

PERSPECTIVES IN SECURITY ASSISTANCE MANAGEMENT

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ARMS SALES: THE NEW DIPLOMACY

by

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The recent heated debate over the sale of Airborne Warning and Control System (AWACS) planes and F-15 fighter components to Saudi Arabia was only one of a number of controversies involving U.S. arms sales. The next weapons transfer which will meet congressional resistance is that of F-16 fighters to Pakistan, a sale which some believe will give a renewed impetus to the arms race on the subcontinent and undermine nonproliferation efforts. Serious questions are also being raised about the wisdom of the planned sale of F-16s to Venezuela, thereby crossing a technological threshold which in the past has restrained the transfer of the most advanced fighter aircraft to Latin America. Proposed new arms supply relationships with Argentina, Chile, and Guatemala will draw the ire of those who are concerned about the dropping of past restrictions based upon these countries' human rights records. The Reagan Administration is faced with a tough decision regarding the sale of the FX fighter to Taiwan. Beijing has put Washington on notice that it considers the proposed sale as a "litmus test" of future Sino-American relations. But the same type of symbolism is attached to the sale by Taipei, which would view the failure to sell as a sign of abandonment. [Editor's note: the Reagan Administration announced on January 11, 1982, that it had decided not to sell the FX to Taiwan, but would instead permit additional sales of the F-5E.]

Nor is it only the United States that is bedeviled by controversial arms sales decisions. Chancellor Helmut Schmidt of West Germany was forced to draw back from the sale of Leopard II tanks to Saudi Arabia earlier this year because of strong objections within his Social Democratic Party. French President Francois Mitterrand's decision to honor past commitment to Libya has raised objections. And even in Austria, a minor supplier of weapons, a sharp domestic debate has been unleashed by the sale of 57 light tanks to Argentina.

Arms sales have become, more than ever before, a crucial dimension of world politics. They are now major strands in the warp and woof of international affairs. Arms sales are far more than an economic occurrence, a military relationship, or an arms control challenge -- arms sales are foreign policy writ large.

II

A number of trends combine to give arms sales greater saliency. The first is the sheer increase in the quantity of weapons being supplied. Arms transfers worldwide have more than doubled in the past decade, from \$9.4 billion in 1969 to over \$20 billion in 1980 (in constant 1977 dollars). The United States has been the largest supplier during this period and has seen its foreign military sales (as distinct from arms delivered, and measured so as

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to include items such as training and logistical assistance) rise from \$1.1 billion in 1970 to approximately \$16 billion today (in current dollars). The Soviet Union has also sharply increased its arms transfers and by some measurements has begun to overtake the United States. The level of French and British arms sales has quadrupled since 1970 and a number of smaller suppliers have significantly increased their sales.

A second trend is the qualitative upgrading of arms sales. Prior to the 1970s, most arms supplied (especially to the developing countries) were the surplus and obsolete weapons of the major powers, which they wanted to eliminate from their inventories (often as military assistance grants) so as to make room for new, more advanced equipment. Even in the early 1960s the aircraft transferred to the developing world more often than not were ten-year-old American F-86 and Soviet MiG-17 fighters rather than the first-line planes of the period such as F-4s and MiG-21s. In contrast, today some of the arms being transferred, such as F-15s, MiG-23s and AWACS, are among the most sophisticated in the inventories of the supplier states.

A noteworthy aspect of the qualitative improvements has been the spread of sophisticated weaponry through co-production agreements. These enable countries to acquire through licensing arrangements the knowledge to manufacture or to assemble a weapons system. More than two dozen developing countries now participate in such arrangements with outside suppliers.

A third trend is in the changed direction of the arms flows. Until the mid-1960s most weapons went to developed countries, usually the NATO allies of the United States or the Warsaw Pact allies of the Soviet Union. It was not until the war in Southeast Asia in the second half of the decade that the dominant portion went to the developing world. Nor was the trend reversed at the end of the Vietnam War. During the late 1970s the Persian Gulf and Middle East countries received by far the largest portion of arms, with a fourfold rise in the value of arms imports (in constant dollars) during the decade. Iran, Saudi Arabia, and Israel were the major recipients of Western arms, while most Soviet weapons were shipped to Syria, Iraq, Libya, and, a little earlier, Egypt. Indeed, by 1980 this region was receiving 50 percent of all weapons shipped to the Third World. This has led some observers to conclude that the arms sales "problem" is solely a Middle East problem--but this is far too simplistic an analysis. Arms sales to Africa increased 20-fold from 1969 to 1978 and to Latin America tripled (again in constant dollars). Although the totality of these sales was small compared to the Middle East figure, these increases were important in the context of the respective regions. Over three-quarters of the global arms trade now goes to the Third World.

A fourth trend is the establishment of indigenous armament industries within the Third World. Twenty-four developing countries now produce weapons of some type. This, too, is a recent change; two decades ago hardly any of these nations manufactured arms locally. The prime incentives for the creation of these national industries have been political or security concerns rather than commercial ones, as sometimes averred. Nations have been motivated by the desire to reduce their dependence upon outside suppliers in order to bolster their national security. But once the industry is created, exports are seen as a way of reducing unit cost, offsetting research and development expenses, and providing trade benefits. Among the states which have sought to augment their self-sufficiency because of the perceived

unreliability of outside suppliers have been Israel, South Africa, Taiwan, South Korea, and India. Others have been motivated less by perceptions of a threat to their security than by broad political considerations relating to their status within their region: Argentina, Brazil, Venezuela and Indonesia.

