Arms Trade and Aid: Patterns of Arms Acquisition

The two categories — arms trade and aid — describe the overall pattern of international transfer of arms. Because of the ambiguous nature of many of the arms transactions, problems arise in delineating the boundaries of each of these categories.

Arms trade is a process by which the manufacturing countries and the private manufacturers sell their weapons in the international arms market. There exists a fierce competition between the different arms producers for markets in the non-producing regions of the world. There also occurs arms trade amongst them, that is, between one producer and another either because one of them is not producing the system or because of inadequate domestic production. Thus, we find that the arms trade can be classified into three categories: (1) Between the allied or friendly developed countries; (2) Between the developed and the developing countries; and, (3) Amongst the developing countries. These categories reflect: (1) Primary Producer - (Primary producer turned Consumer) relationship; (2) Primary Producer - Consumer relationship; and, (3) (Consumer turned Secondary Producer) - Consumer relationship.

The category of arms aid or military assistance is much broader. It is the transfer of resources — in the form of weapons, technology, and finances — from one country to another, especially from one industrialized and developed country to a developing country which needs assistance in
building or strengthening its armed forces. Sometimes such assistance is also given to the developed nations, mostly to the members of an alliance. This is done with a view to standardize the equipment, to save duplication of technological developments and related R & D expenses, and, to strengthen the alliance system.

Arms trade takes place through a variety of transactions.

1) Sale of arms — It is licensed sale of a weapon system which may or may not be with any conditions. End-use restriction is used to prevent resale or diversion of the supplies. In some cases, import certificate is required to make the necessary purchases.

2) Arms supply to bloc or alliance members.¹

3) Resale of surplus or old weapons.²

¹ For example, Portugal’s acquisition of arms from the USA and other Western powers as a NATO member.

² For example, the obsolescent RAF Hunter jets were refurbished and then sold to the developing countries.


Another example is the sale of 700 old M-47 Patton medium tanks from Germany to Pakistan.

4) Pre-emptive selling — It is done to maintain an equilibrium within a given region (from suppliers' point of view) and to prevent the development of an advantageous position of their rival power.

5) In many instances governments sanction transfer of surplus weapons through private channels.

6) Another mode of acquisition of arms is through contraband and stolen arms shipments. This method is mostly used by insurgent forces to acquire weapons, or for copying and studying the weapons systems used by the members of the opposing blocs.

7) Many weapons are captured during wars and then sold to interested parties, such as sale of the Soviet weapons to the USA, and so on.

3. Example, sale of F-104 Starfighter by the USA to Jordan in 1966-68 was to prevent it from purchasing Soviet MIG-21s. Washington Post, 29 March 1968, p. A 21.


Private suppliers became an important source of arms supplies especially during a civil war, as in the Biafra war. Two Douglas C-47 transports were sold by West German Luftwaffe to a Charter airline in Luxembourg which were refurbished and then sold to Biafra.

SIPRI, Arms Trade With the Third World (Sweden: Almqvist & Wiksell; Stockholm, in collaboration with Humanities Press, Inc., New York, 1971), p. 632. Between 1965 and 1968, the Swiss Government had given sanction to a Swiss armament firm of Oerlikon-Bührle for the sale of arms, subject to the usual export conditions. These sales included the surplus 210 anti-aircraft guns which had been sequestered by the Swiss government as German war debt, and for which the profit was to be shared by them on 50-50 share basis. Oerlikon however got Swiss authorization by producing illegal end-use certificates from some officers in the non-embargoed countries, and then diverted the supplies to Nigeria during the Biafra war.

