursue the kind of policies it has and, in effect, openly declare that it is a friend and ally of the United States, has been the confidence that has been built up over the years that the United States takes Iran's security concerns seriously and that we will help it in its efforts to build an effective defense system which will constitute a credible deterrent.

I think we need to give considerable weight to considerations of the nature and history of the relationship in looking at the decision that we are here to discuss today.

As far as the specific questions of how our new arms transfer policy relates to the sale, I will leave those to Mr. Gelb. But I will try to give the overall and broad foreign policy background of our considerations.

IRAN'S AIR DEFENSE SYSTEMS WEAK

I think it is also generally agreed that the weak link in Iran's deterrent capabilities today is its air defense systems. The question really has never been whether or not Iran needs a more modern air defense system, but really, what system does it need.

I think I owe it in candor to say to the committee that we should think carefully about a possible turndown of the system that is being proposed, AWACS and a limited number of ground-based radar stations, a system which we and the Iranians have agreed makes the best sense in their particular situation after examining a number of alternative systems over a period of several years. In these circumstances and against this history, a turndown would raise questions in Iranian minds about our support for their security. It would certainly raise questions of whether or not they could continue to have

the confidence that they have had up to now in their relationship with us and of our willingness to help them meet what they perceive as potential threats to their national security.

I think it is fair to say that a turndown could not help but adversely affect the relationship. I am not, however, basing the presentation today on these potential negative considerations because it seems to me that the case stands on its own feet. The merits of Iran's needs and the merits of the system it seems to me make positive sense. I am only saying that one cannot ignore that there would be adverse consequences over time for the relationship.

Clearly, in our view, at least, it is better to sell this system, which has been worked out between us, than not to do so, unless selling it can be demonstrated to have negative effects for our interests and our policies which would outweigh the advantages in terms of the long-standing, constant, and beneficial relationships which we have had. I think this is the question that we really need to ask ourselves today as we examine the very serious questions that have been raised about the vulnerability of the security of the system, about the role of Americans in support of the system, about Iran's ability to integrate the system into its defense forces, about the uses to which it might be put, about the relationship to our arms transfer policy, and about whether or not viable alternatives exist.

I think, Mr. Chairman, that with that I will stop and will be prepared to respond to your questions.

[Mr. Atherton's prepared statement follows:]

PREPARED STATEMENT OF HON. ALFRED L. ATHERTON, JR.

PROPOSED SALE OF AWACS TO IRAN

Mr. Chairman: A number of questions have been raised about the proposed sale of seven AWACS to Iran. I welcome the opportunity to state the reasons why the administration supports this sale and to address the questions that have been raised. Clearly this is a major arms supply decision, and the questions which have been asked, and will be asked today, are serious and deserve a full and candid examination.

Before going to questions let me discuss the proposed sale briefly under four headings: Arms Transfer Policy Considerations, Foreign Policy Considerations, Military Considerations, and the impact on U.S.-Iranian relations of denial or delay.

The sale of seven AWACS to Iran is a major element in our 30-year military relationship with Iran. The President's decision to approve the sale was made after extensive study and consultation within the Executive Branch. The decision is an exception to the new arms transfer policy guidelines. The exception specifically is to the policy that the United States will not "be the first supplier to introduce into a region newly-developed, advanced weapons systems which could create a new or significantly higher combat capability".

The President's policy provides that arms transfers will be used "to promote our security and the security of our close friends". Clearly this is the case with the proposed sale of AWACS to Iran, a country with which we have enjoyed extraordinarily close and friendly relations for three decades. This factor and the role of the AWACS justified an exception to the specific policy guidelines.

The sale of AWACS must be seen not only in the larger context of our relationship with Iran, but also in light of the history of our cooperation with Iran in air defense. To both Iranians and U.S. experts the use of AWACS and a limited number of ground radars is the most cost-effective way to provide a minimally adequate air defense warning system.

Our close relationship with Iran has evolved from the immediate postwar years, when the United States took the lead in providing military and economic

assistance to Iran. That relationship has served well both American and Iranian national strategic interests. Paralleling exceptional growth in Iran's regional importance has been the congruence of many of Iran's national goals in the area and those of the United States. Those shared goals include the existence of a dependable and reliable force supporting stability in the crucial Persian Gulf area, the reconciliation of differences between traditional national rivals in the area, a balanced and positive approach to the Arab-Israeli dispute, the protection of the region's petroleum wealth and working effectively toward the development of less developed countries.

Iran has made important contributions toward all of those goals and has been a responsible member of the world community. Iran's political, economic, and military strength, and the confidence in its security which its relationship with us has fostered, are the basis for those contributions.

Iran has long been aware of its need to improve its air defense and radar systems. We have shared that concern. Our efforts to assist Iran in the development of an effective air defense system have been an integral element in our defense ties with Iran. Over the years we have provided Iran, for example, with limited radar systems, interceptor aircraft and the improved Hawk anti-aircraft missile system.

However, these programs have not provided the kind of integrated, broad protection that a modern air defense system requires. In the period 1972-73, the Iranian military leadership began to discuss with us the requirements for such a comprehensive system. A number of studies were commissioned. The question has been not whether Iran needed a comprehensive air defense system, but which system was best suited to its requirements.

The first Iranian Government request to purchase the AWACS aircraft dates from January 1974, three and one-half years ago. During that period there were additional studies and projections of possible air defense arrangements, culminating in the United States Air Force study last fall which concluded that seven to nine AWACS and fewer than 20 ground stations would meet Iran's minimum air defense needs. In all of these discussions, the AWACS was considered for the fundamental role it could play as a defensive system—which could for the first time give Iran an effective capability to deter, delay and help repel air attack by an unfriendly power or powers. Like any military system, AWACS can also play additional roles, but it is the air defense capacity which has been the fundamental factor in the United States and Iranian studies.

Iran is a large country, equal in area to the United States east of the Mississippi. The border facing the powerful and sophisticated forces of the U.S.S.R. is 1,200 miles in length. Iran is also a country of harsh geography, a land broken by vast deserts and rugged mountains with little in the way of a developed road or rail network. The job of constructing an air defense system based on ground stations alone would be a massive undertaking. Manning those stations with skilled personnel would also place a heavy burden on the nation's trained manpower base and military training facilities.

The answer that we and the Iranian Government believe is the most sensible is the deployment of AWACS aircraft. The use of that aircraft would reduce the need for ground stations from about 40 specially-designed radars to as few as 12 standard models, eliminating many of the most remote radar locations. It would cut the requirement for Iranian personnel from 6,500 trained personnel and 20,000 non-technical workers to about 3,000 trained staff and 6,900 other personnel. The Iranian Government estimates that the cost of the air defense program by using AWACS would be reduced from an estimated \$10-15 billion to about \$3 billion. The AWACS component of the latter figures would total about \$1.2 billion. Added to this would be the costs of a number of ground radars. Roughly \$3 billion for radars alone would be required for a system limited to ground-based radars. Some 400 U.S. technicians would be required at peak activity to support the AWACS program.

Iran has had a number of problems in absorbing the modern military equipment it has acquired. This is true of the armed services of every country, including our own, as inventories are upgraded to utilize sophisticated and complex weaponry. The Iranian Air Force has, however, had experience with the 707 air frame and is building a significant cadre of electronic technicians. We estimate that the Iranians will be able to handle the AWACS with reasonable effectiveness within a reasonable period of time, particularly since the first aircraft will not arrive in Iran for about four years.

Iran has also had the option of selecting the E-20 as a possible solution of its air defense needs. The Iranian Vice Minister of War received a briefing in October 1974 and had further discussions in September 1975, and has received written materials on the plane. The Iranians, themselves, preferred the E-3, and our experts agree it is the better system for them. This was the situation when this Administration took office and the proposed AWACS sale was presented to the President for his decision.

The AWACS sale is, thus, an important element in our relationship with Iran and the result of a detailed and carefully-developed approach. In addition to these broader considerations, there are also a number of areas of specific concern which have been raised about this sale—Iran's ability to protect the AWACS once the aircraft is on its territory and the potential danger to American personnel involved in AWACS training in Iran.

It is our judgment that Iran's security arrangements for all of its military equipment are of a very high order. Iran has acquired over the years sophisticated equipment of great sensitivity, including our F-14 and Phoenix missile system. We believe Iran's rigid security arrangements have been very effective and we are unaware of any instances of compromise or loss of sensitive U.S.-supplied information or equipment. These very careful, tight arrangements will be used for the AWACS. There is, of course, risk in the transfer of any weapons system overseas. We believe that United States equipment will be as effectively protected in Iran as in any friendly or allied country.

Turning to American personnel in Iran, there are now more than 31,000 United States citizens in that country of whom about half are officials and defense contractors and their dependents. The AWACS training program would require an addition of about 400 contract personnel, plus their families—a relatively small increase. In the event of hostilities involving Iran, the protection of all members of this large American community would be of foremost concern to our Embassy. In addition, contract personnel involved in training programs such as that for the AWACS would be protected by standard contract provisions which prohibit American involvement in any form of hostilities and requires that their safety and well-being be protected. The Shah has recently stated that any such American personnel are free to leave the country at any time, especially in the event of hostilities.

This Administration, of course, had the option of either denying or delaying the sale of AWACS to Iran. Because the AWACS are central to Iran's long-range planning in the air defense field, which is vital to its national security, and given the absence of equally satisfactory alternatives, denial of the sale would be a very serious step. It would raise severe doubts in Iranian minds about the seriousness of our concern for Iran's security and about the future of our attachment to the longstanding U.S.-Iranian relationship. It would also, of course, still leave unresolved Iran's problem of erecting a credible air defense system. Delaying a decision would also hamper Iran's air defense planning, increase program costs and create similar serious doubts as to U.S. intentions. Clearly, we believe, the sound approach is to address the issue now in terms of important U.S. interests in the Middle East/Persian Gulf region. It is against this background that the Administration proposes to sell seven AWACS to Iran.

Senator HUMPHREY. Very well.

Next we will hear from Mr. von Marbod. You are the Acting Director of the Defense Security Assistance Agency of the Defense Department; is that correct?

STATEMENT OF ERICH VON MARBOD, ACTING DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY, DEPARTMENT OF DEFENSE

MR. VON MARBOD. I am, Mr. Chairman. With your permission, I would like to submit my statement for the record and respond to your questions.

Senator HUMPHREY. Thank you, Mr. Atherton, by the way, your statement will be printed in full in the record.

Mr. von Marbod, I would like to have a short synopsis of your statement. Give us the highlights. You are here to justify this sale, is that correct?

Mr. VON MARBOD. The Government of Iran views this sale as a defense imperative. We, in Defense, have analyzed it. There is a military requirement for it. We have also considered the security implications and the risk to our technological base that the transfer of AWACS to Iran would pose. We find that the risk is acceptable. It can be dealt with. Moreover, Secretary Brown would like to assure you that we in the Department of Defense will stay on top of this program; we will monitor it, and we will keep the committees of Congress informed as to its status.

The bottom line, Mr. Chairman, is that we feel the sale should go forward.

Senator HUMPHREY. All right.

[Mr. von Marbod's prepared statement follows:]

PREPARED STATEMENT OF ERICH F. VON MARBOD

Mr. Chairman, I appreciate this opportunity to discuss with you and committee members the proposed sale of seven airborne warning and control system aircraft (AWACS) to the Government of Iran. In keeping with our agreement, we informally notified the Senate Foreign Relations Committee of this proposed sale on 16 June 1977.

The sale of the AWACS to Iran should be viewed in the context of the continuing plans of the Government of Iran to modernize its armed forces, the history of our relations with that country, and the important interests we have in the area.

Iran occupies a key strategic position in the middle east controlling the air lanes from Europe to the East, has a long coastline along the Persian Gulf through which moves a large percentage of the free world's oil supply, and has long land borders with the Soviet Union, Iraq, Turkey, Afghanistan, and Pakistan.

Iran has been developing a modern military force during the last five years. Iranian leadership intends to put Iran in a position to defend its interests with its own resources and not be forced to rely on outside assistance. The AWACS will help assure that the Iranian Government retains a modern air force which in the 1980's and 1990's will be equal to that of any hostile regional force other than the Soviet Union.

For Iranian leaders, the willingness of the United States to remain a reliable supplier of military equipment to meet the threats which they perceive to their security is extremely important. Our willingness in this area is evidence of our continuing interest in Iran as a sovereign state with important national interests parallel to our own. It is evidence that we are concerned about its national integrity and confirms that the U.S. will continue to support its traditional friends.

The strategic, political, and economic importance of the Persian Gulf countries to the United States and its Western allies is high and growing. Western Europe and Japan will remain dependent upon oil from the region for years to come, and our own dependence upon this oil is increasing, not diminishing. Moreover, our commercial interests in the area run into many billions of dollars—and trade will increase as Iran industrializes further.

Iran is subject to a number of threats. Perhaps the most tangible threat to Iran concerns the vulnerability of her oil economy. If the flow of Iranian oil to the western world were significantly reduced owing to military conflict, or the threat of military conflict, the political and economic impact would be grave, 36 percent of Iran's oil exports go to West Europe; 45 percent of all transport from the region—passing through the Straits of Hormuz—goes to West Europe. NATO depends on this logistics line.

The Soviet Union is significant as Iran shares a long border with the Soviet Union, and most Iranians regard the Soviet Union as a potential adversary. Iran

has been twice occupied by Russian forces. The Iranians are also apprehensive of Soviet support of some of Iran's neighbors, especially Iraq.

The sale of AWACS to Iran would not only strengthen U.S. Iran relations but also be viewed by other countries of the region as firm evidence that the United States will maintain a steady policy in support of its friends in this critical part of the world.

In the regional context, the sale would improve Iran's ability to carry out in the 1980's and 1990's the major security missions on which we agree: serving as a center of strength and stability in the area; and joining with Saudi Arabia in providing a strong defense for the Persian Gulf area.

The Government of Iran views this aircraft procurement as essential to its air defense modernization program. The addition of AWACS in Iran would considerably strengthen Iran's air defense by providing an assured early warning capability and by permitting concentration of its air defense assets against the main thrust of an attack.

The AWACS combines routine aircraft detection and tracking with command, control and communications capabilities. Its in-flight refueling capability and on-board spare parts—for critical subsystems—give it considerable flexibility.

With hardware elements housed in a jet aircraft, the system's operational effectiveness is considerably increased over a fixed ground radar system. In the event of loss of one of the airborne systems, rapid replacement can take place, thus denying the advantage of surprise to intruders. In addition, surveillance volume for both high and low altitude targets is increased with the elevated radar.

The AWACS can detect and track low flying aircraft at ranges of up to 200 nautical miles. It can simultaneously detect and track high altitude targets at ranges of up to 360 nautical miles. By comparison, typical ground-based radars have line of sight limitations and are effective only at very short ranges. Combined with a modest number of ground radars, the E-3A represents a practical, cost effective approach to Iranian air defense requirements.

Without AWACS, Iran would require more than 40 specially designed ground radar stations. With seven AWACS aircraft, optimum air traffic control and air defense radar coverage can be accomplished with from 12 to 21 ground radar stations. The infrastructure necessary to construct and maintain 40 ground base radar stations has been estimated by Iran to cost as much as \$15 billion. By contrast, the cost of an Iranian air defense system using seven AWACS, with existing facilities, and 12 to 21 ground based radars at accessible sites should be less than \$3 billion. Significant savings in personnel—at least 10,000 people—would also result with introduction of the AWACS into the Iranian air defense effort.

Overall Iranian radar coverage will be significantly improved. Radars currently located in mountain valleys are masked by the mountains and can therefore detect aircraft at only limited ranges. In addition, radars along the Persian Gulf are periodically ineffective because of unusual temperature inversions which cause serious energy ducting from ground base radars.

Iran expressed its interests in AWACS as early as January 1974, and requested a letter of offer and acceptance for six aircraft in September 1975. The production go ahead for the U.S. AWACS had been made in April 1975. In May 1976, Iran changed its request from six to seven aircraft.

The U.S. Department of Defense April 1977 Iranian air defense improvement study verified Iran's need for AWACS. The study verified that a combination of AWACS and ground based radars would considerably improve the Iranian air defense system.

The sale will have no impact on U.S. force readiness. Two production aircraft have already been assigned to the USAF's tactical air command (TAC). TAC will attain initial operational capability and have five aircraft in September of this year. When the first of the projected Iranian AWACS is delivered in 1981, all but three of the currently authorized 28 USAF AWACS will be in TAC's inventory.

Some distinguished Members of the Congress, Mr. Chairman, have expressed concern that the presence and operation of AWACS in Iran would expose the system to security risks. The AWACS proposed for Iran is an excellent system, however, its configuration is somewhat less sensitive than the U.S. or proposed NATO versions.

Other than that associated with routine maintenance, there is no technology transfer planned for the AWACS. Since the risk of technology transfer lies

primarily in knowledge of sophisticated manufacturing techniques rather than possession of the equipment itself, AWACS manufacturing and design techniques will not be released and there will be no Iranian coproduction of system components.

The sale of seven AWACS should pose minimal demands on Iran's absorptive capacity. Contractor Personnel—approximately 400—will initially be required to introduce and maintain the system. These personnel will be progressively phased down over a six-year period as Iranian personnel with general electronics background become competent in AWACS avionics. With its KC-707 aircraft, the Imperial Iranian Air Force (IIAF) has extensive experience with the basic aircraft. It also has an adequate number of radar operators to man the AWACS' consoles. Additionally, facilities now supporting the IIAF KC-707's will be able to support the E-3A aircraft.

The IIAF is oriented toward the U.S. air doctrine and concept of operations. Its use of AWACS will be consistent with U.S. practices. Its past and on-going acquisition of U.S. manufactured aircraft and surface-to-air missiles promotes the AWACS' interoperability with its air defense assets.

Mr. Chairman, various reports have indicated the concern of Congress over military acquisition by Iran. We wish to assure that the AWACS sale to Iran will receive close management support and control in the Department of Defense. Over the past year our management of activities in Iran has improved, and I want to assure you again that the Department of Defense will stay on top of this program in every respect.

In summary, I believe the AWACS program for Iran is structured to take into account the threat, enhancement for the Iranian air defense capability, and further provides a logical delivery schedule without an adverse effect on U.S. force readiness.

Mr. Gelb, do you have any comment?

Mr. GELB. No, sir.

Senator HUMPHREY. Mr. Hirschfield, does ACDA have any comment now?

Mr. HIRSCHFIELD. No, Senator Humphrey.

Senator HUMPHREY. Very well.

We will begin with our questioning.

ACDA CONSULTATION PRIOR TO SALE DECISION

Let me ask our ACDA representative this question. Were you consulted prior to the decision on the sale? Was ACDA in any way involved? Did anyone seek your guidance or advice as to whether the transfer of this high technology would in any way be injurious to American security, or would in any way upset the balance of power in the region, or would in any way make more difficult arms control discussions and disarmament discussions?

Mr. HIRSCHFIELD. ACDA has been aware of the possibility of the purchase of AWACS by Iran since June last year. We have interposed no objection.

I think the first time we became aware of this sale was in a Department of Defense request, which came to us through the State Department—which is the normal channel—to comment on a study concerning the possible sale of the AWACS system to Iran. In this, we interposed no objection.

We agreed to the release of the study. We were also aware of the subsequent Department of Defense recommendation to the President, to which we posed no objection.

Prior to what seemed to be the final decision—and I am not precisely aware of what the decision track was within the White House—we

were consulted by the Department of State and we concurred in the recommendations of the Department of State.

Senator HUMPHREY. When was that?

Mr. HIRSCHFELD. I believe the last time was on the 2nd of May.

Senator HUMPHREY. Of this year?

Mr. HIRSCHFELD. Yes, sir.

Senator HUMPHREY. Are you testifying that a formal request was made of your agency to look at this sale and to assess its implications in terms of arms control and our disarmament—our national security interests?

Mr. HIRSCHFELD. I am testifying, sir, that the Department of State sought our advice and that we gave it by posing no objection to the sale of five AWACS to Iran.

Senator HUMPHREY. All right.

Mr. HIRSCHFELD. This criteria we employed were those that are specified in the law.

Senator HUMPHREY. Is this a regular routine matter with the Arms Control and Disarmament Agency?

Mr. HIRSCHFELD. Yes, sir. It is in two ways. We receive requests as a matter of routine from the Office of Munitions Control in Mr. Gelb's Bureau. We comment that way. We are also members of the Arms Export Control Board, which is an advisory panel that advises the Secretary of State. This is chaired by Mrs. Bensen. We chair an Arms Control Impact subcommittee. This is a new body which was recently created in order to implement the President's arms transfer policy.

ARGUMENTS IN FAVOR OF SALE

Senator HUMPHREY. Mr. Atherton, in looking over your statement and listening to your testimony, it seems that the main argument in favor of this sale, at least from the State Department perspective, is, first of all, that the Shah expects it. We have been negotiating on this since 1974, I believe. Second, that the bilateral political relations would possibly suffer if the sale is disapproved.

Am I correct in that analysis.

Mr. ATHERTON. I would say that the main reason, Mr. Chairman, is that we think it makes sense militarily for Iran, and the nature of our relationship, including the Shah's own interest in this, therefore makes a positive decision reasonable and quite consistent with the nature of our relationship.

I would say that the basic reason is that this is something we have concluded is entirely justifiable from a military and strategic point of view, given Iran's situation.

Senator HUMPHREY. Iran's situation with whom?

Mr. ATHERTON. Well, Iran's geographic situation, for example, and its need to have a credible military deterrent force, including an effective air defense system.

Senator HUMPHREY. What you are testifying to this committee is this: that Iran needs to have the most advanced, sophisticated technology of air defense warning system that the world has ever known, technology that is just new to our own inventory, and that by the year 1981, which is the date of final delivery, Iran needs to have the

best that we can possibly produce in order to feel secure, is that correct—with all of the risks that are involved?

Mr. ATHERTON. I think the question of examining the risks is one of the things we want to go into in detail.

Senator HUMPHREY. Yes.

Mr. ATHERTON. Our judgment, however, is that this is justified from a military point of view.

AVAILABILITY TO ISRAEL

Senator HUMPHREY. Why don't you make it available to Israel? They have more threat every day than has Iran.

Mr. ATHERTON. I am not aware that the Israelis have expressed an interest in this. If they did, we would certainly look at it.

Senator HUMPHREY. You would, huh? They have gotten by pretty well with something else, haven't they? The last time they had a shoot-out they seem to have done quite well.

Mr. ATHERTON. Yes, sir.

Senator HUMPHREY. Don't misunderstand me, now. I am not advocating that this be made available to Israel. But if you are talking about sensitive areas of the world and needs of defense, it is fair to bring this up.

Mr. ATHERTON. I think it is fair to say that the nature of Israel's defense needs, given its small size, geography, and so forth, is just very different from what exists in Iran, and this system is more applicable in the Iranian context than in the context of a country such as Israel.

May I suggest that Mr. von Marbod can probably address some of these military considerations more expertly than I.

Senator HUMPHREY. All right, we will get to him in a moment.

SALE RATIONALE

Mr. Atherton, most of the argument that I have heard, privately and publicly, from the administration about this sale is that if this is turned down, it will make a very, very difficult time for us with Iran; that we have very sensitive relationships—and by the way, we do. I am not one that wants in any way to destroy those relationships. I recognize the importance of Iran as a country. Its friendly relationship with the United States is a distinct asset and we want to continue that friendly relationship.

But, what worries me is that every time the Shah wants to buy the most sophisticated weapon that we have, we say yes. You know, we almost went pel mell for that F-18, which is something that we do not even have. It seems like we can hardly resist the temptation to get hold of the money that he gets from his oil. I have to be frank with you. I am disturbed by this weapon program. There are other air defense systems that would not cause this kind of commotion with the Congress. There is concern in the Congress over this matter, a very great concern. I regret that we even have to have a hearing about it because that does more to bring about irritation between the Shah and our Government than almost anything. Things are said and

sometimes misunderstood or perhaps not fully reported because there is no space for it, and somebody misunderstands.