While arms production in the Third World is certain to continue expanding at a steady rate, its impact upon the global arms trade is likely to remain marginal. Four states accounted for 87.5 percent of the value of major weapons transferred to the developing world during the decade of the 1970s; the United States (45 percent), the Soviet Union (27.5 percent), France (10 percent), and Britain (5 percent). When West Germany, Canada, Italy, the Netherlands, and Czechoslovakia are added in, the figure goes up to 94.3 percent. The new Third World suppliers are mainly producing second-echelon weapons and do not have the technological base to compete with the principal suppliers. No Third World country has yet become the principal supplier of a developing country.

III

These trends in the transfer of arms must be viewed as an integral part of the broader transformations in the international system. As is well recognized, the world is undergoing a diffusion of power, political and economic, from the industrialized states to the developing nations. There is an important military component to that diffusion as well. The acquisition of conventional arms, often sophisticated and in far larger quantities than the recipient states have previously possessed, is a critical element of that diffusion. Arms are a major contributing factor to the emergence of regional powers such as Israel, Brazil, and South Africa; their purchase can make a deep impact upon regional balances and local stability.

Arms sales, moreover, have become a key instrument of diplomacy for the weapons suppliers, in some cases the best one available to them. There has been a decline in the traditional instruments of reassurance and diplomacy, such as formal alliances, the stationing of forces abroad, and the threat of direct intervention. At a time when the major powers are less likely to intervene with their own armed forces, they are more prone to shore up friendly states through the provision of arms or to play out their own competition through the arming of their proxies. A contributing factor has been the reduction of other instruments of diplomacy, such as developmental aid. Both the United States and the Soviet Union now give less in economic than in military assistance. Even ideology ("Free World" versus Communism) no longer has the cementing influence that it once had.

Arms sales must also be seen in the context of North-South issues. They constitute a redistribution of power whose significance in certain cases may be equal or greater than that of some of the better-recognized economic forms. Certainly the withholding or granting of arms can have a great political and psychological impact on Third World leaders. Then, too, arms sales can be a method of technology transfer; an increasing number of states do not want the weapons fresh out of the crates but rather the technology that will enable them to build, or co-produce, at home.

Finally, arms sales have become, and surely remain, a crucial aspect of the continuing East-West competition in the Third World. Indeed, they are

now the prime instrument used by the Soviet Union, and an important one for the United States, in the rivalry for the allegiance of much of the world. The capability of the Soviet Union to project its military presence to distant places expanded greatly during the 1970s, and Moscow shows no reluctance to use arms transfers to support its political aims. The energy vulnerability of the West has made the security of the Persian Gulf and the stability of the Middle East matters of the highest importance; arms sales have become an important means used by the West to safeguard these interests, quite apart from the economic benefits to be gained from sales to the oil-rich countries.

IV

The greater prominence of arms sales today has not been matched by new insights as to their utility. Judgements about arms sales are often extremely difficult to reach, as the recent debate on the AWACS sale demonstrated. This is due, in part, to the lack of norms about the requirements of international security. In dealing with the spread of nuclear weapons, most observers agree about the goal of preventing nuclear proliferation, and the disagreements, important as they are, are about tactics for achieving this. No similar principle is applicable to the spread of conventional arms.

A particular sale may be destabilizing or it may restore a balance. It may promote an arms race in a region, or it may help deter a potential conflict. Moreover, what is true in the short run may not be valid for the longer term. Who is to say how a weapon transferred now could be employed in ten years' time (e.g., U.S. weapons given to South Vietnam)? And who can vouchsafe that the future political leadership of a country will be as "responsible" about the use of weapons in the future as it is at present (e.g., the Shah)? Or that the alliances and foreign policy alignments of today--upon which the prospective supplier must base his decisions-- will be the same tomorrow (e.g., Somalia and Ethiopia)?

Arms sales decisions are thus fraught with policy dilemmas. Even when a supplier country has adopted general policy guidelines, each weapons transfer decision must be made individually, and often it will involve complex judgements and trade-offs. Short-term benefits should be weighed against longer term risks. Economic advantages may have to be balanced against potential political disadvantages. One important foreign policy goal, such as strengthening an alliance relationship or a nation's capacity for self-defense, may run counter to another goal such as promoting human rights (e.g., South Korea). Assisting one nation (e.g., China) could cause deterioration of relations with another (e.g., the Soviet Union). Or, yet again, such indirect pressure may moderate the other's behavior. Providing substantial amounts of conventional arms may or may not reduce incentives for the acquisition of nuclear weapons (e.g., Pakistan). As the debates in recent years on a large number of arms sales show, one can almost take for granted that every decision will involve competing objectives.

V

Let us now look at the arms sales policies and practices of the Soviet Union, France (the largest West European supplier) and the United States before turning to the vexing question of how to develop some type of international restraints. As it happens, the American share of the world arms

market is decreasing, while the Soviet and West European portions continue to grow.

For the Soviet Union arms have long been the primary instrument for dealing with the Third World, essentially because of the paucity of alternatives. The Soviet economic and political model has few attractions for the developing nations; Moscow has comparatively little to offer in the way of trade, investment, and the transfer of technology; its development assistance has been kept low; and the Soviet Union's ideology and culture only appeals to a very limited group of countries. Weapons, on the other hand, can be provided cheaply and abundantly.