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Arms aid is an important form of arms transfer. During the Second World War, lend-lease became an important facet of the American policy. It was extended to forty-two countries, including the UK, the Commonwealth, the USSR and France. Large arms transfers are also made under various assistance programmes and often funded by the suppliers. Military grants, supply of arms on credits (short/long term), or on reduced price or nominal price help to ease the burden of purchasing weapons for the recipient. An allied country further benefits by receiving equipment under treaty obligations. Aid in the form of economic or financial assistance helps the recipient to release domestic resources for buying military hardware, to pay for the training costs of the domestic personnel by expatriate instructors, and/or the cost of overseas training of the personnel. It is sometimes extended to the infrastructure projects which have a military element in their motivation. 5

Licensing, co-development and co-production are some other important forms of arms assistance. Under the first, a

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system is produced in the recipient country under license from the supplier country or is locally assembled from the parts supplied. The co-development arrangements such as seen in the NATO alliance are common. They "depend upon the satisfactory indentification of bilateral or multilateral hardware and politico-military requirements early in research and development production cycle". Co-production and joint production allow the recipient to enter the foreign market at minimum investment cost and give it trade mark protection. They further avoid unnecessary adjustments to fluctuations of market. At the same time foreign technical know-how and technical assistance is provided to the recipient.

The resultant donor-recipient relationship in arms transfers can be categorized on the basis of the style of arms acquisition by the recipients. When a donor supplies all or most of a particular type of weapon system to a recipient, 75 per cent above, the relationship may be described as the sole supplier relation. Second pattern is one in which there is a principal or predominant supplier. One supplier may have supplied 60 per cent to 74 per cent of a particular


weapon system while others too may be supplying it in small proportions. It is mostly due to the degree of specialization achieved by the dominant supplier. Third, is the multiple supplier relationship. It refers to a wide range of acquisition styles of a country over the entire period considered. It may refer to a number of suppliers none of whom have supplied over 59 per cent of the given system. It may also refer to different suppliers at different times. That is, it may have moved from sole or predominant supplier relation with one donor to another donor at different times. Furthermore, the second and third patterns may occur both Within Bloc and/or at Cross-Bloc level.

Hence, an understanding of the arms trade and aid requires an analysis of the following factors: 8

a) the alliances or polarities in the given international system;

b) the gradient/distribution of power amongst the major nations in a given period;

c) interaction between the donor and the recipient — it includes: who are the major suppliers of a particular system and their behaviour in the international arms market.9 It raises such questions as who supplied the weapon system, to whom, why and how;

8. Some of these points are also discussed in Amelia C. Leiss, ibid., Amelia C. Leiss, et al., Arms Transfers to Less Developed Countries (Mass.: CIS, MIT, February 1970), 0/70-1; Harkavy, ibid.

9. It does not include all countries capable of producing or engaged in production of weapons. But refers to the actual suppliers in the international arms market. The behaviour does not only refer to the price considerations (monetary) but also includes the manner in which the sale of arms is linked to political, ideological and strategic considerations.
d) "Modernity Index" of the weapon system supplied -- it embodies the level of production, development and modernization in the donor country, and shows the age of technology transferred to the recipient country;
e) the objectives of the donor country; and,
f) the costs for the recipient country.

Dynamics of Arms Transfer Policies

The phenomenon of arms trade is a part of the international system which links the developed countries and the third world countries within the existing multiplicity of relationships. All states -- large and small, old and new -- rely on their own military power against external threat or aggression. In the colonized regions, arms have been used to fight liberation wars. Thus the need to achieve conflict control and to maintain independence places a high premium on the ability of small and the developing countries to equip themselves for their external and internal security. However, weak industrial base,

10. Third World Countries refers to: Latin America, Africa (minus South Africa), Asia (minus USSR, and China & Japan), and Oceania (minus Australia and New Zealand).

11. With the exception of Costa Rica and Libya, which have abolished their armed forces and rely on their para-military gendarmerie for internal order. Iceland has no armed forces.
lack of technology and capital reduce their capacity to produce weapons for their national defence. They acquire arms from the surplus and/or production runs of the developed countries. In the post-war period, most of the arms trade is officially conducted by the governments; only a minor proportion of trade is done without government permission and less than 5 per cent by the private dealers.\(^{12}\)

Arms transfer is a result of the interaction of political, economic and strategic considerations of the donor and the recipient countries.\(^{13}\) Broadly speaking, the factors influencing the demand and supply of weapons are the national and the international parameters for a given period of time. The ruling elite of every country has certain national objectives. In order to fulfil them its quest for security becomes an important factor. Security can be achieved through diplomacy, foreign policy and alliances or through a viable defence force and may be a combination of all these. Hence, arming for security is only one of the many options open to the decision makers. Although the defence forces have a limited function, yet they are important for a country which

\(^{12}\) SIPRI, n. 4, p. 4.