It seems to me that the administration did not try to convince the Shah that there might be other ways. I don't mean just now; this is a continuing thing. These discussions have been going on for three years. This is nothing new. But all at once it becomes a fact. The sale is noted; the exchange of letters has taken place; and now it comes to us. Will we approve it or will we disapprove it? It is not a question of whether we approve it; it is will we disapprove the sale under the law. There was no prior consultation with this committee.

All at once, right out of the blue, they are going to get seven AWACS. We don't have seven ourselves. We are going to have 21, or some such number, later on. Our best allies don't have AWACS. The Europeans are still arguing about whether they ought to have AWACS. NATO has not yet made its decision as to whether we will have AWACS. There obviously are no AWACS in Japan, which I would imagine is slightly more important than even Iran. We have a mutual security pact with Japan. It is very close to the Soviet Union, or at least it was the last time I looked at the map.

What is the rational, except that he wants it?

Mr. ATHERTON. I can only repeat what I said, Mr. Chairman, and that is that we think there is a military justification.

May I comment on this point. I think there is perhaps a misimpression that we do, in fact, follow a policy of eagerly and positively responding to everything for which Iran asks. We did make a very considered decision not to sell the F-18, for example, and there are other examples in the past. This was not a decision made without a great deal of study and soul searching. It was a considered decision based upon our analysis and not just the Iranian analysis of what would best meet their terrain situations, their potential threat situation.

I think I just have to say that it is not a case of our eagerly trying to sell anything the Shah wants. In this case—and I think Mr. von Marbod can expound more fully than I on the military aspects—to us it makes sense. The Shah, I think understandably, would prefer the best and not the second best. Given the nature of our relationship, if the best makes sense from other points of view, it seems to me that that is a logical conclusion to have come to.

Senator HUMPHREY. Who is keeping time?

Senator CASE. But we can't really keep time on the chairman?

Senator HUMPHREY. Oh yes you can. I will yield and come back. I want us to have equal time. We each get 10 minutes. I don't know whether I have had 10 minutes or not, but will yield to Senator Case.

Senator CASE. Thank you, Mr. Chairman.

I would like to follow up on the line of questioning that you have so as to give the departments a chance to deal with these matters that have already been presented to us.

SALE OPPOSITION ARGUMENTS CONCERNING OTHER ALTERNATIVES

Opponents of the sale argue that the Grumman plane, the E-2C, and other airborne warning aircraft was not adequately considered for sale to Iran. They cite these matters: that the Iranians requested budgetary

estimates for 5 to 10 E-2C's in February 1975, and that on May 5 SECDEF [Secretary of Defense]—and you gentlemen know what that is, of course, better than I do—directed CARMISH to take no action with Iran on the pricing information.

The second item is this: The Shah of Iran received demonstrations of a number of aircraft at Cecil Field on May 4, 1975. Two E-2C's were sent to Cecil, but were not allowed to land, and were diverted to JAX—Jacksonville Naval Air Station—in Florida.

Item: It was planned to show two E-2C's to the Shah at Andrews on May 17, 1975. There is a memorandum here—OP 631C—dated May 7, 1975. Dr. Currie and Lieutenant General Fish signed a memo [ASDISA] memo of May 8, 1975, stating that "SECDEF does not authorize E-2C demonstration."

The January 1977 Iran Air Defense Improvement Study never considered the E-2C as an alternative to AWACS.

Of course, one argument made in explanation of this reluctance to show this Grumman plan is that the allies had not made up their minds—they still have not made up their minds whether they were going to buy the AWACS, and the desire to keep the production lines open at Boeing so that they will have a longer time to make up their minds, and this would take up the slack and keep the thing going.

Now that has been denied. I wish you would deal with these issues point by point, especially you, if you will, sir, as you have before, though I do not believe that it has yet been done on the record.

I don't say that this is evil, but I don't think it is enough reason to take the kinds of risks that seem to be involved here. It is not the kind of practice that I think we ought to countenance, frankly. It is a manipulation of serious foreign policy to suit a budget or logistical operation within the Department.

Mr. ATHERTON. I dealt briefly with this in the statement that I submitted, Senator Case, so I think, if I may, I will ask Mr. von Marbod to respond to your request with a more detailed presentation.

Mr. VON MARBOD. Senator, I have a message that was sent to the Department of State by the American Embassy in Iran. It transmits a conversation between the political-military counselor of the embassy in Tehran, and General Toufanian, the Vice Minister of War of Iran, concerning the allegation that Iran did not see the E-2C and the allegation that it was not considered.

With your permission, I would like to read this message to you.

Senator CASE. I think that is fine to do these affirmative things; but also, would you answer the question of why General Fish and Dr. Currie signed that memorandum I referred to?

Mr. VON MARBOD. They were carrying out an instruction by Secretary Schlesinger that the Department of Defense would not promote the sale of arms; it would only respond to specific requests by the Government of Iran to view American military equipment. During his visit in May 1975 that time frame, the Shah asked to see the E-3A. He did not want to see the E-2C at that time. It was proposed by the U.S. Navy and by Grumman that he be shown the E-2C. The Secretary of Defense decided that he did not want any inference that the DOD was a huckster of the appliances of war. Consequently, the DOD would respond only to specific requests.

There was no request from the Government of Iran to see the E-2C aircraft at that time.

Senator CASE. Do you really mean to say that that is the answer?

Mr. von MARBOD. That is the answer. On July 6 of this year General Toufanian stated to our embassy that the Government of Iran had considered the E-2C. Toufanian said that in October 1974, he had visited Grumman headquarters at Bethpage, Long Island; at that time, he was given a full and detailed briefing on the E-2C, including the opportunity to see and go through the aircraft. Upon his return to Iran, Toufanian provided the Shah with a full report on the E-2C, including all the pamphlets, brochures, and briefing materials that Grumman had supplied him.

On a later occasion, September 1975, General Toufanian and other key Iranian personnel were provided a further briefing and presentation on the E-2C by Grumman representatives in the VIP lounge of Washington National Airport. Upon his return to Iran Toufanian again briefed the Shah in equal detail. Toufanian added that the Vice Ministry of War still had all the documentation that Grumman had furnished on the E-2C.

Toufanian further stated that when Israel decided to acquire the E-2C, Iran once again reviewed that alternative. As in the past, the Government of Iran's decision on this occasion was negative with respect to its seeking the E-2C.

Senator CASE. I am well aware of these allegations that have been raised in the media. I feel that a fuller response to these allegations should be submitted for the record. With your permission, I would like to do that.

Senator CASE. Mr. Chairman, I am sure there is no objection to that request. Will that be acceptable?

Senator HUMPHREY. By all means.

Senator CASE. By all means, we want the story. We are not trying to prove a case up here.

[The information referred to is classified and in the committee files.]

Senator CASE. We do want that story, including the innuendo, if you will, that the real reason for this was not that the Shah wanted it, but that the Defense Department was pushing it so that this assembly line could be kept going, and that this is a misuse of the Shah and downgrades him much more than the turndown would. If you give us that sort of thing and can defend it, we would appreciate it.

Thank you, Mr. Chairman.

Senator HUMPHREY. Thank you, Senator CASE.

Sentaor Church.

Senator CHURCH. Thank you, Mr. Chairman.

AWACS SALE RECONCILIATION WITH ARMS TRANSFER POLICY PRINCIPLE

On May 19 the President sent to us a new policy with regard to conventional arms transfer to foreign governments in connection with his general effort to reduce these arms transfers in the future.

One of the major principles of that new arms transfer policy was that the United States will not be the first supplier to introduce into a

region newly developed advanced weapons systems which would create a new or significant higher combat capability.

Can you reconcile the proposed sale of the AWACS system with that principle?

Mr. ATHERTON. May I ask Mr. Gelb, who is our expert on the arms transfer policy questions, to respond, Senator?

Senator CHURCH. Certainly, Mr. Gelb?

Mr. GELB. Senator, it is not reconciled.

Senator CHURCH. It is irreconcilable with the principle?

Mr. GELB. That's right. The President made an exception to that guideline.

Senator CASE. Would you draw your microphone a little closer, please?

Mr. GELB. The President made an exception to that guideline. It is not consistent with it.

Senator CHURCH. There is one thing that concerns me. Obviously, if it is not reconcilable with the guidelines that are supposed to govern the new policy, then there must be an extraordinary reason for doing it. We have the most advanced system in the world, here, as Senator Humphrey has pointed out, and if we are going to make an exception to the policy that has just been enunciated, there had better be a good reason for it. The only reason that I have heard is that the Shah wants it and that we think he ought to have it because obviously having the most advanced system in the world is better than having something less. Therefore, it is supposed that it accords with the security needs of Iran.

OFFENSIVE CAPABILITY OF SYSTEM

I have heard nothing from the technical people that would suggest that a lesser system would not be adequate to the defensive needs of Iran. I am concerned about the offensive capabilities of this system.

For example, we have heard testimony that when a much less advanced system, a primitive predecessor of both the AWACS and the E-2C was used in Vietnam, it improved the effective kill rate of our fighter planes used for offensive purposes by a ratio of about 5 to 1. So, we are not just talking about a defensive system, but about one that has an obvious offensive capability. Why is that necessary if our interest is simply to see to it that Iran has an adequate defense?

Mr. GELB. The main purpose of the sale, Senator, was to provide the Shah with an air defense system that he does not have.

Senator CHURCH. But this has an offensive capability of great potentiality. My question is, isn't there an alternative system that could also provide adequate defense?

Mr. GELB. Well, it was the judgment of the Department of Defense, supported by the Department of State, that this was the best available system for Iran.

Senator CHURCH. If that is going to be the criteria, why would it not be the best available system for Japan, for Taiwan, and for any other country that might want our most sophisticated weaponry?

Mr. GELB. Well, sir, as I said, the President made an exception in this case. There are two grounds in Presidential policy for making exceptions. One is extraordinary circumstances and the other is where we

need to provide advanced technology in order to make up for quantitative and other disadvantages.

IRAN QUANTITATIVE DISADVANTAGES

Senator CHURCH. What disadvantages quantitatively does Iran have with respect to her neighbors, other than the Soviet Union?

Mr. GELB. Well, the judgment was made that Iran is a country nestled in between the Soviet Union and Iraq. In terms of Iraqi military power, they have an air force that is roughly comparable to that of Iran. They have an air defense system that is superior to Iran's. In addition, Iran has a long history of difficulty with the Soviet Union. The capacity of the Soviet Union to threaten the use of force against Iran was also weighed in this decision.

Senator CHURCH. If the Soviet Union is going to go to war with Iran, I don't think that AWACS is going to save Iran.

Mr. GELB. No, Senator, it was not a question of war. It was a question of exposing Iran to threats of war and the confidence Iran would have to resist those threats if it felt it could impose some penalties on the Soviet Union for the attack.

Let me make clear that of these two grounds for Presidential exception—and the exception can only be made by the President—the first did not apply. He did not say that these were extraordinary circumstances. It was made on the second ground.

Senator CHURCH. That being what?

Mr. GELB. That being the need to supply advanced technology to offset quantitative and other disadvantages that the recipient may have.

Senator CHURCH. If that is the grounds for it, then I think we could apply that same reasoning to a great many other countries that are faced with similar circumstances.

POLITICAL EFFECT OF PAST REFUSALS

I would have to conclude on the basis of the arguments that the real reason for this is that the Shah wants it and we want to maintain cordial political ties with Iran. This brings up the other question of a few minutes ago. Then it was said, in response to a question from Senator Humphrey, that we have not always given Iran everything it wished in the way of advanced weaponry. The F-18 was cited as an example, and it was said that there were other examples as well.

Did our refusal in those cases seriously rupture our political ties with Iran?

Mr. ATHERTON. No, sir. We talked it out with the Shah, and I think we came to an understanding with him. He came to see our reasons. I think we are talking here about something that is in many ways of a different order of magnitude.

DISCUSSIONS WITH SHAH CONCERNING ALTERNATIVE SYSTEMS

Senator CHURCH. Have we tried to talk it out with the Shah, that is, about some other system that might not involve the risk that all of this technology would fall into Russian hands?

Mr. VON MARBOD. The other alternatives, Senator Church, were considered by both the Department of Defense and the Government of Iran. The Government of Iran concluded that a combination of AWACS and ground-based radars presented the best air defense system. The other alternatives were inadequate and unacceptable in terms of time, money, and manpower to satisfy Iranian air defense requirements.

Senator CHURCH. With all respect, I don't think that answers the question. I know that they decided they wanted AWACS. The question is, Did you undertake, as you have in other cases where the decision has been not to supply a certain weapon, to persuade the Iranian Government that there was a perfectly adequate defense system, aerial warning system, for their defense needs that would be less expensive and that would also not subject us to the risks entailed in providing such an advanced system at the very borders of the Soviet Union?

Mr. VON MARBOD. You answered the question quite well for me. The other systems are inadequate and do not meet the tests that you have established in your question.

INADEQUACY OF ALTERNATIVES

Senator CHURCH. So, you are saying that the only adequate defense system is the one that the Shah wants?

Mr. VON MARBOD. The ground-based radar system was evaluated in considerable detail. The Government of Iran expended considerable time and money on this effort. Iran concluded that the only acceptable solution was 7 AWACS and 12 to 21 off-the-shelf technology ground-based radars. The answer is that the Iranians went through a significant evaluation and decision process. In addition, we studied their proposed ground defense system of 40 or 41 sites and viewed it relative to the airborne system. We also concluded that the combination of seven AWACS and 12 to 21 ground-based radars was the most cost effective in terms of money, time, and manpower.

Senator CHURCH. Does this mean that there is no other system—you know, NATO uses a different system, Israel uses a different system, and other countries have found that their defense needs are adequately addressed by a system that is not this advanced. Is there any peculiar reason why another alternative would not suffice in terms of giving adequate air warning, aerial defense warning, to Iran?

Mr. VON MARBOD. In the case of Israel, Senator Church, the availability of the E-2C aircraft, which figured into the disengagement agreement, was the driving factor in Israel's selection. The Israelis too, have an air defense imperative. Given Israel's geography, its distances, or, as aviators call it, "legs," the E-2C is a highly responsive system for the air defense mission.

We have an ongoing dialogue with NATO. We expect a final decision on its acquisition of AWACS to be made in early 1978. I expect NATO may ask for 18 AWACS aircraft. The British did, however, recognize also the need for an aerial system. They examined the alternatives. The British decided to go with their own NIMROD system.

That decision was reached on the 31st of March of this year. However, the British have committed themselves to interoperability with the NATO AWACS. Thus, I am quite satisfied with the ongoing dialogue in the Defense Planning Committee on NATO air defense needs.

Senator CHURCH. Do you think that NATO will settle on an AWACS system?

Mr. von MARBOD. NATO has concluded that there is a need for an aerial system. That takes me to the third part of your question which deals with Iran. Given Iran's geography which is very cruel in terms of the technology problems associated with ground radars and their line-of-sight limitations, Iran's air defense requirements cannot be adequately met with a ground radar system.

The long and the short of that can be answered in this fashion: You simply can't get low enough coverage with a ground-based radar. However, I would prefer to expand on that answer in executive session.

Again, we have examined the alternatives. The Government of Iran has a sophisticated capability. They have a barn full of Ph.D.'s to consider technical limitations. They have examined it, too. It is the judgment of the Iranian Government, the Joint Chiefs of Staff of the United States, and the Department of Defense that the best system for Iran is a combination of AWACS and 12 to 21 ground-based radars.

Senator HUMPHREY. OK.

Senator Pearson.

Senator PEARSON. Thank you, Mr. Chairman.

Let me go back to what seems to me to be a fundamental issue.

PRESENT, POTENTIAL MILITARY THREAT TO IRAN

What is the present and potential military threat to Iran, and how, if we seek to meet that military need, will AWACS fill that need?

Mr. von MARBOD. Senator, I think that a complete answer to your question should be taken in executive session.

Senator PEARSON. You just go as far as you can in open session because I think this is essential.

Mr. von MARBOD. Sir, I will push it right up to the wire.

The threat perceived by the Government of Iran is primarily from the west, Iraq. Iraq has a comparable military force; it has surface-to-surface missiles; its arsenal is full of sophisticated Soviet technology, including MIG 23 aircraft and the supersonic "Blinder" bomber aircraft. I also invite your attention to the reality of geography. Iraq is bordered by bases in southern Russia; because of the commonality of their appliances of war with those of the Soviets, they can be resupplied overnight. We have seen evidence of this in operations in Syria.

Now, Iran does not have an adequate air defense system. The long and short of it is that the threat perceived by Iran is primarily from the west, but we know that Iraq's logistics tail is in Russia, to the north.

I would also suggest, Senator, that we look at this proposed weapon system and Iran's need for air defense, not in terms of today, but on

a 10- to 20-year horizon. AWACS is estimated by our technicians to be a 30-year system. I have read reports by experts that indicate that Russia currently has a surplus of oil of over a million barrels a day, but that in the 1980's Russia will have a deficit of some 4 million barrels a day. When you consider that AWACS will be introduced in Iran 4 years from the approval of this sale this situation will change in the years ahead. In short, the threat perceived today could very well change tomorrow.

I would also like to suggest that with 45 percent of all oil to Europe passing through the Straits of Hormuz, Iran has a strategic importance to us and to NATO.

Mr. ATHERTON. Senator, may I elaborate on that response a little bit?

Senator PEARSON. Of course.

Mr. ATHERTON. I would just underline the importance of what Mr. von Marbod said, than it is not today's threat. No one is threatening today to invade Iran. It is the need of the Government to think quite a long way into the future, given the resources it has to protect, the strategic location it has, and the fact that threats change.

I would like to quote, if I could, from the staff report of this subcommittee of just about a year ago on the question of the military threat because I think it states it as well as I could. The report said the following:

The military threats to Iran's security seem to be sufficiently real and diverse to enable the Shah to justify major investments in military forces. It is, therefore, not difficult for the Shah to make a rational case for high levels of investment in U.S. equipment, and for the executive branch to respond positively if the threat analysis is regarded as the primary determinant of procurement policy. In short, it is difficult to criticize Iran's perception that it needs a modern military force.

Senator PEARSON. Let me ask this next question.

ESCALATOR EFFECT

What is the escalator effect? If this meets an essential defense need, what is the response by Iraq, and what is the response by the Soviet Union?

Mr. ATHERTON. I think this is a response to what already exists in the Soviet Union.

Senator PEARSON. Every action has a reaction, and you keep going. Could you speculate on what the response is of the adversary that we view today or potentially in the future? Do you think they would just sit there?

Mr. ATHERTON. It would be pure speculation. Clearly they would prefer that Iran not have as good an air defense system as we think it deserves. But I think one has to keep going back to the fact that this is a defense system.

Senator PEARSON. It has offensive capabilities.

Mr. ATHERTON. Any system, of course—I have to recognize that—can also be used offensively. But if one looks at the pattern over the years of Iranian policy, I don't see an offensive intent on the part of the Government of Iran. Its whole pattern of domestic and foreign policy has been to consolidate and to build on what it has within its present territory.

ADVERSE POLITICAL CONSEQUENCES

Senator PEARSON. You spoke of adverse political consequences. Can you be specific? Are they just going to get angry, or do you envision them taking some sort of affirmative steps in retaliation for the failure to furnish this equipment?

Mr. ATHERTON. Let me say that first of all this is a judgment.

AMERICANS IN IRAN

Senator PEARSON. How many Americans do we have in Iran now?

Mr. ATHERTON. About 30,000 or 31,000.

Senator PEARSON. Do you anticipate that any of those people would be leaving?

Mr. ATHERTON. No, sir. I think the trend has been in the other direction.

Senator PEARSON. And it will continue to be so.

Mr. ATHERTON. I think given the nature of our relationship and our involvement increasingly also in their economic and industrial development, possibly so.

POSSIBLE ADVERSE CONSEQUENCES

Senator PEARSON. We want to judge what the adverse consequences may be. What are they?

Mr. ATHERTON. I want to make first of all very clear that the Shah has never said to us anything like, "If you don't sell it to us, this will happen or that will happen."

Senator PEARSON. I am sure of that.

Mr. ATHERTON. So, all I can do is try to make a judgment on the effect on the totality of the relationship over time. Not to provide this system would be seen, I think, as inconsistent with the nature of the relationship. The Shah would simply not understand why we were telling him that he had to have second best when our own experts had agreed with him that the other system was better.

Senator PEARSON. My time is about up. Let me interrupt you to say that I happened to be present in a conversation that was had with the Shah about whether or not the OPEC [Oil-Producing Exporting Countries] nations would be somewhat considerate and, perhaps with a new administration and a new President, they might not set back their timetable for consideration. He said, in effect, and without very much diplomatic niceties, "nonsense." He is not very much worried about the adversary consequences on the part of the United States.

Mr. ATHERTON. This is on the question of oil prices.

Senator PEARSON. Yes. But there is an interrelationship here.

Mr. ATHERTON. This is an issue on which we and the Shah have not agreed. I think we have made this clear publicly, and certainly privately in our discussions.

I would point to the latest decision, which, I think, in fact, was a very helpful decision. The Shah of Iran was one of the principals in getting this decision in OPEC; they renounced the 5 percent increase in oil prices which it originally had been agreed would take effect this month.

Senator PEARSON. I feel like I have used up my time, Mr. Chairman. I thank you very much.

Senator HUMPHREY. Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman. I would like to make some comments on what has already been said here and then I will ask a couple of questions.

U.S. SELF-INTEREST ROLE

I think we should be alining our forces and our interests around the world where our cultural vulnerabilities lie. The statement was made a little while ago that if other countries want AWACS, why not sell to them as well. I do not in any way, shape, or form, look upon the notion that if the Shah wants it, he gets it as being any favor to the Shah. I disagree with that theory absolutely, 100 percent. And, I do not look upon the idea that if business wants to sell, we ought to cut them loose and let them sell as any great favor to U.S. business.

I look at this from a U.S. self-interest role. When we were over there last year and flew over the Strait of Hormuz, I never was more impressed with any piece of geography in the whole world. There are some pretty impressive figures worth citing. You say that 45 percent of the oil goes to Europe. A more impressive figure to me is that 70 percent of Western Europe's oil comes through that Strait of Hormuz. Supertankers go through an area less than a mile wide—70 percent of Western Europe's oil, 85 percent of Japan's, and 18 percent of the U.S. oil comes through that strait.

Mr. VON MARBOD. That is accurate.

Senator GLENN. Russia has had an historical interest in a warm water port. It has twice occupied Iran. At the end of World War II it tried to come down through there, and with Truman's tacit blessing, the Iranians tossed them back.

So, I look at this strictly as a self-interest thing, regarding Iran. That is one of the most important pieces of geography in the world. I think if there is one spot the Russians would like to control, either themselves or through a surrogate such as Iraq, for whatever reasons, I think it would probably be the Strait of Hormuz.

We made the decision some time back to sell military equipment to Iran on the basis of the importance of the area. That is why Iranians are training in F-14's now.

If we assume that radar is necessary in any modern combat situation to protect that area in which we do have a critical interest—a self-interest, I repeat; it is not a question of whether the Shah wants it so he will get it. It seems to me that the question is should it be ground-based radar or some combination of ground and airborne radar. What is the best system?

I don't worry about the offensive capability very much because the offensive system of AWACS has to have something to work with. I don't see any huge bomber force that the Shah has right now that can be effectively used for that purpose. He has the F-14 and a few airplanes like that that have very limited offensive capabilities. I don't eliminate it completely. But I think if he is buying the AWACS thinking he is buying some big offensive capability to use with the F-14, he is very mistaken.

