

Small producers such as Singapore, Chile and Pakistan have "enclave" arms industries that produce one or two easily exported items; arms exports merely help ease balance of payments problems.

Larger producers such as Brazil, Egypt, Turkey and Yugoslavia have more complex motives. They too have almost always experienced supply restrictions that spur the creation of a domestic arms industry, but they also argue that the progression from arms customer to possessor of a "modern" arms industry can provide them with a larger international political role and push them along the path of industrial development. These states attempt to follow a clear evolution from the repair and assembly of arms purchased, to licensed production of complete weapons systems, to indigenous modification of foreign designs, to indigenous design and production. Examples are the assembly of A-4 *Skyhawks* by Singapore; the licensed production of the MiG-27M *Bahadur* in India; the modification of the MiG-19 into the Q-5 *Fantan* by China; and the indigenous design of the IAI *Lavi* by Israel. The total number of licensed production and co-production deals signed has risen from 18 in the 1959-1967 period to 52 in the 1977-1984 period. The final stage of indigenous production creates demands in the local economy for sophisticated engineering, advanced metallurgy, chemical industries, motor vehicles, and other industrial goods. All of these activities have important civilian spin-offs and if an arms industry can stimulate these sectors of the economy it would be a great asset. The evidence for these benefits, however, is extremely mixed.

None of the third-tier producers export arms for the military benefits and political influence that they may bring over clients. Their increasing share of the market can be explained by the fact that most of them do not manufacture top-of-the-line weapons in more than one or two categories, and are restricted to unsophisticated but durable weapons that are easily used by ill-trained armies. This, plus the low cost of the weapons, makes their products increasingly attractive to Third World military establishments wanting to avoid useless "prestige" weapons purchases.

Recipients

The motives for buying arms can be grouped into five related categories. The first would be defence: the protection of citizens and their way of life against external threats by deterring possible aggressors. Not surprisingly, this is the public justification offered for virtually all arms purchases. Second, a state may acquire arms because it expects to fight a war. Most arms acquisitions in the core Middle East have been motivated by this concern. In both of these cases, arms purchases by one party can trigger intense regional arms races. It is difficult (if not impossible) for neighbouring states to distinguish offensive from defensive military purchases, and when responsible leaders assume the worst

about their opponents this can lead to an "action-reaction" arms buildup that forces all states to spend more on defence and leaves them no more secure.

The third motive for acquiring arms would be to protect a government against *internal* threats coming from a variety of sources: minorities agitating for independence, political movements of the right or left, or civilian discontent with autocratic or repressive rulers. The Tamils in Sri Lanka, the "Shining Path" guerrillas in Peru, and Iran under the Shah are examples of each of these possibilities. Clients governed by such motives are particularly troublesome for suppliers, as few suppliers wish to be publicly associated with internal repression. The fourth motive is "prestige": a state or ruler that wishes to play a larger global role calculates that military might is the shortest route to increased power. The Shah's attempt to build Iran into a regional superpower, no different from Britain or France, clearly followed this logic.

Finally, a state can attempt to use its military to "modernize" society. In many African states, for example, the military was seen (at least in theory) as the only institution that could integrate individuals from different ethnic, religious, racial or economic backgrounds and provide a focus for the development of national loyalties. It is also a vehicle for training people in technical skills. The next step is simple: if the military is to be a "modernizing institution," it must possess modern weapons. Unfortunately, in practice military establishments in newly-independent states have seldom played this role in society, and military intervention in politics has not always had beneficial consequences. In many cases, civilian rulers have also had to "buy off" the military with arms purchases to prevent it from intervening in politics.

THE FUTURE OF THE ARMS TRADE

What have been the most recent changes in the international arms market, and what do they suggest for the future? At the outset, it was noted that the volume of arms traded has declined somewhat from its 1984 peak. Some observers have optimistically concluded from this that governments around the world are realizing the wastefulness of arms spending and are redirecting their resources to other sectors. Although the evidence does not support such an optimistic conclusion, there are good reasons to expect a levelling-off of the total volume of arms traded in the next few years. Depending on the weapon, arms are acquired in a rough ten to twenty year "cycle," and many major clients are at the low point in this acquisitions cycle. In addition, the military establishments of many smaller countries are nearing a saturation point where qualitative but not quantitative improvements will be sought. Finally, the economic situation of many developing states is much worse than it was even ten years ago.

But the total volume of the arms trade is not the only index of change to look at, and a levelling off of transfers