

THE GLOBALIZATION OF DEFENSE PRODUCTION AND DISTRIBUTION:  
IMPACTS ON U.S. NATIONAL SECURITY

by  
Alexandra Maria Wanda Czerska

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## ABSTRACT

Globalization of the defense industrial complex, including the production and sale of weapons, has increased the extent to which highly sophisticated weaponry is shared. As the number one arms producer and seller in the world, the United States (U.S.) must be cognizant of its potential consequences. This thesis analyzes the impacts of the globalization of the defense industrial complex on U.S. national security via increased international production, U.S. sale of weapons to allies, and U.S. sale of weapons to regional alliances. Chapter one explores the globalization of defense production, post-Cold War, through the joint production effort of the Joint Strike Fighter, and the rise of China as a competitor defense manufacturing hub with differing foreign policy interests. Chapter two focuses on how U.S. arms transfers to allies affect alliances by exploring U.S.-Saudi and U.S.-Egypt arms transfer alliances. Chapter three assesses the impact of U.S. arms transfers on regional alliances and U.S. national security by analyzing the effects of such on the Arab League, the African Union, and the Association of Southeast Asian Nations (ASEAN). This thesis demonstrates that these aspects of the globalization of the defense industrial complex affect U.S. national military and economic security and the ability of the U.S. to attain its foreign policy objectives. U.S. production and sale of weapons to foreign parties' bolsters U.S. economic and military might through contributions to U.S. GDP and cost sharing of U.S. defense acquisitions, while simultaneously providing an avenue to strengthen alliances and increase influence. At the same time, the U.S. must continue to guard against the negative side effects of this globalization; the proliferation of complex and highly capable weaponry, competitor defense production hubs, and weapons falling into enemy hands.

Thesis Advisors:

Chapter I, Dr. Sarah O'Byrne

Chapter II, Alexander T. Alden

Chapter III, Dr. Leila Austin

Thesis Reviewers:

Alexander T. Alden

Dr. Edward Gresser

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## INTRODUCTION

While the arms trade is by no means a new phenomenon, the globalization of arms production and the sophistication of weaponry being transferred in conjunction with the relaxation of arms exports restrictions in the United States (U.S.), warrant a fresh look at the global defense industrial complex. Globalization has intensified the weapons capabilities available around the world through trade and the offshoring of production, enabling countries to produce their own weaponry and become competitor manufacturing hubs. One would expect that the spread of highly capable weaponry would increase global instability and foreign competitor manufacturing hubs while decreasing U.S. military technological superiority, thus acting to the detriment of U.S. national security. This thesis will begin with a macro level exploration of the impact of the globalization of the defense industrial complex on U.S. national security. This will provide the foundation needed to specifically address U.S. arms transfers to foreign markets and their possible consequences for U.S. national security.

The global arms trade is a multi-billion dollar industry.<sup>1</sup> Within this industry, the U.S. has been the overall top producer and exporter of arms since 1950.<sup>2</sup> Given the nature

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<sup>1</sup> Though it is difficult to decipher the precise dollar value of the arms trade from year to year due to lack of transparency and international norms for tracking arms, the value of the arms trade in 2012 was at least 58 billion USD. Siemon T. Wezeman, "SIPRI Yearbook 2014: International arms transfers," *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/05> (accessed March 4, 2015).

<sup>2</sup> In 2012 alone, the US had an estimated 15.8 billion USD in arms transfers, not to mention 62.9 billion USD in arms agreements (which include technical data, training, and defense services along with hardware over a ten year period). This represents a significant increase from 2003 when the US had 9.7 billion USD in arms exports and 12.6 billion USD in arms agreements. Stockholm International Peace Research Institute (SIPRI), "The financial value of the global arms trade." [http://www.sipri.org/research/armaments/transfers/measuring/financial\\_values/financial\\_values\\_default](http://www.sipri.org/research/armaments/transfers/measuring/financial_values/financial_values_default) (accessed March 4, 2015)

and purpose of arms, it is prudent for U.S. policy makers to maintain a clear understanding of how U.S. arms exports affect U.S. national security. Arms are not only the weapons of war, many having lethal capabilities, but can also be used as political tools, simply as threats or statements of power. The use of arms as political tools can be practiced by both the exporter and the importer of arms. Importers can simply obtain weapons to be used as threats or symbols of the exporters backing. Exporters can at the same time use their arms exports to signal support of one side in a conflict or use the export as a negotiation point with the recipient. Regardless of its purpose, all arms exports impact the exporting state's national security. The comprehensive analytical breakdown of the issue presented demonstrates that U.S. arms production and sales have a net positive impact on U.S. national security. U.S. military and economic security as well as the ability of the U.S. to carry out its foreign policy objectives is enhanced through its defense industrial base. At the same time there are potential negative outcomes that must be guarded against.

The value and sophistication of weapons traded has increased with globalization. Concurrently the introduction of international collaborative complex weapons production has appeared as an emerging phenomenon. A progressively pervasive involvement of players on the world stage has been magnified by the impact of globalization on the arms trade. Individuals, organizations, companies and corporations, and governments are increasingly interconnected as communications and other technologies increase the ability for these parties to communicate and exchange not only ideas in real-time but exchange goods faster than ever before. Communications, travel, trade, and collaboration, while also not novel activities, now occur at a comparatively amplified speed due to the



seemingly ever-advancing technological improvements occurring in the frontiers of these fields, resulting in an increased frequency and intensity. As such, globalization has affected all aspects of modern life and global governance. The production and sale of defense products or weapons has not been excluded from the phenomena of globalization. The amplification of frequency and intensification in complexity of weapons transferred within the arms trade is exemplified by its billion dollar value.

Elke Krahnemann and Terrence Guay have addressed the globalization of the defense industrial complex. Notably, Krahnemann does so by framing the discussion in a post-Cold War context. Both authors speak of the need for companies to secure international contracts and the need for international mergers in light of national defense budget cuts, without which companies would face bankruptcy.<sup>34</sup> Krahnemann highlights the idea of a need for the global governance of the security sector while Guay argues that governments must enhance national security. They find agreement in the possible negative consequences resulting from the globalization of the defense industrial complex. However, both authors make their arguments while neglecting an in-depth analysis of the implications of this globalization. Richard A. Bitzinger also analyzes the effects of the globalization of the defense industrial complex, focusing on U.S. production, sales, and security, but again his analysis is based on data from the era immediately following the Cold War and as such is outdated.<sup>5</sup> In response to the outdated assessments of this very relevant issue, this paper will provide an up to date investigation of the globalization of

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<sup>3</sup> Terrence Guay, "Globalization and the Transatlantic Defense Industrial Base," UNISCI Discussion Papers 19 (2009).

<sup>4</sup> Elke Krahnemann, "Conceptualizing security governance," *Cooperation and Conflict* 38, no. 1 (2003).

<sup>5</sup> Richard A. Bitzinger, "The Globalization of the Arms Industry: The Next Proliferation Challenge," *International Security* (1994).

the defense industrial base. The central focus will be to provide a contemporary look at how U.S. national security is impacted so that any potential negative outcomes can be guarded against and positive impacts can be bolstered.

The globalization of the defense industrial complex, as detailed in the following chapters, includes the internationalization of the production of complex weapons and their components as well as an increase in international arms sales of highly capable weapon systems. More specifically, for the purpose of analyzing the globalization of the defense industrial complex, globalization will be defined as ‘the growing interdependence of defense companies through increasing trade in military technology and defense services and the international transactions and capital flows that surround those, resulting in the diffusion of military technology around the world.’<sup>6</sup>

The internationalization of production and the increased transfer of sophisticated weaponry are used to investigate the impact of the globalization of the defense industrial base on U.S. national security. The impact on U.S. national security is directly linked to the ability the U.S. has to regulate arms and manufacturing know-how transferred from its shores.<sup>7</sup> In order to ascertain the impact of the spread of defense production it is important to learn the historical patterns and trends that have shaped the industry today. The globalization that occurred post-Cold War and its impact on the defense industry is an ideal starting point as this era has many similarities to today; the end of long and

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<sup>6</sup> This definition is based on the IMF’s definition of globalization as applied to the arms trade. International Monetary Fund, *World Economic Outlook*, May 1997, p. 45.

<sup>7</sup> ‘Manufacturing know-how’ is the terminology used within the arms trade sector in the US to denote the knowledge of how to manufacture specific arms. U.S. Department of State: Directorate of Defense Trade Controls. “Guidelines for Preparing Agreements.” <http://www.pmdtc.state.gov/licensing/documents> (accessed March 17, 2015)

expensive wars involving the U.S., the reduced profits of defense companies, and the beginnings of the globalization of the defense industrial complex. With this foundation, the impact of current joint development projects and potential future threats will be reviewed, such as the rise of competitor manufacturing hubs like that which exists in China. The U.S.-Saudi and U.S.-Egypt alliances are used as case studies in the investigation of how arms transfers affect alliances as they are large recipients of arms transfers in a strategically important yet unstable region. If U.S. arms transfers to its allies negatively impact those same alliances, U.S. national security would be negatively impacted in turn, as alliances are critical to strengthening national security.

To further the investigation of how arms transfers impact U.S. national security, it is necessary to determine the impact of transfers on regional alliances especially in unstable regions such as the Middle East, as such, transfers to the Arab League are used as the main case study in this investigation. In order to account for the possible impact of uniquely regional factors, the African Union and the Association of Southeast Asian Nations (ASEAN) are used as secondary case studies. If U.S. arms transfers to regional alliances are destabilizing, again, U.S. national security would suffer as the U.S. might be drawn into foreign conflicts.

The first chapter explores the globalization of the defense industrial complex in order to establish its impact on U.S. national military and economic security. Though, the arms trade was present and certainly a dynamic industry before and during the Cold War, defense manufacturing or production typically resided within the borders of a country. Prior to the Cold War, defense companies typically manufactured the most complex weapons systems for the use of the state in which the company was housed. Post-Cold

War, international mergers of defense companies surged as national defense budgets shrank and companies sought to continue their existence and profitability. As the number one producer and distributor of arms in the world, it is vital that U.S. policy makers are aware of the real and possible outcomes of this form of globalization. Current U.S. policies allow for the furtherance of this globalization. However, if severe negative impacts result, it would be a clear indicator that regulations should be changed to lessen those negative outcomes.

This phenomenon and its consequences will be investigated and analyzed via case studies of international private defense company collaboration post-Cold War, through Joint Strike Fighter (JSF) production, and defense production in China as a competitor manufacturing hub. These case studies demonstrate the increasing internationalization of private defense production. The increased global collaboration in arms production and trade that took place at the end of the Cold War demonstrates the increased global cooperation between defense companies that occurs after the end of costly war efforts. This is significant, as the U.S. has just recently ended operations in Iraq and Afghanistan and the U.S. defense budget has been set to be reduced in-turn.<sup>8</sup> Though it is not uncommon for defense spending to be reduced in post conflict environments, the economic impact on private defense companies pushes companies to increase foreign sales, international mergers, and collaborative projects. The health of the U.S. industrial

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<sup>8</sup> The latest official defense budget data available from the White House had the US defense budget at \$553 billion for fiscal year 2012. [https://www.whitehouse.gov/omb/factsheet\\_department\\_defense](https://www.whitehouse.gov/omb/factsheet_department_defense). At the same time the Budget Control Act of 2011 set up major defense budget cuts to be enacted starting in 2013 and continuing over the proceeding decade. <http://www.gpo.gov/fdsys/pkg/BILLS-112s365enr/pdf/BILLS-112s365enr.pdf>. Although the Bipartisan Budget Act of 2013 reduced required spending cuts, future budget cuts are still in place at the moment. <http://www.gpo.gov/fdsys/pkg/BILLS-113hjres59enr/pdf/BILLS-113hjres59enr.pdf>

base is not only important for economic security due to its contribution to U.S. Gross Domestic Product (GDP), but also for its continued supply of weaponry to the U.S. military.

JSF is an example of a current effort to jointly design and produce a highly sophisticated weapon system with multiple partner nations. The idea behind joint international research and development projects is that partner nations not only attain interoperability but will experience savings due to cost-sharing. The development of complex weapons systems are generally very costly to not only develop but to produce. At the same time, joint development projects such as the JSF ease the spread of manufacturing know-how and the proliferation of complex weaponry, allowing for the greater possibility of the establishment of competitor manufacturing hubs. The proliferation of complex weapon system manufacturing know-how not only has the potential for reducing the technological superiority of U.S. forces through proliferation, but allows for foreign parties to gain the ability to manufacture similarly complex weaponry. The chapter concludes that while the expansion of international defense collaboration and production increases the potential threat of growing foreign competitor manufacturing hubs and the spread of complex weaponry to non-traditional allies, it has the net positive impact of supporting the continued health of U.S. defense companies. In turn, U.S. economic security as well as U.S. military security is strengthened through reduced procurement costs and a continued domestic supply of weaponry.

In addition to the globalization of the defense industrial complex, the international transfer of highly sophisticated weaponry is also of concern to the U.S. The U.S. must guard its military's technological edge which is an important component of U.S. military

security, and ensure that its arms transfers strengthen its alliances rather than acting to their detriment, which also factors into U.S. national security. Chapter two explores U.S. exports of arms to its allies and the effects those arms transfers have on the alliance. Within this investigation, Stephen Walt's definition of alliances is used, defining an alliance as "a formal or informal arrangement for security cooperation between two or more sovereign states."<sup>9</sup> This definition is fitting as the U.S. does not maintain formal alliances cemented through written treaties with many of the countries it exports arms to. Furthermore, there are varying definitions of arms and differing modes through which they can be transferred. Part of the reason behind the lack of availability of arms transfer data is the lack of consensus regarding how to classify what arms are. The analysis in chapter two specifically focuses on arms that are transferred from one government to another, or government-to-government, as the focus of the chapter is on the alliance between two states. In the U.S., government-to-government arms transfers are labeled Foreign Military Sales (FMS).

All three chapters in this thesis focus on conventional weapons or arms as opposed to unconventional weapons, which include chemical, biological, or nuclear weapons. For the purpose of this thesis, conventional arms or weapons are defined as "weapons of war, parts thereof, ammunition, support equipment, and other commodities designed for military use."<sup>10</sup> Chapters two and three focus more specifically on major conventional weapons, which exclude small arms, light weapons, man-portable air defense systems, anti-tank missiles, trucks, ammunitions, and parts and components.<sup>11</sup>

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<sup>9</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), 12.

<sup>10</sup> Christian Catrina, *Arms Transfers and Dependence* (New York: Taylor & Francis, 1990), 7.

<sup>11</sup> Stockholm International Peace Research Institute, "SIPRI Arms Transfers Database – Methodology," [http://www.sipri.org/databases/yy\\_armstransfers/background](http://www.sipri.org/databases/yy_armstransfers/background) (accessed March 8, 2015).

The second and third chapters therefore focus on the transfer of aircraft, missiles, sensors, satellites, ships, engines, artillery, armored vehicles, anti-submarine warfare weapons, and air defense systems.

In chapter two, the arms transfer relationship between the U.S. and Saudi Arabia is used as the main case study in this investigation. Saudi Arabia is one of the top arms importers in the world and has been an important strategic partner for the U.S. in the Middle East. Many describe the relationship between the U.S. and Saudi Arabia as an arms for oil relationship, which speaks to the importance of U.S. sale of arms to the country. The U.S. arms transfer relationship with Egypt is another alliance that is used to extrapolate the impact of arms transfers on alliances. Egypt presents an interesting case study as it was one of the largest recipients of U.S. military aid since the Camp David Accords in 1978; a relationship that became questionable after the Arab Spring and the consequent turmoil and changes in governance in the country. The Middle East is a region that has experienced enduring instability and change and thus is an important region in which the U.S. must ensure that weapons transfers do not have negative effects.

The case studies of U.S.-Saudi and U.S.-Egyptian arms transfer alliances demonstrate that arms transfers within alliances strengthen the alliance by increasing trust, interoperability, stability, security, and deterrence. At the same time, weapons proliferation and dependence are factors that may be negatively impacted and thus must be factored into transactions. In a region, not unlike the Middle East, that has historically experienced instability, regime change, terrorist activity, and the like, the ability of the foreign government to secure the weapons it purchases against misuse must also be factored into the calculus of whether the arms sale has more potential benefit or

detriment. At the same time, U.S. economic security is strengthened through the sale of weapons and the follow-on support of the weapons systems sold. U.S. military security is also strengthened through increased stability and interoperability as well as the passing of some aspects of ensuring stability and security on to the purchaser, rather than the foreign government relying on the U.S. to ensure its security with U.S. military personnel. The ability of the U.S. to achieve foreign policy objectives is also strengthened through increased trust and cooperation. Thus, again there appears to be a net benefit for U.S. military and economic security resulting from the export of arms.

Chapter three of this thesis delves even further into the resulting consequences of the globalization of defense production and trade beyond private industry and one-on-one international governmental relations. This chapter analyzes how arms transfers to regional alliances affect U.S. national security. Stephen Walt's definition of alliance is applied to regional alliances. In this analysis, a region is defined as "a cluster of states that are proximate to each other and are interconnected in spatial, cultural and ideational terms in a significant and distinguishable manner."<sup>12</sup> The alliances that are investigated are thus regional security alliances that the U.S. exports to. This chapter expands the modes of arms transfer included in its analysis to include not only FMS but also Direct Commercial Sales (DCS) which include arms transferred directly from private defense companies in the U.S. to foreign parties, and Excess Defense Articles (EDA) which include weapons that the U.S. military has in excess and can therefore transfer at a discount to foreign governments.

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<sup>12</sup> T.V. Paul, ed, *International Relations Theory and Regional Transformation* (Cambridge: Cambridge University Press, 2012), 4.



The impact of these arms transfers, from the U.S. to regional alliances, and their resulting impact on the U.S. is investigated through the case studies of U.S. arms transfers to the Arab League, the African Union, and the Association of Southeast Asian Nations (ASEAN). Arms transfer from the U.S. to the Arab League is the primary case study used for the same reason Saudi Arabia and Egypt were used as case studies in chapter two. The Middle East is a region that has been wrought with instability and conflict for many decades. Recently, this instability has led to changes in the governing parties of some strong U.S. allies in the region, including Egypt. When the independent variable being investigated is arms, it is logical to focus on how the transfer of arms affect regions that have not been or are not currently as stable, as there is more potential for misuse of arms transferred resulting in negative impacts on U.S. national security. The Arab League also has as its members, states that are some of the top arms importers in the world, including Saudi Arabia and the United Arab Emirates. However, because the Middle East is not the only strategically important region for U.S. military and economic security, and is certainly not the only region the U.S. exports arms to, the case studies of the African Union and ASEAN are also included. These regions are also important, as arms imports to both regions have increased in recent years and both regions also contain ongoing disputes, though their imports are not as significant monetarily.