\(^{13}\) It applies to arms trade between governments and to trade conducted by private dealers with permission from the government.
in its view is threatened by another country or is in conflict with it. In other words, perception of threat is a vital element of consideration in the recipient’s calculation to acquire arms. Other important factors are: political pressure, historic military tradition, inter-service rivalry, modernization of forces, requirements of the forces, domestic economic conditions, and domestic technical capability, ability to maintain weapons systems, and acquisition of weapons to enhance national prestige or to increase its diplomatic weightage. Availability of a particular weapon system as grant or in the form of aid often supersedes the requirements of the recipient country.

The second set of variables is contingent upon the international environment which influences the decision of the suppliers. Within the foreign policy framework of the supplier, its choice of the strategic areas, countries and bases is important, both for the deployment of its strategic weapons systems in consonance with its national objectives, and in relation to its politico-economic requirements. Therefore, the demography and geography of the recipient country are an important consideration in arms trade and aid. The donor country also has its own assessment of the recipient’s technical capacity to maintain and operate the weapons systems given to it. Its arms policy is also related to its perception of conflict in a given region. Domestic constraints
too influence its policy of transfer of arms — i.e. whether to give arms free of cost or on credit basis or to sell them; or to refuse to supply arms. The role of the military-industrial complex and lobbies has to be taken into account. Economic pressures are also important consideration. They include: economic costs of sale and aid, trade deficit; surplus arms available for transfer, and technical capabilities in terms of R & D and annual output; and rate of development of new and more sophisticated weapons systems.

INTERNAL / NATIONAL VARIABLES

Political → Military → Economic → Techno-logical → Local → Conflict → DEMAND

EXTERNAL / INTERNATIONAL VARIABLES

Political → Ideological → Strategic → Military → Economic → Techno-logical → Alliance → System → SUPPLY

Arms transfers contribute to the arms race phenomenon. It is possible to analyse this by relating the dynamics of arms race to the rationale for arms trade and aid. The focus of the study is to analyse the 'motivations' and 'implications' of the arms transfers. We have proposed the following propositions which are not mutually exclusive categories but are used as a guide for further analysis.
I. Arms trade and aid or arms transfers exacerbate endemic rivalries and produce chain reaction. Acquisition of arms by a country heightens tension, suspicion and rivalry in the neighbouring countries, leading to their acquisition of weapons. The action-reaction phenomenon or the "contagion effect" generates arms race. It keeps "alive the anachronistic idea that wars (are) inevitable". Therefore, the desire and need to maintain military balance and to achieve capability of limiting damage in the event of war leads to competitive arms build-up.


16 Also see, Colin S. Gray, "The Arms Race Phenomenon", World Politics (Princeton, New Jersey), vol. 24, no. 1, October 1971, pp. 39-79; Colin S. Gray, "The Urge to Compete: Rationales for Arms Racing", World Politics, vol. 26, no. 2, January 1974, pp. 207-235; A number of authors have used mathematical models to analyse the phenomenon of arms race. See, Lewis F. Richardson, Arms and Insecurity (Chicago: Quadrangle Books, Inc., 1960). He begins with the assumption that hostility, ambition and grievances (even where there is no threat); fear of military insecurity leads to increase in the armaments of country A proportional to the level/size of armaments of country B and vice versa. The economy of the country imposes restraint upon further expenditures on armaments, proportional to the size of the existing forces. Also see,
Military expenditure of various countries can be used to study the arms race amongst a group of countries in a particular region. A country Y may acquire similar or different weapons systems to balance X's acquisition. Such purchases would be reflected in Y's defence budget in the same year or in the following years. However, the defence budget is no reflection of the amount spent on arms trade. Since it includes costs of maintenance of personnel and equipment, R & D, etc. However, increase in budget allocation would reflect expansion of defence forces, purchase of equipment, etc. Thus, it will indicate the trend in the arms race. Moreover, percentage ratio of defence budget to Gross

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Domestic Product (GDP) or to Gross National Product (GNP) \(^{18}\) and its rate of change can be used as a rough indicator of threat perception and also to make general comparisons for a number of countries, in terms of each country's budgetary allocation, effect of a military alliance on defence budget, economic constraints and defence budget, and so on.