My consideration is that we protect our U.S. intelligence critical packages, our critical information, our coding, and that kind of thing, while giving the Shah the most effective weapon that is in our best interest also in that area. That may turn out on close analysis to be all-ground radar. I don't know at this point. It may be AWACS, or a combination thereof. But I am concerned about certain things. How do we protect our secret equipment? What do we take out of the airplane? Second, will it still do the job that we are saying it will do without that equipment in there? Third, can Iran handle this on its own, with its own people, without us in perpetuity doing potentially contract combat flying for them? What does Iran think of those limitations, which are very strict limitations?

I've almost used up my time with my statement. To reiterate I do have these concerns—look at this in our own best self-interest, and not just that if the Shah wants something, he gets it. When it comes down to what we will supply, I think the judgment will have to be made on ground versus airborne or what combination thereof, what do we have that will fill the bill, will they accept the limitations, and is our critical intelligence information protected. Would you address those questions?

Mr. von MARBOD. Yes, Senator Glenn.

Concerning the less sensitive configuration of the aircraft that will go to Iran: The aircraft will not have communications security or NSA [National Security Agency] crypto gear. That feature will not be present. Security will be satisfied by commercially available means.

OPERATION IN ECM ENVIRONMENT

Senator GLENN. But without crypto will it do the job, because nothing can operate in an ECM [Electronic Countermeasures] environment in modern combat without some sort of crypto situation?

Mr. von MARBOD. Of course, AWACS could operate in the clear; the information used is perishable. However, it has been proposed to the Government of Iran that for this program, as for other programs needing encipherment or crypto, we not release our technology. In a real sense, this black box is what we're talking about.

Senator GLENN. That is the infamous black box.

Mr. von MARBOD. That is the black box. That is the crypto gear. This will not be provided to the Government of Iran. It is not being provided to the Government of Israel. It is not being provided to the Government of Iran for other systems.

You have to secure your data link in any of these systems; however, there are commercially available solutions to these problems. The Israelis manufacture their own crypto equipment. We are providing to the Government of Iran U.S. commercially available security systems for this and for other systems.

I have briefed the Iranian vice minister of war on the aircraft configuration a number of times, and the Shah knows what he is getting—the Iranian version will not be the same as that going into our own forces or into NATO.

Senator GLENN. Let me ask you something here.

WILL THE AWACS PROVIDED IRAN DO THE JOB?

Once again, coming back to the fact that I base my views on this, on our best interests, will the airplane do the job without the crypto gear? And, I might ask, if that black box has the "guts" in it there, where is the armed guard that should be here with it?

Mr. VON MARBOD. He is right behind me, sir. [General laughter.]

Senator GLENN. Good, but I did not see any weapon with him.

Mr. VON MARBOD. The AWACS to be provided to the Government of Iran will do the job. It will not have the enhancements or the more advanced features that the NATO version could receive, nor will it have the more advanced features that will be entering our own force. The U.S. Air Force currently has an approved program of 28 AWACS; these enhancements will come into our force starting with about the 19th aircraft.

IRANIAN ABILITY TO HANDLE AWACS

Senator GLENN. What about the Iranian ability to handle this?

Mr. VON MARBOD. We have presented our plan to the Congress on a worst-case basis. Assuming that the Government of Iran has neither technical nor logistic support personnel, it will need a total of 401 U.S. contractor personnel to support this system.

However, the AWACS uses the 707 airframe, which is presently in the Iranian inventory. They have the pilots; they have technical people who can maintain it and operate it. To show the worst case, I presented a requirement for 401 contractor personnel who would be in Iran over a 6-year period. However, I can assure you, Senator Glenn, that the 401 number will probably be substantially reduced.

For the on-board personnel, AWACS has a crew of 17 personnel. Iran has the pilots now. Iran has them in their KC-707. Iran has their radar operators. We have them in other in-country programs. Iranian air force personnel are going through our schools here in the United States. They can absorb, they can operate, they can maintain the system if they are given some front-end help from our Government, which is normally a part of our supply and logistics relationship.

IRANIAN AGREEMENT WHETHER INCOMPLETE AWACS WILL DO JOB

Senator GLENN. Do the Iranians agree with us that this will still do the job without the essential black box that you showed us here a little while ago? It concerns me that we should not be putting something over there that can be jammed by just a CB radio, if we take out all of the sophisticated equipment that makes ours capable of operating in a highly technical, sophisticated ECM environment.

Mr. VON MARBOD. They have found the system in the configuration to be offered an acceptable alternative to their problem.

Senator GLENN. Very good.

Thank you, Mr. Chairman.

Senator HUMPHREY. Senator Stone, are you ready to ask questions.

Senator STONE. Thank you, Mr. Chairman, but I will wait to hear what Senator Culver has to say.

Senator HUMPHREY. All right, Senator Culver. Senator Stone has indicated he will yield to you.

Senator CULVER. Thank you very much, Senator Stone and Mr. Chairman.

"BEST SYSTEM FOR IRAN" JUDGMENT

Mr. Gelb, was it State's and Defense's judgment that this is the best system for Iran, or was it Iran's judgment in which you concurred?

Mr. GELB. It was the judgment of both State and Defense, Senator Culver.

Senator CULVER. Did State and Defense ever suggest any alternatives on their own?

Mr. GELB. Mr. von Marbod went over the history of discussions with the Iranians on this point, and, as he pointed out, there were several occasions where alternatives were raised and where the Iranians said that they did not want to look at specifically the E-2C.

Senator CULVER. But wasn't the air defense study upon which this decision is based prepared in Tehran with the participation of our MAAG [Military Assistance Advisory Group] mission there? Isn't that correct?

Mr. GELB. That is my understanding. Yes, sir.

GAO STUDY CONCLUSIONS

Senator CULVER. Are you aware of the GAO study, undertaken at the request of the Congress, which concluded that the justifications for this sale are insufficient and that other alternatives were not fully and adequately explored?

Mr. GELB. I could not help but be aware of the GAO report.

Senator CULVER. Are you aware that one of their findings was that ground radars, without AWACS, could provide a fully capable air defense system?

Mr. GELB. Yes, sir. That is a judgment with which both we and the Department of Defense differ.

Senator CULVER. Based on your own studies?

DEFENSE STUDY OF ALTERNATIVES

Mr. GELB. Based on our own evaluation of questions that we asked Defense and our consideration of the GAO alternative explanations.

Senator CULVER. There has been no other independent study of alternatives, other than the Iranian air defense study, in which our MAAG mission in Tehran formally participated, is that correct?

Mr. GELB. We conducted no independent study on that.

Senator CULVER. So you are relying just on that study when you say that you have considered alternatives?

Mr. GELB. That is correct.

Senator CULVER. Do you, in your own judgment, feel that that study represented, in terms of a U.S. examination of this question, a full and adequate consideration of alternatives?

Mr. GELB. We thought that the Defense Department study on this and their answers to the questions we put to them and the answers to the questions the GAO put to them were satisfactory, that they made sense. If I felt in any way differently about it, I would say that. It is a judgment call in almost every one of these questions. We felt, when

we looked at Defense's answers and the GAO's answers, that the Defense answers made more sense.

Senator CULVER. Are you aware that even the MAAG mission study assumed the AWACS as a given, so the study was inevitably to be skewed?

Mr. GELB. Well, insofar as it did not consider the alternative of the E-2C, that is correct.

Senator CULVER. Or a fully based ground radar system.

Mr. GELB. Well, we did look at, and Defense did look at, the alternative of the ground-based Seek Sentry System.

ACDA FORMAL NOTIFICATION OF SALE

Senator CULVER. ACDA said that it was formally notified on May 2, is that correct?

Mr. HIRSCHFELD. No, sir. I said that we did not object to the recommendations of the Department of State as they went forward to the Secretary on that date.

Senator CULVER. What is the significance of the May 2 date? You were notified on that occasion of the President's decision, were you not?

Mr. HIRSCHFELD. No, sir. We were asked our views on recommendations to be made by the Secretary presumably to the President on that date, and we did not object to those recommendations.

Senator CULVER. On May 2?

Mr. HIRSCHFELD. Yes, sir.

Senator CULVER. The President made his decision on April 27, did he not?

Mr. GELB. When did he report that decision to the Congress, Senator?

Senator CULVER. On April 27, there was a report of his decision to go forward with the sale.

Mr. GELB. I don't believe so.

Mr. HIRSCHFELD. No, sir. That was certainly not the final decision.

Senator CULVER. It was reported in the press on that date. I know because we criticized it on April 28th. So, if you were notified on May 2, I think that it does raise some questions.

Mr. HIRSCHFELD. Senator, excuse me. Again, we were not notified. Our views were sought formally on that date.

Senator CULVER. All right. Your views were sought formally on May 2, and yet there was a public report to the effect that the President decided on April 28.

Mr. HIRSCHFELD. We are not responsible for what the press reported.

Senator CULVER. I understand that. But you are responsible for the integrity of your role and your perspective, for your responsibility within the decisionmaking process of our Government, before the fact rather than after the fact, when perhaps you are perverted into shape for political reasons.

Now, Mr. Gelb has informed our staff in a meeting with our staff and other staff members on the subject that there was no prior consultation with ACDA.

Mr. GELB. No, sir, I did not say that.

We routinely send over to ACDA letters of offer that are sent to us. ACDA had a chance to look at this from the moment we received that letter of offer from the Defense Department. Prior to consultation on the decision to approve seven aircraft, ACDA took a position at the same time that my office took a position.

Senator CULVER. Which was?

Mr. GELB. No objection to the sale.

Senator HUMPHREY. Might I interrupt just for purposes of accuracy of information?

This committee received formal notification of the sale on July 7. We received prenotification 20 days prior to July 7, which was June 17. This means, the prenotification is the intent of sale; the July 7 was the actual notification of sale. Those are the two dates that it came to our committee. Prenotification is a very sensitive and secret document that comes to us.

INTRODUCTION OF POTENTIALLY DESTABILIZING WEAPONS SYSTEM INTO AREA

Senator CULVER. Point two of the President's May 19 statement on foreign military sales policy was that we would not be the first to introduce a sophisticated weapons system that could be potentially destabilizing.

Now, when you made your statement that there was no ACDA objection, I would be interested in the substantive character of your study that permitted you to conclude that this sale did not have arms control implications in terms of being potentially destabilizing to the balance in the region. As Mr. Gelb has testified, there has been no effort here to suggest that this sale is anything but an exception, based on one of the two justifications for exceptions from these new policies.

When we talk about this weapons system, it is important to recognize that Iran has purchased major offensive capabilities which can be substantially increased by the force multiplier effect of AWACS. The Iranian Air Force now can deliver twice the tonnage of the Saudi and Iraqi Air Forces combined. Iran has received or ordered 209 F-4's, which are designed for deep interdiction strikes, 153 F-5's, which are capable of ground support missions; they now have about 30 of the F-14's, and they have 50 more on order.

Now, if you were an Iraqi military planner, or if you were in Saudi Arabia, this AWACS could well be perceived as significantly enhancing Iran's offensive capabilities, and be perceived as a real threat to your security. They may not well agree with your assessment, Mr. Atherton, about the benign character of Iranian intent vis-a-vis its neighbors. Part of their reservation for example, may be based on the fact that the Shah made a statement after the 1971 Indo-Pakistani war, that he would never again permit the dismemberment of a Muslim state.

I would be interested in why ACDA was so cavalier or so indifferent to the perceptions of Iran's neighbors, so insensitive to the potential significance to their security concerns of the introduction of this highly sophisticated capability that can be employed in an offensive mode to maximize the power of Iran's already awesome arsenal?

Mr. HIRSCHFELD. Mr. Chairman, may I reply?

Senator HUMPHREY. Please do.

Mr. HIRSCHFELD. Senator Culver, we normally look at sales of this kind within the national security framework as we are required by law. We look at three specific criteria. Will the export article contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multi-lateral arms control arrangements?

I think the first is the one that seems to concern you most, Senator Culver, and let me speak to that first.

Senator CULVER. You are the agency that is officially charged with that obligation and those are your marching orders, not mine. So, you pick out of there anything that seems to concern you. I get the impression that nothing does.

Mr. HIRSCHFELD. Sir; if I may continue?

Senator HUMPHREY. Yes; please continue, because we are running short of time.

Mr. HIRSCHFELD. As far as whether it will contribute to an arms race, this sale, of course, has to be looked at in terms of the facts on hand. Perception is one thing; the way you would assess what the perceptions of others depends on the information you have. We were informed by the Department of State: (a) that the prospects of the sale have been a matter of public record for some time; (b) that the governments in the area have clearly been aware of the possible sale and there has been no evidence whatsoever of reactive purchases that relate to the AWACS.

Senator CULVER. So, you do not think that it is at all likely that the Iraqis or other neighbors may take steps to—

Mr. HIRSCHFELD. Sir, it has been—

Senator CULVER [continuing.] If I could just finish my question, please. We afforded you a generous opportunity, I think, to answer the question.

You don't think that it is likely that the Iraqis or others in that region may go to their own suppliers and make arguments that they need new weapons or in the escalation of the ever-spiralling arms race in this region, in response to this new potential threat. You don't think that that is likely?

Mr. HIRSCHFELD. That is not what I said, sir. I said that there was no evidence—

JUSTIFICATION INCONSISTENCY

Senator CULVER. You talk about evidence now, about the real threat today to justify one thing, and then you talk about a supposed threat 30 years from now to justify another.

Let's take this "30-year system, the threat could change argument" I heard you say that there is not any real threat today to justify on the merits the transfer of this technology measured against the risks. But, your suggestion was that who knows in 30 years what changing circumstances might dictate.

I think we could turn that around and acknowledge that indeed the threat could change. The Soviet Union, during this interval, could, in fact, gain access to AWACS technology prematurely and accelerate its own learning curve in areas of computer and radar technology,

which would pose a threat to our own airplanes or to our own AWACS force if it were to be employed in a European environment during this 30-year period. Also, it is important to note that Iran is an autocratic government with rule by one man, who, as far as we know, is not going to prove to be the exception that we are all mortal. If he lives 30 years—or if he doesn't—the Iranian Government could change, and we never know in exactly which direction this armada of military power will be pointed.

Mr. von Marbod is here with us today, and I recall in the 11th hour of the Vietnam war he went before our Committee on Armed Services urging us to sell more equipment to South Vietnam. I think we were wise in denying you that request. But, even denying that request, we left North Vietnam, with just the equipment South Vietnam already had, about the fifth or sixth major military power in the world. They could move into the foreign military sales business if they want to. We should anticipate, if we are going to look into that crystal ball of 30 years hence, the possibility that the guns may be pointed in a different direction, or may be used in sales in other directions, and so on.

Finally, regarding our own Cruise missiles, in the B-1 debate we talked about our concern about the Soviet Union developing an enhanced air defense capability sometime within the next 10 years. Because of that concern, we are going to move to a Cruise missile capability. Our B-52's can carry out the mission into the 1985 time frame competently; after that the Soviets might develop an air defense capability that threatens that mission. Now we are talking about turning around and placing this kind of capability in what has to be described as a high risk environment, at best, with these attendant consequences.

CONFIGURATION OF WEAPON

On June 22, the Iranians were told which items would be left off AWACS. The same day, letters to GAO from the State and Defense Departments contained a different, much shorter list of excluded equipment—the same day. I think this raises questions about when the U.S. Government itself settled on the configuration of the plane, as well as about the adequacy of our own Government's staff work. It also raises this question. Does this mean that when the Iranians agreed to have Congress notified of this proposal, they did not know precisely what would be left off? Was it, in fact, by June 22, too late for even the Iranians to complain about the configuration of this weapon?

Senator HUMPHREY. If you would please answer that question, we will then go to Senator Stone.

Mr. VON MARBOD. Senator Culver's statement over the past few minutes has been based primarily, Mr. Chairman, on a General Accounting Office report. Because of the extent of the Senator's statement, I would like to ask the committee's permission to submit, for the record, my signed comments on that report. The Department of Defense has concluded that salient statements in the report are inaccurate and misleading.

With all due respect to Senator Culver, his statement is no stronger than this report [indicating]. Other than having a nice cover on it, it is a very inaccurate and a very misleading document.

The allegation that the Iranians did not know the configuration or that we had only decided on the configuration of AWACS, is also inaccurate, and misleading. We have provided the General Accounting Office and committees of the Congress lists of equipment that would be included and the configuration proposed for the sale to Iran. I am not aware, Senator Culver, of any disparity or any inaccuracy between information provided to any member of the legislative branch that differs from the statements that we are making here today.

Senator CULVER. On June 22, the Iranians were told which items would be left off AWACS, and that same day letters to GAO from the State and Defense Departments contained a different and much shorter list of excluded equipment. We can go into that more, but the concern I have is that when we take out sensitive equipment in anticipation of concerns expressed within the intelligence community or elsewhere about the security risks, we can run into another problem. In this instance, when we talk about taking out encipherment gear, but we are also leaving in radar, technology, computers, inherent ECCM [Electronic Counter Countermeasures] capabilities, and so on.

We are selling AWACS to Iran for about \$170 million, and we are buying it for \$126 million; the aircraft itself costs about \$25 million, so \$100 million of its value is in its software technology and ultra-sophisticated equipment. As you start to strip out those capabilities one by one to sanitize it and minimize the security risk, you can only go so far until you degrade the weapon to the point that per unit costs escalate and mission performance is undermined.

These are some of the questions that I think we should get to.

Please excuse my extra time, Mr. Chairman.

Mr. VON MARBOD. May I respond to that?

[Senator Humphrey nods affirmatively.]

Mr. VON MARBOD. Again, I think you alluded to Cyber 76, the computer that we did not sell to the Soviet Union, and made a comparison between that and the computer on the AWACS aircraft. The Cyber 76 computer is the most advanced technology. It has capabilities in excess of 80 times that of the computer on AWACS. The computer on AWACS embodies late 1950 or early 1960 technology similar to that of the IBM 360 model. It has been heavied up and stressed for airborne application. Again, your reference to utilization of AWACS in Cruise missile environments which again, in due respect to your preparation here, is based on the GAO's letter to you, or to Members of the Congress, is misleading and not factually accurate.

Senator CULVER. With due respect to your preparation in coming here, Mr. von Marbod, which I do not believe to be inconsiderable, and with proper recognition of your diligence and dedication as a supporter of these sales—and I have spoken with you about this subject in Iran last fall—the fact of the matter, the bottom line that laymen have to grasp, is that even if we take out what we propose taking out, this does not alleviate, eliminate, or fundamentally change the risk assessment of the intelligence problems posed if this weapons system were to be compromised either through induced defection, or a wheels-down landing, through hijacking, or through something else. The point we are trying to make here is that you cannot sanitize this thing enough to eliminate the risks that we are concerned about without so funda-

mentally degrading the emission capability that it becomes a worthless transaction, plus a more costly one.

Mr. von MARBOD. May I respond, Mr. Charman.

Senator HUMPHREY. We will take your response and then I want to call on Senator Stone, who has been waiting for a long time.

Mr. von MARBOD. In response to your question, we have assessed the Iranian configured aircraft which does not have the enhancements that the NATO and the U.S. Air Force aircraft will have. It is adequate to perform their mission. It will not increase costs, as you had earlier suggested. In response to your stated concern that the transfer of AWACS to Iran represents an element of risk, I agree with your assessment. However, I wish to emphasize that the transfer of the Phoenix missile to Iran and the F-14 aircraft to the Government of Iran represented similar risks; transfer to Israel of E-2 technology is a risk; if AWACS goes to NATO, it is also a risk. What we call into question here, Senator Culver, is whether or not our Government in consultation with the Government of Iran, can effectively deal with and bring this risk to an acceptable level. We feel, based on our track record there—I am not aware of any defections of information or aircraft from Iran to Russia, Iraq, or another unfriendly state that our record is good.

Senator CULVER. The Iranians lost an F-4 in Yemen, didn't they?

Mr. von MARBOD. I believe they lost it offshore in the water. I am not aware of any compromise of technology.

Senator CULVER. We have dealt with the security concerns of this proposed transfer. The first AWACS would enter the Iranian force 4 years from this September. In the 4 years ahead of us, we will be consulting with Iran. We have scheduled a security consultative conference almost 1 year before the introduction of AWACS in order to review their security procedures and to provide adequate assurances within the executive branch that the Iranians are ready to receive this system when it is transferred.

Your question about hijacks or similar incidences can also be answered. There are good and sufficient reasons to support the position taken by our administration that, while there are risks inherent in this transfer, they are at an acceptable level and can be dealt with.

Senator CULVER. Mr. von Marbod, my time has expired, and I will get back to you in the next round.

Senator HUMPHREY. May I just say, Mr. von Marbod, after listening to you, after listening to GAO, and after listening to our colleague from the Armed Services Committee, Senator Culver, who has put so much time into this, I intend to call back the GAO. I would like to have you people have a meeting face-on. I want you to look at each other and discuss this and we will find out who has the right information.

Mr. von MARBOD. We will welcome that opportunity, Senator.

Senator HUMPHREY. It will be done.

We will be in touch with you before the August 5 dateline, I assure you.

Senator Stone, you have been most patient.

Senator STONE. Is it my turn or Senator Case's turn, Mr. Chairman?

Senator HUMPHREY. It is your turn.

Senator STONE. Thank you, Mr. Chairman.

DOD ASSESSMENT OF GROUND-BASED RADAR SYSTEM ALTERNATIVE

Mr. von Marbod, what is the Department of Defense assessment of the point sought to be established in the GAO report regarding the assertion that Iran would be better served by a ground-based radar system than by an AWACS?

Mr. VON MARBOD. The same concerns of technology, of course, present themselves in a ground-based system. The design specification for the ground-based system called for a lockdown feature, which is a radar capability similar to the security concerns raised by GAO on the AWACS.

However, the ground-based system will not effectively perform Iran's air defense mission because of inversion problems, created by temperature and climatic conditions in the Persian Gulf area. From April to November, the temperature inversions are such that radars there are generally ineffective. The power is ducted away from the radar and they cannot perform effectively.

The ground-based system that Iran has had under consideration called for prototyping, developing, and testing a high-sited, ground-based radar. Experts tell us that it is reasonable to hope that the new prototype radars might have solved the ducting problem. However, the radars have to be sited at high altitude and could only provide limited low altitude coverage. Further, ground-based radars would have to be placed in very remote areas on mountaintops, they could not do the complete job.

PROVISIONS OF SALES AGREEMENT

Senator STONE. Which one of the panel is familiar with the provisions of the sales agreement with Iran?

Mr. ATHERTON. I think that Mr. von Marbod would probably be the most familiar.

Mr. VON MARBOD. Senator Stone, in the Arms Export Control Act, under section 36, after the formal notification process is satisfied, the Government of the United States would enter into a letter of offer and acceptance (LOA) contractual relationship with the Government of Iran. The LOA would, in fact, constitute the government-to-government agreement, on this specific transaction.

Senator STONE. I am just trying to find out who would be the best person to answer a question I have about the nature of the deal. Would that be you?

Mr. VON MARBOD. I will try, sir.

Senator STONE. OK.

You mentioned in answer to some of the security questions raised by Senator Culver that the agreement calls for a security review conference some 3 years from now and about 1 year before the actual delivery of the AWACS to Iran. Is that right?

Mr. VON MARBOD. Yes. That would be made a part of the letter of offer and acceptance.

PROVISION FOR CANCELLATION, TERMINATION, REFUND

Senator STONE. Suppose at that time that your security review, coupled with that of our intelligence people, indicated to our Government

that the security risk, as it then appeared forecast and predicted, would be unacceptable, what would our rights be then? For example, would we have a cancellation right and a refund option?