The case studies of U.S. arms transfers to the Arab League, ASEAN, and the African Union bolster the previous chapters' conclusion of a net positive effect resulting from U.S. participation in the global arms trade. The ongoing sale of U.S. arms to foreign customers strengthens U.S. economic security by adding to U.S. Gross Domestic Product

(GDP). This in turn strengthens U.S. military security through the continued existence of domestic arms production and reduced cost of arms acquisitions for the U.S. military. As with individual alliances, the transfer of arms to regional alliances also strengthens the relationship between the U.S. government and the foreign purchasing state. The U.S. is able to shift some of the burden of ensuring security and stability to the region while at the same time bolstering relations in the region through demonstrated trust and military support through the sale of weapons. At the same time, as many regions around the world, including the Middle East, have a history of instability, the U.S. must do what it can to ensure that the weapons it sells are not used against it or its allies or misused in a manner contradicting U.S. foreign policy and norms including the support of democracy, human rights, and stability. The U.S. must also guard against unneeded proliferation and must maintain its own quantitative and qualitative military edge. The U.S. must also ensure that the sale of arms to regions does not lead to unwanted involvement in foreign conflicts and entanglements.

There are evidently a myriad of factors that must be accounted for concerning U.S. involvement in the production and distribution of arms globally. Overall, the U.S. has benefitted economically, militarily, and diplomatically from its ability to maintain its status as the number one arms exporter in the world. However, it must not lose its ability to continue to benefit from the global defense trade while guarding against detrimental negative outcomes.

As there are many factors and facets of the production and sale of arms, all aspects of the arms trade were not covered within this thesis. Given more bandwidth, additional case studies could be used to explore the question posed within each chapter,

which might in turn bolster the conclusion of each. Additionally, the exploration of arms transfers from other countries could be explored to examine whether arms transfers from other states have the same effect on that exporting state. Arms transfers from other states could also be examined further to ascertain their effects, if any, on U.S. national security. Left out of this analysis were also the various foreign military aid programs and funds that the U.S. government administers. However, additional information would likely not disprove any of these findings as the case studies used to investigate the impact of the globalization of defense production and arms transfers on U.S. national security focused on unstable regions with a higher likelihood of negative impacts. As these case studies yielded results demonstrating a positive net impact, it is likely that other more stable regions and less controversial arms production arrangements would also yield the same results.

## CHAPTER 1

# GLOBALIZATION OF THE DEFENSE INDUSTRIAL COMPLEX: GUARDING AMERICAN NATIONAL MILITARY AND ECONOMIC SECURITY

## **INTRODUCTION**

Private sector economic globalization has considerable and potentially catastrophic effects on the national security of the United States of America (U.S.). The U.S. government can and should be aware of these impacts in order to take advantage of the positive effects of the globalization of traditionally national industries and reduce or avoid the negative effects. The U.S.' need to reap all benefits possible from globalization is especially dire in light of the global economic slowdown and U.S. government fiscal issues. However, it is also critical that the government concomitantly safeguard U.S. national security.

The globalization of the private sector defense industry, historically more of a national actor, has created a unique globalization issue. The two aspects of national security most impacted by this globalization are military and economic security. In order for the U.S. government to be able to address the impacts of the globalization of the defense industrial complex, it must know what those impacts are. This paper will answer the question: what is the impact of the globalization of the defense industrial complex on U.S. national military and economic security? This paper will further explore how has, and will this be affected by reductions in U.S. defense spending due to the end of the wars in Iraq and Afghanistan as well as the global economic slowdown.

The closing of operations in Afghanistan and Iraq have contributed to severe cuts in the U.S. defense budget. "Equipment spending is already being scaled back... An advanced warship called the DDG1000 has been canceled, and an upgrade to the Bradley

tank called the Ground Combat Vehicle may also be scaled back or canceled.”<sup>13</sup> In order for the U.S. to maintain its’ military superiority it must continuously improve its defense technologies while concurrently maintaining its weapons systems and platforms already in use. Maintenance costs alone can add up to quite a large sum. When defense companies’ profits are cut due to decreased U.S. government spending on maintenance, research and development (R&D), and production, companies are forced to seek profits elsewhere. In the global marketplace, defense companies can now seek to maintain levels of profitability by increasing revenues from sales and transactions abroad. Thus, while U.S. weapons systems and platforms stagnate and deteriorate, competitor nations’ military technology stockpiles advance and grow.

“One of the consequences of the financial crisis in the arms-producing countries of Europe, North America and elsewhere has been reductions in military budgets. The resulting reduction in domestic procurement has created additional pressure on arms-producing countries to significantly increase the export share of their total arms sale by seeking new export markets. While governments have long supported arms exports by their national industry, many major suppliers are expanding sales support in the form of government promotion and facilitation of exports, or the relaxation of arms export restrictions.”<sup>14</sup>

One mitigating factor offsetting the outcome of reduced U.S. military superiority is globalization itself. Though globalization has allowed the marketplace for military

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<sup>13</sup> New York (AP), “Defense Industry Faces Profit Losses as Golden Decade Ends.” *Huffington Post*, October 15, 2011, accessed March 15, 2013, [http://www.huffingtonpost.com/2011/08/15/defense-industry-profits-911\\_n\\_927596.html](http://www.huffingtonpost.com/2011/08/15/defense-industry-profits-911_n_927596.html)

<sup>14</sup> Siemon T. Wezeman, “SIPRI Yearbook 2014: International arms transfers,” *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/05> (accessed March 5, 2015).

wares to become global, it has also increased the interconnectedness of economies around the world. Thus, the economic downturn, which caused decreased U.S. military spending, also negatively affected economies around the globe. It was not only the U.S. that had less funds to allocate for military spending, but also its global competitors which suffered during the global economic crisis. Therefore, when the U.S. experiences an economic downturn causing it to decrease military spending, its competitors are likely to experience the same issues to varying degrees, thus potentially maintaining the same level of U.S. military superiority.

The lessening of U.S. military superiority, however, does remain a potential long-term threat that could result from the globalization of the defense industrial complex. There are numerous other potential threats that could result from such globalization. However, there are also a number of positive impacts that could result from this expansion of the defense market. The potential threats and potential positive impacts on U.S. military and economic security that could result from the globalization of the defense industrial complex are outlined below.

## **DEFINITIONS**

Before delving into the topic any further it is important to define a few key terms that will be used throughout this analysis. The term “globalization” has become commonplace in many differing areas of study and in the media. The International Monetary Fund (IMF) defines globalization as “the growing interdependence of countries world-wide through the increasing volume and variety of cross-border transactions in goods and

services and of international capital flows, and also through the more rapid and widespread diffusion of technology.”<sup>15</sup>

The IMF definition provides a solid, general definition of the term “globalization” covering monetary aspects, transactions, goods and services, and technology. This general scope is important as the term “globalization” truly does cover almost every aspect of modern life. The internet has made it possible for individuals on opposite sides of the globe to communicate real time while looking at each other on screen. This communication could be described as an outcome of the globalization of communications. The internet has also made it possible for an individual to purchase an item from the other side of the globe with the click of the mouse. This action encompasses globalization of technologies, commerce, and capital flows. As evidenced by these examples, there are many different forms and applications of globalization.

The IMF’s broad and encompassing definition provides an important base for the globalization of the defense industrial complex that is the focus of this paper. However, as this paper does not seek to address the general concept of globalization but rather the specific phenomenon of the globalization of the defense industrial complex, the IMF definition must be altered. Using the IMF definition as a base, for this paper, I define globalization of the defense industrial complex as ‘the growing interdependence of defense companies through increasing trade in military technology and defense services and the international transactions and capital flows that surround those, resulting in the diffusion of military technology around the world.’ I define defense companies as those

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<sup>15</sup> International Monetary Fund, *World Economic Outlook*, May 1997, p. 45.



companies and corporations that produce, sell, and/or distribute military or defense related technologies and services. Now armed with definitions of globalization and defense companies, the proceeding analysis can be better conceptualized.

## **POTENTIAL THREATS**

### **-Military-**

In addition to the stockpiling and advancement of competitor nation's weapons, there are numerous current and potential threats or negative impacts that could contribute to the globalization of the defense industrial complex. The stockpiling and increasing complexity of weapons around the world, otherwise known as proliferation, decreases global stability. As technology is more widely available, it more readily makes its way into the hands of non-allied countries, individuals and/or organizations. These parties can use the technologies to develop countermeasures to U.S. weapons or use the weapons directly against the U.S.<sup>16</sup>

The proliferation of defense technologies also has the potential to diminish the U.S. margin of military superiority as others' military capabilities increase. The diminishment of military superiority decreases the ability of the U.S. military to defend the country and defeat others by the same increment.<sup>17</sup> Military superiority allows the U.S. to not only

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<sup>16</sup> The Taliban has obtained weapons meant for U.S. and Afghan troops in Afghanistan. The Taliban have in turned used these same weapons against U.S. and Afghan troops as detailed in C.J. Chivers, "Arms Sent by U.S. May Be Falling Into Taliban Hands." *The New York Times*, May 19, 2009. This diversion of weapons from current coalition forces is not the first instance of diversion of US-origin weapons in Afghanistan to terrorist organizations. There have also been documented instances of US-origin MANPADS (Man-portable air defense systems) supplied to Afghans in the 1980s to fight the Soviet Union being diverted to terrorists. Daryl Kimball, "MANPADS at a Glance." <http://www.armscontrol.org/factsheets/manpads>

<sup>17</sup> As China's military capabilities increase and U.S. capabilities stagnate, the potential of U.S. tentacles of influence in Asia being cut off grows. While the worry is less that China will soon outpace the U.S. in its military might, its growing strength makes it more capable of pushing the U.S. out of the region and unable

win wars but reduce U.S. casualties; exemplified by the swift and decisive toppling of Saddam Hussein's regime in Iraq in a mere three weeks by U.S. forces during Operation Iraqi Freedom and the 2014/2015 U.S. mission to counter the spread of the Islamic State during Operation Inherent Resolve conducted solely via air power.

The globalization of the defense industrial complex not only negatively impacts U.S. national security by diminishing its margin of military superiority and contributing to weapons proliferation, it also contributes to a loss of government oversight. As development and production of weapons have moved from the government to the private sector, the ability of the government to oversee and regulate weapons has been decreased. Oversight and regulation has been made more difficult through the international mergers, cooperation between defense companies, and the move of defense production abroad.

As defense production is moved offshore, U.S. dependence on international procurement of parts and systems is increased. As dependence on other countries for weapons increases, U.S. military security is weakened due to reliance on the ability to import from other states. An example of this dependence being negatively impactful arose during 2014 when relations between the U.S. and Russia became strained after Russia's foray into Crimea. The U.S. had become reliant on Russian rocket engines for its space program. The sudden strain in relations caused a scramble in the U.S. for alternative sources of engines which has continued into 2015, though arguably without

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to support its allies. Henry Kissinger details this issue in "The Future of U.S. - Chinese Relations: Conflict Is a Choice, Not a Necessity" Foreign Affairs. March / April 2012.

any 'real-world impacts.'<sup>18</sup> In an extreme case, all stoppage of trade between the U.S. and its foreign supplier could cause severe damage to U.S. military preparedness.

### **-Economic-**

As defense production moves abroad, the U.S. economy could also be negatively impacted by the potential loss of manufacturing jobs.<sup>19</sup> This impact would be one that would negatively impact the overall U.S. economy. To a lesser extent, if the transfer of defense manufacturing continues to move abroad, U.S. defense companies and the U.S. government could also become dependent on the imports of parts and systems. This economic impact is lesser in terms of scale as it would have a more focused impact on the U.S. military industrial complex rather than the entire U.S. economy, though arguably not lesser in terms of importance. This result would also be detrimental to U.S. military security, as expanded upon earlier. Dependence would leave the U.S. at the mercy of foreign suppliers in terms of pricing and negotiations. This would be detrimental to U.S. companies' profits and consequently to both the U.S. economy, and U.S. military security. If U.S. defense companies lose profits, the U.S. economy is negatively impacted. And if the U.S. were to go to war with a country that it depended on for vital weapons parts, its military security would be severely inhibited. Less drastically, the producing country could use U.S. dependence as a bargaining chip.

Along with new dependencies, U.S. national economic security is also negatively impacted by the globalization of the defense industrial complex through its forced

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<sup>18</sup> Anatoly Zak, "Collateral Damage," *Aerospace America* 52, no. 8 (2014): 36-+.

<sup>19</sup> This claim is repeated in a Defense Executive Summary by the House Armed Services committee detailing the effects of defense budget cuts enforced through sequestration.

[http://armedservices.house.gov/index.cfm/files/serve?File\\_id=f40c9c99-83da-4b26-b134-c0554bae4e05](http://armedservices.house.gov/index.cfm/files/serve?File_id=f40c9c99-83da-4b26-b134-c0554bae4e05)

increase of U.S. defense spending. Weapons proliferation caused by the globalization of the defense industrial complex is one factor that influences increases in U.S. spending in order to maintain military superiority. Other countries are able to obtain complex weaponry more readily which forces the U.S. to spend more on research, development and production of new platforms and systems in order to stay ahead.

## **POSITIVE IMPACTS**

### **-Military-**

For every negative impact, the globalization of the defense industrial complex has a positive impact. Though weapons proliferation increases global instability, it also levels the playing field. In line with deterrence theory, globalization increases world peace and deters war at the same time.<sup>20</sup> Countries' avoidance of supply chain disruptions to avoid negative economic and military impacts is also peace inducing, as those supply chains now span the globe.

As countries work together to develop new weapons systems and platforms through multinational companies, diplomatic relations and alliances are solidified and enhanced. Joint development, along with the ability of multiple countries to procure the same systems, result in increased interoperability amongst allies.

Interoperability occurs with better technologies as market forces drive out inefficiencies by creating competitive manufacturing hubs. With countries working together more than ever in the pursuit of better defense systems, the resources of each

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<sup>20</sup> Christopher H. Achen, and Duncan Snidal, "Rational deterrence theory and comparative case studies," *World Politics* 41, no. 02 (1989).

individual nation is increased as each nation draws from its allies. Domestic companies continue to supply the nation's military, when they might have otherwise gone bankrupt.

### **-Economic-**

Many of the military benefits of globalization of the defense industrial complex are also economically beneficial to U.S. national security including increased resources and the continued viability of national defense companies. As domestic companies merge internationally and partner with foreign companies, those companies, countries, and individuals involved are better able to achieve economic growth.

International cooperation both in the private and public sector reduces duplication of efforts. The financial burden of the government itself is eased by shifting defense functions to the private sector and allowing for cost sharing between countries, the private sector and the public sector. Finally, production and processes become more efficient as market forces determine the best manufacturer and drive out inefficiencies.

While all these positive and negative impacts on U.S. national military and economic security are valid, some are stronger than others. The case studies in this paper will demonstrate this uneven impact, showing that while a myriad of current and potential threats result from the globalization of the defense industrial complex, the positive impacts outweigh the potential threats. The maintenance of the domestic defense industry is one such overwhelmingly positive factor. However, it is important to acknowledge and account for all the effects and their levels of impact as the globalization of the defense industrial complex is a dominant and growing force.

## **GLOBALIZATION OF DEFENSE PRODUCTION**

The globalization of production is the latest step in the globalization of the defense industry, in great part spurred by defense industry profit seeking. Surprisingly there is a lack of material available addressing this topic. In fact, interest in the topic seems to have peaked in the late 1990s and then precipitously dropped off.<sup>21</sup> It is surprising that there is not more study on the topic of the globalization of defense related production because of the national security implications that this specific form of globalization potentially entails; specifically proliferation and the diminishment of the U.S.' margin of military superiority. In addition to these military security implications, there is also the issue of potential detriment to the economy. There are, however, a few reasons that might provide an explanation for the lack of interest in the topic.

First, the globalization of defense industry production is a relatively new phenomenon, at least to the extent it occurs today. Though globalization of the defense industrial complex surged after the end of the Cold War, the production of complex weapons technologies and components remained a domestic endeavor.<sup>22</sup> However, as nations and their governments have become more accustomed to and accepting of globalization, the off-shoring of manufacturing has also become acceptable. Although this development might be seemingly inconsequential as it has become commonplace, it can be detrimental to U.S. national security. Not only is the economic security of the U.S. potentially impacted by the possible loss of manufacturing jobs, but military security is also impacted when the manufacturing is defense related. "A much greater number of

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<sup>21</sup> Stephen G. Brooks' "The globalization of production," *Journal of Conflict Resolution* (1999) and Richard Bitzinger's "Globalization of the Arms Industry," are two of the prominent post-Cold War pieces focusing on the globalization of production during that time.

<sup>22</sup> Elke Krahnemann, "Conceptualizing security governance," *Cooperation and Conflict* 38, no. 1 (2003).

items once supplied by U.S. manufacturers are now obtained from foreign suppliers.”<sup>23</sup> As manufacturing moves abroad, the U.S. becomes dependent on importing parts and systems from other countries that were once available in the U.S. The producing nation could use this U.S. dependence as a bargaining chip to alter U.S. actions in a manner beneficial to their country and potentially detrimental to the U.S.

Second, the globalization of economies has proven to be a beneficial force for the individual nations who participate in it. Because of its positive effects on economic growth for those involved, enterprising countries, individuals, and corporations have sought to increase their reach throughout the globe. Jonathan Kirshner asserts that “Globalization does not impose openness; rather it raises the opportunity costs of closure.”<sup>24</sup> Therefore, rather than having to pursue participation in the globalized economic market, wealthy nations must instead actively restrict their participation in global commerce if they wish not to participate. Globalization of markets has also become even easier to achieve with the invention of new communications technology, allowing individuals to interact globally without leaving their home or office.

Third, the interest in the globalization of production seems to have peaked in the late 1990s. This is in direct correlation with the bulk of analysis regarding what a new world order post-Soviet collapse would look like. After the majority of theorists concluded that the world was becoming more globalized, the debate turned to what this trend meant for the frequency of wars or lack thereof. Any economic globalization was accepted as fact

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<sup>23</sup> Joel S. Yudken, *Manufacturing Insecurity*. AFL-CIO, 2010: 1.