Long the second largest supplier of arms, the Soviet Union's transfers have begun to rival those of the United States. Between 1977 and 1980 the Soviet Union sent to the Third World 5,750 tanks and self-propelled guns in comparison with America's 3,030; 11,400 surface-to-air missiles in comparison with 4,960; and 1,780 supersonic combat aircraft in comparison with America's 510. Total arms deliveries have risen sharply in recent years and it is not impossible that Moscow will achieve the dubious distinction of becoming "Number One" during the 1980s.

Along with Soviet arms come a disproportionately large number of advisers and technicians, raising suspicions that many are sent for intelligence gathering purposes. The Central Intelligence Agency estimates that 15,865 military advisers from the U.S.S.R. and East European countries were stationed in the Third World in 1979, ostensibly to assemble and maintain Soviet arms as well as to train the forces of the host country in their operation. They were found to be in large numbers in Syria (2,480), Libya (1,820), Iraq (1,065), Ethiopia (1,250) and Angola (1,400). Large quantities of surplus weapons are available for quick delivery. The Soviet military industry routinely overproduces with potential exports in mind; these provide a greater reservoir of arms than is available in the West and make it less likely that the equipment of its own armed forces will be drawn upon.

Moreover, during the past decade the Soviet Union greatly improved its capacity to transport weapons over great distances, by developing the IL-76 long-range cargo aircraft and by expanding its maritime fleet with roll-on, roll-off ships which do not require extensive port facilities. This new logistical capability was amply demonstrated by the impressive ferrying of arms and Cubans to Angola and Ethiopia. By Central Intelligence Agency estimates the average time lapse between sale and delivery of Soviet arms abroad, both old and new, is half that of the United States.

Moscow's arms sales have been carefully calibrated to serve its political purposes. Arms have been supplied to national liberation movements to demonstrate solidarity and foster ideological affinity, as well as to Marxist regimes and to other countries whose favor the Soviets have wanted to court or whose political leanings they have wanted to influence. Arms have been supplied to Castro in exchange for his support for Soviet aims in Africa and Central America. Middle East countries received over half of the Soviet arms sent to the Third World in the past five years, and the U.S.S.R. became the largest supplier to sub-Saharan Africa.

For a long time arms were delivered either free or at low cost with very favorable conditions, including long-term credits of eight to 12 years, and

minimal interest rates of 2.5 percent often repayable in soft, local currency which was then used for the purchase of goods from the weapons-receiving country. In recent years, however, arms sales have become an important earner of scarce hard currency, as weapons have been sold to oil-rich countries such as Iraq, Libya, and Algeria, thereby greatly assisting Moscow's trade balance. Thus, lucrative arms sales to the Third World are now helping Moscow finance its purchases of Western technology and food. Nevertheless, the Soviet Union remains prepared to make an economically less attractive deal if it suits its political purposes. For example, the terms of the \$1.6-billion sale to India in 1980 are extremely generous, providing for repayment over 17 years at only 2.5 percent interest.

For the Soviet Union the Third World is the main battleground in the ideological competition with the West. We can expect that it will continue to rely on arms sales, and quite possibly expand upon their use, to win friends and gain advantage: Soviet military assistance has long been applied opportunistically, taking advantage of instabilities created by regional conflict or international crisis.

Yet it is far from clear that the arms transfer instrument here will be any more successful in the future than it has been in the past. The record, in fact, is strewn with more failures than successes. Arms to Indonesia did not inhibit Sukarno from adopting a pro-Chinese foreign policy and after the abortive 1965 coup from ousting the Soviets from the country. Weapons for Peru have done nothing to enhance Moscow's position on the South American continent as a whole. The Congo, Ghana, Guinea and other parts of sub-Saharan Africa have witnessed a long string of Soviet failures to establish a permanent presence. The Russian navy was summarily forced out of Berbera, the Soviet Union's largest overseas naval base. Arms supplied to Syria and Iraq have not made them fully pliable to Moscow's political wishes. Damascus has refused to give the Soviets as many military facilities as it seeks, and Baghdad condemned the invasion of Afghanistan.

The most striking failure has been in Egypt, where the Soviets penetrated the Egyptian military as they did in no other country. Egypt's armed forces were reorganized in Soviet style, and at the peak there were 17,000 Russian military personnel in place, some actually manning air defense sites and flying on patrols. Yet this did not prevent Sadat--after, it should be noted, consistent disputes with the Soviets regarding the adequacy of their arms deliveries--from breaking ties with Moscow and sending the Soviets home. In sum, the Soviet experience confirms that the provision of arms often does not readily translate into lasting influence.

VI

France ranks as the third largest supplier of conventional arms to the Third World. Approximately 40 percent of its national arms production is now sold abroad. The growth in arms sales during the 1970s has been dramatic, from 6,341 million francs in 1970 to 25,200 in 1980; during the same period arms deliveries increased fivefold. Indeed, the export of arms has grown twice as rapidly as the nation's total exports.