Mr. VON MARBOD. Yes, Senator we would. In every letter of offer and acceptance, the right of the U.S. Government to terminate and cancel the agreement is spelled out. That option is similarly available to us concerning the security aspects. This is a procedure that we established in the case of the F-14 aircraft and the Phoenix missile system. I happened to be involved on that one. We did have some initial difficulties there related to security which we resolved satisfactorily with the Government of Iran before the systems were delivered.

Senator STONE. I am simply trying to place us in the case 3 years down the road where the security aspects might differ from your assessment of today. Would we, for security reasons and security doubts, at that point, following that conference, have the right to cancel and give the Iranian money back?

Mr. VON MARBOD. I would prefer to defer that question to cancel.

Senator STONE. Well, surely you could not keep their money and not deliver them their plane, could you? We are not that bad, I hope.

Mr. VON MARBOD. Termination and cancellation provisions are available to our Government up until the time that aircraft would depart the United States. I would also like to emphasize that they do not all enter the inventory of Iran on the same date. The delivery schedule has been set at three aircraft per year; deliveries would start in September 1981 and would extend over a 2-year period of time.

Senator STONE. All right. Suppose we deliver the AWACS several years from now, because after the review conference we deem that the security risk is acceptable and their defense needs are the same or even greater. Suppose a year or two after Iran has the AWACS we look at the security risk and we say to ourselves that now the security risk has really changed; it is really very risky now; we could have one of these scenarios that Senator Culver was describing. Is there any way, under the proposed agreement, at that time to retrieve the AWACS in the name of not letting the technology fall into hostile hands? Is that part of the proposed agreement?

Mr. VON MARBOD. That subject has not been addressed, Senator Stone. A fuller answer to your question would have to be provided for the record.

[The information referred to is classified and in the committee files.]

Senator STONE. Let me say this. I personally am leaning in favor of letting Iran have this technology. But it seems to me that the security precautions and risks that have been raised and the alerts that have been given us are worthy of more than cursory consideration. There are ways, apart from having the armed guard behind the black box today, both on the scene and in law for us to have the kind of security protections that might make a lot of Congressmen and Senators, as well as people concerned by the issues being raised, feel a little bit better about the whole risk situation.

Is there a chance, in your view, to have the kind of arrangement in which, if the direction they point their defense establishment changes, if hostility to our foreign policy mounts—which is not the case right now; indeed Iran is a very key part of our foreign policy—we would

have some form of retrieval of this particular technology without financial damage to the Iranians? Is that a possibility?

Mr. VON MARBOD. I would like Mr. Atherton to answer your question, Senator. However, I would like to first emphasize that we have had a relationship with the Government of Iran, a military-to-military relationship, in excess of 30 years.

This problem poses no greater a challenge today or in the future than the challenges we have successfully met in the past. I think one has to accept not only our track record of our past accomplishments but also the detail in which this issue was examined within the executive branch before the President made his decision.

Senator STONE. Roy, do you really want to answer this question?

Mr. ATHERTON. I would be happy to, Senator.

First of all, I agree with what Mr. von Marbod said. You have to look at the track record, I think, in the past as some indication of what we can expect from the future.

Now clearly there is no categorical assurance that the "worst-case" situation is not going to arise, that there will not be a change that will lead to a change of direction in policy from the Government of Iran. One has to make judgments and calculate the risks, the pros and cons. In our judgment, the risks of this do not outweigh the advantages. For one thing, it is our judgment that the future governments of Iran, should the Shah disappear from the scene—as Senator Culver pointed out, he is not immortal either and at some point all rulers have successors—I think all of the historical evidence is that the kind of national imperative which have led the present Iranian Government to adopt the policies it adopts will still be operative. The same kind of threat will be perceived as is perceived by this government. I think one can make a fair assumption of continuity of policy through a change of regime.

It is not an unstable regime. It is a very stable regime. The succession is provided for, and in our judgment one can assume with a fair amount of assurance, though obviously not 100-percent assurance, that this kind of worst-case development is not going to occur. If it does occur, realistically once equipment is delivered to a country, we obviously have no way, short of going in physically, or forcing it to be returned.

But, I think it has also been pointed out that the interrelationship between Iran and the United States is such that a change of policy which became inimical to our policies would have an effect on the total relationship, including support for existing systems, spare parts, and the rest. I think it is fair to say that in a situation such as you postulate, a worst-case situation, we would certainly take a very hard look at continuing to keep support personnel, even the minimal number that this system ultimately will draw down to, in the country, and we would take a very hard look at continuing the military supply relationship as it has been.

Any government that comes into power in Iran, having a defense system based, as this one is, on a relationship with us, largely on American technology, equipment, and so forth, has got to weigh the risks of that. In my judgment the risks are, in these terms, acceptable.

Senator STONE. I have one last question and then I will yield.

AWACS TRANSFER EFFECT ON NEED FOR OTHER MILITARY CAPABILITY

Does the transfer of this system in effect reduce the need for other transfers of military capability? Does this do a job that, if it were not done, Iran would need or request other military systems to either do the same job or to do a job made necessary by the absence of the system?

Mr. von MARBOD. To answer your question, Senator Stone: if the sale of AWACS to the Government of Iran were denied, the Iranian Government would be forced to seek another alternative. If that alternative were, for example, the E-2C aircraft, a greater burden would be imposed on the Government of Iran in terms of money and manpower because it would mean the introduction of a totally new aircraft and system into Iran.

The 707 aircraft with AWACS is common to a system they now have. They have a technical base, a logistics base to build on. If they were not to get AWACS, they would need 25 to 30 E-2C aircraft to perform the same mission. That would place a much greater demand on their manpower.

RISKS OF ALTERNATIVE WEAPONS TRANSFER

However, if the bottom line on AWACS is the concern over technology, transfer and the threat to security based on that technology, the E-2C aircraft is not a solution. There are some even more advanced systems in the E-2 than in the E-3.

Senator STONE. And, if you transferred those in greater number, then you are saying that the risk of either defection or accident would be multiplied by the greater numbers?

Mr. von MARBOD. Well, I dislike dealing in "spiders crawling out of the wall" situations, defections, hijacks, and the like, but succinctly, you are dealing with more aircraft, more dispersal and more exposure with that system.

Senator STONE. With less control?

Mr. von MARBOD. Less control, yes, sir. The span of control is greater.

The other point mentioned concerned the ground radars. If Iran had to find its solution through a ground-based system, a very severe burden, would be imposed on it and it would not give them the coverages at the lower altitudes that they need. It would create, moreover, a requirement for a more trained and technical manpower than would be needed in the combination of seven AWACS and 12 to 21 ground-based radar.

Those alternatives, Senator Stone, have been examined, and while there are benefits to each, there are also significant burdens.

Senator STONE. Thank you, Mr. Chairman.

Senator HUMPHREY. Senator Case, did you have another question?

Senator CASE. Thank you, Mr. Chairman. I will be very brief.

My question is really a follow-on to Senator Stone's question and suggestion that doing this will make something else either unnecessary or less necessary, and your response to that.

NECESSITY OF ALTERNATIVE WEAPONS TRANSFERS IF AWACS APPROVED

I would like to turn to a particular matter, say the matter of the 160 F-16's in addition to the 140 Iran is already getting, that the Shah

said he wants to have. Will it not make it possibly—and in a way I am trying to get on the other side of this thing now—will the AWACS and its multiplier effect, making more effective a smaller number of planes, make it less necessary to consider affirmatively this additional increment of F-16's for example?

MR. VON MARBOD. The AWACS was considered in terms of both the existing force structure and the projected force structure, which included the 160 F-16's already approved for sale to Iran. That was considered by this committee on September 24, 1976, and that transaction is going forward. Although it is classified, the proposed Iranian force structure considered replacements for F-5's, replacements for F-4's, and an additional quantity of F-16 aircraft. However, no decision has been reached in our Government on any additional acquisitions.

I would like to refer that to Mr. Gelb.

Senator CASE. Thank you. I appreciate your answer.

Do you prefer not to use this argument of a multiplier effect as making it less necessary for us to go into a larger number of other aircraft?

MR. VON MARBOD. Senator, it is fair to say that AWACS with its command and control capabilities makes your system more effective. To address the offensive capabilities of AWACS, it presents an unlikely potential. To use this system offensively, you would also have to possess air superiority: therefore, you would be denying it to your own air defense mission. Consequently, it would be impractical and improbable that Iran could use AWACS offensively.

On the exact numbers of aircraft that the Government of Iran needs in combination with AWACS, I am not prepared to answer that question today.

Senator HUMPHREY. Mr. Atherton, do you have any comment?

MR. ATHERTON. No, sir.

Senator HUMPHREY. Do you have anything else, Senator Case?

Senator CASE. No, thank you.

Senator HUMPHREY. Gentlemen, we have had a very good hearing. We thank you very, very much.

Senator CULVER. Mr. Chairman, might I ask just a couple more questions?

Senator HUMPHREY. John, we are going to have them back again. It is 10 after 1 and I am exactly 1 hour late for an appointment.

All right, just ask one more.

GAO, DOD HEARING SESSION

Senator CULVER. Mr. Chairman. I complement you for the suggestion of having a session with both the GAO and the Defense people here. GAO has said that the ground radar system would be adequate. The U.S. is considering for itself an unmanned DEW-line radar system. There is very legitimate disagreement on cost effectiveness and on manpower requirements.

GAO EXPERTISE IN RADAR AREA

Finally, I might just point out that the GAO's expertise, in-house capabilities, in the area of radar are extraordinary. The U.S. Govern-

ment itself decided it had to improve the original AWACS as a result of some GAO criticisms and suggestions. Ironically, our first 19 AWACS will be the less advanced system. So, it is not a question of an uninformed critique or evaluation of this issue.

I also think that we have not had an opportunity, to get into enough detail, because of its a classified nature. We had a lot of numbers thrown around. We have gotten different numbers from the Administration every time I have heard them. I think we should get into that. I think we should also get into the issue of what the degradation implications are for other sophisticated Iranian weapons systems as a result of the additional AWACS requirements.

I want to thank the Chairman, again, for your consideration and generosity in letting me be here this morning.

Mr. von MARBOD. Mr. Chairman, could I respond to that?

Senator HUMPHREY. Well, all right, but this is the last point.

Mr. von MARBOD. In 1974 and 1975, the GAO did indeed examine the AWACS proposed to go forward in production. The GAO concluded that AWACS had not met its operational requirements. In other words, the bottom line was, as we read their report, that AWACS should not be built.

Dr. Smith a recognized radar expert filed a report, which is now accepted as being superior to GAO's argument. It refuted the majority of the allegations, the findings, and the conclusions of the GAO.

Then GAO was saying that AWACS should not be built. Today GAO is saying that it is so good that it should not be sold.

Senator CULVER. I think that is not necessarily inconsistent. Whether or not a weapons system is cost effective in terms of its mission value to our overall defense requirements is one issue. The second question is, if you go ahead and resolve that issue in the affirmative, there is another judgement question of whether or not that degree of sophistication should be risked by foreign sales.

Although this seems to be an apparent bias to banter about, in fact, Mr. von Marbod, there is nothing inconsistent with that. You can make an informal judgment that it is not cost effective to purchase a flying electronics candy store, in terms of what it actually provides us for the essential needs of an adequate air defense system—

Mr. von MARBOD. Senator, those concerns were considered by your committee, the Senate Armed Services Committee, and it authorized the program.

Senator CULVER. Let me finish my point.

There is nothing inconsistent with that judgement on the one hand, and having said, now that you have built it, that we should thereby risk the transfer of this sophisticated technology.

Senator HUMPHREY. Very well, gentlemen, this hearing is hereby adjourned.

[Whereupon, at 1:15 p.m., the subcommittee adjourned, subject to the call of the Chair.]

SALE OF AWACS TO IRAN

MONDAY, JULY 25, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON FOREIGN ASSISTANCE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:40 a.m., in room 4221, Dirksen Senate Office Building, Hon. Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Stone, and Case.

Also Present: Senator Culver.

OPENING STATEMENT

Senator HUMPHREY. We will proceed with the work of the subcommittee on foreign assistance and military sales. Last Friday the subcommittee on foreign assistance held hearings in open session on the sale of seven AWACS to Iran. During those hearings, the Defense Department witness, Mr. Erich von Marbod, Acting Director of the Defense Security Assistance Agency, charged that the GAO report on this subject was in several instances either inaccurate or misleading. As a result, the subcommittee has asked both the GAO and the Defense Department to appear here today to get to the bottom of this matter.

Mr. Richard Gutmann represents the GAO. Mr. von Marbod represents the Defense Department. We have also asked Deputy Assistant Secretary of State, Mr. Sidney Sober, to represent his Department. In order that we may fully discuss matters which are of a classified nature, at the appropriate time I will entertain a motion that we go into executive session.

I would suggest that the GAO proceed with a short summary of its testimony for the benefit of those not in attendance last Monday. Then I would ask Mr. von Marbod for his comments on their study. Finally, the GAO will have a chance to respond to any comments that Mr. von Marbod may desire to make.

I also ask unanimous consent to have printed in the record, at this point, a letter of July 22 by the majority leader, Mr. Robert C. Byrd, to the President, in which he urged withdrawal of the notice of the proposed sale of seven E-3 aircraft and related equipment to Iran. We will also be asking some questions about this matter.

[The information referred to follows:]

UNITED STATES SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C. July 22, 1977.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I urge withdrawal of the notice of the proposed sale of seven E-3 aircraft (Airborne Warning and Control System—AWACS) and related equipment to Iran. As you know, this notification was submitted to the Congress on July 7, pursuant to the Arms Control Export Act. Under such notification, Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution.

I point out the particular circumstances which make it difficult for Congress to act within the statutory 30-day period. The Senate did not return from its non-legislative work period until July 11, and a resolution of disapproval was introduced on July 15. The Senate has been faced with a very demanding legislative schedule for the past two weeks and has only two weeks remaining prior to the statutory August recess. Hearings on the proposed sale have been held this week in both Houses, with further hearings scheduled next week.

In view of the limited time remaining, and the schedule facing the Senate, it will be impossible for the Senate to give the proposal the careful and serious consideration it deserves. Next week, the Senate is likely to consume a large amount of time in considering the legislation providing for public financing of Congressional elections.

I know you are aware that there is considerable controversy within Congress over the proposed AWACS sale and it would be likely to provoke extensive debate within the Senate. I want to convey to you my own serious reservations about the sale. I am particularly concerned about the security risks involved, and I know this concern is felt by many of my colleagues in the Senate and by the Director of Central Intelligence. I believe we would be taking an unnecessary risk of compromising the highly sophisticated technology which is critical to our own national defense.

One factor that especially troubles me is that if the Soviet Union gained access to the AWACS and its technology (by accident, defection, diversion of technical manuals, or through intelligence activities) it could accelerate Soviet development of defenses against low-flying aircraft and missiles. This could cut years off the time the Soviets would need to develop a defense against the cruise missile. In view of your recent action discontinuing production of the B-1 and moving ahead with the cruise missile—an action I strongly support—this takes on added importance.

In the past five years we have sold more than \$11 billion worth of arms to Iran, making that country by far the biggest recipient of U.S. arms. Iran already possesses large quantities of some of our most sophisticated military equipment.

I am also concerned that the sale would be contrary to our interest in a stable military balance and in limiting arms proliferation in the area. Although I understand that the AWACS is technically a support system, it would create a new and significantly increased combat capability for advanced weapons systems, such as the F-14, which the Iranian Air Force has. The AWACS capability to greatly multiply the offensive power of these aircraft is likely to cause neighboring nations to seek new weapons in response.

Another factor which concerns me is that this proposal may undercut the credibility of your announced policy on arms sales, which included the pledge that we would not introduce into a region "newly developed, advanced weapons systems which would create a new or significantly higher combat capability."

There are other problems which I find troubling, including the fact that NATO does not yet possess the AWACS. Further, the sale to Iran would require substantial American technical support in Iran, where we already have a large number of American citizens, many of whom are involved in military programs.

All of these problems, coupled with the legislative schedule facing the Senate, point to the need to delay action on this matter. I hope, therefore, that you will request the Secretary of Defense to withdraw the notice of the proposed sale.

Respectfully,

ROBERT C. BYRD,
Majority Leader.

Senator HUMPHREY. Mr. Gutmann, who do you have with you?

Mr. GUTMANN. I have Mr. Jerome Stolarow, Mr. Chairman, who is Deputy Director of the Procurement and Systems Acquisition Division. I have also, seated in the audience, Dr. Dieter Schwebs, who is our technical consultant, and Mr. George Sousa, who is also working on the technical side of AWACS.

Senator HUMPHREY. Thank you.

We also have Mr. Sober from the State Department, and Mr. von Marbod from the Defense Department.

Who else do we have?

Mr. VON MARBOD. Mr. Chairman, we also have Dr. Allan Schell, who is with the Department of the Air Force. He has a Ph. D. from the Massachusetts Institute of Technology and has had considerable background in this program, Mr. Chairman.

[Discussion off the record.]

Senator CASE. Mr. Chairman, you and I have just discussed the question of whether we can stay in open session. It appears that we cannot since the very first matter is going to be discussion of the GAO report, which is classified. So, for that reason, I move that the subcommittee go into executive session.

Senator HUMPHREY. The motion has been made. It will be necessary under the rules, in order to discuss the secret document of the GAO and the responses of Mr. von Marbod to that document, to proceed in executive session. We will try to get out of it as soon as possible, but there are some matters which will have to be pursued in executive session, under the terms of the law.

The motion has been made, and I now declare that this meeting is in executive session.

All persons who do not have the proper clearances must vacate the hall immediately.

[Whereupon, at 11:45 a.m., the subcommittee recessed, to go immediately into executive session.]

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SALE OF AWACS TO IRAN

WEDNESDAY, JULY 27, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON FOREIGN ASSISTANCE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:47 a.m., in room 318, Russell Senate Office Building, Hon. Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey, Church, Case, and Javits.

Senator HUMPHREY. The Subcommittee on Foreign Assistance will now be in order.

Senator Church just posed a question. He said, "Senator, have we been in executive session or public session." I said, "It looks to me like we are very public."

We have been having a discussion amongst our members here on a very difficult issue of the proposed sale of AWACS to Iran.

As we know, there have been extensive hearings on this matter. We have listened to the Defense Department, to the Director of Central Intelligence, to the State Department and the General Accounting Office. We have had both public hearings as well as executive sessions because some of the material that relates to the AWACS is highly classified.

It is the considered judgment of the members of the committee—and Senator Clark and Senator Biden were both with us earlier but unfortunately had to go to another committee, but they concur with what I am about to outline—it is our considered judgment that this subcommittee should direct a communication, a letter, to the President today outlining some of our concerns relating to this proposed sale. That letter would express, first of all, our recognition of the need for an adequate air defense system for Iran, a full recognition of our good, solid relationships with Iran, and the importance of Iran's security and the strategic role that she plays in the world today. That letter would also review some of the more critical points that were raised in testimony, particularly as related to the security of the AWACS system. Likewise, it would be asking the President to review alternatives which we do not think were properly evaluated, or adequately evaluated.

The letter would further ask that the President, in light of the matters which we call to his attention, consider the possibility of a resubmission of a proposal to the Congress, not later than—I believe we were talking about September; is that so, Jack?

Senator JAVITS. So that it would not have to be acted on until we had had an opportunity to come back, and that would be perhaps the third week in September.

Senator HUMPHREY. Yes. This was so that we would have the time necessary to give it the proper consideration and to take the action which would be necessary.

We do not want to put ourselves, if possible, into a position of confrontation with the President on this matter. Yet, we have legitimate concerns, which the testimony has revealed. Similarly, we do not want any action on our part to be interpreted as antagonistic to Iran or inconsiderate of the needs of Iranian defense. We recognize that this is a very delicate matter.

Senator Church initiated this discussion with me this morning, and then Senator Case, Senator Clark, and Senator Javits considered this with us. I believe I have outlined pretty well what our consensus is. Now I would like to open this hearing up to further discussion, if my colleagues wish, on the matter of the letter. Then we will get to the resolution of disapproval, in just a moment.

Senator Church.

Senator CHURCH. Thank you, Mr. Chairman. I think that you have described the letter and its purpose very well, which the subcommittee would send to the President today. We would hope that the full committee would have the benefit both of the letter which expresses our concern and the President's reaction to it before the full committee is called upon to make a decision.

I propose that in view of the division within the subcommittee and the uncertainty with respect to what the proper course of action should be, the subcommittee simply vote without recommendation to move the proposed resolution of disapproval to the full committee, which could then consider it in the light of our own expressed concerns in the letter being sent to the President today and the President's reply.

I would at a proper time like to make a such a motion.

Senator HUMPHREY. Before that motion is put before us, may I ask Senator Case if he has a comment.

Senator CASE. My colleagues have very well stated the consensus that we have arrived at. It embodies really the proposition that the mechanical arrangements under which we are operating, that is to say, the 30-day notice and resolution, if it be that, of disapproval, is not the best way to handle a situation of this kind. We are not in confrontation, and don't want to be, with the executive branch, nor in disagreement with its basic objectives.

We have here a situation very much like that which we faced in connection, for example, with the Hawk missiles in the case of Jordan. We are working to develop a way of dealing with the matter that will meet all of the major objectives. We think we have arrived at such a method.

The outline that my colleagues have made of what we propose to do is completely accurate.

Senator HUMPHREY. Senator Javits.

Senator JAVITS. Thank you, Mr. Chairman.

Mr. Chairman, there are only two points that I would like to make. Everything else has been stated.

First, I would want to be satisfied that whatever we do with Iran on AWACS, or on comparable system, it is for defense purposes. I have just been to the Mideast and I believe this is a cardinal consideration. If the AWACS sale is to go through, it should be so designed, and, of course, be in response to a real need.

Second, I hope the President will not put us into a position where we have to approve a resolution of disapproval in order to get the necessary time to arrive at a mature judgment here in the Senate, and a mature arrangement or understanding with the White House. It is bound to be misunderstood; it is bound to cause difficulties; and yet, in good conscience, we are left no other alternative.

I think, however, that by the letter technique, which the Chair has described, and the President's cooperation—as he could simply stand aside and require us to act on the resolution—all of these matters can be avoided and I believe an entirely constructive result attained.

So, I hope very much that the President will espouse this way of proceeding and cooperate with us because it will require a new submission rather than a vote on this resolution.

Senator HUMPHREY. Senator Javits, I thank you very much.

We have placed now in the public record the substance of the discussion that we had prior to this open session in an informal gathering before this meeting was called to order. We thought it was appropriate that this public record should be made.

The letter will be drafted promptly. We have discussed pretty much its detail and its substance. The letter will then be fully approved by the subcommittee before its submission to the President. The President will receive the letter early this afternoon and we would hope that he would give it prompt consideration and that we could have some response by the meeting of the full committee tomorrow.

I thank you, Senator Javits, for the manner in which you have placed this, because with some cooperation here, we can avoid what could be rather embarrassing circumstances, both to our friends in Iran as well as to the President and the Congress.

Now, Senator Church, did you have a motion you wished to place?

Senator CHURCH. Yes, Mr. Chairman.

I move that the subcommittee recommend that the full committee take up the proposed resolution of disapproval, that we do this without prejudice and without recommending either that the full committee approve or disapprove that resolution.

Senator CASE. I support that.

Senator JAVITS. So do I.

Senator HUMPHREY. The motion has been put and all members present have indicated their assent.

Do I hear any objection? [No response.]

Hearing none, it is so ordered.

Senator CHURCH. Mr. Chairman, I would like to report that I have the proxies of Senator Biden and Senator Clark. They vote their proxies in favor of this motion.

Senator JAVITS. Mr. Chairman, I have a proxy from Senator Percy. He wished to vote nay on Culver-Eagleton, but I believe he would support this particular motion.