<sup>24</sup>Jonathan Kirshner, "Globalization, American Power, and International Security." *Political Science Quarterly* 123, no. 3 (2008): 364.

and a trend to continue. The U.S. implemented a Defense Trade Control Regime and the rest is history. Or is it? The globalization of the defense industry has continued to grow since the surge post-Cold War and is likely to surge once again due to current austerity in some of the wealthiest nations. Considering the past two decades of defense industry globalization and its' current growth spurt, combined with new technologies that provide a seamless medium for information sharing, the globalization of defense production has more potential to harm U.S. national security than ever before.

Though current analysis on the globalization of the defense industry is lacking, interest in the topic seems to be picking up within academic circles, made apparent by a number of new dissertations on the topic (see Beckley and Austin below). One reason interest in the topic may once again be gaining attention is due to increasing reduction in defense spending. Additionally, as was accepted in the late 1990s, the trend towards globalization has continued. Globalization of the defense industry raises vital governance questions. What are the national security ramifications of the expansion of defense technology production and corporate management to a global scale? It is a critical and instructive time to analyze how the globalization of the defense industrial complex has and will affect American National Security as it has been two decades since the end of the Cold War, just as the U.S. is ending military operations in two theaters and subsequently reducing its defense budget. The new reduction in defense spending is likely to once again spark a new wave of globalization in the defense industry, as it did at the end of the Cold War. However, it is now possible to look at the past two decades of globalization of the defense industry and its effects on U.S. national security, to infer what this new wave will hold for America.



In this paper I will lay out a comprehensive analysis of the positive and negative effects of globalization of the defense industrial complex on U.S. national military and economic security. I hypothesize that although severe negative repercussions result from the growth of the global industrial complex, the positive outcomes outweigh the negative. In order for the U.S. to take advantage of and amplify the positive effects of defense industry globalization it must embrace the phenomenon and regulate it to guard against its negative outcomes carefully as to not inhibit the good.

## **LITERATURE REVIEW**

As previously stated, there is a deficit in current analysis and policy recommendations to guide the U.S. Government on how to address and benefit from the globalization of the defense industry. There is however a plethora of literature on closely related topics. Globalization is a popular topic in political and economic circles; however, it is a less researched topic in the field of security studies.

Various factors have contributed to the globalization of the defense industry from what was historically a national industry. Elke Krahmman details these factors in "Conceptualizing Security Governance." One contributing factor is the slashing of national defense budgets at the end of the Cold War.<sup>25</sup> These cuts caused small and large defense companies to either go out of business or merge, often across borders. At the same time, national defense budget cuts caused functions that were once performed by governments to become privatized. This privatization concurrent with the globalization of the defense industry has only increased in scope since the fall of the Soviet Union.

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<sup>25</sup> Elke Krahmman, "Conceptualizing security governance," *Cooperation and Conflict* 38, no. 1 (2003), 16.

In "Globalization and the Transatlantic Defense Industrial Base," Terrence Guay raises additional contributing factors. Defense contractors' need to secure contracts, according to Guay, adds to the globalization of the defense industry.<sup>26</sup> Defense companies, as with any business, need to secure business contracts with buyers of their products, be that hardware or services. Post-Cold War defense companies had to secure the business from foreign buyers in order to maintain their profits. A common practice, called offsetting, has developed in the defense industry. Offsetting is when a company agrees to move some or all of the production of one of its weapons systems or some other hardware to a purchasing country in exchange for that country purchasing a certain amount of a particular defense system or defense service. Guay's analysis of the effects of globalization concludes with his assertion that in order for governments and business to achieve continued success they must embrace the transactional interdependence of globalization of the defense industrial base. This is a claim that I will forward in my analysis as well.

Guay also mentions the need for governments to address and enhance national security in the face of expanding globalization, an issue many authors do not address. Krahmann also points out the security and accountability concerns that have arisen from privatization and globalization. She suggests that individual governments can no longer "govern" the security sector on their own and must work with each other and private industry to maintain security in a system she calls "governance."<sup>27</sup> Once defense industries de-nationalized they were no longer under the complete control of the

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<sup>26</sup> Terrence Guay, "Globalization and the Transatlantic Defense Industrial Base," UNISCI Discussion Papers 19 (2009).

<sup>27</sup> Elke Krahmann, "Conceptualizing security governance." *Cooperation and Conflict* 38, no. 1 (2003): 14.

sovereign governments in the nations in which they resided. Without the direction of a governmental body, defense companies can now function in accordance with market demands and fiscal profits in mind rather than for national security. The analysis provided by both Guay and Krahmman of the security issues caused by defense industry globalization lack breadth. Although both authors have depth in their analysis of the effects of defense industry globalization, Krahmman focuses solely on the governing accountability issues the phenomenon raises, while Guay does not address the national security implications of defense industry globalization in depth. The national security implication of defense industry globalization is an important issue that few authors address.

As specific interest in security studies has not overwhelmed the field, literature on the topic is varied and often lacks a thorough analysis. Richard A. Bitzinger is one author that has provided a comprehensive analysis and outline of the globalization of defense production, the trends, significance, relevant U.S. governmental regulations and their limitations, shortcomings and suggested solutions surrounding this phenomenon. Bitzinger's comprehensive overview, written in 1994, provides an informative base for analysis of the current state of the globalized defense industry. Bitzinger addresses important issues surrounding the globalization of defense production's effects on U.S. national security such as "the diffusion of advanced military technologies and the establishment of new centers of armaments production."<sup>28</sup> Though outdated, Bitzinger provides excellent analysis on the subject of the effects of globalization of defense

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<sup>28</sup> Richard A. Bitzinger, "The Globalization of the Arms Industry: The Next Proliferation Challenge," *International Security* (1994), 171.

production and the limitations of U.S. government policies and regulations. Bitzinger's main argument is that U.S. government policies focus on the short term profit of selling advanced defense technologies to developing countries, while ignoring the issues of proliferation that ensue.<sup>29</sup> Due to these policies developing countries have attained complex weaponry. Bitzinger argues that the enhancement of developed nation's weaponry is "bad" globalization; however he does not provide an explanation for why it is bad.<sup>30</sup> Bitzinger's analysis is pointedly focused on a "North/South divide" where it is ok for developed countries to attain complex weaponry but it is bad for developing countries to attain the same technologies. Though he repeatedly points to this as one of the most detrimental effects of globalization, Bitzinger never lays out his reasoning for why this divide exists, rather he assumes that it is a given that if developing nations gain advanced weaponry it is and will be detrimental.

Bitzinger assesses that the U.S. is more affected by defense globalization "due to its superpower status, as well as its position as the world leader in military technology."<sup>31</sup> However, as the paper was authored in 1994 and the political environment as well as regulations and policies have since changed, the paper as a source is outdated. Since his paper was authored, the arms control regime in Washington has gone through an ongoing transformation and re-organization. Even now the arms export process is currently being revamped under the Obama Administration's Bright Line Initiative with the goal of easing the burden of the exporting defense industry.<sup>32</sup> There is also a constant yet muted

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<sup>29</sup> Ibid, 195.

<sup>30</sup> Ibid, 196.

<sup>31</sup> Bitzinger, "Globalization of the Arms Industry," 192.

<sup>32</sup> [http://export.gov/ecr/eg\\_main\\_027617.asp](http://export.gov/ecr/eg_main_027617.asp)

discussion of creating one single agency to govern defense globalization and arms control; an idea that Bitzinger also raises. Bitzinger's list of agencies with oversight over defense globalization, however, is no longer accurate. Though the Department of State and Department of Commerce are still relevant agencies, the Arms Control and Disarmament Agency was merged with the Department of State in the late 1990s.<sup>33</sup> As Bitzinger points out, while there is still no one agency that oversees all defense related globalization issues, each agency involved has its own agenda.<sup>34</sup> This remains true today. In general, the Department of Commerce seeks to promote industry and economic growth while the Department of State seeks to enhance diplomatic relations and the Department of Defense works to maintain U.S. military security and guard U.S. military technological superiority. Each agency has its place and provides an important balancing policy perspective.

One method that has gained popularity in modern governance, in the pursuit of enhancing national military security, has arguably led to a further intensification of defense industry globalization. Governments have been able to overcome smaller defense budgets by not only reallocating some defense functions to the private sector, but also by joint defense technology development projects. "Military alliances such as NATO have long embraced international arms collaboration in an effort to enhance intra-alliance combat efficiency and effectiveness."<sup>35</sup> Joint development projects, such as the Joint Strike Fighter, allow for a sharing of production costs between involved nations, so that

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<sup>33</sup> "Reinventing STATE, ACDA, USIA and AID," The White House Office of the Press Secretary, April 18, 1997 <http://dosfan.lib.uic.edu/acda/aboutacd/gore.htm>

<sup>34</sup> Bitzinger, "Globalization of the Arms Industry," 193.

<sup>35</sup> Bitzinger, "Globalization of the Arms Industry," 174.

each country is able to get more with less.<sup>36</sup> In this case, the globalization of defense research and development (R&D) leads to greater resources, thus improving each participating nation's national security. Thacker-Kumar and Campbell provide rationale for such collaborative action in their non-U.S. view of globalization. In their analysis, the authors recommend actions for the European Union to take in the context of globalization from a European perspective. These authors present the problem of European lack of technical innovation and a perceived lagging behind the U.S. and Japan. Their solution to this problem is collaboration between EU member countries in terms of research and development and production of technologies.<sup>37</sup> Not included in this analysis is the downside of such collaborative ventures. The spread of R&D and production activities across borders creates an increasingly difficult process to regulate and secure (from those not meant to benefit). It must be noted however, that these authors focus their analysis on non-defense technological development. Therefore, the concern for national security is not as evident.

Another European focused analysis, with a greater focus on security issues and the defense industry, is provided by John S. Austin. Austin, like Thacker-Kumar and Campbell, advocates for globalization as potentially beneficial to those involved. Also, in line with his European colleagues, Austin complains that countries are not taking advantage of the benefits allowable through globalization as much as they should. Rather than focusing on private sector technological innovation and economic gains like Thacker and Campbell, Austin focuses on the enhancement of interoperability with allies that joint

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<sup>36</sup> Ibid.

<sup>37</sup> Joel Campbell and Leena Thacker-Kumar, "Fostering Inter-European Cooperation: Technological collaboration among nations of the European Union." *The Social Science Journal* 36, no. 1 (1999): 103.

weapons development has the potential to create. Again however, like Guay and Krahmann, Austin's analysis, is pointed and lacks the breadth of analysis regarding the wide scope of effects the globalized defense industrial complex has on national security, focusing only on the benefit of interoperability.

In the same vein, the globalization of defense production and corporate management has been argued by some to increase world peace and U.S. national security by creating a more even playing field. Stephen Brooks is one such author, forwarding the theory that globalization of defense industries is peace inducing. Brooks argues that global peace may result from globalization because of the vast networks interconnecting production chains between nations. Leaders of these connected nations, according to Brooks, would not risk disrupting the supply of components used in their military technology by starting a war. Thomas Friedman echoes a generalization of this theory, expanding on Brooks writing, in his "Dell Theory." Friedman hypothesizes that all cross border corporate supply chains are peace inducing because of the economic interdependence these supply chains create.

Alternately, it can be argued that the globalization of the defense industry, including the globalization of production and corporate management is detrimental to U.S. national security. Gholz refutes Brooks' argument in "Globalization, Systems Integration, and the Future of Great Power War." In his focused refutation of Brooks' theory of globalization, Gholz seems to miss the nuances in Brooks's argument, including that of globalizations' effect on the quality of technology produced and the effect of collaboration amongst allies. However, both Brooks and Gholz focus on global peace, forcing them to make too

many generalizations to come to their conclusions and therefore leaving holes in their arguments. Bryce Reeder also argues that the globalization of defense production and increases in trade are detrimental to global peace in terms of decreasing global “stability.” However, Reeder goes a step further than Gholz and ties in this broader global stability argument into what it means for U.S. national security. In this paper I focus on U.S. national security. Once the effects on U.S. national security are determined, those results can be used to better infer broader world security.

Jonathan Kirshner, like Bitzinger, provides a more thorough analysis of the globalization of the defense industry and its effect on U.S. national security. Kirshner, in his more current piece from 2008, states that globalization is not necessarily a new phenomenon, but does have new and important effects on the current structure of international relations and the power structure of countries.<sup>38</sup> Kirshner addresses both the effects defense globalization has on world peace and on the security of the U.S. Unlike Gholz and Brooks, who take a hard line in favor of globalizations’ peace or war inducing properties, Kirshner concedes that both outcomes are evident and that different countries are affected differently by the phenomenon. Even focusing solely on the U.S., Kirshner shows both the power amplification and the increasing threats that are caused.

As the U.S. has been the hegemonic nation in what became a unipolar international arena since the fall of the Soviet Union, it has maintained a vast lead in military power, including military technological superiority, over any other nation. Thus, while an

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<sup>38</sup> Jonathan Kirshner, "Globalization, American Power, and International Security." *Political Science Quarterly* 123, no. 3 (2008): 364.



increase of military technological capabilities of any other country might help their security and could be argued to increase worldwide peace, it could be argued that the national security of the U.S. would be diminished. This argument follows from the fact that as others' military might catches up to the U.S., the U.S.' margin of military superiority diminishes, decreasing U.S. world power, and in turn diminishing U.S. national security.

The case has been made by many that China's increasing military power will soon rival that of the U.S. and consequently the overall power and national security of the two countries will be affected. However, few have made the connection between this projected future and the globalization of the defense industry. Michael Beckley is one author who, in his 2012 PhD dissertation at Columbia University, made the connection between projected military power and the globalization of the defense industry. Beckley argues that the U.S., as the most powerful country in the world, has been able to take advantage and skew global defense production and trade in its favor. By using its influence and power, his theory goes; the U.S. has been able to increase its military technological power relative to other countries. A rational continuation of this argument would be that by causing a marginal increase in military technological superiority, globalization of the defense industry has increased U.S. national security. Though academic work exists on the effects of globalization on the world and the U.S., and the effects of defense industry globalization on world peace or lack thereof, literature examining the wide breadth of effects of current defense industry globalization on U.S. national security is lacking. This paper addresses this gap in available literature. Through my research on literature related to defense industry globalization post-Cold War and

more current research on closely related topics, I provide a current framework detailing both the positive and negative impact of defense industry globalization on U.S. national security. Current research and policy guidance is needed as the trend towards globalization of defense industries has been an increasing trend post-Cold War. This increasing trend is likely to surge as the wars in Iraq and Afghanistan come to a close, creating the same impetus the end of the Cold war had on the defense industry to globalize. Governments and industries must learn to thrive in globalization and avoid potentially baleful consequences including weapons proliferation and decreasing the margin of U.S. military superiority, as its reversal is not foreseen.

## **DATA, METHOD AND RESULTS**

### **POST-COLD WAR GLOBALIZATION**

In order to derive both the positive and negative effects of the globalization of the defense industrial complex on U.S. national security I will focus the bulk of my analysis on the last surge of globalization that occurred just after the collapse of the Soviet Union. The two decades between the end of the Cold War and today allow for both a short term analysis of the globalization spurt that occurred just after the Cold War as well as the long term effects of that spurt. The case study of the end of the Cold War provides a wide variety of analysis on the effects of globalization as this was a popular trend in literature following the Soviet Union's collapse. Political theorists were unsure of what a post bipolar world would look like. Many theories arose of how long or short a unipolar world would last. Looking at historical cases many theorists drew the conclusion that no one country could hold the bulk of power for long, as in the past, all great empires fell

eventually. Using the globalization of the defense industry and the proliferation of complex weaponry, political scientists theorized that as other countries, both developing and developed gained increasingly complex weaponry due to ease of access, those country's powers would increase and thus increasingly threaten the power of the U.S. whose margin of military technological superiority would consequently decrease.<sup>39</sup>

These theorists however did not account for the enormous power and wide scope of military superiority the U.S. held. At no other time in history had one nation held such a great margin of military power above all others. In addition to this military superiority the U.S. also held a large margin of economic wealth and was able to allocate a large portion of its GDP or gross domestic product towards its defense spending. Even in the past decades as the portion of GDP spent on military spending decreased, the amount of U.S. federal spending on defense related expenses continued to surpass the spending of any other nation. Analysts often cite this wide margin of spending that is above any other nations' defense budget with an insinuating undertone claiming that U.S. military spending is too high. Although other nations have surely been able to obtain higher levels of complex weaponry due to the availability made possible through globalization, the U.S. has at the same time been able to spend money in order to increase the complexity of its weapons to an even greater degree, thus maintaining and even increasing the margin of its military technological superiority.

As previously stated, the U.S. is currently planning on reducing its defense spending due to austerity sparked by the global economic slowdown and the close of

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<sup>39</sup> Richard N. Haass, "The Age of Nonpolarity," *Foreign Affairs* 87, no. 3 (May 2008): 44-56. *Business Source Complete*, EBSCOhost (accessed March 20, 2015).

operations in Iraq and Afghanistan. Similar reductions in military operations and the resulting reductions in defense budgets occurred following the end of the Cold War.<sup>40</sup> Globalization of the defense industry surged following the collapse of the Soviet Union as a result of these reductions in military spending.

Many defense companies following the Cold War either went bankrupt or merged with other companies. Defense industry mergers occurred not only within countries but also across national borders. Mergers that occurred were complex and often involved numerous companies.<sup>41</sup> While some companies did not partake in global mergers, many more companies looked to “offset declines in national demand by expanding into foreign markets.”<sup>42</sup> The post-Cold War spark lit the flame of defense industry globalization; a flame that has grown into a fire, yet to dim.

The globalization of defense industries now includes the existence of multinational corporations, technology supply chains for individual products that span the globe, joint development and manufacturing agreements, and the outsourcing of defense technology production.<sup>43</sup> What was once an industry that produced sophisticated weapons technologies for its host nation’s defense, has now grown into a global force with tentacles reaching across the globe. “It was to safeguard governmental sovereignty in security that armaments industries were nationalized in Europe”<sup>44</sup> as well as other nations, prior to the Cold War. However, in order to maintain military security and

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<sup>40</sup> Richard A. Bitzinger, "The Globalization of the Arms Industry: The Next Proliferation Challenge." *International Security* (1994): 172.

<sup>41</sup> Scot Arnold, "Cost Savings from the Post-Cold War Consolidation." (2008): 8. See TABLE 1 in the APPENDIX for an example of the complexity of mergers that have occurred.

<sup>42</sup> Bitzinger, "Globalization of the Arms Industry," 173.

<sup>43</sup> *Ibid*, 170.