This is often attributed to a laissez-faire arms sales policy under which the French government has been willing to sell almost any weapons to anybody; and on occasion French ministers have spoken of a policy of selling

weapons "without political conditions." Economic considerations play an important role in motivating arms sales. There are more than 300,000 persons employed in the arms industry, not to mention the spinoff effects through sub-contracting and the provision of services. If ever there was a nation with a strong military-industrial complex, it is France. The state is an aggressive purveyor of French arms abroad. Moreover, the arms-for-oil connection, although never officially acknowledged, is quite direct. More than 80 percent of the nation's oil imports come from the Middle East, with Saudi Arabia and Iraq as the largest suppliers. These are precisely the two countries with which Paris has signed the largest arms contracts since 1974.

But the fundamental impetus behind French arms sales has been at least as much political as economic. The nation's political leadership, across the party spectrum, remains strongly attached to a concept of national independence which in turn is based upon an autonomous defense policy. This is perceived as important not only for French security but for the projection of the nation's influence in Europe and the world. And a national armaments industry is viewed as an essential characteristic of an autonomous defense capacity. To the maximum extent feasible, it is argued, France must have the capability of equipping its own armed forces without depending upon an uncertain source of supply from abroad. In order to maintain this ability to arm itself, France must export weapons, as the demand at home is not enough to justify the arms industry in economic terms.

Such aims, however, may in time create their own problems. The arms industry as a whole has become dangerously overdependent upon exports. As much as 75 percent of the aeronautical industries' products were sold abroad; of the 338 Mirage fighters that were ordered in 1974-78, for example, 297 were for overseas buyers, and the proportions are roughly the same for many other weapons systems. Should the overseas markets become saturated, or the competition from the other suppliers increase, France's highly successful arms industry could suddenly go into a serious tailspin.

While in opposition, the Socialist Party was highly critical of French arms sales practices, insisting that sales to "colonialist, racist, or fascist" regimes should be stopped. Francois Mitterrand proposed in 1978 a series of measures intended to create some parliamentary control over arms sales at home and encourage regional conferences of recipients and supplier nations in order to set regional ceilings on transfers. He also called for a reorientation of French arms sales from the developing countries to Western Europe.

Since his election such lofty goals have been abandoned; indeed one already heard less of them in recent years. One of the first decisions made was to honor all existing arms contracts. Within days of Mitterrand's election, before even the elections to the Assemblée Nationale, the new President sent his brother, retired Air Force General Jacques Mitterrand, now the head of Aerospatiale, to Saudi Arabia for the purpose of assuring King Khalid that arms contracts valued at over four billion dollars would not be touched.

But the Mitterrand government is likely to pay more attention than Giscard d'Estaing did to human rights considerations when making arms sales, having promised to "moralize" them. Clearly it will not sell anything of military application to South Africa--up to the mid-1970s a major recipient of French arms and a bete noire of the French Left. Sales to countries such as

Chile and Argentina will be more carefully scrutinized, and for the moment there is a ban on any new sales to Libya because of its role in Chad. Elsewhere, however, sales will continue and in black Africa could well be increased. Ironically, the nationalization of that part of the arms industry which remains in private hands (Dassault, Thomson, and Matra) could force the Socialist government to undertake an even greater role in its long-term support. [Editor's note: two recently announced sales cases reflect the Mitterrand government's current involvement in arms transfers. On January 3, 1982, Egypt signed a \$1 billion agreement to purchase 20 advanced Mirage 2000 fighter aircraft; the purchase will be financed over a six-year period at 9 percent interest, with a two-year grace period. A \$15 million sales agreement with Nicaragua was disclosed on January 7, 1982, involving two Alouette 3 helicopters, two patrol boats, and 12 trucks, plus the training of ten Nicaraguan pilots and technicians in France.]

VII

It is in the United States, however, that the arms trade phenomenon has received the most attention. In the past decade the nation's policy and practice on weapons sales has become a domestic political and foreign policy issue; Congress has imposed legislative controls, most notably through the International Security Assistance and Arms Export Control Act of 1976; the Carter Administration sought to "reform" U.S. arms sales through a set of specific guidelines, and it undertook discussions with the Soviet Union regarding international restraints.

Long the world's largest supplier of arms, during the period 1950-80 the United States transferred abroad over \$120 billion in arms and related military services, more than half of the world's total. Under the Reagan Administration, with its strong emphasis on arms sales as an instrument of diplomacy, and its tendency to sell weapons permissively, arms sales are likely to continue to grow and become still more controversial.

In retrospect, the Carter Administration's handling of arms sales is easy to criticize. Certainly the reality did not match the overblown and moralistic rhetoric, and arms sales were never relegated to the status of being an "exceptional" instrument of foreign policy as promised in the Administration's early days. The policy guidelines--e.g., that the United States would not be the first supplier to introduce into a region newly developed, advanced weapons systems that would create a new or significantly higher combat capability; that it would not permit development or modification of advanced weapons systems solely for export; that it would not permit co-production agreements with other countries, etc.--were frequently not observed. The annual dollar ceilings on new arms sales, under which there was to be a progressive reduction each year, were so artfully circumvented (by excluding treaty allies, and exports classified as "commercial" arms sales or military services) that while the ceilings were formally respected and sales were theoretically reduced, in reality total arms sales increased. And the Conventional Arms Transfer talks with the Soviet Union collapsed more because of internal feuding within the Administration and a lack of clarity as to aims than because of substantive disagreement with the Soviet Union at the negotiating table.