Senator HUMPHREY. We have a unanimous vote of the subcommittee to submit the resolution of disapproval to the full committee without recommendation or without prejudice.

Senator Church, did you also want to make a motion in reference to the letter?

Senator CHURCH. Yes, Mr. Chairman.

I move that the letter that you have described and upon which other members have commented be sent to the President; that it be submitted to him today, after the members have had an opportunity to review and approve it.

Senator HUMPHREY. Hearing no objection, the letter is agreed to, its substance with the understanding that members will have a chance to personally review the text before it is signed and delivered to the President.

Am I empowered by the subcommittee to send that letter to the President with the unanimous support of the members once they have reviewed it?

Senator CASE. I so move, Mr. Chairman.

Senator HUMPHREY. All right, that takes care of this item of business.

Now we will consider the subject of OPIC, the Overseas Private Investment Corporation.

[Whereupon, at 10:50 a.m., the subcommittee recessed, to reconvene immediately for the consideration of other business.]

SALE OF AWACS TO IRAN

MONDAY, SEPTEMBER 19, 1977

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The committee met, pursuant to notice, at 10:07 a.m., in room 4221, Dirksen Senate Office Building, Hon. John Sparkman (chairman of the committee), presiding.

Present: Senators Sparkman, Glenn, Sarbanes, and Case.

The CHAIRMAN. The committee will come to order, please.

According to my poll, seven members of the committee intend to be here, but we had better not wait for them. Since Senator Eagleton has another meeting that he must get to, Senator Goldwater, would you be kind enough to let Senator Eagleton appear before us first?

Senator GOLDWATER. As a Republican, we don't have that much to do, so yes, Mr. Chairman. [General laughter.]

The CHAIRMAN. Oh, but you have a lot to do.

Because Senator Eagleton has another committee meeting to attend and wishes to make a statement before going there, we will probably have to eliminate our questions for him at this time. In fact, I will dispense with the reading of my opening statement and ask that, without objection, it be inserted into the hearing record as if read.

[The information referred to follows:]

OPENING STATEMENT OF SENATOR JOHN SPARKMAN

The Senate Foreign Relations Committee will today hear witnesses on the proposed sale of seven airborne warning and control system aircraft (AWACS) to Iran. The witnesses are: Senator Thomas F. Eagleton; Senator Barry Goldwater; Lucy Wilson Benson, Under Secretary of State for Security Assistance; David E. McGiffert, Assistant Secretary of Defense for International Security Affairs; and Richard Gutmann, Director, Procurement and Logistics Management, General Accounting Office.

Today's hearings are a continuation of similar hearings held by the Subcommittee on Foreign Assistance in July. After intense debate over the sale, the President agreed in July to withdraw temporarily the proposed letter of offer to give everyone time for a reassessment.

The letter of offer was resubmitted on September 7 and is now being considered under section 36(b) of the Arms Export Control Act. Under that provision, the Congress would have 30 calendar days to pass a concurrent resolution of disapproval to stop the sale. A resolution of disapproval has not yet been resubmitted.

Two new elements of the sale will be considered today by the committee. The first is six assurances which, at the request of the Subcommittee on Foreign Assistance, the President has agreed to. The second is a classified Department of Defense study of the alternatives to AWACS. I believe most of today's hearings can be held in open session.

I suggest that we begin with Senator Eagleton.

The CHAIRMAN. All right, Senator Eagleton, we look forward to your testimony.

STATEMENT OF HON. THOMAS F. EAGLETON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator EAGLETON. Thank you, Mr. Chairman.

This, of course, is in essence the second hearing on the matter of AWACS. Both Senator Culver and I appeared before your committee in July on this subject matter.

Senator Culver could not be with us today, and I ask unanimous consent that a letter by Senator Culver addressed to Chairman Sparkman be printed in the record of this hearing.

The CHAIRMAN. We have that letter which will be printed in the record at this point.

Senator Culver has submitted some questions for the administration and the GAO to answer on the matter of AWACS.

Senator EAGLETON. Yes; there are questions appended to this letter. [The information referred to follows:]

UNITED STATES SENATE,
COMMITTEE ON ARMED SERVICES,
September 16, 1977.

HON. JOHN SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: I deeply regret that I cannot participate in the September 19 hearing by the Foreign Relations Committee on the renewed proposal to sell seven AWACS aircraft to Iran because of my designation as a Senate delegate to the North Atlantic Assembly meetings at that time. I am, however, enclosing questions which I would appreciate being submitted to the appropriate witnesses so that I can have the benefit of their answers in preparing a subsequent statement to the Committee.

I hope that there will be an opportunity for me to present detailed comments on this proposal to the Committee at an appropriate time.

Sincerely,

JOHN C. CULVER.

Enclosure.

QUESTIONS SUBMITTED BY SENATOR CULVER

1. On August 5, 1977, twenty-one Senators wrote President Carter requesting a thorough study of alternative systems for Iran that compares their cost-effectiveness for air defense, their technological security risks for the United States, their regional arms control implications, and their long term requirements for American technical and training support. The DOD Study discusses cost-effectiveness only. Why doesn't the Study address the other three issues? (Administration)

2. On July 26, 1977, the General Accounting Office provided the Subcommittee on Foreign Assistance with a cost and coverage comparison of alternative air defense systems for Iran. The GAO comparison concluded that (a) ground radars provide by far the most cost-effective solution for continuous or fixed partial coverage of Iran, and (b) of the two airborne systems, the E-2C is between 2 and 4 times more cost-effective than the E-3 in providing additional low altitude coverage in Iran. Please discuss briefly the assumptions and other factors responsible for the differences in conclusions between this GAO comparison and the DOD Study. (Administration and GAO)

3. The DOD Study appears to assume that the 7 AWACS are operationally available UE aircraft. Based on U.S. Air Force planning factors, how many additional AWACS would have to be procured for training, maintenance, and attrition to ensure 7 operational UE aircraft? (Administration and GAO)

4. Did OSD Program Analysis and Evaluation participate in the DOD Study? Did PA&E concur with the Study's assumptions and conclusions? (Administration)

5. Did the Navy E-2C Program Office participate in the DOD Study? Did it concur with the Study's assumptions and conclusions regarding the E-2C? (Administration)

6. How does the DOD Study's projection for the Iranian AWACS hours per day operational wartime rate compare with the U.S. Air Force's operational wartime rate estimated for its own AWACS in Europe? (Administration and GAO)

7. How does the DOD Study's skilled manpower requirement for an Iranian AWACS compare with the U.S. Air Force's Planning Manning Factor for its AWACS? (Administration and GAO)

8. How does the DOD Study's skilled manpower requirement for an Iranian E-2C compare with the U.S. Navy's Planning Manning Factor for its E-2C? (Administration and GAO)

9. Please provide for the record comparisons of the all ground radar and the two airborne radar systems on the following basis: dollars per square mile of border coverage at peacetime and tension rates, and trained manpower per 1,000 square miles of border coverage at peacetime and tension rates. (Administration and GAO)

10. Is it correct that for large segments of its orbit the AWACS would be subject to similar line of sight limitations against low flying aircraft as high-sited ground radars? (Administration and GAO)

11. Is it correct that the United States found in Vietnam that it is difficult to destroy ground radars? (Administration)

12. Please estimate the kind and cost of subsequent Foreign Military Sales that will be necessary to complete the AWACS plus ground radar air defense system. (Administration)

NOTE.—Answers to these questions are classified and in the committee files.

Senator EAGLETON. Mr. Chairman, I know that Senator Goldwater will testify after me, and he mentioned to Senator Culver and me the other day that we would oppose the sale of a Piper Cub to the Shah of Iran. We would not oppose the sale of a Piper Cub, but we would not want it to have radar or anything else on it. [General laughter.]

All it needs is a couple of wings and a couple of wheels.

Mr. Chairman and members of the committee, I appreciate this opportunity to testify today about the resubmission of the proposed sale of seven Airborne Warning and Control System (AWACS) aircraft to the Government of Iran at a total price of \$1.2 billion. The background and details of this sale are well known to the members of this committee, so I shall not dwell upon them at this point. Although some progress has been made since the committee met prior to the recess, I continue to believe that this sale is ill-advised.

Prior to discussing the latest developments, I would like to briefly review the reasons advanced against the sale that were developed in your previous hearings.

SALE IN VIOLATION OF CONVENTIONAL ARMS TRANSFER POLICY

First, the AWACS sale is a clear violation of the President's announced conventional arms transfer policy. The administration has recognized it as such, and there can't be no question that this is a case where, contrary to that policy, the United States is—

The first supplier to introduce into a region newly developed, advanced weapons systems which would create a new or significantly higher combat capability.

How many times is the administration willing to contravene this new policy, which was carefully noted as a faithful step toward achieving realistic international arms control?

Mr. Chairman, I ask unanimous consent that an article from yesterday's New York Times, entitled "The U.S. Policy on Arms Has a Life of Its Own" by Bernard Weinraub, be printed at this point in the record.

The CHAIRMAN. Without objection, it is so ordered.
[The information referred to follows:]

[From the New York Times, Sept. 18, 1977]

THE U.S. POLICY ON ARMS HAS A LIFE OF ITS OWN

(By Bernard Weinraub)

WASHINGTON.—As a candidate, Jimmy Carter assailed previous Administrations for their "unsavory" and "dangerous" and "cynical" efforts to sell arms around the world. In May, President Carter announced efforts to curb the sale of weapons abroad, to view arms sales "as an exceptional foreign policy implement," to bar the introduction of advanced weapons into a new region and to stop selling weapons before they are used, by United States forces. But the imperatives of office have proved to Mr. Carter that it is much easier to state the objectives of curbing the arms trade than it is to realize them.

At this point, the arms policy seems to have a life of its own, almost independent of the Administration's rhetoric. There are elements of confusion and contradiction.

In recent weeks the Administration has: urged Congress to approve the sale to Iran of a \$1.2 billion Airborne Warning and Controls System; made it plain that it wanted to send F-15 fighter planes to Saudi Arabia; supported sending American technicians abroad to help rehabilitate the Egyptian Air Force and disclosed potential arms sales in Chad, Sudan and Somalia.

RHETORIC AND GUILT

However, the Administration is proceeding in its policy with defensive rhetoric and some guilt. "The trouble is no one knows what's going on, how the arms policy is being implemented, said a Congressional staffer involved in the arms program. "They seem to be making the policy up as they go along. There's a stated policy, but constant exceptions to it."

Thomas V. Jones, the chairman of Northrop Corp., a leading aerospace company, observed recently that President Carter's stated policy limiting the sale of weapons abroad "is a major step toward getting U.S. foreign military sales back on a sound, even-handed basis. The weakness of the present situation is that exceptions continue to be made because the criteria and procedures for judging a particular sale have not been decided on."

In May, the President pledged that, from now on, each succeeding year's sale will be lower than the previous year. Sales for the fiscal year 1977, ending this month, will total \$9.9 billion worldwide, including \$5.5 billion for Iran. With the airborne warning system sale, the figure will run to \$11.1 billion, a record.

It is evident that the rhetoric and stated policy have been blurred by the often contradictory impulses of the State Department, the Pentagon, arms dealers, Congress, and various lobbies. Moreover, a significant obstacle is the difficulty of securing cooperation of other arms producers, including the Soviet Union and Western European nations.

In Latin America, for example, the United States sought to curb the transfer of offensive weapons in the mid-1960's. Peru was blocked from buying several Northrop F-5A jet fighters. By the late sixties, France was supplying Mirage jets to Peru and to Brazil, Venezuela and Argentina. Now European firms supply at least 70 percent of the arms sold to Latin America.

More recently, the United States thwarted efforts by Israel to sell 24 Kfir jet fighters to Ecuador. (The Kfirs have an American-made engine, so the United States has veto over any sale). According to reports, Ecuador is now planning to buy French-made Mirage F-1s in a deal in which Ecuador is believed to be spending \$100 million more than they would have spent on the Kfirs.

The Administration has blocked plans to sell F-18 fighters to Iran on grounds

that the plane has not been deployed by United States forces, but seeks to sell the airborne warning system which is not under deployment either. The Administration is seeking to sell F-15's—the most advanced fighter in the United States inventory—to Saudi Arabia which has also bought Sidewinder missiles. The planes and missiles are capable of destroying planes the United States has sold to Israel and Iran, a rival of the Saudis.

Certainly political realities and government policy impinge on arms sales. The United States needs the oil of Iran and Saudi Arabia, as well as the support of the Saudis and Egypt in Middle East peace negotiations. A reason for the new wave of arms sales to Africa was a turmoil of shifting alliances in the Horn of Africa, a region vital in its potential interference with oil traffic through the Red Sea.

Economic considerations at home also play a role in arms sales. At stake within the United States are 700,000 jobs, including employees of large aerospace and arms producers, subcontractors and support businesses. As an Administration report said recently: "An immediate 40 percent cut in the volume of orders for military exports would result in 132,000 displaced workers, while a gradual reduction would displace about 75,000 workers in fiscal 1983."

Even Administration officials concede that reducing arms sales abroad is far more difficult and delicate than President Carter had perceived. As the hero of Shaw's "Major Barbara," Andrew Undershaft, observed, poverty is a crime but dealing in death and destruction isn't. Near the finale of the play, Undershaft, the arms dealer, is asked: "What on earth is the true faith of the armorer?"

He replies: "To give arms to all men who offer an honest price for them, without respect of persons or principles: to aristocrat and republic, to nihilist and Czar, to capitalist and socialist, to Protestant and Catholic, to burglar and policeman, to black man, white man and yellow man . . ."

"I will take an order from a good man as cheerfully as from a bad one," he noted. "If you good people prefer preaching and shirking to buying my weapons and fighting the rascals, don't blame me. I can make cannons: I cannot make courage and conviction."

SECURITY DANGERS

Senator EAGLETON. Second, there are admitted dangers in providing a highly sophisticated system, such as the AWACS, to Iran. The security issues appear to have been lessened somewhat by the Presidential assurances, which I will discuss in a moment, but they do not eliminate them. Even the most recent CIA response, based on the assurances, does not rule out the risks inherent in providing any U.S. ally or friend with a sophisticated system, such as AWACS.

DESTABILIZING ELEMENT IN MIDDLE EAST

Third, it still appears to be the case that introduction of AWACS in the Middle East introduces a new and destabilizing element in the balance of power there. This will always be true when new and very potent military technology is brought into an area where it has never been before.

INVOLVEMENT OF ADDITIONAL U.S. PERSONNEL IN IRAN

Fourth, regardless of how many are involved, there is no question that this sale will require additional U.S. personnel to be located in Iran. One of the assurances provided by the President is that U.S. personnel will be kept out of operational missions. This still does not lessen the need for an involvement of additional U.S. personnel in Iran, which continues to trouble me.

ALTERNATIVE SYSTEMS

Fifth, and finally, other options that can be made available to provide Iran with a coordinated air defense system have never been given the careful study and investigation they merited. In the context of the very high technology of the AWACS and the other problems associated with the sale, we simply must give fair consideration to less risky alternatives.

Let me briefly review the latest developments in this area, including the Presidential assurances, and the new Defense Department study of AWACS alternatives.

PRESIDENTIAL ASSURANCES

First, with regard to the assurance items, I am pleased that the President has given them and they do represent movement in the right direction. However, there is absolutely no way that the basic risks inherent in the AWACS sale can be overcome by assurances.

The potential loss of an AWACS, even without the special sensitive equipment, still poses a risk to the United States, and that is admitted by the Administration. The United States, once it has sold AWACS, cannot, especially in times of grave crisis to Iran, dictate to that country what its uses will be. I do not seriously believe that these assurances would stop Iran from using AWACS in other than a strictly self-defensive capacity if Iran perceived such use to be in its own best interests.

MULTIPLIER EFFECT

With respect to the "multiplier effect," it is my understanding that there is no agreement on the exact value or application of the "multiplier effect," so it seems impossible for it to be explicitly considered in future proposed sales in any serious way. With respect to the training assurance, and the nonuse of American personnel on AWACS operational flights, I can only say that it will be difficult to recognize clearly what is an operational flight and what is a maintenance or training flight. I might add that "routine operational" flights are the basic training vehicles used by the United States Air Force in achieving crew proficiency and skill, so it is hard to distinguish between the two.

ADDITIONAL U.S. TECHNICIANS

Finally, with regard to absorption capacity of the Iranians without further requirements for U.S. technicians, I would simply ask why a study of this is being done now, and why was it not made several years ago before the large buildup of technicians and high technology weaponry in Iran first started.

In recent years we have sold Iran such systems as the F-14, the Phoenix missile, and the F-16. It is difficult to believe that all of the previous sales to Iran of sophisticated weapons were made without the benefit of this type of coordinated examination.

Mr. Chairman, I do not mean to imply that these assurances are not helpful. But, the assurances cannot substitute for more cautious action as to what arms this country will sell to other nations.

To me, the assurances are symptomatic of the recognition on the part of the administration that the AWACS sale poses a serious problem and a serious risk. It is a problem with regard to the new arms transfer policy, and a risk for the reasons known so well to everyone here.

CONSIDERATION OF ALTERNATIVES

We are in the unusual situation today mainly because this administration has not been willing to consider realistic alternatives that minimize or eliminate the kinds of risks inherent in the sale of AWACS. We know that little serious consideration was given to alternatives, including ground-based radars, or other technology aircraft, before the AWACS had been chosen.

It seems to me that there remain shortcomings in the latest study, done by the Department of Defense only when the administration was compelled to examine alternatives.

I know that the General Accounting Office will address these issues, but let me just outline some of the problems.

First, there is little quantification of the alternatives that were considered. The study never tells us how much 7 AWACS or 42 ground based radars or 21 E-2C's can contribute to reducing damage against Iranian targets by any would-be attacker. A proper evaluation would fully address such issues.

It should be noted that the study did not actually address systems that provided equivalent capability. A ground radar system, under peacetime conditions, provides far greater, continuous coverage at significantly lower cost than the airbased option.

The study appeared to take as a starting point the seven AWACS without giving realistic consideration to the other alternatives.

It is not clear that the seven AWACS can even do the intended job. It is very possible that Iran may need more AWACS. Finally, the study was not responsive to the request made for an analysis that compared the competing systems with respect to cost effectiveness, technological security risks for the United States, regional arms control implications, and long-term requirements for U.S. technical and training support.

Mr. Chairman, I conclude that the Congress is in the following situations:

CONGRESSIONAL CONSIDERATION

There are clearly defined and well-recognized risks in selling AWACS to Iran.

The sale is a significant departure from and exception to the administration's own conventional arms transfer policy.

There is a solution to many of these problems—the sale of a non-controversial system that does not carry the risks associated with AWACS, namely, the sale of ground-based radars. Not only do the ground-based systems involve lower technology, most of which is already commercially available, but they are unmistakably defensive and run little risk of capture. Furthermore, they continue to be a cost effective way to provide an air defense system that can be in operation 24 hours a day.

Mr. Chairman, it is difficult to sit here and pass in judgment on highly technical issues. But it is clear that the sale of AWACS links

this country even closer to the Iranians than we have ever been before. It poses risks that are very significant, and are recognized as such.

Given all of these arguments against the sale of AWACS, can we not accept a simpler, more risk-free alternative that provides the needed air defense system for Iran in the form of ground-based radars?

This provides Iran with what she needs and imposes little, if any, risk to this country. It also establishes the clear and convincing determination on the part of this Nation to adhere to the new policy direction outlined by the administration to begin reducing the very serious international arms competition that has been taking place for a number of years.

Mr. Chairman, I thank you for your attention and your indulgence. I pray to be excused so that I can go down to the Lance hearing on the first floor.

The CHAIRMAN. Thank you very much, Senator Eagleton.

Senator Case has another obligation, but would like to say a word before he, too, departs.

Senator EAGLETON. Of course.

Senator CASE. Thank you, Mr. Chairman.

STATEMENT OF SENATOR CASE

Senator Eagleton, I am very sorry that I did not hear your statement in full, which I shall read with very great care. I appreciate your help to this committee. You have always been very assiduous in performing those obligations that you are performing now, and we are, as always, most grateful.

I myself feel an embarrassment that I must leave. I have to get over to the Intelligence Committee to see if I can find out what, if anything, recent developments have had on the fate of the Panama Canal Treaty. In a sense, that is an obligation not only of this committee but to this committee, so I am going to do that.

I just want to thank you very much for coming. I also want to extend my gratitude to Senator Goldwater, who is also to testify before us this morning.

Thank you both.

The CHAIRMAN. Thank you, Senator Case, and thank you Senator Eagleton.

Let me say that this is a continuation of hearings that we started some time ago, and we are very glad to hear continuing testimony on this subject.

Senator Goldwater, would you kindly take a seat at the witness table?

We have your statement and it will be printed in the record in addition to whatever other comments you may wish to make.

We are very glad to have you with us.

STATEMENT OF HON. BARRY GOLDWATER, A U.S. SENATOR FROM THE STATE OF ARIZONA

Senator GOLDWATER. Thank you, Mr. Chairman.

I will probably stay pretty close to my statement, but once in a while I might deviate a bit.

I appreciate the opportunity to appear before this committee in support of the proposal to sell seven AWACS aircraft to Iran. I do this only because I believe this sale is in the best interest of the United States and because I am satisfied that the sale will not jeopardize U.S. national security.

The sale of AWACS to Iran serves the best interest of the United States not only because Iran is one of our staunchest allies, and has been for 30 years, but also because she occupies such a strategic position in relation to the Soviet Union.

IMPORTANCE OF IRAN TO PEACEFUL WORLD

I might say, Mr. Chairman, that a look at any map should convince anyone of the great importance of Iran to the peaceful world in keeping track of what the Soviets are up to.

In this position, Iran, with its tremendous oil reserves, is the gateway through which the Soviet Union would have to pass if it decided to move to take the oil assets of the Middle East.

We should also not forget the large dollar commitment the Iranians have made to defend their country and the area. Not only does this commitment provide stability in the Middle East to keep the Soviet Union from becoming too adventurous, it also serves the interest of the NATO alliance, as well as the entire Free World.

We know the Free World is heavily dependent upon this area for petroleum. For example, it has been observed that approximately 70 percent of Western Europe's oil, 85 percent of Japan's oil, and 18 percent of the United States' oil moves on tankers through the very narrow Straits of Hormuz along Iran's Persian Gulf coastline. A blockade here would be reasonably simple unless adequate defenses were available. Therefore, the continued protection and maintenance of these shipping lanes is, in my opinion, more than ample justification for this AWACS sale.

Mr. Chairman, there are other reasons for this sale that relate to our national security that should only be discussed in executive session and I will be glad to do that if the Chairman so desires.

INITIAL CONGRESSIONAL NOTIFICATION OF SALE

Turning now to the initial notification of sale, when the President submitted that on July 6, 1977, to the Congress, there were many questions raised in both Houses indicating that such a sale would be contrary to United States national security interests.

In the Senate a resolution of disapproval was introduced on July 15, 1977, but was never voted on because the President announced on July 28, 1977, that he was withdrawing the intent to sell notification until September 7, 1977. The House International Relations Committee had on that same date approved a resolution of disapproval by a vote of 19 to 17.

So, it was obvious the Congress, based on the administration's poor answers to many of the expressed concerns, was not at that time going to approve the sale.

NOTIFICATION WITHDRAWAL LETTER

In the notification withdrawal letter on July 28, 1977, to Senator Humphrey, the President said he was prepared to provide assurances with respect to six matters raised by the Subcommittee on Foreign Assistance. As we all know, those assurances have been provided, and I will turn to them in a moment.

DOD COMPARATIVE STUDY OF ALTERNATIVE AIR DEFENSE SYSTEMS

Also during the intervening period between July 28 and September 7, the Department of Defense undertook a comparative study of alternative air defense systems as requested jointly by this committee and the House International Relations Committee. That study, completed on September 6, 1977, supports a mix of AWACs aircraft and ground-based radars as the best alternative for an Iranian air defense system. This analysis has been given to the Congress.