<sup>44</sup> Elke Krahnemann, "Conceptualizing security governance." *Cooperation and Conflict* 38, no. 1 (2003): 19.

maintain the existence of defense industries within each country's borders, nations had to allow for the privatization and internationalization of defense companies. As the hegemon of the international relations arena, the U.S. has had the opportunity to help shape international relations and the organizations that oversee those interactions in the post-Cold War world. As such, not only has the U.S. had the ability to spend more on military weapons development and acquisition, it has also had the ability to govern, even if not directly, what weapons procurements other nations are able to obtain.

Although the U.S., due to its power and standing has been able to maintain its margin of military superiority over other nations, it may have been able to do this in spite of the globalization of the defense industrial complex, and not because of it. In fact, "the pattern of recent years shows a gradual diffusion of the arms industry, with the traditional producers in the USA and Western Europe responsible for a slowly shrinking share of the Top 100 arms sales and the share of new players growing. However, the traditional producers remain overwhelmingly dominant."<sup>45</sup> As other nations increasingly produce arms, they are able to gain greater military capabilities. The U.S. is then forced to spend an increasing amount of dollars on research and development in order to maintain its weapons superiority. Due to the increasing cost of this maintenance the U.S. has had to come up with new methods of cost sharing with allies in order to deal with these higher costs. One method of cost sharing that gained popularity amongst U.S. allies in the post-Cold War world is joint weapons development. One of the best examples of joint

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<sup>45</sup> Sam Perlo-Freeman, "SIPRI Yearbook 2014: Military expenditure and arms production," *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/04> (accessed March 5, 2014).

weapons development is the Joint Strike fighter program. Joint weapons development is both a result of and a cause for further globalization of the defense industry.

## **JOINT STRIKE FIGHTER**

The Joint Strike Fighter program consists of a partnership between the U.S. and eight of its allies to not only share the cost of the new fighter jet but jointly design produce and utilize the platform. Lockheed Martin is the defense contractor leading the design and production part of the program on the industry side. This partnership is meant to reduce costs of new weapons procurement as well as increase interoperability and avoid duplication of efforts. The participating nations include the United Kingdom, Netherlands, Italy, Turkey, Canada, Australia, Denmark, and Norway.<sup>46</sup> Each member nation has agreed to contribute varying monetary amounts to the program along with agreements for production of specific parts of the platform in varying nations. Each nation, having its own specific needs, has been able to design its own variant of the fighter jet. Although this variation might be seen as a positive aspect of the program, it can also hinder the interoperability piece of the venture.

In addition to the production of parts in each partner country, each nation also participates in the sustainment, research and development of the aircraft. For example, although the software and primary engines for the F-35 are being developed and produced in the U.S., an alternate engine has been developed by a joint team of American

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<sup>46</sup> Joint Strike Fighter Program official website, Program Overview: International Participants, accessed March 15, 2013. [http://www.jsf.mil/program/prog\\_intl.htm](http://www.jsf.mil/program/prog_intl.htm)

and British companies (Aircraft Engines of the U.S. and Rolls Royce of the U.K.).<sup>47</sup> In addition to the joint development of this primary part of the aircraft, assembly lines for the F-35 include not only those located in the U.S. but also in the U.K. and Italy.<sup>48</sup> In fact, Italy completed the first Joint Strike Fighter assembled outside of the U.S. in March 2015.<sup>49</sup> Italy is not only manufacturing its own orders of the aircraft. The facility in Italy will also assemble Dutch fighters as well as wing sets that will be shipped back to the U.S. for further assembly.<sup>50</sup> The Italian facility will also continue to serve “as Europe's F-35 airframe maintenance, repair, overhaul and upgrade center.”<sup>51</sup>

In addition to production by partner countries, countries not participating as well as a growing number of participant countries, joining the venture through the Foreign Military Sales process, are also involved in the production of parts for the Joint Strike Fighter. The Joint Strike Fighter supply chain includes “a production network involving two other principal partners, nine countries, 40,000 individual parts and several thousand suppliers.”<sup>52</sup> Two participant countries include Israel and Singapore.<sup>53</sup> “As of 2008, international content in the initial F-35 aircraft was approximately 20%, and Lockheed

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<sup>47</sup> Jeremiah Gertler, "F-35 joint strike fighter (JSF) program: Background and issues for congress." Library of Congress Washington DC Congressional Research Service, 2014, 4.

<sup>48</sup> Ibid, 22

<sup>49</sup> Tom Kington, “Italy Produces First F-35 Outside US.” Defense News, [www.defensenews.com](http://www.defensenews.com) (accessed April 23, 2015).

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Supply Chain Brain, “In an Outsourced Supply Chain, Lockheed Keeps the Raw Materials Flowing,” <http://www.supplychainbrain.com/content/research-analysis/supply-chain-innovation-awards/single-article-page/article/in-an-outsourced-supply-chain-lockheed-keeps-the-raw-materials-flowing-1/> (accessed April 23, 2015).

<sup>53</sup> Jeremiah Gertler, "F-35 joint strike fighter (JSF) program: Background and issues for congress." Library of Congress Washington DC Congressional Research Service, 2014, 24.

expected international content to potentially expand to about 30% as the program transitions to full-rate production and the supply base potentially diversifies.”<sup>54</sup>

Although each nation has agreed to contribute specific portions of funding for the development and production of the platform, cost overruns and organizational dysfunction have resulted in a process and product that is far from efficient. Funding issues are a constant hurdle for any large defense platform. New large defense platforms are increasingly expensive due to their increased capabilities. “In 2009, funding for the F-22 fighter jet, a \$65 billion program, was discontinued. Spending on the F-35 fighter jet is in danger of being cut back.”<sup>55</sup> The F-35 was meant to be a cheaper yet more capable fighter jet in terms of versatility. However, the F-35 and all its variants are still in design and production, leaving the door open for cost-overruns.

In addition to the issues of cost overruns, less than interoperable systems, and disorganization, there is also the issue of technological proliferation and leaks. One reason that only eight of some of the closest allies of the U.S. participate in the Joint Strike Fighter Program is that each nation involved must trust with great fortitude each of the other nations involved in the venture. No nation involved could be suspected of potentially leaking the technology and data being developed or the final product itself. Though the U.S. and its partners seek stable and friendly relations with all other states, the fact remains that some relations are stronger and maintain a higher level of trust than others. However, the mere fact that a major U.S. military platform is being developed and

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<sup>54</sup> Ibid, 26

<sup>55</sup> New York (AP), “Defense Industry Faces Profit Losses As Golden Decade Ends.” *Huffington Post*, October 15, 2011, accessed March 15, 2013, [http://www.huffingtonpost.com/2011/08/15/defense-industry-profits-911\\_n\\_927596.html](http://www.huffingtonpost.com/2011/08/15/defense-industry-profits-911_n_927596.html)



produced in a number of different countries and will also be in use by those countries, raises security issues that would not be present if that platform were designed and produced entirely within the U.S. Interestingly, this sort of cross border production is only one form of cross border co-production that exists.

Joint Strike Fighter, as a government led program, likely has far greater government oversight and therefore potentially greater security requirements than cross border production agreements that private defense companies arrange outside of the government. Today, global production chains are becoming increasingly commonplace both in the commercial as well as the military sector. Many different components are often manufactured across a wide variety of countries with the end product or more complex and significant components manufactured or assembled in the U.S. Even in this scenario it is still possible that countries in which components are manufactured gain capabilities and knowledge they would not otherwise have had. The outsourcing of production also exports manufacturing capabilities and technical know-how the producing country may not have otherwise had. Obtaining this new technical manufacturing know-how could lead to the development of greater manufacturing know-how and capabilities. This increased knowledge could then lead to the development of foreign competitor manufacturing hubs that could subtract from American manufacturing profitability and demand. The offshoring of technical know-how and manufacturing capabilities through private industry as well as government arrangements often involve offsets.

Offsetting has become a common practice in the defense manufacturing and sales business. The U.S. Department of Commerce defines offsets as “the practice by which the award of contracts by foreign governments or companies is exchanged for commitments to provide industrial compensation. In defense trade, offsets include mandatory co-production, licensed production, subcontractor production, technology transfer, and foreign investment.”<sup>56</sup> In their Annual Report to Congress on the impact of offsets in Defense Trade, the Department of Commerce provides a seemingly unbiased analysis detailing both the positive and negative impacts. These impacts include: “increasing the industrial capabilities of allied countries, standardizing military equipment, and modernizing allied forces” but also having the ability to “displace U.S. subcontractors, enhance foreign competitors and create excess defense capacity overseas.”<sup>57</sup> Therefore, as with all other aspects of the globalization of the defense industry, the now common practice of developing and developed countries requiring offsets in order to agree to buy military goods from defense companies has both positive and negative consequences.

The practice of offsetting, though potentially detrimental to the U.S. government, is beneficial to those countries that impose them. Though the U.S. government does not have an official policy guiding the application or acceptance of offsets, as evidenced by the Department of Commerce report on the practice, it does track its occurrence. Owen Herrstadt argues in “Offsets and the Lack of a Comprehensive U.S. Policy: What Do

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<sup>56</sup> U.S. Department of Commerce, Bureau of Industry and Security “Impacts of Offsets in Defense Trade: An Annual Report to Congress,” accessed March 15, 2013

<http://www.bis.doc.gov/defenseindustrialbaseprograms/osies/offsets/>

<sup>57</sup> <http://www.bis.doc.gov/defenseindustrialbaseprograms/osies/offsets/>

Other Countries Know That We Don't?" that the U.S. government must form an official policy in order to take advantage of offsets for its own industries and manufacturers while also protecting them from the bad impacts such as increased manufacturing competition.

Although offsets can have the effect of helping to create competitive manufacturing hubs in foreign countries, it is important to remember that the reason that the globalization of the defense industry surged and has continued to increase after the end of the Cold War was for the maintenance and growth of defense companies. It should also not be ignored that the globalization of the defense industrial complex did do just that. Though with the slashing of defense budgets after surges in spending during war time, it is inevitable that some smaller defense companies disappear through bankruptcy or mergers with larger companies, others are better able to weather the storm of reduced demand through their ability to merge with foreign companies, sell to foreign governments and private buyers, and manufacture parts for a reduced cost abroad. When U.S. defense companies are able to stay afloat through these or any means, the U.S. remains more secure than it would otherwise be without American defense companies to supply its military forces.

## **CHINA**

Unfortunately the globalization of the defense industrial complex also benefits other countries that are not necessarily close allies of the U.S., including China. As the globalization of the defense industrial complex has expanded, developing nations such as China have been able to grow their economies by becoming competitor manufacturing hubs; including defense manufacturing. Although China's defense manufacturing

capabilities are not as advanced as those in the U.S., a 2005 RAND study found that Chinese defense production was increasing its' capacity for manufacturing increasingly complex weaponry.<sup>58</sup> Data released in March 2015 by the Stockholm International Peace Research Institute (SIPRI) placed China as the third largest arms exporter in the world based on data from 2010-2014. This is a significant increase in status from its rank as the ninth largest arms exporter in 2005-2009. In fact, "Chinese exports of major arms increased by 143 per cent between 2005–2009 and 2010–14, and China's share of global arms exports increased from 3 to 5 per cent."<sup>59</sup> As China and other countries increase their manufacturing, U.S. manufacturing jobs and profits are lost; impacting the U.S. economy.

As China's economy has grown it has increased its defense spending, growing its military and weapons capabilities at a blistering pace. According to a European intelligence official "The Chinese are throwing immense resources at their defence-industrial complex ... This is where the centre of gravity is in the geopolitical struggle for military dominance."<sup>60</sup> The expansion of China's military as U.S. defense spending decreases will in turn diminished the U.S. margin of military superiority over China. Though this diminishment does not presently threaten U.S. national security, it does pose a risk to future security if this trend continues.

The U.S. and China have opposing allies which sometimes places each nation on opposing sides. One dispute that China and the U.S. could potentially come to a head

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<sup>58</sup> Evan S., Medeiros, *A New Direction for China's Defense Industry*. RAND Corporation, 2005.

<sup>59</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 3.

<sup>60</sup> Rueben F. Johnson "Al-Qaeda focus made US lose sight of China," 4.

over is the dispute between Japan and China over the ownership of the Senkaku Islands. While the U.S. has not stated its opinion on which country the islands rightfully belong to, the U.S. does have a treaty with Japan that outlines its military support of Japan if it were attacked.<sup>61</sup> If China were to increase its military might to the point that it was as or more capable than the U.S. military, China would have less reason not to act on disputed territories surrounding its shores. In this scenario, the U.S. might not be able to defend its allies as effectively as it has been able to since its rise to hegemony.

Though China's provocations may be more likely as it increases its' military might, an all-out war is unlikely due in part to the economic ties between the two countries that have increased with the globalization of production. Additionally, "the U.S. and its allies have more than sufficient resources with which to balance China."<sup>62</sup> This ability, however, is increasingly tested due to the globalization of the defense industry; contributing to China's ability to reverse engineer and develop countermeasures against U.S. weapons. With the proliferation of weapons that has occurred with globalization, China has been able to obtain the know-how and hardware to develop countermeasures to U.S. capabilities. According to a 2011 National Defense University study, China has been able to access U.S. aircraft including the F-16 and receive "completed subsystems" transfers from Pakistan, used to reverse engineer, design and produce copies of these systems within and for China.<sup>63</sup> Such increases in foreign capabilities have forced the

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<sup>61</sup> Mark E. Manyin, "Senkaku (Diaoyu/Diaoyutai) Islands Dispute: U.S. Treaty Obligations," *CRS Report for Congress R42761*, Congressional Research Service, Library of Congress, Washington, DC (September 25, 2012), 1.

<sup>62</sup> Aaron L. Friedberg, "Bucking Beijing," *Foreign Affairs*, September/October 2012, Vol. 91 Issue 5, 54.

<sup>63</sup> Phillip C. Saunders and Joshua K. Wiseman, *Buy, Build, Or Steal: China's Quest for Advanced Military Aviation Technologies*, 10, 38.

U.S. to spend more on its defense research, development, and production so that it can maintain its military superiority.

As China has alliances with non-U.S. allies, increases in China's weapons production and know-how is troubling as the U.S. has no control over who China shares its defense information with or how China regulates and secures such sensitive information. In fact, "China continues to help Iran develop critical weapons programs."<sup>64</sup>

There are however deterrent factors that are partially caused by the globalization of the defense industrial complex that prevent war between China and the U.S. from erupting. China is the U.S. second highest trading partner and consequently an important buyer of Chinese goods.<sup>65</sup> Therefore, any disruption of trade between the two countries would be severely detrimental to both U.S. and Chinese economies.

## **RESULTS, EVALUATION OF RESULTS, AND CONCLUSION**

As detailed above there are a variety of both positive and negative outcomes that result from the seemingly ever increasing globalization of the defense industrial complex. Even the same event, action, or outcome can have both a positive and a negative side in terms of U.S. national military and economic security. Just as the globalization of the defense industrial complex surged after the end of the Cold War, the same surge will likely occur in the coming years as U.S. operations in Iraq and Afghanistan come to a close. The Defense budget of the U.S. is already slotted for reductions due to U.S.

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<sup>64</sup> Joshua Wiseman, "How Downed U.S. Drone Helps China." *The Diplomat*, December 24, 2011, 1.

<sup>65</sup> "Top Trading Partners - Total Trade, Exports, Imports Year-to-Date March 2013"  
<http://www.census.gov/foreign-trade/statistics/highlights/toppartners.html>

government fiscal issues and the close of U.S. military operations in two theaters. Defense budgets of U.S. allies, especially those in Europe, have already been greatly reduced. At the same time, nations that have not traditionally been as close allies of the U.S. have increased their military spending in recent years. Countries such as the BRIC countries (Brazil, Russia, India and China) considered to be the fastest growing economies in the world have increased their defense spending.<sup>66</sup> The U.S. must be prepared to confront a new global marketplace where the defense companies that reside within its borders will have to do business with non-traditional allies in the developing world to maintain their profitability. This new factor will have to be confronted by the U.S. government in a way that will not only allow for U.S. defense companies to sustain profitability but also protect U.S. military security. It cannot be forgotten that the support of an existing U.S. defense industrial base is one that is necessary for both U.S. economic and military security. However, the U.S. will be forced to alter its current policies towards non-traditional allies in order to sustain the U.S. defense industrial complex in the globalized and ever changing international environment.

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<sup>66</sup> Karthik Narayanaswami, "BRIC Economies & Foreign Policy." (American Foreign Policy Paper, Harvard University, 2013).

CHAPTER 2

ARMS TRANSFERS AND ALLIANCES: BEYOND GUARDING U.S. MILITARY  
AND ECONOMIC SECURITY



## RESEARCH QUESTION

Regulations surrounding the global arms trade differ from country to country and are perpetually changing within each state; including United States (U.S.) arms transfer regulations. Modern history is replete with interstate arms transfers. The arms trade exists under two avenues: legitimate channels which are regulated by the states involved and the diametrically opposed black market in which arms move through unregulated channels. When arms are transferred through legitimate channels they can simultaneously serve as a foreign policy tool. In fact, even if the use of arms sales as a foreign policy tool is not a priority, it can inadvertently signal a shift in the state of relations between two countries.

U.S. regulations and policies concerning arms transfers demonstrate the appreciation the U.S. government has for the impact arms transfers can have as a foreign policy tool. The International Transfer in Arms regulations of the U.S. government outlines policies and restrictions that the U.S. government mandates for the transfer of arms from private companies in the U.S. to foreign parties.<sup>67</sup> These regulations include prohibiting the export of arms to numerous countries due to U.S. nonalignment with those foreign governments' policies concerning human rights, democracy, and so forth.

The U.S. Conventional Arms Transfer Policy, a Presidential Policy Directive, lays out policy guidelines for arms transfers from the U.S. These guidelines ensure alignment

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<sup>67</sup> U.S. Department of State: Directorate of Defense Trade Controls, "International Traffic in Arms Regulations," Federal Register: 22 *CFR* 120-130, [https://www.pmdtc.state.gov/regulations\\_laws/itar.html](https://www.pmdtc.state.gov/regulations_laws/itar.html) (accessed November 26, 2014).

with what the U.S. seeks to promote, gain and inhibit in terms of security, alignment, and policies such as the promotion of human rights.<sup>68</sup> This policy covers arms transfers from the U.S. that occur via both foreign military sales (FMS) and direct commercial sales (DCS). FMS are transfers of weapons or arms, technical data, and defense services from one government to another. While DCS are transfers of weapons or arms, technical data, and defense services from private entities to foreign persons or parties, including governments, private entities, and individuals.