We can say that the arms transfers to a country

\(^{18}\) Weaver, ibid. He suggests that the use of GDP is as a "sensitive barometer of political as contrasted to financial considerations". This is only feasible when expenditure on defence is compared with expenditures in other departments, such as health, education, etc. Even then economic and strategic considerations can not be ruled out and the decision of rulers related to political considerations alone. Other problems are related to the definition of defence expenditure. For example, expenditures on R & D are excluded from defence budgets in some countries.

In using GNP, the problem is of using values at factor cost or market price, and of converting different currencies to one currency for comparisons of absolute levels of expenditures. Purchasing-power parity conversions and foreign exchange rate conversions have been used to facilitate such comparisons. See, Emile Benoit and Harold Lubell, "World Defence Expenditures", JPR, vol.3, 1966, pp.97-115; Gavin Kennedy, The Economic of Defence (London: Faber and Faber, 1975), Ch.3.

GNP values expressed in current prices will reflect changes in general price level. If expressed in a constant price index, they are an index of change in the physical volume of final output. See, Charles J.Hitch and Roland N.McKean, The Economics of Defence in the Nuclear Age (Cambridge: Harvard University Press, 1967), pp.31-40. However, it must be remembered that GNP is an indicator of economic growth and not
disturb the equilibrium amongst the various countries of the region, and especially between two or more hostile countries, leading to instability in the region. In reaction the other countries acquire weapons to restore the equilibrium. Thus, arms transfers have a destabilizing effect on the strategic balance of the region and lead to competitive build-up.

II. Arms Transfers reinforce the "hegemony" of the supplier nations. Arms aid is an instrument for pre-empting markets, for spreading and maintaining influence of the dominant supplier, and for furthering relations with countries of vital interests -- economically, politically, and strategically. Through arms supplies, the suppliers can control the politics of the recipient country. 19 A recipient country's

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of economic development. It may also be affected/stimulated by external factors in the case of mono-cultural commodity producing developing countries. That is, sale of oil or coffee might lead to an increase in the GNP and the ratio of Defence Expenditure to GNP may be small. But it would not reflect the actual expenditure on defence, nor its impact on the economy.

19. Barringer has rightly noted that, "in the pursuit of spheres of influence and in the name of righteous principles, the great powers have generally supplied... the military hardware that are the very fuel of local conflict ...(they) establish local arms commitments and capabilities... When great powers seek direct influence beyond the accustomed limits of their authority, arms to a client invariably promise the quickest, easiest, cheapest, and most effective means available." Richard E. Barringer, Patterns of Conflict (Cambridge, Massachusetts, MIT Press, 1972), p.112.

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dependence on the supplier nation makes it vulnerable to political manoeuvres of the latter.

III. Arms trade is carried out to maintain a viable domestic defence industry. Longer production runs reduce the production costs per unit and R & D expenditures. It also allows the development of industrial base, and enhances technological developments in the supplier country. Moreover, arms exports help to maintain the domestic arms industry when there is inadequate demand for weapons at home.

IV. Arms trade and aid create dependence of the recipient on the supplier(s). It makes the former vulnerable to the political manoeuvres of the latter.

V. Arms transfers increase the potential of military coups and, thereby, affects the social democratic norms in a developing society.

VI. Acquisition of arms requires large outlays. Thus, scarce resources get siphoned off from developmental projects to the defence sector. Hence, defence expenditure retards economic growth of the developing countries.

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The SIPRI study uses the term "hegemonic" pattern to describe one of the patterns of supply of arms. See n.4, pp.17-19. Stanley and Pearton too have written that arms transfers are regarded as having an integral relationship with the foreign policies of the supplier nations. See, n.4, p.7.