So, with the assurances and the Iranian air defense study, the committee and the Congress now have adequate data to make a proper judgment on this matter. In that regard, I believe this interim delay has served a productive purpose and I commend the committee for going into the matter in this depth. Although I do not believe any really new data have emerged, the assurances and the Defense study have definitized the issues far better than when the request was initially submitted.

Let me now make a brief comment about each of the assurances that were provided by the President to this committee.

PRESIDENTIAL ASSURANCES CONCERNING ENCIPHERMENT GEAR, OTHER SENSITIVE EQUIPMENT

The first assurance concerns encipherment gear and other sensitive equipment.

The major concern here was that the U.S. encipherment gear, such as the KG-40, would be included in the sale. The Congress is now assured this will not happen, although I never believed that would have been done in any case.

Other sensitive equipment, such as the Joint Tactical Information Distribution System, Expanded Command, Control and Communications, SIGINT [Signal Intelligence], additional ECCM [Electronic Counter Countermeasures] and the security mode of our IFF [Identification Friend or Foe], will not be on the Iranian AWACS.

The assurance states that the absence of these equipments significantly minimizes the risk of U.S. Air Force AWACS performance degradation that could result from any security compromise of the Iranian AWACS.

SECURITY PRECAUTIONS

The second assurance concerns security precautions.

The essence of this assurance is that the United States and Iran will develop special security arrangements to insure adequate protection of the Iranian AWACS. These special security arrangements will be in addition to the Iranian and the United States—Iranian security

arrangements, which, I might add, have proved adequate, very adequate, to date.

DEFENSIVE PURPOSES

The third assurance concerns defensive purposes.

One of the earlier major criticisms was that the AWACS had potential offensive capability and had the effect of being a force multiplier with tactical forces. The assurance points out that the Arms Export Control Act only permits military equipment supplied by the United States to be used for legitimate self-defense of the recipient country and regional defense arrangements requested by the United Nations. These purposes are specified in each FMS [Foreign Military Sales] contract and, more importantly, the Government of Iran has assured our government that it will scrupulously observe these limitations in its use of AWACS.

I might add, Mr. Chairman, that I have been through the AWACS and I have flown the simulator three times. There is absolutely no offensive gear or capability on this aircraft, nor was it ever intended to have, even for our own or NATO purposes.

The fourth assurance concerns the multiplier effect.

The concern here was that the force multiplier effect of AWACS would enhance the offensive position of the Iranian Air Force. The assurance states that our government will take this into account with any future sale of sophisticated fighters to Iran. However, we should not forget that the multiplier effect also works in the defensive mode, a mode we do not want to degrade.

TRAINING REQUIREMENT

The fifth assurance is in regard to training.

The requirement for this assurance was well founded. The net result, as I see it, is a clearer and more concise statement in the assurance of what United States personnel will and can do, particularly as it pertains to United States personnel on AWACS flights. As to the total requirement for United States support personnel, I am told it can be held to approximately 300.

ABSORPTION CAPACITY

This sixth assurance is in regard to absorption capacity.

The concern that generated the requirement for this assurance was over whether the Iranians had the capacity to absorb this high technology without the need for additional United States technicians. The assurance states a detailed study by Departments of State and Defense will be provided for the Congress before any additional requests are made for the sale of sophisticated technology to Iran.

I might add, Mr. Chairman, at this point that I have had a closeness with the Iranian Air Force since 1943, when this country was at war and I first flew an aircraft to Tehran. I watched them develop and I can tell you without any hesitation that their ability to understand technology, the sophisticated technology of any country, is great.

Mr. Chairman, it seems to me that this particular assurance missed the mark and should have been directed more toward the AWACS aircraft, rather than addressing additional requests for sophisticated technology. The committee may wish to consider asking the Administration to focus a little sharper on this assurance.

TECHNOLOGY COMPROMISE RISK

Mr. Chairman, another issue, but not covered in the assurances was that the sale of AWACS to Iran would risk compromising the technology of that system. There is, of course, some risk, but it does not, in my judgment, outweigh the benefits of Iran having the system.

I remind the committee that with other systems provided to Iran there has been no compromise of the technology or breach of security. But, there is another point on this loss of technology that bears mention, and that is that AWACS is only the product of technology; it is not itself the technology or the know-how. The important thing to remember is that we are not exporting the know-how or the technology, but only the product of the technology.

I am not an engineer so I do not have the expertise to fully discuss with the committee the difficulty of reverse engineering. However, the experts I have talked to all stress the great difficulty, if not the practical impossibility, of accomplishing such a feat. An example of this was pointed out in the September 1977 "Government Executive Magazine," in an article entitled, "Selling AWACS to Iran: Can Congress Cope With The Complexity?"

The article noted that, and I quote, "On the AWACS IBM 360 alone the system integration architecture cannot be inferred even from a readout of the over 130,000 instructions."

It was also pointed out the practical impossibility to, "reverse engineer the radar and all its largely computer designed, self-manufactured and vendor supplied 72,000 parts and integrate them precisely, as they must be if the system is to work."

Mr. Chairman, I believe the risk of technology loss has been overstated and I encourage the committee to call expert witnesses to testify on this point if there continues to be doubts.

U.S. NATIONAL SECURITY INTERESTS

Summing up, Mr. Chairman, the sale of AWACS to Iran is not contrary to our best national security interests and, in fact, will enhance our national security through the strengthening of a valuable ally.

The six assurances provided by the President at the request of the committee provide the firm basis for coming to an affirmative decision on this matter and for defeating any new resolution of disapproval should one be introduced.

In addition, the analysis of alternative systems for Iranian air defense concluded that a mix of seven AWACS and ground radars offers the best alternative for Iran's self defense needs.

DEFENSIVE/OFFENSIVE WEAPON

Mr. Chairman, and members of the committee, this concludes my statement and I will be pleased to answer any question you may have. But before you ask your questions, please let me point out that even under our own plan for the use of AWACS in any theatre in NATO, we do not plan to overfly any battlefield. We can stand back for as much as 300 miles, and we hope eventually even further, with this Airborne Warning and Control Systems aircraft for the sole purpose of observing activity in the air and activity on the ground, and allowing commanders, either on the aircraft or ground based with information relayed to them to make their decisions. This is the great value of this airplane. It is not an airplane that is to be used offensively, unless you ascribe the knowledge of what the enemy is doing as an offensive weapon. I must admit that in part that is true, but on the whole it is purely a defensive weapon, not only for Iran, but for all of our NATO friends.

Thank you.

[Senator Goldwater's prepared statement follows.]

PREPARED STATEMENT OF SENATOR BARRY GOLDWATER (R-ARIZ.)

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before this committee in support of the proposal to sell seven AWACS aircraft to Iran. I do this only because I believe this sale is in the best interest of the United States and because I am satisfied that the sale will not jeopardize U.S. national security.

IMPORTANCE OF IRAN

The sale of AWACS to Iran serves the best interest of the United States not only because Iran is one of our staunchest allies, and has been for 30 years, but also because she occupies such a strategic position in relation to the Soviet Union. In this position Iran, with its tremendous oil reserves, is the gateway through which the Soviet Union would have to pass if it decided to move to take the oil assets of the Middle East.

We should also not forget the large dollar commitment the Iranians have made to defend their country and the area. Not only does this commitment provide stability in the Middle East to keep the Soviet Union from becoming too adventurous, it also serves the interest of the NATO alliance, as well as the entire free world.

OIL DEPENDENCE

We know the free world is heavily dependent upon this area for petroleum. For example, it has been observed that approximately 70 percent of Western Europe's oil, 85 percent of Japan's oil and 18 percent of the United States oil moves on tankers through the very narrow Straits of Hormuz along Iran's Persian Gulf coastline. A blockade here would be reasonably simple unless adequate defenses were available. Therefore, the continued protection and maintenance of these shipping lanes is, in my opinion, more than ample justification for this AWACS sale.

Mr. Chairman, there are other reasons for this sale that relate to our national security that should only be discussed in executive session and I will be glad to do that if the chairman desires.

INITIAL NOTIFICATION OF SALE

Turning now to the initial notification of sale, when the President submitted that on July 6, 1977 to the Congress, there were many questions raised in both Houses indicating that such a sale would be contrary to U.S. national security interests.

In the Senate a resolution of disapproval was introduced on July 15, 1977 but was never voted on because the President announced on July 28, 1977 he was withdrawing the intent to sell notification until September 7, 1977. The House International Relations Committee had on that same date approved a resolution of disapproval by a vote of 19 to 17.

APPROVAL UNLIKELY IN JULY

So it was obvious the Congress, based on the Administration's poor answers to many of the concerns, was not at that time going to approve the sale.

SIX ASSURANCES REQUESTED

In the notification withdrawal letter on July 28, 1977 to Senator Humphrey, the President said he was prepared to provide assurances with respect to six matters raised by the Subcommittee on Foreign Assistance. As we all know, those assurances have been provided and I will turn to them in a moment.

IRANIAN AIR DEFENSE ANALYSIS REQUESTED

Also during the intervening period between July 28 and September 7, the Department of Defense undertook a comparative study of alternative air defense systems as requested jointly by this committee and the House International Relations Committee. That study, completed on September 6, 1977, supports a mix of AWACS aircraft and ground based radars as the best alternative for an Iranian air defense system. This analysis has been given to the Congress.

ADEQUATE DATA NOW AVAILABLE

So with the assurance and the Iranian air defense study the Committee and the Congress now have adequate data to make a proper judgment on this matter. In that regard, I believe this interim delay has served a productive purpose and I commend the Committee for going into the matter in this depth. Although I do not believe any really new data have emerged, the assurances and the defense study have definitized the issues far better than when the request was initially submitted.

THE SIX ASSURANCES

Let me now make a brief comment about each of the assurances that were provided by the President to the committee.

1st assurance: encipherment gear and other sensitive equipment

The major concern here was that U.S. encipherment gear, such as the KG-40, would be included in the sale. The Congress is now assured this will not happen, although I never believed that would have been done in any case. Other sensitive equipment such as the Joint Tactical Information Distribution System (JTIDS), expanded command, control and communications, SIGINT, additional EECOM and the security mode of our IFF, will not be on the Iranian AWACS. The assurance states that the absence of these equipments significantly minimizes the risk of USAF AWACS performance degradation that could result from any security compromise of the Iranian AWACS.

2nd assurance: security precautions

The essence of this assurance is that the U.S. and Iran will develop special security arrangements to ensure adequate protection of the Iranian AWACS. These special security arrangements will be in addition to the Iranian and U.S.-Iranian security arrangements which, I might add, have proved adequate to date.

3rd assurance: defensive purposes

One of the earlier major criticisms was that AWACS had potential offensive capability and had the effect of being a force multiplier with tactical forces. The assurance points out that the Arms Export Control Act only permits military equipment supplied by the United States to be used for legitimate self-defense of the recipient country and regional defense arrangements requested by the United Nations. These purposes are specified in each FMS contract and, more importantly, the Government of Iran has assured our government that it will scrupulously observe these limitations in its use of AWACS.

4th assurance: multiplier effect

The concern here was that the force multiplier effect of AWACS would enhance the offensive position of the Iranian Air Force. The assurance states our government will take this into account with any future sale of sophisticated fighters to Iran. However, we should not forget that the multiplier effect also works in the defensive mode, a mode we do not want to degrade.

5th assurance: training

The requirement for this assurance was well founded. The net result, as I see it, is a clearer and more concise statement in the assurance of what U.S. personnel will and can do, particularly as it pertains to U.S. personnel on AWACS flights. As to the total requirement for U.S. support personnel, I am told it can be held to approximately 300.

6th assurance: absorption capacity

The concern that generated the requirement for this assurance was over whether the Iranians had the capacity to absorb this high technology without the need for additional U.S. technicians. The assurance states a detailed study by Departments of State and Defense will be provided the Congress before any additional requests are made for the sale of sophisticated technology to Iran.

Mr. Chairman, it seems to me this particular assurance missed the mark and should have been directed more toward the AWACS aircraft, rather than addressing additional requests for sophisticated technology. The committee may wish to consider asking the Administration to focus a little sharper on this assurance.

TECHNOLOGY LOSS NOT LIKELY

Mr. Chairman, another issue, but not covered in the assurances, was that the sale of AWACS to Iran would risk compromising the technology of that system. There is, of course, some risk but it does not, in my judgment, outweigh the benefits of Iran having the system.

I remind the committee that with other systems provided to Iran there has been no compromise of the technology or breach of security. But, there is another point on this loss of technology that bears mention and that is that AWACS is only the product of technology; it is not itself the technology or the know-how. The important thing to remember is that we are not exporting the know-how or the technology but only the product of the technology.

I am not an engineer so I do not have the expertise to fully discuss with the committee the difficulty of reverse engineering. However, the experts I have talked to all stress the great difficulty, if not the practical impossibility, of accomplishing such a feat. An example of this was pointed out in the September 1977 "Government Executive Magazine" in an article entitled, "Selling AWACS to Iran: Can Congress Cope With The Complexity?" The article noted that, "... On the AWACS IBM 360 alone the system integration architecture cannot be inferred even from a readout of the over 130,000 instructions." It was also pointed out the practical impossibility to, "reverse engineer the radar and all its largely computer designed, self-manufactured and vendor supplied 72,000 parts and integrate them precisely—as they must be if the system is to work."

Mr. Chairman, I believe the risk of technology loss has been overstated and I encourage the committee to call expert witnesses to testify on this point if there continues to be doubts.

SUMMARY

Summing up, Mr. Chairman, the sale of AWACS to Iran is not contrary to our best national security interests and, in fact, will enhance our national security through the strengthening of a valuable ally.

The six assurances provided by the President at the request of the committee provide the firm basis for coming to an affirmative decision on this matter and for defeating any new resolution of disapproval should one be introduced. In addition, the analysis of alternative systems for Iranian air defense concluded that a mix of seven AWACS and ground radars offers the best alternative for Iran's air defense needs.

Mr. Chairman and members of the committee, this concludes my statement and I will be pleased to answer any questions you may have.

The CHAIRMAN. Thank you very much, Senator Goldwater. Let me ask you just one question.

SALE DISAPPROVAL IMPACT ON UNITED STATES-IRANIAN RELATIONS

You have testified today in favor of the sale of AWACS to Iran. What in your opinion would be the impact on United States-Iranian relations if the Congress disapproves of this sale?

Senator GOLDWATER. Oh, I don't think it would be anything devastating because there are other countries that could make AWACS-type aircraft, and, in fact, are sort of bursting at the seams to get in on the ground floor by a sale to Iran.

I mentioned in my testimony that the AWACS is the result of our technological knowledge. This technological knowledge of being able to develop multiphase radar, infrared seeking radar both for air and ground observance and other subtle means we have, could eventually be copied by a country, such as France or Germany, and even Iran, which have the ability to copy very highly technological subjects. I must say that the Soviets do not show this ability. They have very crude equipment compared to ours, even though they have had the ability to look at ours.

So while I don't think the failure to sell AWACS would be disastrous to our relationship with Iran, I will point out one thing. Prior to our cancellation of the SST [Supersonic Transport], we sold 90 percent of the airframes in this world. Today we are selling a little less than 70 percent, and Eastern Airlines is buying an airbus, the A-300, from Germany and France.

This further refusal to continue in the engagement of the sale of aircraft, whether it be military or airliners, to other countries will in my opinion just continue to destroy this country's ability to meet its balance of payments. It is only through the aircraft industry that we have met our balance of payments, when we have met them, and they have been declining more rapidly lately than ever, mainly because we have not had the aircraft to sell.

That is the damaging part to me and not the fact that it might or might not make Iran mad.

The CHAIRMAN. Thank you very much, Senator Goldwater. We think you have given us a very good interpretation.

Senator Sarbanes, do you have any questions of Senator Goldwater?

Senator SARBANES. Thank you, Mr. Chairman, but I have no questions at this time.

The CHAIRMAN. Very well, Senator, we thank you very much.

Senator GOLDWATER. Thank you, Mr. Chairman.

The CHAIRMAN. Let me offer for the record the letter to me from the President received by this committee on September 6. Without objection, it will be inserted at this point.

[The information referred to follows:]

THE WHITE HOUSE,
Washington.

Senator JOHN SPARKMAN,
U.S. Senate, Washington, D.C.

The Administration will resubmit to the Congress the proposal to sell to Iran seven Airborne Warning and Control Systems (AWACS) aircraft in the near future. This proposal is a matter of high importance to Iran and to major American interests in the Middle East. I support it fully. I hope that you will join with me in giving it your own support.

In my letter of July 28 to Senator Humphrey, I wrote that I was prepared, as he had requested on behalf of his Subcommittee, to make certain assurances in

connection with the AWACS sale. I am confirming those assurances in the statement that accompanies this letter.

We share the belief that Iran needs an effective air defense system; these seven AWACS aircraft are a central element in Iran's planning. The Iranian Government believes that these AWACS, in conjunction with a number of ground radars, will help provide the air defense early warning and deterrent capability that Iran needs; and our own studies support that conclusion.

By assisting Iran in building its defenses, the United States can underscore its interest in the stability of the Persian Gulf, and the rest of the Middle East region. That region, tragically, has been marked by centuries of distrust, insecurity and conflict. Both sides in the Arab-Israel dispute now look to Iran with respect, and Iran has worked with both sides to promote a just and lasting peace settlement. In pursuing its policies for stability and progress in the region and elsewhere in the world, Iran's interests have been largely consistent with ours.

Our relationship with Iran is broad; it bolsters significant U.S. security interests and helps to assure the uninterrupted flow of oil to an energy-short world. Our engagement in developing Iran's civilian economy is of daily importance to our own manufacturers and farmers. Our close association with Iran, over three decades, has been of substantial importance to the United States. Our cooperation in helping Iran modernize its armed forces is part of this relationship.

The Government of Iran has advised us that it endorses the assurances which we offer the Congress on AWACS, and that it will assist us to the very best of its ability in applying rigid standards of protection for the AWACS and its subsystems. I note that Iran has always thoroughly protected the military equipment acquired from the United States.

Because of the importance of this proposed sale, it deserves the careful consideration that Congress is giving. I assure you that the Administration will continue to cooperate with you in every way as you conduct your deliberations.

Sincerely,

JIMMY CARTER.

AWACS ASSURANCES

1. ENCIPHERMENT GEAR AND OTHER SENSITIVE EQUIPMENT

U.S. Government encipherment gear (such as the KG-40) will not be included on the AWACS sold to Iran. The U.S. Communications Security Board, an inter-agency body, has ruled that efficient and secure encipherment equipment for the AWACS for Iran should be provided from U.S. commercial sources. The U.S. Bureau of Standards has produced data on encryption standards for commercial encipherment gear such as that to be acquired for the Iranian AWACS. Those standards provide a high level of security.

The following equipment from the U.S. AWACS will not be installed on the Iranian version:

- U.S. Government encipherment gear;
- Joint tactical information distribution system (JTIDS);
- Expanded command, control and communications;
- Signal intelligence (SIGINT);
- Additional electronic counter-counter measures (ECCM); and
- Secure mode of identification of friend and foe (IFF).

The administration will inform the Congress at least 30 days in advance of any proposal to sell to Iran new AWACS subsystems which are not now included on the AWACS for Iran or not now authorized for release to Iran.

The absence of the equipment listed above in the Iranian AWACS significantly minimizes the risk of USAF AWACS performance degradation that could result from any security compromise of the Iranian AWACS.

2. SECURITY PRECAUTIONS

The United States, in cooperation with Iran, will develop special security arrangements that will insure adequate protection of the AWACS aircraft to be purchased by Iran. They would be in addition to the Iranian and U.S.-Iranian security arrangements which have provided satisfactory protection for all U.S. military equipment previously sold to Iran.

The framework for all security measures—both special and normal—is the U.S.-Iranian Agreement of June 6, 1974 on the safeguarding of classified information. It provides that stringent security precautions must be observed by Iran

with respect to classified information received from the United States. Information is specifically defined in its broadest sense to encompass classified equipment transferred to Iran under the Foreign Military Sales program. In particular, the agreement provides for periodic visits by U.S. security experts to discuss procedures, equipment, and facilities for the protection of classified information, and to ensure that such information is receiving adequate protection. Iran requested in January 1977 that a team of U.S. physical security experts survey all IIAF facilities for this purpose. That survey is underway at this time.

A joint U.S.-Iranian review of AWACS security arrangements will begin as soon as the Government of Iran signs the LOA. A plan will be developed covering such matters as personnel security, the security of facilities, and periodic inspections relating expressly to the AWACS program. The U.S. and Iran have agreed that these arrangements must be in effect by the time of the arrival of the first AWACS aircraft in Iran. A joint U.S.-Iran security conference will be held one year before delivery of the first aircraft. A report of that conference will be given to the Congress.

Finally, the U.S. retains the right under the standard form FMS contract of sale to cancel the sale in the event that adequate security for AWACS is not achieved.

3. DEFENSIVE PURPOSES

Section 4 of the Arms Export Control Act, entitled "Purposes for which Military Sales by the United States Are Authorized," enumerates the permitted uses of military equipment supplied by the United States. These include legitimate self-defense by the recipient country and participation in regional or collective arrangements or measures requested by the United Nations for the purpose of maintaining or restoring international peace and security. These limited purposes authorized by U.S. law are specified in each FMS contract and the Government of Iran has assured us that it will scrupulously observe these limitations in its use of AWACS.

In addition, Iran is a party to the Chicago Convention on International Civil Aviation of December 7, 1944. Article 3(c) of that Convention provides with respect to state, e.g., military, aircraft, that "no state aircraft of a contracting state shall fly over the territory of another state . . . without authorization by special agreement or otherwise, and in accordance with the terms thereof."

4. MULTIPLIER EFFECT

The U.S. Government will take into account the AWACS "multiplier effect" in considering any future Iranian request for the sale of additional sophisticated U.S. fighter aircraft.

5. TRAINING

Initial cadre training of Iranian crews for the AWACS will take place entirely in the United States. This will provide Iran with the means to develop on its own crew skills and qualifications for the operation of the AWACS in Iran. Follow-on and refresher training programs will be conducted in Iran by the previously trained Iranian cadre. If, for valid practical reasons, U.S. personnel must assist in maintenance or training flights in Iran, those flights will be clearly distinguished from operational missions. No U.S. citizens will participate in routine operational missions of the Iranian AWACS in Iran and no U.S. personnel will perform maintenance or training functions on board AWACS operational flights.

It is in the interests of the Iranian and American Governments to expedite the training of Iranian personnel and to limit the number of Americans assigned to Iran to support the AWACS. Moreover, as the program develops, the use of American and Iranian personnel already in Iran working on the Boeing 707 will be exploited to the extent possible in order to reduce the number of persons required for the maintenance, logistics and ground support and training.

6. ABSORPTION CAPACITY

Departments of State and Defense are undertaking a detailed study of Iran's capacity to absorb high technology without additional requirements for U.S. technicians. The results of this study will be provided to the Congress before any additional requests are made for the sale of sophisticated technology to Iran.

The CHAIRMAN. We also have the Defense Department analysis of the alternative systems for Iranian air defense. That is a classified report and is a part of our committee files.

WITNESSES

Next we will hear from Lucy Wilson Benson, Under Secretary of State for Security Assistance, Science and Technology. Then we will hear from Mr. David E. McGiffert, Assistant Secretary of Defense for International Security Affairs and Mr. Richard W. Gutmann, Director of Procurement and Systems Acquisition Division of the General Accounting Office.

Would the three of you please come up to the witness table.

We have your prepared statements and would like for each of you to handle these as you see fit. You may read it, discuss it, or summarize it.

Ms. Benson, we will begin with you.