The existence and implementation of these policies demonstrate Washington's awareness of the utility arms transfers can have as a foreign policy tool. The extensive exchange between states necessitates the question: what are the implications of arms transfers? Unfortunately, this is a very broad question that can be interpreted in many ways and can have many different answers. To begin to answer the expansive possible implications, it is necessary to narrow the question further. This paper will examine the effects arms transfers have on alliances. In order to ascertain the effects of arms transfers on alliances, the case study of U.S. arms transfer to Saudi Arabia will be used as empirical evidence. U.S. arms transfers to Egypt will be used as a secondary case study to allow for counterfactuals.

Close examination of the alliance between the U.S. and Saudi Arabia will be used to reveal how arms transfers are used as a foreign policy tool. The U.S.-Saudi arms transfer alliance will be used as the U.S. is the top arms exporter in the world and Saudi

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<sup>68</sup> White House: Office of the Press Secretary, "Presidential Policy Directive -- United States Conventional Arms Transfer Policy," news release, January 15, 2014, <http://www.whitehouse.gov/the-press-office/2014/01/15/presidential-policy-directive-united-states-conventional-arms-transfer-p> (accessed November 26, 2014).

Arabia is the second largest arms importer in the world with the U.S. as one of its largest suppliers.<sup>69</sup> The U.S. and Saudi Arabia also have diametrically opposed governing structures and political mandates. Additionally, as there are so many factors that contribute to arms transfer alliances, an in depth investigation focusing mainly on one alliance yields a more in depth analysis than a shallow investigation of many arms transfer relationships. I hypothesize that arms transfers are used as a foreign policy tool to strengthen alliances, rather than inadvertently weakening alliances or merely bolstering the supplying state's arms industry and increasing the arms stockpile and military capabilities of the purchasing state. The arms trade is not merely an economic or military transaction where countries buy and sell arms haphazardly.

## **GLOBALIZATION OF DEFENSE**

Global connectivity is extremely pervasive and increasingly permeates all aspects of economic activity and personal connections. This global exchange is not limited to individual needs but extends to larger collective entities including states. On a global scale, different countries have differing needs, but a universal need is security. Arms transfers fulfill this fundamental requirement and thus have exhibited the same trend; increasingly crossing all borders and economies.<sup>70</sup><sup>71</sup> Though the volume of major weapons systems transfers appears to be cyclical, there has been a noticeable upward trend overall since 1950.<sup>72</sup> “Advanced weapons and technology enter global commerce

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<sup>69</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015).

<sup>70</sup> See TABLE 2 in the APPENDIX

<sup>71</sup> Richard L. Kugler and Ellen L. Frost, eds., *The Global Century: Globalization and National Security* (Washington DC: National Defense University Press, 2001), 785.

<sup>72</sup> See TABLE 3 in the APPENDIX

more freely than at any time in living memory.”<sup>73</sup>

Due in part to increased interconnectedness, states across the globe are emerging from a global recession that has affected most, if not all, states. The recession had significant impact on some of the wealthiest states, which in turn decreased the funds those states had available for defense and arms purchases. Decreased government funds in wealthier arms-producing states spurred an increase in the export of arms by defense manufacturers. Defense manufacturers turned to foreign markets, seeking to maintain profitability.<sup>74</sup> This trend, combined with the drawdowns of U.S.-led wars in Afghanistan and Iraq, has unearthed how critical the understanding of arms transfers and their effects are to formulating an understanding of global stability.

The end of U.S. military operations in Iraq in December 2011, and the subsequent drawdown in Afghanistan, led to a planned reduction in the U.S. defense budget.<sup>75</sup> During these operations the U.S. defense budget ballooned, and the U.S. defense industrial base enjoyed increased domestic sales due to increased requirements. When the domestic defense budget shrank after 2011, many U.S. defense companies sought to maintain revenues via foreign markets. Reduced government spending raised concerns about the continued profitability of U.S. Defense Companies.<sup>76</sup> The continued profitability of the U.S. defense industrial base is important not only to the U.S.

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<sup>73</sup> Kugler and Frost, *The Global Century*, 785.

<sup>74</sup> *Ibid.*, 786, 790.

<sup>75</sup> Bill Heniff, Elizabeth Rybicki, and Shannon M. Mahan, "The Budget Control Act of 2011," Congressional Research Service, Library of Congress, 2011, <https://fas.org/sgp/crs/misc/R41965.pdf> (accessed November 30, 2014).

<sup>76</sup> House Committee on Armed Services, "Defense Spending Cuts: The Impact on Economic Activity and Jobs," [http://armedservices.house.gov/index.cfm/files/serve?File\\_id=e417cd77-93f1-46c2-b63a-cd5ac72eb263](http://armedservices.house.gov/index.cfm/files/serve?File_id=e417cd77-93f1-46c2-b63a-cd5ac72eb263) (accessed November 30, 2014).

economy, as it is a large segment of the gross domestic product (GDP), but also to the U.S. military as its primary supplier of arms.

The health of the U.S. defense industrial base is profoundly important to the U.S. economy and U.S. military security. Consequently, Washington has been revamping arms export regulations and processes to ease the burden taken on by defense manufacturers seeking to export their wares.<sup>77</sup> While this process began in 2009, it is ongoing.<sup>78</sup><sup>79</sup> The export of complex technology helps “promote American economic prosperity and competitiveness in world markets.”<sup>80</sup> Due to the ongoing nature of the changes and apparent easing of restrictions, it is not yet possible to see the effect these changes have internationally. As the U.S. eases restrictions on arms exports, seemingly to protect economic and military security, it is important to understand what affect this might have.

Arms transfers have been a common occurrence for many years between many different nations and under many different terms. Determining how arms transfers affect global stability is a complex topic. In order to more thoroughly understand specific aspects of arms transfers, it becomes necessary to focus on distinct segments that make up the larger topic. This paper will examine the burgeoning consequences arms transfers

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<sup>77</sup> The USG website for Export Control Reform, <http://export.gov/ecr/index.asp>, leads with a quote from President Obama at the Department of Commerce Annual Export Controls Update Conference in 2010: *“While there is still more work to be done, taken together, these reforms will focus our resources on the threats that matter most, and help us work more effectively with our allies in the field. They’ll bring transparency and coherence to a field of regulation which has long been lacking both. And by enhancing the competitiveness of our manufacturing and technology sectors, they’ll help us not just increase exports and create jobs, but strengthen our national security as well.”*

<sup>78</sup> U.S. Department of State: Directorate of Defense Trade Controls, “Export Control Reform,” <https://www.pmdtc.state.gov/ECR/index.html> (accessed November 26, 2014).

<sup>79</sup> White House: Office of the Press Secretary, “Fact Sheet: Announcing the Revised US Export Control System,” news release, October 15, 2013, <http://www.whitehouse.gov/the-press-office/2013/10/15/fact-sheet-announcing-revised-us-export-control-system> (accessed November 26, 2014).

<sup>80</sup> Kugler and Frost, *The Global Century*, 335.

have on alliances.

## **LITERATURE REVIEW**

Scholars have investigated and analyzed the cause of alliances with little mention of arms transfers. The effect of arms transfers on conflictual relationships has also been analyzed. Yet the effect of arms transfers on alliances has been largely ignored. The literature that is available treats arms transfers as a tool to enhance or create alliances. Notably, there is a lack of focus on the analysis of the causal relationship.

### **-U.S. policy on arms transfers-**

The paucity of investigation into the effects arms transfers have on alliances does not mean the topic has been wholly ignored. Shannon Lindsey Blanton comes close to addressing the effects of arms transfers on alliances in “Promoting Human Rights and Democracy in the Developing World: U.S. Rhetoric versus U.S. Arms Exports.”<sup>81</sup> Blanton investigates the factors influencing U.S. government exports, specifically looking to match up U.S. government rhetoric with its actions and processes. According to Blanton, U.S. government rhetoric cites human rights and democracy as factors that are enhanced via arms transfers. However, in her analysis she finds that these factors are only initially prominent in arms transfers’ considerations, while other factors dominate considerations further along in the process; namely, U.S. troops stationed in country, relative peace, and geographic location. Blanton finds that if U.S. troops are stationed in a country, that country is more likely to receive more arms transfers from the U.S. Additionally, countries that are involved in active conflict are less likely to receive arms

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<sup>81</sup> Shannon Lindsey Blanton, “Promoting Human Rights and Democracy in the Developing World: U.S. Rhetoric versus U.S. Arms Exports,” *American Journal of Political Science* 44, no. 1 (2000): 123-131.

from the U.S. Countries that are located in the Middle East are more likely to receive more arms if they have all other mentioned characteristics that lend themselves to receiving arms from the U.S. Democracy levels continue to be an important factor further along in the arms transfer process.

Though Blanton assesses arms transfers, she focuses on what contributes to the decision to transfer arms from the U.S. in terms of U.S. policies and rationale, rather than focusing on the effects once the arms are transferred. The effects of arms transfers on alliances and alliance relations are not addressed. Blanton emphasizes the pre-transfer portion of arms transfers, rather than international relationships and post-transfer effects.

Kenneth Katzman is another author who focuses on the U.S. and its arms transfer policies in his Congressional Research Service Report “U.S. Military Withdrawal and Post-2011 Policy.”<sup>82</sup> Katzman more narrowly focuses on U.S. policy towards Iraq, post-withdrawal. Katzman’s report outlines assistance, training programs, and arms transfers from the U.S. as well as from other states. Like Blanton, Katzman considers projected effects and pre-transfer considerations, to include human rights and democratization, rather than analyzing the post-transfer reality. While Katzman provides relevant information to the topic of how arms transfers are meant to affect alliances, his piece is less academic and more policy oriented.

Another U.S. policy-centric article is that of Andrew Shapiro’s in *The Washington Quarterly*. In “A New Era for U.S. Security Assistance,” Shapiro promotes

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<sup>82</sup> Kenneth Katzman, "US Military Withdrawal and Post-2011 Policy," Library of Congress. Washington, DC: Congressional Research Service, 2014: 34-45.

the enhancement of alliances and security partnerships as the U.S. leaves behind a decade of war.<sup>83</sup> Shapiro details security partnerships, including arms transfers, as a means to enhance security. Partnerships have become increasingly necessary as the world has become progressively interconnected. This is significant to the U.S. because this interconnectedness has enhanced the effects that conflicts around the globe have on the U.S. Akin to the writings of Blanton and Katzman, Shapiro discusses projected affects. In this case Shapiro projects the enhancement of U.S. national security through alliances as an alternative to war, rather than emphasizing the post-transfer effects.

**-Arms transfers effects on the international system, limited to transfers to non-state actor-**

Denise Garcia writes as a proponent of the prohibition of arms transfers to non-state actors, via international agreement. Garcia overwhelmingly points to negative outcomes of arms transfers to non-state actors but tempers this claim by stating that some non-state actors have more peaceful missions than some states.<sup>84</sup>

Garcia's claim that the current international system allows for wholly unrestrained weapons transfers is a gross exaggeration. This exaggeration shines a light on Garcia's bias. In large part, Garcia forwards an anti-arms trade policy perspective. However, Garcia does provide a useful counter opinion to pro-arms trade views. Garcia's exaggerated claims display a lack of knowledge regarding arms trade restrictions. With a deeper knowledge and understanding of arms trade regulations and restrictions that exist,

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<sup>83</sup> Andrew J. Shapiro, "A New Era for US Security Assistance," *Washington Quarterly* 35, no. 4 (October 2012): 35.

<sup>84</sup> Denise Garcia, "Arms Transfers Beyond the State-to-State Realm," *International Studies Perspectives* 10, no. 2 (2009): 151-68.



it becomes apparent that a complete ban on arms transfers to non-state actors would not only be unwieldy to accomplish, but also illogical. This is because, amongst other reasons, many commodities classified as munitions and regulated within the arms trade can be used for peaceful purposes. Though Garcia limits the subject of arms transfers' effects to those transfers to non-state actors, these transfers are relevant to the topic of arms transfers as a whole.

#### **-Arms transfers' effect on conflicts-**

David Kinsella theorizes about arms transfer dependence and seeks to answer the question of whether arms-transfer dependence affects the foreign policy of so-called dependents. Dependents are states that depend on another supplying state for weapons. Kinsella hypothesizes that arms transfers increase the likelihood of the receiving state pursuing conflictual foreign policies, while dependence decreases that likelihood.<sup>85</sup> He maintains that increased arms and military capabilities tend to promote conflictual stances by a state. However, if a state is dependent on one other state as a source for arms, this dependence tempers its posture; as the source state could cut off its supplies if the recipient were to become overly aggressive.

Though not directly related to arms-transfers effects on alliances, the discussion surrounding arms transfers' effects on dependents carries over to the more general topic. A dependent could also be an ally. Kinsella discusses the establishment of relations that arms transfers generate as well as their impact on regional stability. A dependent could become an ally after or through the establishment of an arms-transfer relationship.

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<sup>85</sup> David Kinsella, "Arms Transfer Dependence and Foreign Policy Conflict," *Journal of Peace Research* 35, no. 1 (1998): 7-23.

Alliances are also specifically discussed in the larger context of arms transfers. Kinsella concludes that countries seek arms-transfer relationships, at least in part, for the influence gained over the purchasing state.

Krause addresses both alliances and arms transfers in his piece on the effect of arms transfers on militarized disputes. Krause theorizes that alliances with major powers reduce the chances of involvement in militarized disputes. Krause extends this conclusion to both ends of the spectrum: where the smaller state is the instigator or the recipient of aggression. Again, this scholar focuses on militarized disputes rather than alliances. Just as Sorokin implies in his article, "Alliances, and Security Tradeoffs in Enduring Rivalries," Krause implies that alliances and arms transfers are mutually exclusive. Krause treats arms transfers as an alternative to alliances.<sup>86</sup> This treatment is misleading as both methods of policy making are often used in tandem.

Gregory Sanjin is another theorist who analyzes how arms transfers affect rivals or conflicting relationships. Sanjin specifically looks at case studies in which arms transfers widen or narrow gaps in arms capabilities between rival states. He further explores how the narrowing or widening of the gap in military capabilities affects conflict versus cooperation between the rival states. Sanjin concludes that cooperative relationships generally remain cooperative with a widening of the gap, while conflictual relations improved with a narrowing of the gap. Additionally, Sanjin concludes that the intentions of the exporter are a contributing factor to the final outcome. He notes that the U.S. typically serves as a balancing power to narrow gaps in capabilities. Though Sanjin

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<sup>86</sup> Volker Krause, "Hazardous Weapons? Effects of Arms Transfers and Defense Pacts on Militarized Disputes, 1950-1995," *International Interactions* 30, no. 4 (2004): 349-71.

explores how arms transfers effect relations between countries, he focuses on rival relationships rather than alliances.<sup>87</sup>

**- The effect of halting of arms transfers on alliances -**

Lisa Martin analyzes sanctions implemented by a coalition of states. She theorizes that when sanctions are jointly implemented, they not only coerce their target, but also affect the countries implementing the sanctions. Martins' analysis includes the assertion that when the initiator of sanctions is fully committed and willing to make sacrifices and take losses in the sanctioning action, that state is more likely to gain cooperative partners. Though Martin does not cover arms transfers or alliances directly, she does add an important aspect to the discussion, as arms transfers are often a primary target for sanctions. This form of sanctioning is included in Martin's analysis, and her discussion of states cooperating in implementing sanctions could be seen as an alliance.<sup>88</sup>

In analyzing the effects that arms transfers have on alliances, one can also consider what the halting of arms transfers would do to alliances. More likely than not, and in concurrence with Martin's well-supported theory, the cooperation of states in halting arms transfers could strengthen their alliance. This position also aligns with Walt's theory of alliances forming in order to balance threats.<sup>89</sup>

**-Alliances as a substitute for arms transfers-**

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<sup>87</sup> Gregory S. Sanjin, "Arms Transfers, Military Balances, and Interstate Relations: Modeling Power Balance Versus Power Transition Linkages," *The Journal of Conflict Resolution* 47, no. 6 (2003): 711-27.

<sup>88</sup> Lisa L. Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton, NJ: Princeton University Press, 1993).

<sup>89</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987).

Gerald Sorokin seeks to answer the question of whether alliances are used by states as a substitute for obtaining their own arms. Sorokin assumes that states have to choose between either buying arms or creating or strengthening alliances. Sorokin presents it as a given that if a state has ample arms, its alliances would weaken as it would not need allies as much as if it were arms poor, in which case its alliances would be strengthened through necessity.<sup>90</sup> However, this logic is flawed because his premise is invalid. There can be countries with vast arms stockpiles and strong alliances and countries with little arms and few alliances. Even if the most common occurrence is for states to have one or the other, it would have to be supported by evidence and should not be presented as a given. The U.S. is a prominent example of a well-known counterfactual to Sorokin's argument. The U.S. has ample weapons stocks and capabilities as well as many strong alliances.

Sorokin's analysis focuses on why and when countries seek alliances and/or arms rather than discussing the effect of arms transfers on alliances, as this paper seeks to explore. While Sorokin does not explore the effect of arms transfers on alliances, he implicitly concludes that increased arms would loosen an alliance as the paper treats arms stockpiling and alliances as either/or. Sorokin does not demonstrate this implicit conclusion with supporting evidence or case studies within his work.

### **-The origins of alliances-**

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<sup>90</sup> Gerald L. Sorokin, "Alliances, and Security Tradeoffs in Enduring Rivalries," *International Studies Quarterly* 38, no. 3 (1994): 421-446.

Any analysis of any aspect of alliances would be remiss to leave Stephen Walt's *The Origins of Alliances*, out of the discussion. Stephen Walt examines how and why alliances form. Walt argues that alliances form to balance against threats. He also expands upon his assertion that foreign aid is not enough to cause alignment. A common threat must also be present.<sup>91</sup>

While Walt does not focus on the effects of arms transfers on alliances, he is the pre-eminent scholar on alliances. Most other authors discussed here reference Walt's work. Some authors even build their argument around reference to or refutation of Walt's theories. Walt not only provides an important theory for alliance formation, but also thoroughly discusses alliances. Walt's mention of foreign aid and assertion that it is not enough to cause the formation of alliances can be used in the discussion of arms transfers as government funded arms transfers are a form of foreign aid.<sup>92</sup>

## **DEFINITIONS**

### **ALLIANCE**

As the premier theorist on alliances, whose work is referenced by most succeeding literature on the subject, it is logical to use Stephen Walt's definition of alliances when discussing the subject. In addition to providing the basis for most literature on alliances, Walt also provides a general and therefore widely applicable definition of alliances. Stating that he uses the terms *alliance* and *alignment* interchangeably, Walt defines an alliance as "a formal or informal arrangement for

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<sup>91</sup> Walt, *The Origins of Alliances*.