Nevertheless, the Carter policy forced arms sales to be measured more carefully against overall foreign policy and national security considerations than had been the case in the Nixon-Kissinger years. The Arms Export Control Board introduced a new discipline into the decision-making process in Washington. In theory, at least, the burden of persuasion was shifted from the opponents of a sale to the proponents, thereby adding requirements for analysis and long-range planning. The specific guidelines, although applied with much flexibility and frequent exceptions--how could it really be any different?--did provide a way of justifying turn-downs when friendly governments requested arms which the Administration concluded should not be transferred. Altogether, 614 requests from 92 countries totaling more than one billion dollars were turned down in the first 15 months of the Administration. (After the invasion of Afghanistan, as the Administration's foreign policy assumptions changed, arms were sold more freely.) In addition, human rights considerations were given a new prominence in the making of arms sales decisions, although here too there was flexibility--while sales to authoritarian Latin American regimes were barred, they were continued to South Korea and other nations where the United States has more direct security interests.

The Reagan Administration in its first nine months has sought to accentuate the difference in its approach toward arms sales. Addressing the Aerospace Industries Association, Under Secretary of State for Security Assistance, Science and Technology, James L. Buckley observed that the Carter Administration had adopted policies on the sale of arms that "substituted theology for a healthy sense of self-preservation." The Reagan Administration would view arms sales as an essential element of the U.S. global defense posture; it would "face up to the realities of Soviet aggrandizement," as it pursued a sober, balanced and responsible arms transfer policy, essential for the protection of U.S. interests. [Editor's note: The full text of Mr. Buckley's May 21, 1981 address was reprinted in the Summer, 1981 issue of the DISAM Newsletter (pp. 50-56).] The Administration's arms transfer policy statement, issued in July, contrasted sharply with Carter's of four years earlier. "We will deal with the world as it is," the policy statement concluded, "rather than as we would like it to be." Clearly the policy emphasis is no longer on restraints on arms sales and on the dangers posed by conflict within the Third World but rather on employing arms sales to respond to the Soviet global challenge. [Editor's note: the Fall, 1981 issue of this Newsletter highlighted the Reagan Administration's "Conventional Arms Transfer Policy" statement of July 8, 1981, and included congressional testimony regarding the new policy by both Under Secretary of State Buckley and Mr. Francis J. West, Assistant Secretary of Defense for International Security Affairs (pp. 1-14).]

The new direction involves more than just tone and emphasis. Carter's specific guidelines prohibiting certain types of sales have been replaced by a list of broad-gauged considerations in making arms transfers which stress the contributions they can make to "enhanced deterrence and defense." The annual ceiling on the total value of arms sales has been dropped, wisely, as it had become meaningless. No reference whatsoever is made to human rights as a factor in arms sales decision making. In addition, a number of steps have been taken: (1) the Administration early on rescinded the "leprosy letter," a Carter directive which discouraged American representatives abroad from initiating discussions on, or stimulating interest in, the purchase of

U.S. weapons by foreign governments unless authorized by Washington, and even from assisting American businessmen to do the same; [Editor's note: the full text of the April 3, 1981, Department of State message, which rescinded the earlier limitations on assisting representatives of U.S. firms and provided new policy guidance, was published in the Summer, 1981 issue of this Newsletter (pp. 18-19).] (2) Congress was asked to increase security assistance, through which some arms sales are financed, by 30 percent (while funds for development assistance were to be reduced by 26 percent); (3) Congress was also asked for \$350 million to create a Special Defense Acquisition Fund which would be used to purchase in advance some arms which countries were likely to request but which due to long manufacturing lead times would not be available without considerable delay once a sale was approved--a sort of "arms-for-sale" inventory; (4) the Administration sought to raise the dollar thresholds at which proposed military sales must be reported to the Congress from \$7 million to \$14 million in weapons and \$25 million to \$50 million in other defense articles and services.

President Reagan has also sought to enhance his flexibility in using arms sales as a political instrument by repealing some legislative restrictions which had been enacted during the past decade. The Administration asked that a ban on arms sales to Argentina, due to its human rights record, be lifted because of Argentina's strategic location along vital lines of communication in the southern Atlantic as well as its natural resources. Similar action was sought with respect to Chile. The Administration also urged the repeal of the Clark Amendment which prohibited military assistance to factions in Angola, because it was restricting policy options, although some members of Congress argued strongly that its repeal would adversely affect efforts to negotiate an end to the conflict in Namibia and alienate some black African countries. And, with Pakistan in mind, Congress was also asked to amend the Symington Amendment so that military assistance might be provided to that country despite its ongoing nuclear program which could lead to a weapons capability (Most of these restrictions are presently being lifted, albeit with legislative reservations.) [Editor's note: for a review of the actions which Congress has taken with respect to these and other security assistance issues, see the article, "FY82 Security Assistance Legislation," in the Spring issue of the DISAM Newsletter.]

A cornucopia of arms sales has marked the first nine months of the Reagan Administration. In the largest arms deal in history, the United States sold to Saudi Arabia not only the five AWACS aircraft but also 1,177 advanced Sidewinder air-to-air missiles, six KC-135 aerial refueling aircraft, and conformal fuel tanks to enhance the range of the 60 F-15 fighters sold in 1978--for a total value of \$8.5 billion. Israel was promised additional F-15 fighters and was told that past restrictions on the export of its Kfir fighter, containing an American engine, would be dropped. Jordan was sold Cobra helicopters armed with anti-tank missiles. Morocco was told that it would receive 108 M-60 tanks (the Carter Administration had insisted that Rabat "qualify" for such arms by making moves toward resolving conflict with the Polisario guerrillas in the Western Sahara). Arms transfers to Egypt were accelerated after the death of Sadat. Pakistan was promised F-16 fighters and sophisticated radar equipment as part of a \$3.2 billion package of military credits and economic aid over six years. The F-16 was also offered to Venezuela and South Korea (the latter was in the works at the end of the previous Administration).