STATEMENT OF HON. LUCY WILSON BENSON, UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE, SCIENCE, AND TECHNOLOGY, ACCOMPANIED BY SIDNEY SOBER, DEPUTY ASSISTANT SECRETARY FOR NEAR EAST AND SOUTH ASIAN AFFAIRS

Mrs. BENSON. Thank you, Mr. Chairman.

I welcome the opportunity to appear before you to support our proposal to sell seven AWACS aircraft to Iran.

As you will recall, the administration withdrew the earlier notification at the request of members of the Senate who wanted further time to study it. There were a number of questions about the sale. The President has personally addressed these questions in a letter to each of you transmitting the assurances that were requested. The executive branch was also asked to make a comparative study of alternative systems. This, too, has been submitted.

Mr. Chairman, we are dealing with a matter of high national interest to the United States, one that must be addressed in those terms.

ADMINISTRATION SUPPORT FOR SALE

In previous hearings, members of this administration have reviewed the importance of Iran to American national security interests. The President has expressed the administration's full support of this proposed sale very succinctly. He noted in his letter to you that:

The acquisition of AWACS aircraft is central to Iran's plans to establish an effective air defense system. The United States agrees with the high priority which Iran has placed on the AWACS in its overall strategic defense planning.

Iran needs to be able not only to defend itself against actual attack, but also against political pressure in the form of threats of force—deterrent strength, for example, to stand up against a future oil embargo.

Our cooperation with Iran in assisting it to modernize its own armed forces is an integral element in a very broad and important relation-

ship between the United States and Iran. Vital U.S. security interests are involved: the stability of the Persian Gulf and the larger Middle East region, and our need and that of our friends for the continued flow of oil. Our involvement in the rapid development of Iran's civilian economy is not only important to Iran, it is important to our economy as well.

Iran's actions have been, to a major degree, consistent with our own pursuit of stability and progress in this critical region in sensitive bilateral matters, in support of our initiatives toward peace in the Middle East, and in playing a key conciliatory role in resolving disputes among its Eastern neighbors.

During the period of congressional recess, this administration has very carefully examined the concerns which were raised during hearings or in communications with you.

PRESIDENTIAL ASSURANCES

In his letter to you, the President offered six assurances which are responsive to the specific points made by Senator Humphrey in his letter to the President earlier and in the statements or questions raised by many of the members of this committee.

These assurances would have little meaning or substance, of course, if Iran did not endorse them; its cooperation is essential in fulfilling them. I am pleased to report that the Iranian Government at the highest level has agreed that these assurances are fully consistent with Iran's own objectives and that they will be supported in their entirety.

Briefly, the President's assurances state:

We will not provide the Iranians with the most sensitive AWACS subsystems. There are six of these systems.

We will have binding security arrangements to protect the AWACS. For example, a new security plan, including inspections, and continuous monitoring, will be established. This will be in addition to the very extensive security arrangements which are already in existence in Iran to protect other sensitive systems now there.

We will keep you currently informed of the developments in this area as we go along.

We will take steps to assure that the number of Americans in Iran is held to a minimum and that their participation on training flights is carefully controlled. Americans will not fly on AWACS operational missions.

Iran fully understands our restrictions on the use of AWACS for defense purposes only and the potential consequences for our security relationship, in fact, our entire relationship, should these restrictions be breached. The assurances will be included in their entirety in the letter of offer.

On two additional matters, the President has also given his assurance that we will take the so-called multiplier effect into account in any consideration of future requests for fighter aircraft to Iran and that we will undertake a study on Iran's absorptive capabilities. This latter study is underway.

During the period of recess we held several meetings with members, your staffs, and representatives of the GAO in which we developed these assurances. We made a number of changes to strengthen them.

I believe that they provide a firm basis for proceeding with this sale. I note that on the key question of security, Admiral Turner has stated his conclusion that the special measures to protect the AWACS, in combination with Iran's proven security record, should materially reduce the risk of compromise of this system.

DOD STUDY ON ALTERNATIVE AIR DEFENSE SYSTEM

Finally, the Department of Defense has submitted, at your request, a special study on alternative air defense systems. While it is probably true that no examination of this particular issue will finally satisfy everyone, we have made a serious effort to be responsive to your request. I note only at this point the study's conclusion that a mix of seven AWACS aircraft and a number of ground radars offers the best alternative among those that are available for Iran's air defense needs. Secretary McGiffert will discuss that study in more detail.

Mr. Chairman, the 6 weeks since our last appearance have been very busy. No foreign military sales proposal, to my knowledge, has been more rigorously analyzed by either the executive branch of the Congress. I urge you to support the President on this proposal.

Mr. Chairman, I would like, if I may, to add a brief personal note to my formal testimony.

IRANIAN DETERMINATION TO BECOME INDEPENDENT, SELF-SUFFICIENT

Last month I spent 4 days in Iran and went through an intensive visit to a number of installations, military bases, training centers, electronic industries where systems development work is going on, and aircraft industries where maintenance and rebuilding and correcting structural problems in aircraft which have been purchased from us are being carried out.

I talked with Iranian generals and admirals, heads of industries, teachers, program directors, supervisors, and workers making radars and other equipment. I talked with them about the U.S. concerns and I talked with them about their own views of Iran's future.

They are determined to build their own defensive forces. They talked about it all the time. They are determined to be independent. They are determined to be self-sufficient and to become a modern industrial society, and they want to do this before their oil runs out.

I would just like to say—and Senator Goldwater spoke about this very well—that a great deal of progress has been made by Iran in just the last 2 to 3 years in increasing the number of people who are trained and who are under training to carry on with not only the equipment they buy from us but with equipment they buy from elsewhere. I think there is no doubt that Iran, though it will have trouble—Lord knows, it has a lot of problems—can meet the needs of a technical capacity to cope with this equipment which they are buying.

I would also like to say a brief word about the geography of Iran.

GEOGRAPHY OF IRAN

It is very easy to see if you look up at the map behind you that there is a range of mountains on the western border of Iran, with Iraq, which are very high, rugged, and craggy. After flying over those mountains for some considerable period of time, I do not see how in the world Iran could have a good air defense system with just a ground-radar system.

Mr. McGiffert and others will go into that in greater detail. But having flown over those mountains, I can say that they are exceedingly remote, exceedingly rugged, and I myself do not think a ground-radar system would be at all adequate.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mrs. Benson.

Mr. McGiffert, we will be happy to hear from you now.

STATEMENT OF HON. DAVID E. MCGIFFERT, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS, ACCOMPANIED BY GEN. HOWARD FISH, DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

Mr. MCGIFFERT. Mr. Chairman and members of the committee, I am pleased to be here to discuss the AWACS matter.

I have with me Gen. Howard Fish, who is the Director of the Defense Security Assistance Agency.

This is an important matter and searching questions have been asked. It was in response to these questions that the administration has provided certain assurances and that the Department of Defense has undertaken an analysis of alternative air defense systems.

On the basis of these assurances and the results of our analysis, I can state that an air defense system combining AWACS and current technology ground radars is both appropriate militarily for Iran and consistent with the national interest of the United States.

ASSURANCES REDUCE RISK OF SENSITIVE TECHNOLOGY COMPROMISE

With respect to the assurances, I would like to reiterate what Secretary Benson said. The assurances, which have been agreed to by Iran, substantially reduce the risk of compromise of sensitive technology. They affirm the defensive use of AWACS. They prohibit Americans from flying AWACS operational missions. They provide that the sale can be canceled if these safeguards are not achieved or adhered to.

As Secretary of Defense Brown recently stated, these measures provide "additional and clearly adequate safeguards for our military interests."

AWACS, ALTERNATIVE AIR DEFENSE SYSTEMS COMPARISON

I turn, therefore, to the comparison between AWACS and other alternative air defense systems.

As requested, Secretary Brown directed an evaluation of three available alternatives: an all-ground radar system; an airborne system consisting of the E-2, complemented by a reduced number of

ground radar sites; and another airborne system, the E-3, or AWACS, also complemented by a reduced number of ground radar sites.

The study concluded that a combination of airborne and ground radars was superior to an all-ground system and that the E-3 was more suitable for Iran's air defense needs than the E-2.

The all-ground radar system was found to be the least attractive in terms of performance, cost, manpower requirements and acquisition time.

As to performance, the all-ground radar system consists of fixed sites, which cannot be moved to adapt to changing defensive tactical situations. For instance, there would be no way to increase radar surveillance on a high threat border nor could a radar gap be filled should a fixed ground site be neutralized. Indeed, vulnerability of fixed site ground radar is one of the major reasons favoring an airborne warning and control capacity.

Another significant performance limitation of the all-ground radar system is that such a system would provide inadequate radar coverage below 500 feet altitude because of the extensive terrain masking caused by the rugged mountains in Iran. The ground radars are also susceptible to electronic countermeasures. These inadequacies would permit a hostile force to penetrate an all-ground air defense radar network.

The cost of the all-ground system would be about \$2.78 billion or more than \$500 million greater than an airborne/ground radar combination. This dollar comparison includes the estimated cost of acquisition of the equipment and facilities, and 10 years worth of operation. It does not include the cost of infrastructure, such as roads, housing, power supplies, and so forth, which would be required to open up the hinterland to support these remote sites. We did not address these infrastructure costs. However, they could be expected to be larger because of remoteness, high elevation locations, inclement weather, and rugged terrain.

In terms of manpower, we found that over 28,000 people would be required to operate and maintain the all-ground system—almost three times as many as for the E-2 or E-3 options.

Finally, the all-ground radar system would take about 8 years longer to build than would the mixed airborne/ground radar system.

So, our study concluded that Iran's air defense needs would be better served by a combination of airborne and ground radars, than by ground radars alone.

To accommodate an airborne option, we looked at the E-2 Hawkeye and the E-3 AWACS, the only two flying radar platforms in our inventory. The study indicated that the E-2 is an excellent aircraft and that the cost of the E-2 option would be somewhat less than that for the E-3 option—specifically about \$1.95 billion for the former and \$2.25 billion for the latter.

However, when measured against Iran's air defense needs, the E-3 was the most cost effective of the two, because of performance. Let me give you some examples.

We found that the E-3 can perform in a severe electronic countermeasures environment better than can the E-2. The E-3 also has a higher potential of detecting low-flying targets at longer ranges in ground clutter.

Moreover, the E-3 has a proven target height finding capability over land which is needed for intercept control of Iran F-5's, F-4's, and eventually F-16's.

Additionally, the E-3 carries 13 operators and 9 multipurpose consoles as opposed to the E-2's three operators and three specialized consoles. The smaller crew size of the E-2 limits its capability to manually control interceptors by voice.

Finally, the study determined that the E-3's airborne survivability is better than the E-2's, because the E-2's lower flight speed reduces its capacity to escape from attacks by high performance fighters and because the E-3's greater surveillance and weapons control capability make it more able to avoid or defend against enemy attacks.

In conclusion, Mr. Chairman, our evaluation affirms that a combination of E-3's and ground radars would provide the most cost-effective approach to meeting Iran's need for an air defense system in order to enhance its security, particularly the security of its 1,200-mile border with the Soviet Union and its 900-mile border with Soviet-supported Iraq.

DOD MEMORANDUM CONCERNING RESUBMISSION TO CONGRESS

We urge your support for this program. We also suggest that it might be appropriate, Mr. Chairman, to put into the record the memorandum of the Secretary of Defense of August 29, 1977, in which he concurred in the recommendation that the proposed sale of AWACS be resubmitted to the Congress.

The CHAIRMAN. Thank you very much. We do have a copy of the memorandum to which you have referred and that will be inserted into the record at this point.

[The information referred to follows:]

THE SECRETARY OF DEFENSE,
Washington, D.C.

Memorandum for the President.
Subject: AWACS for Iran.

In your July 28, 1977 letter to Senator Humphrey, you stated that you are prepared to provide him assurances with respect to six matters raised by the Subcommittee on Foreign Assistance of the Committee on Foreign Relations in connection with the proposed sale of seven Airborne Warning and Control System Aircraft (AWACS) to the Government of Iran. Some of these assurances were of a nature requiring bilateral consultations. I therefore sent the Director, Defense Security Assistance Agency, Lt. Gen. Howard Fish, USAF, to Iran to discuss the assurances with the high level defense officials of the GOI, including the Vice Minister of War, General Toufanian, and the Commander of the Imperial Iranian Air Force, General Rabbil.

General Fish reports that the Government of Iran conferees fully subscribed to the required assurances. The agreed text of the assurances is attached.

The assurances were reviewed by the Government of Iran and discussed in detail. The Iranians specifically pointed out that if there were any shortcomings in their security arrangements, they would be corrected before the first AWACS was delivered in 1981. General Toufanian stated he expected continued US support in the security area and readily agreed that the delivery of AWACS to Iran would be conditioned on attainment of the desired security. He did point out that Iran has never had a security compromise of US classified material. All agreed on the requirement that USG concern over security arrangements be met to the USG's satisfaction before the delivery of the first AWACS in September 1981. In this regard, the on-going survey of Iranian security was discussed and it was

agreed that US assistance in security matters would continue to ensure that all aspects of the AWACS assurances were met.

The following additional matters were all discussed in detail and agreed as stated in the attachment: Configuration of the AWACS; prohibition of US personnel on operational missions; consideration of the multiplier effect; advance notification to Congress before addition of any subsystems; the strictly defensive purpose of AWACS; the requirement for training to be conducted in the US; the need for a study of absorptive capacity.

I believe the results of these consultations with the GOI should lay to rest the concerns that have been expressed about the six matters raised in Senator Humphrey's letter concerning the proposed sale of AWACS to Iran. The GOI has agreed to all of the conditions and assurances. Furthermore, the actual delivery of the aircraft is contingent on all security requirements having been met. I have furnished a copy of the memorandum to the Director of Central Intelligence; it provides new information on his previous questions about the sale of AWACS to Iran. It is my personal view that there is always some risk in the transfer of any armaments even to our closest allies. Our experience with Iran has been excellent. However, as a result of the arrangements now made to respond to the expressed concerns of the Congress and of the DCI, the AWACS sale to Iran has, in my judgment, now been further structured to provide additional and clearly adequate safeguards for our military interests. I therefore concur in the recommendation that you resubmit the proposed sale to the Congress for review.

HAROLD BROWN.

AWACS ASSURANCES

1. ENCIPHERMENT GEAR AND OTHER SENSITIVE EQUIPMENT

US Government encipherment gear (such as the KG-40) will not be included on the AWACS sold to Iran. The US Communications Security Board, an inter-agency body, has ruled that efficient and secure encipherment equipment for the AWACS for Iran should be provided from US commercial sources. The US Bureau of Standards has produced data on encryption standards for commercial encipherment gear such as that to be acquired for the Iranian AWACS. Those standards provide a high level of security.

The following equipment from the US AWACS will not be installed on the Iranian version:

US Government encipherment gear
Joint Tactical Information Distribution System (JTIDS)
Expanded Command, Control and Communications Signal Intelligence (SIGINT)
Additional electronic counter-counter measures (ECCM)
Security mode of identification of friend and foe (IFF)

The Administration will inform the Congress at least 30 days in advance of any proposal to sell to Iran new AWACS subsystems which are not now included on the AWACS for Iran or not now authorized for release to Iran.

The absence of the equipment listed above in the Iranian AWACS significantly minimizes the risk of USAF AWACS performance degradation that could result from any security compromise of the Iranian AWACS.

2. SECURITY PRECAUTIONS

The United States, in cooperation with Iran, will develop special security arrangements that will ensure adequate protection of the AWACS aircraft to be purchased by Iran. They would be in addition to the Iranian and US-Iranian security arrangements which have provided satisfactory protection for all US military equipment previously sold to Iran.

The framework for all security measures—both special and normal—is the US-Iranian agreement of June 6, 1974, on the safeguarding of classified information. It provides that stringent security precautions must be observed by Iran with respect to classified information received from the United States. Information is specifically defined in its broadest sense to encompass classified equipment transferred to Iran under the Foreign Military Sales program. In particular, the agreement provides for periodic visits by US security experts to discuss procedures, equipment, and facilities for the protection of classified information, and to ensure that such information is receiving adequate protection. Iran re-

quested in January 1977 that a team of US physical security experts survey all Imperial Iranian Air Force (IIAF) facilities for this purpose. That survey is underway at this time.

A joint US-Iranian review of AWACS security arrangements will begin as soon as the Government of Iran signs the Letter of Offer and Acceptance (LOA). A plan will be developed covering such matters as personnel security, the security of facilities, and periodic inspections relating expressly to the AWACS program. The US and Iran have agreed that these arrangements must be in effect by the time of the arrival of the first AWACS aircraft in Iran. A joint US-Iran security conference will be held one year before delivery of the first aircraft. A report of that conference will be given to the Congress.

Finally, the US retains the right under the standard form FMS contract of sale to cancel the sale in the event that adequate security for AWACS is not achieved.

3. DEFENSIVE PURPOSES

Section 4 of the Arms Export Control Act, entitled "Purposes of which Military Sales by the United States are Authorized," enumerates the permitted uses of military equipment supplied by the United States. These include legitimate self-defense by the recipient country and participation in regional or collective arrangements or measures requested by the United Nations for the purpose of maintaining or restoring international peace and security. These limited purposes authorized by US law are specified in each FMS contract and the Government of Iran has assured us that it will scrupulously observe these limitations in its use of AWACS.

In addition, Iran is a party to the Chicago Convention on International Civil Aviation of December 7, 1944. Article 3(C) of that convention provides with respect to state, e.g., military, aircraft, that "No state aircraft of a contracting state shall fly over the territory of another state . . . without authorization by special agreement or otherwise, and in accordance with the terms thereof."

4. MULTIPLIER EFFECT

The U.S. Government will take into account the AWACS "multiplier effect" in considering any future Iranian request for the sale of additional sophisticated US fighter aircraft.

5. TRAINING

Initial cadre training of Iranian crews for the AWACS will take place entirely in the United States. This will provide Iran with the means to develop on its own crew skills and qualifications for the operation of the AWACS in Iran. Follow on and refresher training programs will be conducted in Iran by the previously trained Iranian cadre.

If, for valid practical reasons, US personnel must assist in maintenance of training flights in Iran, those flights will be clearly distinguished from operational missions. No US citizens will participate in routine operational missions of the Iranian AWACS in Iran and no US personnel will perform maintenance or training functions on board AWACS operational flights.

It is in the interests of the Iranian and American Governments to expedite the training of Iranian personnel and to limit the number of Americans assigned to Iran to support the AWACS. Moreover, as the program develops, the use of American and Iranian personnel already in Iran working on the Boeing 707 will be exploited to the extent possible in order to reduce the number of persons required for the maintenance, logistics and ground support and training.

6. ABSORPTION CAPACITY

Departments of State and Defense are undertaking a detailed study on Iran's capacity to absorb high technology without additional requirements for US technicians. The results of this study will be provided to the Congress before any additional requests are made for the sale of sophisticated technology to Iran.

The CHAIRMAN. Mr. Gutmann, the committee will be pleased to hear from you at this point.

STATEMENT OF RICHARD W. GUTMANN, DIRECTOR, PROCUREMENT AND SYSTEMS ACQUISITION DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JEROME STOLAROW, DEPUTY DIRECTOR, PROCUREMENT AND SYSTEMS ACQUISITION DIVISION, AND DIETER SCHWEBS, ASSISTANT DIRECTOR, PROCUREMENT AND SYSTEMS ACQUISITION DIVISION, GENERAL ACCOUNTING OFFICE

Mr. GUTMANN. Thank you, Mr. Chairman.

Mr. Chairman, I would like to introduce two of my colleagues who are sitting behind me. First there is Mr. Jerome Stolarow, who is the Deputy Director of my division. Next to him is Dr. Dieter Schwebs, who is a systems analyst and radar expert in my division.

The CHAIRMAN. We welcome you here today.

Mr. GUTMANN. We are pleased to be here today to respond to your request for our comments on certain aspects of the proposed sale of seven Airborne Warning and Control System aircraft to the Government of Iran.

Specifically, you asked that we discuss the assurances offered by President Carter in response to concerns over Iranian security and personnel capabilities; and second, the study of possible alternative air defense systems for Iran that was recently completed by the Department of Defense.

ADMINISTRATION ASSURANCES

With respect to the so-called assurance items, there is little that we can specifically comment on. In essence, the assurances are largely promises of actions to be taken in the future. The effectiveness of those assurances will depend to a great extent on circumstances occurring after delivery of the aircraft to Iran. These assurances are general in nature at this time and many of the specific arrangements are yet to be worked out.

Therefore, to a considerable extent, the adequacy of these assurances will depend on the ability of the Congress to obtain factual data from the executive branch and to monitor the events in Iran at the appropriate times.

We have written to you separately in some detail on these assurances and with your permission, I will provide a copy of our letter for the record.

The CHAIRMAN. Without objection, it will be included.

[The information is classified and in the committee files.]

DOD STUDY OF ALTERNATIVES

Mr. GUTMANN. With respect to the Department of Defense study of alternatives, we are of the opinion that it is not conclusive and will not be of great assistance in helping you to reach a decision on the merits of the alternatives to the proposed sale. The study is not an examination of the costs and effectiveness of alternatives as requested by a number of committee chairmen and Members of the Congress because it begins with the assumption that seven AWACS and a number

of ground-based radars are adequate for the Iranian air defense mission. It then proceeds to compare some of the advantages and disadvantages of alternative systems with the AWACS/radar option. Because of the short time available to it, the study group could not adequately assess the cost and effectiveness of alternative solutions for a specifically stated Iranian air defense requirement.

While the study can be useful in pointing out differing capabilities and some indications of costs, it does not, in our opinion, make a persuasive case either for the selected alternative, AWACS, or against the other alternatives. This being the case, we believe that your decision must necessarily turn on foreign and military policy considerations and the technological security risks involved.

We think it is important to understand that there is little or no question about the relative capabilities of the three systems examined. Each presents certain advantages and certain disadvantages.

For example, AWACS is most effective from the standpoint of range, command and control capabilities, and overall flexibility. The Navy E-2C aircraft is not as capable as AWACS, but it costs significantly less. An all ground-based system, while not providing the flexibility of coverage available with an airborne system, has the distinct advantages of performance reliability and round-the-clock airspace surveillance of all of Iran's borders.

In the context of our overall conclusions, I would like to make some specific comments on the recently completed Department of Defense study so that you will be better able to assess its conclusions. The study, as you know, considered three alternative systems to provide an air defense capability for Iran.

ALTERNATIVE SYSTEMS CONSIDERED

These were: first, a combination of seven AWACS plus a small number of ground-based radars, which has been stated previously to cost about \$2.5 billion. This combination of seven AWACS and radar will provide about 10 percent coverage of the airspace. A combination of E-2C, that is, a Navy airborne radar aircraft, and ground-based radars, will cost about \$1.945 billion and will provide about 17 percent coverage. The alternative of all ground based radars only will provide 100 percent coverage at a cost of about \$2.78 billion.

The study concludes that the first option—AWACS in combination with some ground-based radars, is the appropriate course of action. As in all studies of this type, however, the results are very sensitive to assumptions made by the study group and to the accuracy of the data used. I would, therefore, like to point out some of the key issues revealed by our review of the DOD study report and our subsequent discussions with Department of Defense officials.

COST COMPARISONS

First I will discuss costs. The cost comparisons are not completely valid because they are based on alternatives of differing capabilities, as I have stated heretofore. The airborne systems provide part-time coverage of limited areas. The ground-based system, which is the highest cost option, provides full border and interior coverage 24 hours a day.

DETECTION CAPABILITY

Concerning detection capability, the study calculates the number of aircraft required to maintain a certain level of coverage based on a combination of available flying hours, range, aircraft speed and detection capabilities of the airborne radar equipment. The detection range specified in the study for AWACS was 220 nautical miles and for the E-2C, 180 miles.