<sup>92</sup> Ibid.

security cooperation between two or more sovereign states.”<sup>93</sup> This definition is appropriate in the analysis of how arms transfers effect alliances for the same reasons it is used by Walt himself.

There are many informal alliances that have not been cemented by formal signed documents. In fact, many strong arms-trade relationships are not part of a formal alliance between two countries. One well-known relationship Walt references is that between the U.S. and Israel. Another such relationship, that serves as the main case study for this paper is the informal alliance between the U.S. and Saudi Arabia. Another is that between the U.S. and Egypt.

Many U.S. politicians and presidents have spoken about the unique relationship between the U.S. and Saudi Arabia. Jimmy Carter stated that “an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force” in his state of the union address on January 23, 1980.<sup>94</sup> This alliance, however, has never been formally recognized through a treaty. Saudi Arabia and the U.S. have thus formed what can be described as a special relationship based on mutual interests, remaining undocumented through formal written treaty.

The security alliance between Saudi Arabia and the U.S., especially in terms of the strong arms-trade relationship, is well documented. The U.S.-Saudi relationship also

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<sup>93</sup> Walt, *The Origins of Alliances*, 12.

<sup>94</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012): 208.

fits Walt's definition as an informal security cooperation relationship. Restricting alliances to formal signed treaty alliances would thus leave out many strong security relationships that involve heavy arms-trade relationships, such as the U.S.-Saudi relationship.

## **ARMS TRANSFER**

Just as it is important to define the dependent variable, alliances, it is equally as important to define the independent variable; arms transfers. Much of the literature available on arms transfers assumes that there is no need for "arms transfers" to be defined. This lack of definition leads different authors to discuss different transactions while on the surface assuming they are discussing the same event. Within the available literature, much discussion focuses on FMS, while not directly defining the transactions as such, but rather merely labeling them arms transfers.

As previously stated, there is more than one kind of arms transfer that can be delineated using useful U.S. government terminology. FMS describe the sale of arms from one government to another (government-to-government). DCS, on the other hand, describe the sale of arms from private companies to foreign parties. In the case of DCS, the foreign party does not have to be a government but can be an individual, organization, private company, etc.<sup>95</sup>

FMS and DCS are the two most common methods of arms transfers but are not the only methods. The U.S. government also maintains an Excess Defense Articles

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<sup>95</sup> U.S. Department of State, "Third Party Transfers and Foreign Military Sales Teams and Functions," <http://www.state.gov/t/pm/rsat/c14021.htm> (accessed November 26, 2014).

(EDA) program, through which it transfers defense equipment that the U.S. Department of Defense no longer needs or has in excess.<sup>96</sup> There are also black market arms transfers where arms are transferred illegally, outside regulated channels.

This paper focuses on FMS arms transfers as the selling state has the most control over these sales and the recipient is a government (not a private party). However, as the regulatory structure in the U.S. allows for the U.S. Department of State's regulation of both FMS and DCS, the U.S. government is able to stop or expedite any of these sales according to its foreign policy interests. Thus, in looking for how arms transfers affect alliances, FMS and DCS, as well as EDA come into play. In all of these cases, the state from which the arms originate has control over whether the transfer goes through or not. States with stronger export-control systems have more control over exports from their country. As black market arms transfers occur out of the control of the states involved, they do not factor into this paper's scope of analysis.

## **SAUDI ARABIA**

Saudi Arabia provides a good case study for investigating the effects of arms transfers on alliances for many reasons. These reasons are primarily based in the stark differences between the two states and the fact that the strength of the alliance rests mainly on arms transfers, oil, and mutually beneficial interests. First, the core beliefs and political structures in the U.S. and Saudi Arabia fundamentally differ. The U.S. is a democracy that was founded with the belief that politics and religion should be separate.

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<sup>96</sup> Ibid.



On the other hand, Saudi Arabia is an Islamic monarchy.<sup>97</sup> Second, they are geographically separated by a great distance. Third, since the late 1940s, when relations between the two states began strengthening, the pillars upon which the alliance has rested have been oil and arms.<sup>98</sup> Consequently, arms transfers play a significant role in this specific alliance.

Diplomatic relations between Saudi Arabia and the U.S. were enhanced in 1949 when the U.S. established an embassy in Jeddah.<sup>99</sup> The establishment of a U.S. diplomatic presence in Saudi Arabia was just the beginning of a strong partnership between the two countries. Much of the discussion surrounding the alliance between the two countries focuses on oil. Saudi Arabia rests atop of a large amount of the world's proven oil reserves, with "unmatched spare production capacity."<sup>100</sup> It is also evident that Saudi Arabia's geographic location is central to many states that are highly important to the U.S. and it's foreign policy focus.<sup>101</sup> "The 865,000-square-mile kingdom, equivalent in area to more than one-fifth of the United States, sits astride one-quarter of the world's proven oil reserves and neighbors two of America's foreign policy hot spots, Iraq and Iran, and one of its closest friends, Israel."<sup>102</sup>

While the accepted reasons for U.S. interest in Saudi Arabia are oil and geographic location, Saudi Arabia has also sought alliance with the U.S. for security

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<sup>97</sup> Christopher Blanchard, "Saudi Arabia: Background and U. S. Relations," (*Congressional Research Service*. Washington, DC: Library of Congress, 2010), 2. In fact, Congressional concern has been raised regarding Saudi Arabia's apparent disregard for human rights and civil, political and religious freedom.

<sup>98</sup> *Ibid*, 6.

<sup>99</sup> Rachel Bronson, *Thicker than oil: America's uneasy partnership with Saudi Arabia* (Oxford: Oxford University Press, 2006), 1.

<sup>100</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 1.

<sup>101</sup> See FIGURE 4 in the APPENDIX for a map of Saudi Arabia

<sup>102</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 3.

reasons. “Traditionally the United States’ relationship with Saudi Arabia has been characterized as a basic bargain of ‘oil for security.’”<sup>103</sup> Shortly after the establishment of a U.S. embassy in Saudi Arabia in 1949, the U.S. vowed to maintain stability in Saudi Arabia. Stability in Saudi Arabia was, and continues to be, considered vital to U.S. national security.

Author Rachel Bronson maintains that in addition to these commonly accepted reasons, joint “geostrategic interests” are the basis for the strong partnership between the two states.<sup>104</sup> Stability and security in the Middle East are vitally important to both the U.S. and Saudi Arabia. These joint geostrategic interests brought the two states together in military operations again and again; for example, joining together against the Soviet Union, Iran, and Iraq during the Gulf War when Saddam Hussein’s forces invaded Kuwait.<sup>105</sup> The U.S. made commitments to defend Saudi Arabia from Iraq and Iran.<sup>106</sup> However, from a U.S. perspective, though arms transfers have allowed for increased U.S. influence in terms of past basing and overflights, the effectiveness of Saudi Arabia as a security partner is limited as it has been reluctant to actively engage in many conflicts and joint operations in support of the U.S. One such example is Saudi Arabia’s opposition to U.S. Operation Iraqi Freedom.

While location and natural resources may have been important contributors to the formation of the strong alliance between Saudi Arabia and the U.S., there has been significantly less investigation into how the two countries have maintained their strong

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<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

<sup>105</sup> Robert, J. Art, *A Grand Strategy for America*, (Ithaca: Cornell University Press, 2003), 19.

<sup>106</sup> Ibid., 137.

ties. What has contributed to the relationship's strengthening despite important differences in the two countries positions on international relations and politics?

Although the U.S. still imports a significant amount of oil from Saudi Arabia, the U.S. is increasing its domestic production. Keeping this in mind, if oil were taken out of the equation, would the alliance remain intact?<sup>107</sup> What remaining factors would influence the relationship?

One major sore point between the two states is their opposing views on the Arab-Israeli conflict. The U.S. is a strong supporter of Israel, while Saudi Arabia is not, and is often accused of raising funds for Islamic extremists. In 2010 Congress raised concerns that U.S. arms sales to Saudi Arabia could be detrimental to Israeli security. The Obama Administration assured Congress that Israel would maintain its qualitative military edge.<sup>108</sup> Maintaining Israel's qualitative military edge over other countries in the region continues to be a policy of the U.S.; however, that may effect relations and sales to Saudi Arabia.

The U.S. is also a democracy that seperates religion from its political system, while Saudi Arabia is an Islamic monarchy. As evidenced by Bronson, the joint geostrategic interests of Saudi Arabia and the U.S. brought the two countries together in joint military operations, despite these fundamental differences. While Bronson asserts the relationship between Saudi Arabia and the U.S. has deteriorated since the end of the

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<sup>107</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 11. Even if the U.S. halted all imports of Saudi oil, the stability and security of Saudi Arabian oil fields would remain vitally important to U.S. national security. The security of Saudi oil fields is of vital importance due to the large reserves and spare capacity they contain. These reserves have significant impact on world oil prices. In addition, many close U.S. allies also import Saudi Arabian oil. Saudi Arabian security and stability is thus vital to the global economy.

<sup>108</sup> Ibid, 9 and 11.

Cold War due to diminished joint geostrategic interests, she also asserts that all U.S. presidential administrations since Franklin Roosevelt's have maintained extremely close relationships with the House of Saud.

Although the threat of the Soviet Union has disappeared, the two countries continue to have a joint interest in maintaining stability in the Middle East region. According to the Obama administration, the two countries have several highly important issues they are jointly working on: the crisis in Syria, nuclear nonproliferation in Iran, counterterrorism, and the Middle East peace process.<sup>109</sup> Despite increased domestic oil production, in the U.S., the U.S. still imports a significant amount of oil from Saudi Arabia. Even if the U.S. did not import any oil from Saudi Arabia, the security of Saudi oil fields is vital to the stability of global oil prices due to the vast oil stocks those fields hold.<sup>110</sup> Saudi Arabia has the largest proven oil reserves in the world.<sup>111</sup> Furthermore, the two countries' joint interests seem to have tempered their differences and have influenced each state to approach their opposing positions in a more moderate fashion: the U.S. working towards Israeli-Palestinian peace negotiations through the Camp David Accords, and Saudi Arabia influencing other Islamic states to moderate their anti-Israel rhetoric.<sup>112</sup>

As previously mentioned, the U.S. and Saudi Arabia have numerous joint geostrategic interests. Bronson notes: "During the Truman years, the United States and Saudi Arabia initiated a series of military agreements that laid the groundwork for U.S.

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<sup>109</sup> White House: Office of the Press Secretary, "Fact Sheet: United States-Saudi Arabia Bilateral Relationship," news release, March 28, 2014, <http://www.whitehouse.gov/the-press-office/2014/03/28/fact-sheet-united-states-saudi-arabia-bilateral-relationship> (accessed November 26, 2014).

<sup>110</sup> Art, *A Grand Strategy for America*, 63.

<sup>111</sup> Ibid., 133.

<sup>112</sup> Bronson, *Thicker than oil*, 4.

training of Saudi forces (which continues today) and access to a military airstrip on Saudi Arabia's eastern shores.”<sup>113</sup> This arrangement both assured U.S. strategic access to the region as well as the security of Saudi Arabian oil fields. Though no U.S. military base was officially established other than the U.S. military airstrip in Saudi Arabia, there continued to be a U.S. military presence in Saudi Arabia after the establishment of the airstrip.

U.S. military presence increased to around 550,000 troops during the First Gulf War in order to drive Iraqi forces out of Kuwait and to protect Saudi Arabian oil fields.<sup>114</sup> Around 5,000 U.S. troops remained in Saudi Arabia to enforce a “no-fly” zone in southern Iraq from the end of the Gulf War until 2003 when U.S. troops increased to 10,000 for a short time.<sup>115</sup> As Blanton suggests, it is possible that Saudi Arabia was rewarded for allowing U.S. troops in the country through increased arms transfers from the U.S.<sup>116</sup> Significant arms transfers have continued even after almost all U.S. forces were withdrawn from the country and moved to Qatar in 2003.<sup>117</sup> There are numerous reasons for the withdrawal of U.S. troops from Saudi Arabia including the threat of terrorist attacks on U.S. troops, pressure by the Saudi population to remove U.S. troops, and the perception that Iraq was no longer a threat.<sup>118</sup>

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<sup>113</sup> Ibid, 45.

<sup>114</sup> Sharon Otterman, “Saudi Arabia: Withdrawal of U.S. Forces,” *Council on Foreign Relations* 2 (2003), <http://www.cfr.org/saudi-arabia/saudi-arabia-withdrawl-us-forces/p7739> (accessed November 26, 2014).

<sup>115</sup> Ibid.

<sup>116</sup> Blanton, “Promoting Human Rights and Democracy in the Developing World,” 129.

<sup>117</sup> Alfred B. Prados and Christopher M. Blanchard, “Saudi Arabia: Current Issues and US Relations,” (*Congressional Research Service*. Washington, DC: Library of Congress, 2007), <http://digital.library.unt.edu/ark:/67531/metacrs10310/> (accessed October 26, 2014), 10.

<sup>118</sup> Otterman, “Saudi Arabia: Withdrawal of U.S. Forces,” <http://www.cfr.org/saudi-arabia/saudi-arabia-withdrawl-us-forces/p7739>

Despite the removal of U.S. troops from Saudi Arabia, military training arrangements and support continue. Initial arrangements made in 1951 between Saudi Arabia and the U.S. were based on the exchange of financial and military support from the U.S. for “broad political backing for America’s activities in the region, outside the Arab-Israeli conflict” from the king of Saudi Arabia.<sup>119</sup>

Additionally, in order to pursue joint strategic objectives, the two countries have developed a robust arms-trade relationship. In this relationship, Saudi Arabia is the recipient of significant arms shipments from the U.S., both via FMS and DCS. In fact, Saudi Arabia is one of the largest clients of U.S. defense products and services.<sup>120</sup> This arms-trade relationship is one that has developed and grown over time.

Significant weapons packages were agreed to and delivered under the Nixon and Johnson administrations.<sup>121</sup> In the 1970s, the Joint Security Cooperation Commission used the sale of weapons from the U.S. to Saudi Arabia not only to benefit the U.S. defense industry, but also to enhance the U.S.-Saudi security relationship. FMS between the U.S. and Saudi Arabia rose from \$305 million in 1972 to over \$5 billion in 1975.<sup>122</sup> In the early 1980s, the Reagan administration, once again, looked to bolster relations with Saudi Arabia through a major weapons sale, in order to have a strong ally in the region.<sup>123</sup>

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<sup>119</sup>Bronson, *Thicker than oil*, 45.

<sup>120</sup> White House, "Fact Sheet: United States-Saudi Arabia Bilateral Relationship," <http://www.whitehouse.gov/the-press-office/2014/03/28/fact-sheet-united-states-saudi-arabia-bilateral-relationship>

<sup>121</sup> Bronson, *Thicker than oil*, location 1992 of 9227, kindle cloud reader

<sup>122</sup> Ibid, location 2609 and 2623 of 9227, kindle cloud reader

<sup>123</sup> Ibid, location 3301 of 9227, kindle cloud reader

Between 1998 and 2005, Saudi Arabia ordered \$9.3 billion in U.S. arms and received \$17.9 billion in U.S. arms due to the delivery of prior orders.<sup>124</sup>

Since the onset of bolstered relations with Saudi Arabia, the U.S. has tried to improve relations during lulls through sales of significant weapons packages. It has been presidential administrations in the U.S. who have offered these deals, while Congress often opposes them. As evidenced in a congressional report on U.S.-Saudi relations which states that “In late July 2006, the Bush administration notified Congress that it has approved over \$9 billion worth of potential U.S. military sales to Saudi Arabia. The 109th Congress did not act to block the sales within the allotted 30-day period.”<sup>125</sup> Though in this instance the congress did not block the sale, it is implied there was a significant possibility. The authors also state that planned sales could be delayed due to concerns, specifically relating to U.S. support of Isreal. In the same vein, the Royal House of Saud has reacted positively to deals with the U.S., while it must simultaneously act to calm its public’s discontent with the cementing of close ties to the U.S. due to U.S. support of Israel and fear of Western ideological infringement.<sup>126</sup>

At times, congressional opposition, due to concerns over Saudi terrorist funding, has significantly slowed down arms transfers to Saudi Arabia. One such instance which made a notable impact occurred in the 1980s. As a result, Saudi Arabia began to turn to other markets for its weapons, including Great Britain and China.<sup>127</sup> It is important to note that though congressional concerns have been raised over arms sales to Saudi

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<sup>124</sup> Prados and Blanchard, “Saudi Arabia: Current Issues and US Relations,” 18.

<sup>125</sup> Ibid, 1.

<sup>126</sup> Kugler and Frost, *The Global Century*, 939.

<sup>127</sup> Bronson, *Thicker than oil*, location 3401 of 9227, kindle cloud reader

Arabia, none have ever been fully blocked.<sup>128</sup> Presidential waivers have been used to overrule Congressional opposition, as occurred in 2010.<sup>129</sup>

In order to ease congressional and public concerns over arms transfers from the U.S. to Saudi Arabia, proponents of the transfers have stated that, due to the robust arms-trade relationship, Saudi Arabia has become dependent on the U.S. for the maintenance of its weapons.<sup>130</sup> The Obama administration hopes that ensuring dependence on U.S. platforms ensures an enduring relationship through continued supply of maintenance, spares, training, and upgrades.<sup>131</sup> According to this line of thought, Saudi Arabia is a “dependent” as described by Kinsella.

Saudi dependence on the U.S. for maintenance, spare parts, and training is therefore an implicit lever that the U.S. could use to influence Saudi Arabia if it were to consider any actions not in the interest of the U.S., namely anti-Israel or any other anti-U.S. ally military actions. With this logic, concerns over Saudi use of U.S.-origin arms against U.S. allies is somewhat alleviated.<sup>132</sup> Saudi Arabia could turn to another arms supplier but a complete shift away from U.S. origin weapons would take a vast amount of time and money to accomplish.

Saudi Arabia does purchase arms from other countries, though not to the same extent as it purchases from the U.S. or its close ally, the U.K.<sup>133</sup> It is possible that Saudi

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<sup>128</sup>Blanchard, "Saudi Arabia: Background and U. S. Relations," 4.

<sup>129</sup> Ibid, 5.

<sup>130</sup> Kugler and Frost, *The Global Century*, 789.

<sup>131</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 9.

<sup>132</sup> Kugler and Frost, *The Global Century*, 790.

<sup>133</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015), 1.