With perhaps more fanfare than was warranted, restrictions on the sale of "lethal weapons" to the People's Republic of China were removed. El Salvador was sent military aid and advisers. Arms were sent to Guatemala for the first time since 1977, and the Administration discussed sending military assistance to Argentina and Chile. In addition, the transfer of arms to Somalia, Sudan, Tunisia, Turkey, and the anti-Marxist element in Angola were either approved or sought from the Congress.

After the vote on the AWACS, the most contentious of these may be the sale of 40 F-16s to Pakistan. With Soviet troops in neighboring Afghanistan, the Reagan Administration, like its predecessor, seeks to buttress Islamabad through economic and military aid. It is willing, however, to go considerably further than Jimmy Carter (his \$400-million offer, it will be recalled, was rejected by General Zia ul-Haq as "peanuts"), with a larger military program and more advanced weapons intended to strengthen Pakistani resistance along its northwestern frontier. But many of these weapons could also be used against the traditional enemy, India, and Prime Minister Indira Gandhi has been outspoken in her objections to the F-16s in particular. There is much to be said for providing in their place the new shorter range FX, as suggested by the U.S. Air Force, which has seen it as adequate for Islamabad's purpose. The end result of providing the F-16s is likely to push New Delhi into buying French Mirage 2000s or MiG-25s, in addition to the Soviet MiG-23s it is already receiving, thereby notching up a regional arms race which these two poor countries can ill afford. The underlying policy challenge is how to satisfy Islamabad's legitimate defense requirements without supplying arms that could be used to undermine India's security. (India, it should be noted, will retain the military advantage in any case.)

Another sale which would be subject to close scrutiny is that of 16 to 24 of the F-16s to Venezuela. Such a sale would set an important and unfortunate precedent in all of Latin America. Up to now none of the supplier countries has sold its most advanced supersonic fighters to nations in the southern hemisphere. Caracas' request has been viewed sympathetically because the country is stable and democratic (unlike Pakistan!), and the government of Luis Herrera Campins has supported U.S. policy in Central America and the Caribbean, including the Reagan Administration's approach to El Salvador. In addition, the United States imports about four percent of its crude oil from Venezuela.

Nonetheless, Venezuela has no serious security problems which justifies the F-16. Testifying before the Senate Foreign Relations Committee, Under Secretary of State Buckley cited the threat to Venezuela emanating from Cuba. Surely this is highly questionable justification. Selling the F-16 to Venezuela would break the tacit threshold on sophisticated jet fighters to Latin America, and would be a matter of real concern to neighboring Colombia. It would, moreover, make it more difficult to turn down other nations which requested the F-16 without a legitimate security need for it. If Venezuela is to receive it, why not Argentina, Brazil, Chile, Peru, or Mexico?

Indeed, what may now be at stake is the whole notion of the FX export fighter as one specifically designed to meet the future needs of the Third

World countries without transferring top-of-the-line F-15s, -16s, and -18s. For two decades the standard fighter sold by the United States abroad has been the Northrop F-5, a good and relatively inexpensive fighter of limited capabilities. More than 1200 of these aircraft have been sold to 27 countries. Recognizing that a number of Third World nations would want to replace their F-5s (Taiwan has been the case in point), but not wanting to make available the most advanced aircraft, the Carter Administration decided to permit the development of an intermediate performance fighter (thereby breaking its no-arms-for-export-only guideline).² In theory, the FX would be the ideal plane for Third World countries that require middle-level aircraft that are still less expensive than the first-line ones, easier to maintain, and of more limited range, thus preventing the exacerbation of some regional arms rivalries.

Thus far, the only country outside NATO that has the F-16 is Israel, and its sale has been approved for Egypt and South Korea. If, however, Pakistan, with its grave financial difficulties, and Venezuela, without real military requirements, are able to obtain the high-performance F-16, then this will undermine the viability of the concept of the FX export fighter and could well launch a race for acquiring F-16s.

Finally, another difficult issue today is the conundrum involving arms sales to China and Taiwan. Even though Taiwan's air force is well equipped with 200 F-5s and other aircraft, it has been seeking a more advanced fighter. The Carter Administration turned down its request for F-4s on the grounds that the fighter's 1,000-mile range would be provocative to China. Now Taiwan is lobbying hard for the still more advanced FX. Yet there is no persuasive military rationale for providing the FX: it is not necessary for the defense of the Taiwan straits, would be superior to anything China possesses, and tensions in the Taiwan region are low. The Nationalist leadership, however, sees it as an important symbolic test of America's fidelity to its old ally and this strikes a receptive chord in the Reagan White House.

