

does not necessarily signal an approaching end to regional arms races. Perhaps the most significant "external" factor that could upset the current slowdown would be technological change, as it is one of the underlying forces that fuels the demand for arms. One of the most dramatic features of international politics in the past twenty years has been the rapid diffusion of high-technology weapons. Table III below gives two measures that illustrate this, by looking at both the number of developing states that possess sophisticated weapons, and the number of developing states that can produce sophisticated weapons.

**TABLE III**  
**A. Number of Developing States with Selected Sophisticated Weapons**

Weapon	Year		
	1960	1970	1985
Fighter Aircraft	18	45	67
Missiles	4	28	75
Main Battle Tanks	32	39	62
Major Naval Combatants	24	29	39

**B. Number of Developing States Capable of Manufacturing Selected Weapons**

Weapon	Year		
	1965	1975	1984
Fighter Aircraft	1	6	8
Helicopters	1	4	6
Missiles	0	2	7
Main Battle Tanks	1	1	5
Major Naval Combatants	1	4	6

Note: Numbers are close approximations.

*Sources*

Section A: Michael Brzoska and Thomas Ohlson (eds.), *Arms Transfers to the Third World, 1971-1985*, Stockholm International Peace Research Institute, Oxford University Press, Oxford, 1987, p. 12.

Section B: Michael Brzoska and Thomas Ohlson (eds.), *Arms Production in the Third World*, Stockholm International Peace Research Institute, Taylor and Francis, London, 1986, p. 23.

In the aftermath of World War II, a large technological "gap" opened up between the superpowers and other states and much of the great activity in the international arms trade since then can be understood as an attempt by other states to narrow this gap. Table III indicates that by the early 1980s they had been somewhat successful. If the pace of technological innovation in weapons slows down, we should expect a medium-term slowdown in global arms

transfers. If, on the other hand, new technologies such as "Stealth" anti-radar devices for aircraft, precision-guided portable munitions, or some unimaginable spinoffs of the Strategic Defense Initiative (Star Wars) such as laser weapons, become a reality, we should expect a renewed cycle of activity in the international arms market, at least in regions where these weapons are introduced. States have so far shown a willingness to make any necessary sacrifice to obtain the sophisticated weapons that they consider vital for their security.

Finally, as we have seen, the structure of the supplier market has changed, with second- and third-tier suppliers assuming a larger role. As long as the total demand for arms was growing, there was enough room for these suppliers, and although competition was fierce, it was over a "growing pie." The Iran-Iraq war also provided a specific boost to many smaller suppliers: both combatants were at one time or another cut off from their main first- or second-tier sources of supply, and suppliers such as Israel, Brazil, Chile, North Korea and Egypt stepped in to pick up the slack.

But in a static or declining market, competition becomes more fierce and in the coming decade some second- and third-tier suppliers will inevitably fall by the wayside. The infant industries in some third-tier states will probably fail, as some have in the past. The second-tier states must either abandon their quest to stay at the forefront of military technology or cooperate in the development of new weapons. Some increased Western European cooperation in the military realm is already apparent, with projects to build fighter aircraft and a variety of missiles. But the barriers to close cooperation are formidable, as each state wishes to maximize the economic and employment benefits it will receive and to maintain as much autonomy as possible over what kind of weapons are built for its armed forces.

**CANADA'S ROLE IN THE SYSTEM**

Canada belongs to a group of "restrictive" suppliers within the second tier, a group that includes Japan, Sweden, Switzerland and West Germany. Each restrictive supplier has historical or political reasons for refusing to sell arms indiscriminately and for carefully controlling its choice of customers: the neutrality of Sweden or Switzerland, and the World War II memories of Germany and Japan. Canada refuses, among other things, to supply weapons to states either engaged in hostilities or under threat of war, or to regimes with persistent human rights violations.

According to the most comprehensive estimates, Canada exported almost \$2 billion worth of military equipment in 1985, including electronic components, vehicles, and aerospace components. Most of this material (\$1,644 million), went to the United States, with whom Canada has had a Defence Production Sharing Arrangement since 1959 that gives Canadian firms privileged access to the US military