Arabia is hedging against complete dependence on U.S. weapons. It is also possible that Saudi Arabia is purchasing from other states because of better pricing, products, or availability. Saudi Arabia could also be purchasing arms from other states to build diplomatic relations with those countries, just as it has with the U.S. It is important to note here that Saudi Arabia tends to purchase arms from close allies of the U.S., such as NATO countries and the UK, when it is not purchasing directly from the U.S.<sup>134</sup>

Although Saudi Arabia does purchase arms from other states, aside from the UK, it continues to purchase the majority from the U.S.<sup>135</sup> Both Saudi Arabia and the U.S. continue to share strategic interests in the region where Saudi Arabia rests. With those shared strategic interests, such as stability, counterterrorism, and interests in Iran, Syria, and Iraq, the two countries have continued their arms arrangements.<sup>136</sup> Saudi Arabia is currently the largest recipient of FMS initiated in the U.S., "with active and open cases valued at approximately \$97 billion."<sup>137</sup> In 2010 Congress was notified of a proposed sales package including F-15 fighter aircraft to Saudi Arabia worth approximately \$60 billion. This FMS case is the largest single FMS case to date.<sup>138</sup>

Cyclical trends in arms sales from the U.S. to Saudi Arabia are also affected by Saudi finances. For example, in the decade following the mid 1990s, there was a downward trend in such arms transfers due to weakened Saudi finances. Weakened Saudi

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<sup>134</sup> Pieter D. and Siemon T. Wezeman, "SIPRI Fact Sheet March 2014: Trends in International Arms Transfers, 2013," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1403.pdf> (accessed November 26, 2014), 4.

<sup>135</sup> Ibid.

<sup>136</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 8.

<sup>137</sup> White House, "Fact Sheet: United States-Saudi Arabia Bilateral Relationship," <http://www.whitehouse.gov/the-press-office/2014/03/28/fact-sheet-united-states-saudi-arabia-bilateral-relationship>

<sup>138</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 9.

finances were in part due to debts incurred during the Gulf War. This trend reversed course in the mid 2000s due in part to improving Saudi finances.<sup>139</sup> In fact, Saudi Arabia was the fifth highest arms importer in the world from 2009-2013 according to the Stockholm International Peace Research Institute (SIPRI).<sup>140</sup> Saudi Arabia has since become the second largest arms importer in the world, according to SIPRI data from 2010-2014.<sup>141</sup> The U.S. was the number one arms exporter during the same periods.<sup>142</sup> This upward trend can also be attributed to increased joint counterterrorism operations and regional instability.<sup>143</sup> Joint counterterrorism operations between the U.S. and Saudi Arabia include those countering al-Qaeda and the Islamic State of Iraq and the Levant or ISIL. From October 2010 through February 2014, “Congress was notified of proposed sales to Saudi Arabia of fighter aircraft, helicopters, missile defense systems, missiles, bombs, armored vehicles and related equipment and services, with a potential value of more than \$86 billion.”<sup>144</sup>

It is important to note that arms transfers take some time to negotiate and develop, often leaving a long lag time to be accounted for when looking for a correlation between operations, threats, and arms transfers. A potentially stronger correlation might be Saudi threat perception and anticipation of future conflict and arms orders. Given these contingencies, Saudi Arabia has had concerns about Iran, Iraq, and Syria for some time,

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<sup>139</sup> Prados and Blanchard, "Saudi Arabia: Current Issues and US Relations," 18-19.

<sup>140</sup> Noel Kelly, "The Top 20 Arms Importers, 2009-2013," *Stockholm International Peace Research Institute* (SIPRI), [http://www.sipri.org/googlemaps/2014\\_of\\_a\\_top\\_20\\_imp\\_map.html](http://www.sipri.org/googlemaps/2014_of_a_top_20_imp_map.html) (accessed November 26, 2014).

<sup>141</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015), 1.

<sup>142</sup> Ibid.

<sup>143</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 11.

<sup>144</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," summary.

which may have led to the recent large U.S. arms deal with Saudi Arabia. The U.S. has agreed to supply 1.75 billion dollars worth of Patriot missiles to Saudi Arabia.<sup>145</sup>

Demonstrating the positive effects of large arms sales such as this one on U.S. industry, the two defense companies involved, Raytheon and Lockheed Martin, both had their stocks reach their highest levels ever; likely as a result of the deal.<sup>146</sup>

The uncertainty and threat of ISIL to states in the Middle East, including Saudi Arabia, may also be contributing to increases in Saudi defense spending. At the same time the U.S. and its European allies have continued to decrease defense spending. As ISIL's stated mission is to create an Islamic caliphate encompassing all of Syria, Iraq, and the Levant, it threatens not only the states in which it is currently operating, but the entire region.<sup>147</sup> Thus, though the threat of ISIL is an unfortunate fact, the joint strategic interest in defeating this terrorist organization is beneficial to the U.S.-Saudi alliance, the U.S. defense industrial base, and Saudi arms coffers. Despite spending large amounts of money on weapons systems, Saudi Arabia is still unable to defend itself against major threats without the help of the U.S. and its allies.<sup>148</sup> Saudi Arabia continues to require U.S. support to build an effective military, service and maintain weapons, and defend itself.<sup>149</sup> As instability and security threats continue to plague Saudi Arabia and the Persian Gulf states, this requirement will persist.

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<sup>145</sup> Mary Atkinson, "Latest US arms sales to Saudi Arabia raise eyebrows about IS war," *Middle East Eye*, October 2, 2014, <http://www.middleeasteye.net/news/saudi-arabia-1295679323>, (accessed November 15, 2014), 1.

<sup>146</sup> Ibid.

<sup>147</sup> Terrorism Research & Analysis Consortium (TRAC), "Islamic State of Iraq and ash Sham/Islamic State (Islamic State of Iraq, ISIS or ISIL, IS)," <http://www.trackingterrorism.org/group/islamic-state-iraq-islamic-state-iraq-and-sham-isis>, (accessed November 15, 2014).

<sup>148</sup> Kugler and Frost, *The Global Century*, 935.

<sup>149</sup> Ibid.

Christopher Blanchard, a specialist in Middle Eastern affairs, describes the security-cooperation relationship, enhanced by and including arms transfers, as the anchor of the bilateral relationship between the U.S. and Saudi Arabia.<sup>150</sup> The security relationship that has been developed over the last 50 years includes arms transfers, training, and cooperation. This security-cooperation relationship has created ties between the two states that would be extremely difficult and costly to break.<sup>151</sup>

Arms transfers not only provide literal support for security cooperation between the U.S. and Saudi Arabia, but also provide a symbolic commitment by both parties to the alliance. The alliance between the U.S. and Saudi Arabia began, in the most basic sense, as one that can be described as oil for security. However, over the years the two states have come together ideologically and logistically on many mutual security challenges. The growth in mutual security challenges has bolstered the relationship. This strengthening of alliance between Saudi Arabia and the U.S. would not have occurred were it not for the significant transfer of arms between the two countries. The release of advanced systems enhance the alliance as Saudi Arabia places a high value on the deterrent effect arms provide and indicate the strength of U.S. commitment to Saudi security and the bilateral relationship.<sup>152</sup>

The significant arms transfers from the U.S. to Saudi Arabia that have occurred over many decades demonstrate that arms transfers can and are used to bolster alliances.<sup>153</sup> The sale of arms from the U.S. to Saudi Arabia has ensured that the trade

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<sup>150</sup> Blanchard, "Saudi Arabia: Background and U. S. Relations," 1.

<sup>151</sup> Ibid, 10.

<sup>152</sup> Ibid, 11.

<sup>153</sup> Ibid.

relationship in which the U.S. established itself as a significant purchaser of Saudi Arabian oil was not one sided. This mutually dependent relationship was then enhanced by mutual-security interests. Although it is never possible to accurately predict how a relationship would have varied if the past were different, it is unlikely that the alliance between the U.S. and Saudi Arabia would have developed into such a strong alliance if not for the significant arms transfers from the U.S. to Saudi Arabia. Thus, this case study supports the hypothesis that arms transfers bolster or strengthen alliances.

Stephen Walt describes the formation of alliances as being primarily caused by the need to balance against other states. Walt's definition and analysis of why states form alliances fits extremely well with the relationship between the U.S. and Saudi Arabia. The U.S. and Saudi Arabia have maintained an informal arrangement for security cooperation since the 1940s. The alliance between these two states was formed in part to balance against mutual threats in the Middle East.

The trade relationship between Saudi Arabia and the U.S., primarily consisting of oil for arms, has strengthened their alliance. Both states' economic and military security has been strengthened by this trade relationship. Each state can and has used its exports as a tool to influence and shape the actions of the other state and the alliance as a whole. As exemplified by the relationship between the U.S. and Saudi Arabia, arms transfers enhance alliances.

## **EGYPT**

As with the U.S. and Saudi Arabia, the core beliefs and political cultures in Egypt and the U.S. also differ greatly despite a long and robust arms trade relationship. In

addition to latent disparate cultures and values, recent instability within Egypt has put further strain on the U.S.-Egypt relationship. President Hosni Mubarak held autocratic rule over Egypt from 1971-2011.<sup>154</sup> While the Arab Spring protests in 2011 strived to end the repression present under the autocratic leadership of President Hosni Mubarak, the Muslim Brotherhood's following rule under Mohamed Morsi continued this repression.<sup>155</sup> Although Morsi continued to govern through repression, he was the first democratically elected President of Egypt, democratic elections being a value that the U.S. strongly upholds.<sup>156</sup> Morsi, however, was overthrown in a military coup shortly after his election in 2012 by General Abdel Fattah el-Sisi who then ran for and was elected as the new President of Egypt in June 2014.<sup>157</sup> Given this recent internal instability, Egypt's relationship with the U.S., especially in terms of its receipt of U.S. arms has consequently been restrained.<sup>158</sup>

Following the Camp David Accords of 1978, Egypt had been one of the largest recipients of U.S. foreign military aid in the world.<sup>159</sup> However, section 7008 of the U.S. Consolidated Appropriations Act forbids direct foreign assistance to countries which have had democratically elected officials deposed by military coups.<sup>160</sup> This U.S.

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<sup>154</sup>A. Y. Zohny, "The Future of Political Islam & Democracy in Egypt after the Arab Spring," *Culture & Religion Review Journal* 2014, no. 4 (December 2014): 42-73. Academic Search Complete, EBSCOhost (accessed March 22, 2015).

<sup>155</sup> James Michael Nossett, "Free Exercise after the Arab Spring: Protecting Egypt's Religious Minorities under the Country's New Constitution," *Indiana Law Journal* 89, no. 4 (Fall 2014): 1653-1689. *Index to Legal Periodicals & Books Full Text (H.W. Wilson)*, EBSCOhost (accessed March 22, 2015).

<sup>156</sup> "CONGRESSIONAL CONTROL OF FOREIGN ASSISTANCE TO POST-COUP STATES." *Harvard Law Review* 127, no. 8 (June 2014): 2499-2542. *Academic Search Complete*, EBSCOhost (accessed March 22, 2015).

<sup>157</sup> A. Y. Zohny, "The Future of Political Islam & Democracy in Egypt after the Arab Spring."

<sup>158</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 1.

<sup>159</sup> "CONGRESSIONAL CONTROL OF FOREIGN ASSISTANCE TO POST-COUP STATES."

<sup>160</sup> "CONGRESSIONAL CONTROL OF FOREIGN ASSISTANCE TO POST-COUP STATES," 2499.

legislation embodies the U.S. principle of democratic governance, one that the U.S. promotes around the world. Military coups also fly in the face of not only democratic governance, but also call into question the U.S. values of human rights and regional stability. Thus, not only foreign assistance writ large, but the U.S. arms transfer relationship with Egypt was put in question after the military coup despoising Morsi, though the U.S. has never officially acknowledged this coup.

Most importantly, after successive changes in leadership and governing parties in Egypt, the U.S. must determine whether the new ruling parties align with U.S. interests. U.S. transfer of complex weapon systems to the state would be questionable were Egypt not aligned with U.S. interests, especially as it is located in such a volatile region. It was after all the Camp David Accords, and Egypt's agreement to work towards peace with Israel, that expanded Egypt's relationship with the U.S.<sup>161</sup> If new leadership were to reject continued peace with Israel, the U.S. would likely cut assistance and military transfers to Egypt. Fortunately, this extreme action has not been required as of yet.

As the Egyptian-Israeli peace, that was prompted with the Camp David Accords, continues, Egypt continues to remain a strong ally of the U.S. With few other Israeli allies with whom to partner in the region, the U.S. continues to uphold its strategic alliance with Egypt despite Egypt's recent internal turmoil. In fact, in 2014 the U.S. delivered 10 combat helicopters to Egypt.<sup>162</sup> The U.S. continues to be the top exporter of

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<sup>161</sup> Ibid

<sup>162</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 8.

arms to Egypt.<sup>163</sup> Between 2000 and 2011, the U.S. exported F-4 jets, F-16 fighter jets, M-60A3 and M1A1 combat tanks, APCs, Apache helicopters, anti-aircraft missile batteries, aerial surveillance aircraft, amongst other arms, to Egypt.<sup>164</sup> Prior to 1976 the U.S. had few arms exports to Egypt, however, in the lead up to the signing of the Camp David Accords, the U.S. began large arms shipments to Egypt.<sup>165</sup> Since 1976, exports of arms from the U.S. have only grown, with 22,748 million dollars USD in sales to Egypt since 1950, a quarter of which have taken place since 2000. Between 2000 and 2013, 5,641 million dollars USD of arms were transferred from the U.S. to Egypt.<sup>166</sup>

As with Saudi Arabia, robust U.S. arms transfers to Egypt have allowed for the U.S. to use the threat of an end to those arms transfers as a negotiating tool through which it can influence Egypt. While, as with Saudi Arabia, Egypt could turn to other arms suppliers, Egypt would lose its ability to maintain the vast amounts of weaponry it has already obtained from the U.S. if it were to do so. Additionally, as it has set itself apart from other Arab states in the region through its treaty with Israel, Egypt has an interest in maintaining its arms trade alliance with the U.S. in order to maintain its military capabilities. As with Saudi Arabia, the U.S. and Egypt also share the joint strategic interests in the Middle East of regional stability, counterterrorism, and maintaining peace with Israel.

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<sup>163</sup> Amnesty International, “Arms Transfers to the Middle East and North Africa,” <https://www.amnesty.org/.../act301172011en.pdf> (accessed March 18, 2015), 27.

<sup>164</sup> Ibid

<sup>165</sup> SIPRI: TIV of arms exports from the United States, 1950-2013 (Generated: 08 March 2015) <http://www.sipri.org/databases/armstransfers/background>

<sup>166</sup> Ibid



The U.S.-Egypt arms trade alliance is both vital to U.S. strategic interests in the Middle East, especially in its support of Israel, and to Egypt's security in the region, maintaining its own national security and buffering against the threat of instability from other states and non-state actors in the region. The arms trade relationship between the U.S. and Egypt allows for physical as well as symbolic support for each others strategic interests and physical security. As arms transfers from the U.S. to Egypt have been used over the past few decades to cement this strategic alliance, the U.S. must ensure that with the recent changes in Egyptian governance, Egypt continues to align with U.S. interests. With this historic arms trade relationship in place, the U.S. is better able to ensure that new Egyptian leadership aligns with U.S. interests than if this arms trade relationship were not present. Not only can the U.S. use its arms trade relationship with Egypt to ensure the health of its strategic interests in the Middle East, but arms sales to Egypt strengthen the U.S. economy through contributions to U.S. GDP as well as strengthening U.S. military security through the reduced threat of its military being drawn into increased instability in the Middle East, a strategically important region for the U.S. Thus, the arms trade relationship between the U.S. and Egypt not only enhance their alliance but benefit each country individually.

## **CONCLUSION**

Though Robert Art speaks of America's forward defense posture, his conclusion regarding its benefits is equally applicable to the effects of arms transfers on alliances. The transfer of arms "deters adverse military actions; it reassures key regional actors and thereby buffers regions from destabilizing influences; it enhances regional security

cooperation and management; and it facilitates waging war should that become necessary.”<sup>167</sup> All of these outcomes positively impact all parties within the alliance.

Arms transfers bolster alliances through the exporting state showing a willingness to share military technologies. In sharing military technologies, the state transferring the arms demonstrates its trust in the recipient. The exporting state also demonstrates a willingness to work with the recipient and support its security needs. At the same time, the recipient state demonstrates its alignment with the exporting state, in that it is choosing to purchase arms from said state, rather than any other supplying country.

Transferring a large quantity of highly capable and significant military equipment to another country demonstrates trust in the receiving state in such a fashion that should not be ignored. States, especially those with significant defense budgets such as the U.S., strategically build their weapons systems so that they are able to achieve technological superiority over any potential enemies.<sup>168</sup> When the U.S. allows for the export of some of its highly capable and sensitive military technology, it does so selectively. When one state is the recipient of a large quantity of the highly capable or sensitive military technologies that originate from the U.S., it is evident that the U.S. trusts the recipient to not use those same arms against the U.S. or its allies.

Another reason that an arms exporter would export its own technologically superior weapons to other states is to ensure interoperability with the recipient state. Ensuring interoperability demonstrates mutual security interests. Without interoperability

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<sup>167</sup> Art, *A Grand Strategy for America*, 139.

<sup>168</sup> Kugler and Frost, *The Global Century*, 786.

it would be significantly more difficult for countries to come together to fight against mutual enemies.

At the same time, the possibility that the recipient state is seeking to build up its arms in order to lessen dependence and detract from the alliance with the exporting state should not be ignored. The exporting state should ensure that it does not solely rely on a single state in any one region for influence and policy support. However, the build up in arms of the receiving state allows the recipient some ability to defend itself and not rely completely on the exporter to come to its defense. In a time when the U.S. has plans to decrease its defense spending and seeks to reduce military engagement abroad, the build up of allies' military capabilities moves towards a less dependent relationship, potentially benefitting both states when countering security threats.

In conclusion, arms transfers strengthen alliances by demonstrating trust between the allied partners, solidifying mutual security interests, supporting mutual balancing activities, creating interoperability on the battlefield, and increasing each individual states' economic and military security.

## **FUTURE RESEARCH**

The strengthening of alliances through arms transfers is a conclusion drawn from the main case study of the alliance between Saudi Arabia and the U.S., with a secondary look at the alliance between the U.S. and Egypt. These case studies could be explored further to include an investigation of historical events and large arms transfers in order to ascertain any correlation. Another important aspect of the U.S.-Saudi relationship is oil and any impact its price and trade has on arms transfers, alliance, and conflict.