Beijing, on the other hand, has made it clear that it would find the sale of the FX totally unacceptable. It would prefer to forgo any purchase of American arms rather than accept this sale, and has even indicated that it might downgrade its official relations with Washington if the transfer is made. (This was done to the Netherlands after it sold submarines to Taiwan.) For the Reagan Administration, which is eager to follow up on Secretary Haig's June trip by selling to China some "lethal" but "defensive" arms, such as TOW anti-tank missiles, the choice is painful. The truth is that American arms have been flowing to Taiwan abundantly since the year's grace period after the normalization with Beijing, and will continue to do so. A \$500-million package is planned for this year without the FX. Even for symbolic purposes, that should be sufficient.

The Reagan approach to arms sales is downplaying two considerations which in recent years have served to restrain the transfer of weapons. One is human rights. This is most evident in Latin America, where the emphasis is now on hemispheric security and the competition for influence with the Soviet Union--and especially the perceived threat from Cuban- and Soviet supported subversive activities in Central America--rather than economic development or human rights.

The second change has involved nuclear nonproliferation concerns, notably in the case of Pakistan. There can no longer be much doubt that Pakistan is making great efforts to become a nuclear power, and seeks to acquire nuclear explosive capability. Selling large quantities of arms to Pakistan without a firm commitment that it will forego the actual development of atomic weapons cannot help but reduce whatever leverage the United States has over Islamabad on this very sensitive and important question. It may also induce New Delhi to renew its own military nuclear program and recommence explosions. This is a tough policy dilemma on which there may be no good choice. But to argue, as has the Administration, that selling large quantities of conventional arms to Pakistan would take care of its security needs, thus blunting the quest for nuclear arms, is self-deceiving. Indeed, the real danger is that the Pakistanis might interpret it as a tacit acceptance of their developing the bomb.

Arms sales now have a central role in American diplomacy. They are an important dimension of the peacemaking and stabilization process in the Middle East. They are a major component of America's approach toward competition with the Soviet Union on a global basis, perhaps the major instrument for action overseas short of the direct use of U.S. armed forces. The risk is that we may overvalue this instrument. Nations pursue their interests. Their friendship or foreign policies cannot be "bought" with weapons. Today's ally may be tomorrow's enemy--witness the American experience in Iran and the Soviet Union's in Egypt. Under the Carter Administration, arms sales policy was inconsistent and perhaps overly restrictive. In the Reagan Administration it runs the risk of being overly permissive.

VIII

Clearly, the need for some international restraints on the transfer of arms is greater than ever. Unfortunately, this is not an auspicious time for new initiatives in this regard, given the marked deterioration in Soviet-American relations and the current European-American difficulties. Any specific proposals for early action would have a distinct air of unreality.

Nonetheless, it is not too early to think constructively about the problem. That the Third World is likely to be an increasingly unstable environment in the coming decades, with a propensity for conflict, is by now a widely accepted judgment. Yet we have not even begun to sort out "rules of the game" to maintain a lid on the competition between the Soviet Union and the West in the Third World. Restraints on the competitive transfer of arms should be an important component of such an undertaking. Nor is there a system for regular consultations between the United States and its European allies on arms sales to the developing world. This global problem is not discussed in NATO because it is thought to be outside of its charter. Yet uncoordinated Western arms sales, without an accepted "code of conduct", can undermine regional balances and may also conflict with the diplomacy of other Western nations in such a way as to prevent a political evolution desired by all of them.

A brief examination of the Conventional Arms Transfer (CAT) talks with the Soviet Union is in order.³ The Carter Administration, shortly after

coming into office, broached the subject of cooperative restraints on arms sales with the European Allies. Responses ranged from expressions of interest and support to skepticism. A consistent theme in the European responses was the need to involve the Soviet Union at the first stage. Thereupon the Administration focused all its energy on Moscow and the Europeans were let off the hook, indefinitely.

Four rounds of negotiation were held between the United States and the Soviet Union from December 1977 to the collapse of the CAT talks in Mexico City just one year later. To the surprise of many, the discussions proceeded quite smoothly. By the end of round three it was agreed that restraints might be both regionally oriented and global, and that restrictions might be "military-technical" on certain types of weapons or "political-legal" in nature. These, it was thought, could lead to "Harmonized guidelines" on restraints.

At the next round, the United States proposed to discuss transfers to Latin America and sub-Saharan Africa, but the delegation was instructed at the last minute to refuse to even listen to any discussion of the Soviet-proposed regions of West Asia and East Asia, the former including Iran and the latter China and South Korea. A deep split had developed between the American negotiators, headed by Leslie Gelb of the Department of State, and the White House. The latter was no doubt influenced by the pending normalization of relations with China and the unstable situation in Iran.

But the split also reflected the conflicting conceptions within the Carter Administration regarding policy toward the Soviet Union, especially with respect to the East-West competition in the Third World. If the Europeans had been involved in the negotiations it would have given the resulting Western position, based on alliance consultations, greater ballast, thereby making it less vulnerable to Washington's internal struggles.

Any future attempt to develop cooperative, multilateral regulation of arms sales should be undertaken in the following manner:

First, priority should be placed upon arrangements between the West European suppliers and the United States rather than the negotiation of Soviet-American accords. The latter is a long-term aim, which will remain difficult to achieve because of the basic East-West political and ideological competition in the Third World. On the other hand, there already is a pressing need for greater cooperation within the West on policies in dealing with Third World instabilities. In the Middle East and Persian Gulf, for example, a coordinated approach on arms sales could become an important component of an overall, more unified foreign policy toward the area. The present pattern of competitive, uncoordinated sales to a country or region can be contrary to Western political interest. There is too much truth to the statement: "If we don't sell, someone else will."

