

## THE MILITARY DIMENSION OF NORTH-SOUTH TRADE

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### Summary

For much of the Cold War the paramount feature of the international *arms trade* has been the US-Soviet conflict, which drew their allies into the rivalry. The two ideological adversaries sought strategic advantage through arms sales and transfers. As superpower conflict increased during the 1980s, so did the volume of Soviet weapons transfers. Both powers targeted their supporters in the South. One consequence of the Cold War was an increased level of Third World militarism and a heightened level of conflict worldwide. Of course, superpower rivalry is not the only source of regional conflict, and there are many reasons why the North-South arms trade continues, albeit at about one half the previous level, but arms races do contribute to the outbreak of war, and military confrontation and war have continued throughout the 1990s.

### 1. Introduction

The end of the Cold War is clearly reflected in the large worldwide decline in military equipment transfers and the rapid collapse of Russian shipments. Figure 1 shows that the total value of international arms exports has decreased by more than one half from its 1980s plateau. The decline is clearly seen in the exports of Russia (Soviet Union before 1991). The two largest arms exporters in NATO, the US and UK, did not significantly change the level of their sales and transfers in response to Russia's departure. In fact, US transfers in the mid-1990s are significantly above those of the mid-1980s. While it began as part of the Cold War, the western half of the international arms trade is now a well-established and profitable industry.

An obvious feature of the international arms trade is that it is concentrated in a few countries. The average country spends about 0.1% of its GNP on imported weapons. But about a dozen militarized states import equipment at a rate that is higher than 5% of their GNP.

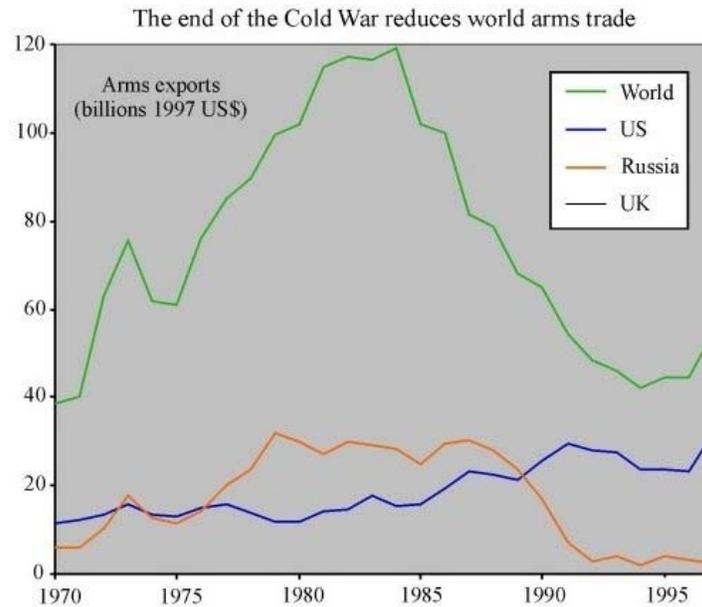


Figure 1. World Military Expenditures and Arms Trade—various years

The supply-side of the arms market is even more concentrated. In recent years the US has accounted for about one half of the market, and the UK has come to be the second-ranking exporter with a market share of about 25%. Russia's shipments have declined dramatically to a level similar to that of a number of other minor producers. US manufacturers have come to dominate, nearly monopolize, this industry.

## 2. The Arms Trade and War in the 1990s

The dramatic end of Soviet power certainly triggered a period of civil and interstate conflict, especially among the fragments of Yugoslavia. On the other hand, the Angolan and Peruvian conflicts, among many others, may be less severe than they might be with a Cold War environment and great power intervention. The civil wars that were seen as part of the Cold War have ended, for example in Afghanistan and Mozambique. In this sense the world of the 1990s is less militarized than that of the 1980s, although it is not at all clear that the nineties have been less war-torn. Perhaps these conflicts are transitory so that more peaceful conditions will return to the Balkans. By the end of the decade the issue of arms control had receded from the center stage of American policy. The Arms Control and Disarmament Agency (ACDA) was dissolved in 1999; its functions are absorbed into the State Department.

The drop in the value of arms trade in the 1990s may be a poor indicator of overall world peace. Although American voters may feel less threatened by nuclear war, it can be argued that recent wars in many Third World countries have been more savage, more dangerous for civilians, and more likely to involve children due to the wide availability of light weapons. Such weapons as the AK-47 assault rifle have become quite cheap, costing about the same as a family meal in many Third World countries.

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### **Biographical Sketch**

David Kiefer is a Professor of Economics at the University of Utah. His current research interests include macroeconomic policy and the political business cycle. He has published research on a wide variety of other topics, including racial inequality, tax and housing policy, economic development, business cycles and government behavior and peace research. He has published 2 books and 18 professional journal papers and presented 27 research papers at economics conferences. Dr. Kiefer received his B.S. degree in electrical engineering from Carnegie Institute of Technology in 1967 and was employed as a test engineer by Jet Propulsion Laboratory in Pasadena. He earned his Ph.D. degree in economics from the University of Michigan in 1974. He previously taught economics at LaTrobe University in Australia and as a visiting professor at the Urban Institute in Washington, D.C. and Chulalongkorn University in Thailand. His teaching interests include microeconomic and macroeconomic theory, econometrics and public economics. He administers the Ph.D. program in economics at the University of Utah where he is Director of Graduate Studies.