However, the most recent Navy tests have shown that the E-2C capability may be in excess of 200 miles.

FLYING HOURS

Regarding flying hours, the AWACS is given a substantial advantage with respect to the number of aircraft required, by assuming that each aircraft could operate 11 hours a day for a 21-day wartime period, as opposed to 6 hours a day for the E-2C. The E-2C rate is supported by available Navy operational data. The AWACS rate is based on as yet unproved objectives set out in the AWACS contracts.

PERSONNEL REQUIREMENTS

Personnel requirements: one of the principal objections to an all ground-based system, according to the DOD study, is the large personnel requirement in comparison to the numbers required for the other alternatives. The study uses an Iranian estimate that 770 people are required to man each of 41 ground radar stations. On the other hand, the Air Force estimates that only about 150 people are required for each station.

This overstatement of personnel requirements tends to make the other alternatives appear to be much more attractive because of the cost and training implications.

While it appears that Iranian manning requirements for the other alternatives may also be overstated, the most severe adverse impact from a comparative standpoint is on the ground-based system because of the number of bases and the relatively large numbers of personnel involved.

Mr. Chairman, in summary, I would like to state that we certainly do not consider this current study completely invalid. We think it is valuable for an examination of some of the relative advantages and disadvantages of the three alternatives. I would like to reiterate, however, that we do not believe it provides a basis for concluding which of the alternatives is operationally and militarily preferable.

I would also like to briefly comment on a related matter.

GAO PROGRESS REPORT TO CONGRESS

In our letter of August 26, we advised this committee that our preliminary discussions with Department of State and Department of Defense officials indicated that the contemplated study of alternatives would not be responsive to the needs of Congress. We also pointed out that, as of that date, we had been furnished no specifics on how the assurance items would be implemented.

In a letter to the Comptroller General dated September 1, the State Department took exception to our letter because they were of the opinion that it inferred a lack of cooperation on the part of those involved in preparing the administration's position on the proposed sale.

We would like to say for the record that we did not intend to infer a lack of cooperation in this matter. Our staff has had a number of meetings with State and Defense officials and has obtained reasonably good cooperation from all of them.

Our letter was intended solely as a progress report to the committee and was in response to your written request that we monitor the developments in this case. As a courtesy, we advised State Department officials in advance that we intended to send the letter in question, and they requested that we not do so, a request that we felt was inappropriate in view of the committee's great interest in this subject.

Mr. Chairman, this concludes my prepared statement. My colleagues and I will be happy to answer any questions you may have.

The CHAIRMAN. Thank you very much.

Senator Sarbanes, do you have any questions?

Senator SARBANES. I have just a few questions, Mr. Chairman. I take it that the whole panel is up for questioning at this point.

The CHAIRMAN. Yes.

LETTER OF OFFER

Senator SARBANES. Mrs. Benson, this sale has not been made as yet, is that not correct, under the applicable provisions of the law? No letter of offer has actually been proffered?

Mrs. BENSON. No; no letter of offer as yet.

Senator SARBANES. That is because the Congress has the 30-day period in which to act.

Mrs. BENSON. Yes.

Senator SARBANES. So no letter of offer could be made until October 7, at the earliest, is that correct?

Mrs. BENSON. Yes; until the 30-day period is up.

Senator SARBANES. That is the next fiscal year, is it not?

Mrs. BENSON. That is correct.

FISCAL YEAR IN WHICH DOLLAR FIGURE WOULD BE REFLECTED

Senator SARBANES. Am I therefore correct in assuming that if this sale took place, the dollar figure reflected would be included in the figure, with respect to the sale of arms to Iran, for fiscal 1978?

Mrs. BENSON. I believe it is perfectly logical for you to conclude that. The President, however, had thought, and so said when he withdrew the AWACS proposal earlier this summer, in July, in fact, that it would be included in 1977 and had intended it to be so counted. But he is considering at the present time the question of 1978.

Senator SARBANES. I don't see how there is any discretion in view of the clear provisions of the law at this point, given the procedure that has been followed, for such a consideration to take place. Is that not correct?

Mrs. BENSON. Senator, I am not as familiar with the law as you are. Senator SARBANES. Then perhaps Mr. McGiffert or General Fish might want to address himself to that question.

Mr. MCGIFFERT. I am not aware that the legal reporting requirements necessarily bear on your question, Senator.

General FISH. We have taken a quick look at this, sir, because of the questions that have arisen. The Arms Export Control Act does require that we report sales. The convention that we followed has been to record the sales when accepted. What really occurs is that the individual letters of offer are sometimes not accepted until some time in the future. As I understand the implications of the act and if we were to follow our normal practice, the recording of the sale would be in 1978, and some portions of the sale would be in 1979, because some portions of these cases are not signed immediately, but at a later date.

So, I think this is something that we have to examine with your staff to be sure that we are in complete compliance with the act.

Senator SARBANES. I understand the point with respect to future fiscal years. My understanding would be with respect to the current year since the act says—

In any case of any letter of offer to sell any defense articles or services under the act for \$25 million or more, a submission must be made to the Congress.

It further states—

The letter of offer shall not be issued if the Congress within 30 days takes such action.

So, I assume that no letter of offer has been issued, is that correct?

Mrs. BENSON. Yes.

General FISH. That's correct.

Senator SARBANES. And therefore there is nothing to be accepted at this point in time.

General FISH. I would read it the same way that you do, Senator. I would just say that I think we have to take a look at it to see if there is any other possible interpretation, in view of the President's comment. I am not sure that he was aware of the totality of the implications in the act when that announcement was made. I am sure that we will straighten it out and do whatever is in compliance with the act.

Mrs. BENSON. Senator, I would like to add, if I could, that I think at the time this all happened, initially it was back in July, the President had in mind that the whole thing had started well before he even became President, as a matter of fact, and most of the decisionmaking and discussion of the whole issue, as well as the discussion before the Congress and the eventual submission, had taken place well within this fiscal year. He did issue a statement at the time that it was withdrawn, and perhaps to have the record clear I could read it as it is quite short.

In response to the suggestion of the Senate leadership and the Senate Foreign Assistance Subcommittee, the President will withdraw the notification of the sale for AWACS to Iran and resubmit it on the day the Congress returns, September 7, to be part of the fiscal year 1977 arms sales.

The President is considering this matter now.

Senator SARBANES. I thought I had had a pretty responsive answer until this came back into the picture. [General laughter.]

I simply want to suggest to the witnesses that it seems to me the law under which you are now proceeding is quite clear. You are not even in a position where you could have issued a letter of offer, and you have been quite explicit in saying that is the case, therefore there is nothing to have been accepted and therefore there is no sale, and the possibility of that cannot arise until the date of October 7 comes and goes, and this then depends upon congressional action.

The second area I want to ask about has to deal with the assurances which have been made with respect to security concerns, and I do think the administration has tried to be forthcoming in that regard.

CONTINUED CONGRESSIONAL INVOLVEMENT RESPECTING SECURITY MATTERS

If the sale goes forward, I wonder what your view is on continued congressional involvement with respect to the security matters and, in particular, with respect to what I believe is the 1-year prior delivery conference that you have committed to undertake with respect to this matter. This would be when, in 1980 or 1981?

Mrs. BENSON. It would be sometime probably in 1980, if the present schedule to deliver the first one in 1981 remains in force.

Senator SARBANES. What is the view of the administration with respect to congressional involvement in that conference, either by members or staff, with respect to those assurances?

Mrs. BENSON. In working on this assurance, we had assumed that we would keep the Congress up to date on developments as we worked out this new security arrangement and its details, and that we would keep you fully informed on a sort of running basis. The year prior to the final decision would be a time, it would seem to me, that would be appropriate for the Congress to be as involved as it wants to be. But our plan is to keep you informed as the plan proceeds.

ASSURANCES REGARDING USE OF AWACS FOR DEFENSIVE PURPOSES ONLY

Senator SARBANES. The third area I wanted to touch on has to deal with the assurances given by the President in his letter of September 2, I believe that is the date, and the attachments thereto. This concerns the use of this equipment for defensive purposes pursuant to section 4 of the Arms Export Control Act. This, as you point out, states that defense articles and defense services shall be sold by the U.S. Government under this act to friendly countries for legitimate self-defense to permit the recipient country to participate in regional or collective arrangements consistent with the Charter of the United Nations, or other similar collective arrangements.

You state in your statement that Iran fully understands our restrictions on the use of AWACS for defense purposes only and the potential consequences for our security relationship, in fact, our entire relationship, should these restrictions be breached.

Now, as I understand it, one of those consequences, if in fact, the provisions of section 4 of the act should be breached, would be that no cash sales or deliveries pursuant to previous sales may be made with respect to any foreign country under this act is hereinafter provided if such country uses defense articles in substantial violation of any

agreement entered into pursuant to any such act by using such articles or services for a purpose not authorized under section 4.

Mrs. BENSON. That is correct.

Senator SARBANES. I take it that that has been made clear to the Government of Iran?

Mrs. BENSON. Yes, that has been made clear.

Senator SARBANES. The Administration's position is obviously that it would have to comply fully with the law if, in fact, the assurances with respect to defensive use were not adhered to, is that correct?

Mrs. BENSON. That is correct, Senator.

Furthermore, I think that although this has been recently made very clear to the Iranians, there is no reason to think that they did not already understand that. Iran has a very good record over the years in which it has been purchasing equipment from us of following the letter of our law very vigorously. So I think there is no possibility that they don't understand what this means and no possibility that they think we might not take a stiff attitude about this.

Senator SARBANES. It is the latter to which I am more directing my question, that is, no misunderstanding about the commitment or the determination of the administration to follow the provisions of the law—we have no reason to believe it would not be complied with and you have pointed out the history and I understand that—if, for some reason, the assurance should not be followed.

Mrs. BENSON. I agree.

I might ask General Fish to comment. He went to Iran with the assurances and negotiated them and I think he can report far more on-the-spot than I.

Senator SARBANES. I don't know that I need it at this point. The question was really getting more at your resolve at applying the law should it become necessary and you have assured us of a very firm resolve to do that.

Mrs. BENSON. Yes, Senator.

Senator SARBANES. Thank you.

I have no further questions, Mr. Chairman.

SECRETARY BENSON'S VISIT TO IRAN

The CHAIRMAN. Did I understand you to say that you had been to Iran, Mrs. Benson?

Mrs. BENSON. Yes, Senator.

The CHAIRMAN. Was it in connection with these assurances?

Mrs. BENSON. It was in connection with the AWACS issue, not just with the assurances.

The CHAIRMAN. I see, the AWACS issue.

Mrs. BENSON. There was so much being discussed, so many questions raised, so many assertions being made that I decided I would go and have a look for myself, so that is what I did.

The CHAIRMAN. Did you go to Tinker Field?

Mrs. BENSON. Yes. I went to Tinker Air Force Base just this past week to see the AWACS which we have and to spend a day going through all of those systems, both the ones we have and the ones Iran is not going to have. I did that just this week.

ASSURANCE OF FUTURE CONGRESSIONAL REVIEW PROCEDURE

The CHAIRMAN. Could you assure us that if additional sensitive equipment is placed aboard Iran's AWACS in future years, that Congress will have the same review procedure as under section 36(b) of the Arms Export Control Act?

Mrs. BENSON. Yes, Mr. Chairman. I can assure you of that. Additional equipment will not be placed on the AWACS of Iran without prior consultations with this committee and the House committee.

OPERATIONAL, TRAINING FLIGHTS OF U.S. PERSONNEL DISTINCTION

The CHAIRMAN. The President has pledged not to have U.S. citizens on board routine operational AWACS flights over Iran. How in practice can we distinguish between operational and training flights?

Mrs. BENSON. I might ask the Defense Department to comment more on that particularly. But the general statement to be made is that the U.S. personnel may be involved in AWACS flights as long as they are working on maintenance and training and these will be distinguished from operational missions in the sense that no U.S. citizens will participate in such operational missions that are used for air surveillance or reconnaissance.

Mr. Chairman, I think that beyond that general statement of the difference between a regular operational mission, which is air traffic control or reconnaissance, I can only say that in that Americans would not participate. But training missions and missions in which maintenance work was being done is a different thing, and that is not operational.

Perhaps Mr. McGiffert or General Fish would like to go into that in more detail.

Mr. MCGIFFERT. Mr. Chairman, I don't see that there will be any problem in making this distinction. I think the most effective, meaningful witness on this subject would probably be an Air Force General, so let me ask General Fish.

The CHAIRMAN. All right, General Fish, please go ahead.

General FISH. I certainly agree with what both Secretary Benson and Secretary McGiffert have said. I don't think I would have any trouble determining which were operational and which were training missions. It would be the primary function of the particular mission.

Obviously what we are concerned about here is that during any period of tension we not have any U.S. personnel aboard an Iranian aircraft that is up there trying to control strike aircraft or intercept aircraft. That would be the obvious test and they would not be aboard.

Let me say that in addition we plan to do all the training here in the United States of the initial Iranian cadre. The Iranians plan to do their own training from that cadre. I don't foresee any appreciable effort in training personnel in Iran in any instance. We will keep logs on the missions of the on-board personnel and we will have standard operating procedures that we agreed to with the Iranians on this delicate point.

The CHAIRMAN. Thank you.

IMPLEMENTING "MULTIPLIER EFFECT" ASSURANCE

The President has agreed to "take into account" the multiplier effect of AWACS in approving future sales of fighter aircraft to Iran. How does the administration plan to implement this pledge?

Mrs. BENSON. It will be implemented as the administration takes up for discussion any future requests for aircraft, principally for aircraft, but for other military equipment as well from Iran. The multiplier effect has really to do with the effectiveness of a given number of planes. I would like to ask Secretary McGiffert to comment on this further. It is quite a technical thing.

Mr. MCGIFFERT. Mr. Chairman, any device which increases the ability to detect and track enemy aircraft will be to some degree a multiplier, whether it is on the ground or in the air, and the force for which it is a multiplier will include not only interceptor aircraft of the defending country, but surface-to-air missiles and other aspects of its defense against air attack.

Now it follows from that that any greater ability to detect and track enemy aircraft, as I said, by whatever means, will increase the effectiveness of that overall defense force.

How it translates in any particular case, that is, how any particular increase in the detection and tracking ability, such as, for example, that provided by AWACS, translates into force planning decisions has to be dealt with on a case-by-case basis. It may affect the mix between aircraft and surface-to-air missiles. It might affect the mix of aircraft in terms of high versus less high-performance aircraft. Whether it should or should not change the total planned number of aircraft or surface-to-air missiles will depend on judgment as to what is needed for deterrence, will depend on assessment of what limitation of damage is desired, and how quickly it is feasible to bring the war to a favorable termination.

All of those factors are included in the catch phrase "multiplier effect," and in any particular case, all would have to be considered.

The CHAIRMAN. Thank you very much.

Let me address one more question to the GAO.

ACCEPTABILITY OF SALE TERMS

Do you believe that if the six assurances provided by the President are vigorously enforced by the executive branch and monitored by Congress, then they will make the term of the sale more acceptable?

Mr. GUTMANN. Yes, sir. That would make the terms of the sale more acceptable. We do have some problems, however, as to just how that is to be accomplished. How the U.S. Government can indeed monitor the adherence to the assurances by the Iranians is something we have not been able to discern.

We are largely then placing our reliance upon the Iranians, their military discipline, their willingness, and desire to adhere to these assurances. We would also have some reservations, of course, with respect to the volatility of the situation in the Middle East. Then the question arises of what options does the United States have if it be-

comes politically infeasible for the Shah to continue to abide by the assurances.

These are the reservations we have in the back of our minds.

The CHAIRMAN. Thank you very much.

Senator SARBANES, do you have any further questions of any of the panel?

Senator SARBANES. Thank you, Mr. Chairman. I would like to follow up on the first area in which I was questioning.

FMS, MAP COMMITMENT FOR SALE

Does the administration regard that it has made a commitment under the foreign military sales (FMS) or military assistance programs (MAP) for the military equipment under discussion here in terms of a commitment to be counted as a sale at this point in time?

Mrs. BENSON. No; Senator, no commitment has been made.

Senator SARBANES. So as yet you do not have a commitment with respect to this matter?

Mrs. BENSON. No; not anything that one would call official. I suppose that the Government of Iran possibly thinks that the long haul which we and it have all been through on the subject of the AWACS sale to Iran means something—at least an understanding.

Senator SARBANES. I know that, but I am concerned about our own legal and reporting requirements.

Mrs. BENSON. No, Senator, no commitments of any kind.

Senator SARBANES. As I understand the law, there has been no sale and no letter of offer of sale—

Mrs. BENSON. You are correct.

Senator SARBANES [continuing]. And there has only been a submission to the Congress on which the 30 days may run.

Mrs. BENSON. That is absolutely right.

SALE COMMITMENT FOR FISCAL 1978 FUNDING

Senator SARBANES. Therefore, I will come back to the point that it would seem to me that if this sale goes through, it is going to be a sale in fiscal 1978 or subsequently. Is that correct, General Fish?

General FISH. That is the practice, and the only thing I would demur on is that, of course, in view of the President's statement—and I am not sure at all that at the time the statement was made the President was completely cognizant of all of the aspects which the Senator is bringing up—I would certainly agree with you that it looks to me like it has to be 1977 and beyond.

Senator SARBANES. You mean fiscal 1978 and beyond.

General FISH. Yes, sir, fiscal 1978 and beyond. I agree with what you have said. That is the way it appears to me.

Senator SARBANES. I take it, then, that there is not a difference between us amongst the witnesses at the table on that matter, is there?

Mrs. BENSON. That is correct.

Senator SARBANES. Thank you, Mr. Chairman.

The CHAIRMAN. I have just received a letter sent to all Members of the Senate signed by Senator Humphrey and Senator Case. It calls

attention to the fact that on September 7 the President resubmitted to the Congress for its review a proposed letter of offer to sell seven Airborne Warning and Control Systems aircraft to Iran.

This sale was considered in detail back in July by the Subcommittee on Foreign Assistance. After the subcommittee's deliberations there was general agreement that the United States has a legitimate national security interest in providing Iran with an adequate air defense system. Iran's ability to defend itself and thus provide increased stability in the Persian Gulf area is vital to the common welfare of the United States and its allies.

I shall not read further in the letter because I think that paragraph indicates the purpose of the letter.

I wanted to inform the committee of that letter and read the concluding paragraph:

In conclusion, the President has been responsive to our concerns and the issues raised by the Foreign Assistance Subcommittee as a result of our hearings. Alternative systems have been evaluated and the assurances we requested have been agreed to. Therefore we believe that the sale, accompanied by the assurances, should be approved.

I ask unanimous consent that that letter be made a part of the record.

[The information referred to follows:]

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., September 19, 1977.

DEAR COLLEAGUE: On September 7, the President resubmitted to the Congress for its review a proposed letter of offer to sell seven Airborne Warning and Control System (AWACS) aircraft to Iran. This sale was considered in detail this July by the Subcommittee on Foreign Assistance. Throughout the Subcommittee's deliberations there was general agreement that the United States has a legitimate national security interest in providing Iran with an adequate air defense system. Iran's ability to defend itself and thus provide increased stability in the Persian Gulf area is vital to the common welfare of the United States and its allies.

During the Subcommittee's deliberations, however, several important questions emerged with regard to the sale of this particular warning and control system. Perhaps the five most serious issues were (1) the danger of compromise of sensitive U.S. technology; (2) the adverse impact of the sale of the regional military balance; (3) the limited ability of Iran continually to absorb sophisticated U.S. weaponry; (4) the inadequate consideration of alternative and possibly more cost effective systems; and (5) the inconsistency between the sale and the President's newly proclaimed arms sale policy.

Because of the Subcommittee's concerns about the sale, and the limited time available to consider the issues, we wrote to the President on July 27 requesting that he temporarily withdraw the notice and reconsider the sale. We further suggested in that letter that he consider providing the Congress with six assurances should he decide after renewed deliberations that the sale was in our national interest. The President agreed to both the temporary withdrawal and to the six assurances. In addition, after a request by the Subcommittee and a number of our colleagues, the President ordered the Defense Department to prepare a study evaluating the alternatives to AWACS. This study has been completed pursuant to our request.

After reviewing the assurances provided by the President and the classified Defense Department study, we have concluded that if vigilantly enforced by the President and closely monitored by the Congress. These assurances should provide the increased measure of protection sought by the Subcommittee.

The first two assurances provided by the President address the security issue. The President has pledged that U.S. encipherment gear and five other sensitive system will not be on board Iran's AWACS. Any changes in the plan would

require Congressional consultation. In addition, special security arrangements requiring continual U.S. vigilance are being developed to ensure adequate protection for Iran's AWACS. The Government of Iran has agreed to these special procedures and knows the U.S. retains the rights to cancel the sale if adequate security is not achieved. Based on these assurances, CIA Director Turner has substantially modified his early assessment concerning the security risk. He now believes that while the risk of security compromise always exists, these assurances, plus Iran's proven security record, will materially reduce the risk of any compromise.

The second two assurances address the impact of the sale on the Middle East regional military balance. Standard FMS contracts specify the defensive nature of all arms sales and the Government of Iran has assured the U.S. that it will scrupulously observe these legal limitations in its use of AWACS. We would also remind our colleagues that Iran is aware of the fact that in the past Congress has prohibited arms sales to countries which have misused U.S. produced equipment. In addition, the President has assured the Congress that the U.S. Government will take into account the so-called "multiplier effect" of AWACS in considering future fighter aircraft sales to Iran. This is an important pledge since the President is personally making all decisions on significant arms sales. We believe that when combined these two assurances will mitigate the impact that this sale might have on the regional military balance.

The final two Presidential assurances address the U.S. role in helping Iran continually to absorb highly sophisticated military technology. The President has now assured the Congress that initial cadre training for Iranian AWACS crews will take place in the U.S. and that no U.S. personnel will perform maintenance or training functions on board AWACS operational flights over Iran. This allays some concerns about additional direct U.S. involvement in Iranian military operations, but the larger problems of Iran's absorptive capacity still remains. The President in this connection promised a detailed study of the problem before any additional requests are made for the sale of sophisticated technology to Iran.

The President has addressed the issue of alternatives to AWACS by providing Congress with a detailed Defense Department study which concludes that a mix of seven AWACS and ground radars offers the best alternative considering Iran's air defense needs. While some of the study's assumptions are subject to question, it does confirm that AWACS is the most capable of the available alternatives—including the E2C and an all-ground based system.

Finally, the Administration has addressed the clear inconsistency between this proposed sale and the President's new arms sale policy. In testimony, several top Administration witnesses admitted that this sale must be considered an exception to that policy. We are certain the Administration recognizes that future significant exceptions could undermine this important fundamental tenet of the President's foreign policy. The President himself, in a July 28 press conference, reinforced his determination to stick by his policy by saying "we are determined to begin a downward trend in the sale of weapons throughout the world."

In conclusion, the President has been responsive to our concerns and the issues raised by the Foreign Assistance Subcommittee as a result of our hearings. Alternative systems have been evaluated, and the assurances we requested have been agreed to. Therefore, we believe that the sale accompanied by the assurances should be approved.

Sincerely,

CLIFFORD P. CASE,
Ranking Member.

HUBERT H. HUMPHREY,
Chairman, Subcommittee on Foreign Assistance.

The CHAIRMAN. I would also like to say that the GAO testimony that was to have been given in closed session today has been submitted in written form. Since we dispensed with the closed portion of today's hearing, that testimony will be placed in the committee's closed file for reference and will be available to authorized personnel.

Is there anything further?

[No response.]

The CHAIRMAN. Very well.

This morning's hearing is concluded.

I thank you all very much.

[Whereupon, at 11:35 a.m., the committee adjourned, subject to the call of the Chair.]