An initial step would be for the principal Western arms suppliers to undertake foreign policy consultation on political and security developments within regions and specific countries. Little of this takes place today on a systematic basis, that is to say short of significant crises, because the institutional base does not exist in NATO or elsewhere. Although important differences in assessments, interests, and the preferred policies to be followed

would surely emerge, such consultations would on the whole be beneficial and would also provide a forum for discussing prospective arms transfer decisions.

A next step might be to adopt a "market-sharing" approach toward Western sales to the Third World. This could be organized along geographical lines, by segments of military technology, or by some combination of the two. France, for example, might take the lead in arms sales to black Africa and the United States to Latin America. Or Britain might specialize in naval ships, France in various types of missiles, and the United States in advanced fighters. Because such a division of labor would have great economic consequences it would be absolutely essential that it be equitable. The United States, as by far the largest weapons producer and exporter within the West, might be called upon to reduce its share of the world market. But such a specialization could also permit larger production runs, and thereby lead to substantial economies of scale. The economic necessity to export arms, as in France for example, might be reduced.

An important side benefit of European-American arms sales coordination would be to help realize the NATO goal of achieving greater standardization of weapons systems within the Alliance. Specialization of markets, by guaranteeing certain arms manufacturing capacities, would reduce the pressures within Europe for keeping viable all sectors of separate national arms industries. Collaboration in sales abroad could encourage the rationalization of defense efforts within NATO. Too often, arms sales to the Third World have been used as an excuse to keep open inefficient weapons production lines.

But it is the political benefits what would be paramount. The adoption by the Western producers of a suppliers' "code of conduct" could help ensure that arms sales are kept within the confines of foreign policy goals that are in the interest of the non-communist world. Too often in the past, unbridled economic competition for arms sales has resulted in politically undesirable weapons transfers.

Second, at the point when the international atmosphere has become considerably more propitious than today, and after consultations have been held within the West, a new attempt should be made to discuss arms sales with the Soviet Union. This time, however, the Europeans should be full partners from the outset. Initially the discussions should involve a frank exchange of views on regional security and local political developments in sensitive areas. There may be common incentives to seek to insulate some local conflicts from East-West tensions. When interests sharply conflict, as they inevitably will at times, such discussions may provide a venue for crisis management. Maintaining contact can reduce some misunderstandings of each other's purposes and foster much needed predictability in a period of tension or crisis.

It would be unrealistic of course, to expect the Soviets to call a halt to their use of arms transfers as an instrument of policy, and even in the West there would be resistance to following such a course of self-denial. But we should seek some "rules of the game" that introduce a pattern of restraint. The understanding worked out after the 1962 Cuban missile crisis regarding the nontransfer of "offensive" weapons to the island may provide one type of precedent.

Can the Soviets really be drawn into some form of multilateral restraints? The constructive spirit with which they approached the CAT negotiations suggest that it is not hopeless. They may see some advantages in damping tensions and conflicts in some parts of the world and, as earlier noted, their own experience with arms sales in such places as Indonesia, Egypt and Somalia has been far from satisfactory. But let us be skeptical about Soviet motivations. Moscow could see such negotiations as a way of restraining Western sales to China. It could seek to use them to drive a wedge between the United States and its allies. And it could use the negotiations as a way of placing a lid on Western transfers, given that in the long run the West has a greater capacity to increase arms sales than does the Soviet Union.

Third, the suppliers should seek to involve the recipients in planning for restraints. The political and psychological dimensions are important. Proposals for restraint should not be seen as inherently discriminatory. For some time such proposals were characterized as arrogant manifestations of paternalistic attitudes. But in the past several years Third World attitudes have been gradually changing, as evidenced in U.N. debates. Now there is an emerging tendency to see arms sales as a mechanism by which the industrialized world manipulates the developing nations, creating new forms of dependence and drawing them into the superpower confrontation.

Both of these points of view are extreme. The best plans for restraint would be regionally based, involve intensive discussions between the producers and purchasers regarding real security needs, and should lead to a kind of symbiotic relationship beneficial to all.

In undertaking the above steps it should be borne in mind that the challenge is to manage the process of arms sales so as to enhance international security. Of themselves arms sales are neither "bad" nor "good"--it all depends upon how they are used--so that there is no a priori case for either reducing or increasing them. An arms control approach is desirable, but to be successful, care must be taken that it is not artificially separated from the realities of foreign policy. Arms sales, whether we like them or not, have become a common coin of today's world of politics. Because they are instruments of diplomacy as well as of security, they will gain in currency in the years to come.

NOTES

¹This does not include the recent \$8.5 billion sale to Saudi Arabia. Most of the arms sales data in this article are drawn from U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers; U.S. Department of Defense, Foreign Military Sales and Military Assistance Facts; Central Intelligence Agency, Communist Aid to Less Developed Countries of the Free World; International Institute for Strategic Studies, The Military Balance; and Stockholm International Peace Research Institute, Yearbook of World Armaments and Disarmament. Each of these is published annually. Due to variations in methodology, however, comparisons among these are difficult and may be misleading.

²Two models of the FX are in competition, the General Dynamics F-16/79 (a scaled-down version of the F-16) and the Northrop F-5G (a major improvement on other F-5s).

³For a more complete account see my The Global Politics of Arms Sales, Princeton: Princeton University Press, 1982, pp. 285-91.

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