In order to further support this conclusion, additional case studies should be investigated. Another case study that would likely support this conclusion would be the alliance between Israel and the U.S., which also includes a large quantity of arms transferred from the U.S. However, in order to strengthen the conclusion even more, the inclusion of dissimilar case studies should be taken into account.

Alternatively, the larger picture could be investigated; analyzing how arms transfers in general affect alliances, to include allied parties not directly involved in the transactions at hand. For example, how do arms transfers between the U.S. and Saudi Arabia affect the U.S.-Israel alliance? How do arms transfers between the U.S. and Israel affect the U.S.-Saudi alliance? How do arms transfers from the U.S. to the UK affect NATO? Investigation of these and other possible case studies could lend further support to or alternatively disprove the findings of this paper.

## CHAPTER 3

### ARMS TRANSFERS AND REGIONAL ALLIANCES: GUARDING GLOBAL STABILITY AND U.S. MILITARY AND ECONOMIC SECURITY

## RESEARCH QUESTION

Scholars have investigated how arms sales affect rivalry, conflict, regional military balance, and the duration of war. Given the role of weapons in war, it is only logical that scholarly trends follow these avenues of inquiry. The majority of security threats are regional, correspondingly focus on regional balance, regional rivalry, and regional conflict is important.<sup>169</sup> The effects of arms transfers on regional alliances and relationships that are not in the midst of conflict, have been largely overlooked in academia, despite being a critical consideration when engaging in arms trade. Regions and alliances do not exist in a static world; alliances are dynamic political relationships that are subject to change. The severity of change in political relationships can be mild to severe possibly resulting in creation of conflict. It is this unpredictable nature that must be taken into consideration when committing to large and sophisticated arms deals. Arms transfers have the potential for inflaming conflict, sparking an arms race, detrimentally effecting regional relations, or weakening a friendly regional alliance. It is of integral importance to investigate and analyze what, if any, effects arms sales have on regional alliances and relations for the same reasons. Arms producers and sellers should note the potential effects their wares may have on the regions that are purchasing the arms.

The United States (U.S.), as the top arms exporter in the world, must be cognizant of all of the potential effects its arms exports have on regions to which it exports to in order to safeguard against unnecessary negative consequences. This paper seeks to

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<sup>169</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 3.

analyze the effects arms transfers have on regional alliances and inter-state relations and how these, in turn, impact the country where the arms originated. “World military expenditure in 2013 is estimated to have been \$1747 billion, representing 2.4 per cent of global gross domestic product or \$248 for each person alive today. The total is about 1.9 per cent lower in real terms than in 2012.”<sup>170</sup> Though immense, this figure exhibits a slight reduction in world military expenditure. A closer examination reveals that it is expenditure in the west that has gone down while military spending elsewhere has increased.<sup>171</sup> More specifically, the U.S., Australia, Western Europe and the countries within the surrounding regions have reduced their military expenditure, while regions such as the Middle East, Africa and Asia have increased military expenditure.

The Arab League is used as the main case study central to determining what, if any, are the effects that arms transfers have on regional relationships and in turn on the original exporting state. “The Middle East remains an important market as it continues to maintain the highest burden in military expenditure, at around 5%-6% of overall GDP.”<sup>172</sup> In 2013 the Middle East spent 150 billion dollars on military expenditures.<sup>173</sup> As the member states within the Arab League continue to increase their military expenditures and imports of sophisticated weaponry, the Arab League constitutes a vibrant and important case study. “Arms imports to Gulf Cooperation Council (GCC) states increased by 71 per cent from 2005–2009 to 2010–14...mainly with arms from the

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<sup>170</sup> Sam Perlo-Freeman, “SIPRI Yearbook 2014: Military expenditure and arms production,” *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/04> (accessed March 5, 2014).

<sup>171</sup> Ibid

<sup>172</sup> Andrew T. H. Tan, ed., *The Global Arms Trade: A Handbook* (city: Routledge, 2014), 5.

<sup>173</sup> Sam Perlo-Freeman, “SIPRI Yearbook 2014: Military expenditure and arms production,” *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/04> (accessed March 5, 2014).

U.S. and Europe.”<sup>174</sup> This drastic increase is important to the ongoing discussion because all members of the GCC are also members of the Arab League. When intersecting the high value of arms acquisitions made in the Middle East with the religious, ethnic and environmental disputes that riddle the region, the Arab League provides a provocative case study to investigate the effects that arms transfers have.

To supplement findings from the main case study of the Arab League, analysis of arms imports to the Association of Southeast Asian Nations (ASEAN) and the African Union will provide a comparison point and validate the strength of the original findings. These case studies will inevitably be less detailed as the countries within these regional alliances have less buying power compared to the countries that make up the Arab League. In 2013 Africa’s military spending totaled 44.9 billion, while military spending in Southeast Asia totaled 35.9 billion.<sup>175</sup> This clearly indicates that arms exports to countries belonging to ASEAN and the African Union are not as great as those to countries that belong to the Arab League. At the same time, between 2005–2009 and 2010–14, African arms imports increased by 45% and “Asian countries continue(d) to expand their military capabilities.”<sup>176</sup> Thus, despite the fact that arms imports within the African Union and ASEAN are not as extensive as arms imports within the Arab League, arms imports within the African Union and ASEAN are experiencing a significant growing trend.

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<sup>174</sup> *Stockholm International Peace Research Institute (SIPRI)*, “16 Mar. 2015: The United States leads upward trend in arms exports, Asian and Gulf states arms imports up, says SIPRI” <http://www.sipri.org/media/pressreleases/2015/at-march-2015> (accessed March 19, 2015).

<sup>175</sup> Sam Perlo-Freeman, “SIPRI Yearbook 2014: Military expenditure and arms production,” *Stockholm International Peace Research Institute (SIPRI)*, <http://www.sipri.org/yearbook/2014/04> (accessed March 5, 2014).

<sup>176</sup> *Stockholm International Peace Research Institute (SIPRI)*, “16 Mar. 2015: The United States leads upward trend in arms exports, Asian and Gulf states arms imports up, says SIPRI”



At the same time, countries within ASEAN and the African Union, while important to U.S. national security, have not exhibited the stark change in alignments combined with counter-U.S. military action that Arab League countries have demonstrated. The fluid nature of alliances and the unpredictable ebb and flow of conflict in the Middle East has provided several historical lessons. In fact, several countries in the Middle East provide examples of states that were previously aligned with U.S. interests and correspondingly received large amounts of arms from the U.S. during the time of alignment. However, as a result of a precipitous change in course those same arms provided by the U.S. were used against U.S. military forces. This exhibits the instability and changing nature of alliances in the Middle East, amongst individual countries within the Middle East, and their established relationships with the U.S.

Other regional alliances such as the European Union, Organization of American States (OAS) and the Australia, New Zealand, U.S. Security Treaty (ANZUS) will not be used as case studies due to their relative stability, decreased military spending by some, and close alignment with U.S. interests. The high degree of alignment between the U.S. and these states is made clear by U.S. membership in OAS and ANZUS. By analyzing how U.S. arms exports to the Arab League, ASEAN, and the African Union affect those regional alliances and in turn U.S. national security, this chapter will demonstrate a net positive affect of U.S. arms transfers to regional alliances on U.S. national security.

## **GLOBALIZATION OF SECURITY**

The arms trade is a complex business. It is a business that necessitates strategy, control, and the ability to understand the ramifications that extend beyond each individual arms deal to all possible consequences. With the increasing pervasiveness of global

communication and coordination, the reach of arms deals have precipitously expanded. Though the arms trade is not a new phenomenon and has tended to be cyclical in nature, there has been a noticeable upward trend in the past decade.<sup>177</sup> Concurrent to this upward trend, the complexity and capabilities of weapons being sold internationally are ever increasing.<sup>178</sup> Defense companies are increasingly interdependent. Increased trade in military technology and defense services, result in the diffusion of military technology around the world. This trend describes the globalization of the defense industrial complex that has led to a surge in the trade of sophisticated weapons systems around of the world. Prior to the cold war, the technological complexity and capability of weapons traded globally fell far below those being traded on mass today.<sup>179</sup> One example of the increased technological capabilities being transferred today includes the international transfers of ballistic missile defense systems which took place for the first time in the first decades of the millennium.<sup>180</sup> Another example is the sale of armed unmanned aerial vehicles (UAVs). Though unarmed UAVs have been sold internationally since the 1970s, armed versions were not transferred until 2007 and recipients have thus far been limited to the United Kingdom (UK) and Nigeria.<sup>181</sup> The UK and Nigeria are likely to only be the first of many international customers for these systems because once a system is transferred internationally, it is almost certain to be proliferated further.

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<sup>177</sup> See Table 2 in the Appendix

<sup>178</sup> Andrew T. H. Tan, ed., *The Global Arms Trade: A Handbook* (New York: Routledge, 2014), 3.

<sup>179</sup> Just one example of a highly capable weapon that has proliferated in recent years are long-range guided missiles. These missiles give states the capability to attack enemies without endangering their own forces, potentially upsetting regional security balances and instigating conflict. Siemon T. Wezeman, "SIPRI Yearbook 2014: International arms transfers," *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/05> (accessed March 5, 2015).

<sup>180</sup> Pieter D. and Siemon T. Wezeman, "SIPRI Fact Sheet March 2015: Trends in International Arms Transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 19, 2015), 7.

<sup>181</sup> *Ibid*, 3.

Scholars' predictions of a sharp fall in the arms trade due to the end of the Cold War and more recently a predicted fall due to the global financial crisis have both proven wrong.<sup>182</sup> Arms trade data from the Stockholm International Peace Research Institute (SIPRI) "strongly suggest that overall, global arms expenditure has increased in real terms despite declining as a percentage of GDP."<sup>183</sup> In fact, recent data shows that "the volume of transfers of major weapons in 2010–14 was 16 percent higher than in 2005–2009."<sup>184</sup>

The expansion of the global arms trade has benefited producer states economically as well as politically. The U.S. has been one of the top arms exporters in the world for the past two decades, accounting for 29% of all arms exports from 2009–2013.<sup>185</sup> The SIPRI Arms Transfer Database lists the U.S. as the top overall arms exporter from 1950–2013, however, the Soviet Union and later Russia, did outsell the U.S. in a number of individual years including 2013.<sup>186</sup> From 2010 to 2013, U.S. exports of major conventional weapons systems were valued between about 6.1 and 8.9 billion dollars (USD).<sup>187</sup> Due in part to the large volume and value of arms exported from the U.S., the U.S. has been able to selectively sell its' arms according to its own foreign policy and national security interests without fear of a prohibitive costly economic

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<sup>182</sup> S. T. Jackson, "The SIPRI top 100 arms-producing and military services companies 2010." *SIPRI (ed.), SIPRI Yearbook* (2013), 1.

<sup>183</sup> *Ibid.*, 4.

<sup>184</sup> Pieter D. and Siemon T. Wezeman, "SIPRI Fact Sheet March 2015: Trends in International Arms Transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 19, 2015), 1.

<sup>185</sup> Siemon T. Wezeman, "SIPRI Yearbook 2014: International arms transfers," *Stockholm International Peace Research Institute (SIPRI)*, <http://www.sipri.org/yearbook/2014/05> (accessed March 5, 2015).

<sup>186</sup> SIPRI: TIV of arms exports from the top 50 largest exporters, 1950–2013 (Generated: 08 March 2015) [http://armstrade.sipri.org/armstrade/html/export\\_toplist.php](http://armstrade.sipri.org/armstrade/html/export_toplist.php)

<sup>187</sup> The World Bank: Data: GDP (constant 2005 US\$), <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> (accessed March 8, 2015)

detriment.<sup>188</sup> The U.S. is able to achieve interoperability with its allies by selling systems that will work with U.S. military systems in theatre. The U.S. can guard against those states who are not as closely aligned by maintaining militarily superior U.S. weapons systems. And, the U.S. can use the sale or embargo of its arms to countries as a negotiation tool in order to influence other nations.<sup>189</sup> However, with power comes responsibility. As the top producer and seller of arms in the world, the U.S. must remain cognizant of how the arms exported from its shores are effecting the rest of the world.<sup>190</sup> The effects U.S. arms transfers have on the regions importing the weapons, in turn effect the U.S. and its' national security.

Due to its regulatory process, the U.S. has the ability to selectively export arms, which leads many countries to make assumptions when the U.S. has allowed them to purchase major weapon systems. One common assumption is that the U.S. would come to the aid of the purchasing country if that country were to need military backing. This may not always be a correct assumption and cannot be the case as the U.S. exports to over 94 countries.<sup>191</sup> As an arms supplier, the U.S. must choose whether to resupply or up-arm a country once it becomes involved in conflict or whether to halt the sale of any further

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<sup>188</sup> The US Conventional Arms Transfer Policy and the International Transfer in Arms Regulations detail restrictions on the transfer of arms from the US, abroad. These restrictions include the prohibition of exports to known human rights violators, countries not aligned with US interests, and exports that would detriment regional security balances. U.S. Department of State: Directorate of Defense Trade Controls, "International Traffic in Arms Regulations," Federal Register: *22 CFR 120-130*, [https://www.pmdtc.state.gov/regulations\\_laws/itar.html](https://www.pmdtc.state.gov/regulations_laws/itar.html) (accessed March 2, 2015). White House: Office of the Press Secretary, "Presidential Policy Directive -- United States Conventional Arms Transfer Policy," news release, January 15, 2014, <http://www.whitehouse.gov/the-press-office/2014/01/15/presidential-policy-directive-united-states-conventional-arms-transfer-p> (accessed March 2, 2015).

<sup>189</sup> A recent example of the US halting arms exports to influence another country's actions or policies include the arms restrictions imposed by the US on exports to Russia in April 2014 following the Russian invasion of Ukraine. <http://www.state.gov/r/pa/prs/ps/2014/04/225241.htm>

<sup>190</sup> Ibid

<sup>191</sup> Pieter D. and Siemon T. Wezeman, "SIPRI Fact Sheet March 2015: Trends in International Arms Transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 19, 2015), 2.

arms due to the conflict. Exporting arms to unstable regions such as the Middle East has and will likely continue to force the U.S. into this uneasy calculus. The U.S. must act cautiously to ensure that its arms exports do not act to the detriment of its own national security due to the enmeshing multiplex of factors including the growth of the arms trade, the increase in the complexity and lethality of weapons being transferred, and the U.S. remaining as one of the top producers and exporters of weapons in the world.

## **LITERATURE REVIEW**

The effect that arms transfers have on various regions is a topic that has been examined in academia, but the examinations have tended to focus on how arms transfers effect rivalries, the length of war, military disputes, and so forth. Investigation specific to how the regional consequences of the importers effect the exporting country has not been as thoroughly investigated.

### **-Arms transfers' effect on regional conflicts-**

The U.S. is typically described as a major power, therefore it is natural to reference the scholarly writings on the effects of arms transfers from "major powers," during the course of investigating U.S. arms transfers. However, many scholarly pursuits focus on recipient countries that are involved in conflict and how the increase in arms effects said conflicts. Volker Krause is one such author. Krause writes about the effect arms transfers from major powers have had on militarized disputes within the 1950-1995 timeframe. Krause found that if these arms transfers are not part of a security alliance, the arms aggravate the conflict. Krause goes as far to say that the recipient country is more likely to start military action and more likely to be the target of military action when arms

are transferred to it from a major power outside of a formal security pact. However, if the recipient country is part of a formal security alignment with the major power, the risk that the recipient country will start or be the target of military action is reduced. Krause stops short and neglects to investigate how arms transfer may effect regions that are not in conflict. Krause also does not go into further analysis to determine how the major power is affected.<sup>192</sup>

### **-Arms transfers vs. Alliances-**

Gerald Sorokin is another scholar whose investigations have contributed to the current understanding of the effect of arms on rivalries. Like Krause, Sorokin includes in his analysis of arms, the presence or absence of an alliance. According to Sorokin, states depend more on their own arms than their allies' arms if the cost of using their own arms is less and the strength of their own arms is greater. States rely on allies' arms and support more when it proves to be less costly and stronger militarily.<sup>193</sup> The focus of Sorokin's analysis is on the rationale and actions taken by the states in conflictual situations, rather than maintaining focus on the arms trade and the relationship between states or how the import of arms effects alliances. Sorokin treats alliances and arms as an either/or scenario, where if a country is militarily strong and is able to inexpensively maintain its own arms, it does not need to maintain an alliance or import arms. Sorokin finds that when states have access to more resources and have increased threats, they increase their arms stockpiles, unless it proves to be more cost-effective to strengthen an

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<sup>192</sup> Volker Krause, "Hazardous Weapons? Effects of Arms Transfers and Defense Pacts on Militarized Disputes, 1950-1995," *International Interactions* 30, no. 4 (2004): 349-71.

<sup>193</sup> Gerald L. Sorokin, "Alliances, and Security Tradeoffs in Enduring Rivalries," *International Studies Quarterly* 38, no. 3 (1994): 421-446.

alliance in lieu of increasing arms. Sorokin argues that states increase their political flexibility and autonomy by procuring arms rather than depending on the arms of an ally.<sup>194</sup> Thus, the implication Sorokin makes in his analysis is that arms exports to regional alliances weaken the alliance with the exporter, lessening the dependence of the importer, and increasing the ability of the importer to react to external threats independently.

### **-Arms transfers and Arms races-**

Beyond the basic question of how arms transfers effect regional conflicts, is the question of whether arms transfers spark arms races within the regions the arms are exported to. Charles D. Ferguson addresses this query in "Next customer, please: The risk in conventional arms sales along with nuclear energy deals." Ferguson argues that conventional weapons transfers lead to nuclear acquisitions, therefore decreasing global security. Ferguson argues that this increased proliferation decreases security because as weapons are proliferated there are more weapons to keep track of, increasing the risk of loss of weapons, conventional or nuclear, to terrorists and the like. Ferguson takes his argument further by stating that beyond his predicted increase in global insecurity, alliances will also shift due to these new acquisitions. Ferguson further states that resources that could be utilized for the benefit of civilian populations would be drained in arms acquisition efforts.<sup>195</sup>

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<sup>194</sup> Gerald L. Sorokin, "Alliances, and Security Tradeoffs in Enduring Rivalries," *International Studies Quarterly* 38, no. 3 (1994): 421-446.

<sup>195</sup> Charles D. Ferguson, "Next customer, please: The risk in conventional arms sales along with nuclear energy deals." *Bulletin of the Atomic Scientists* 66, no. 6 (2010): 36-42.

Ferguson does not adequately support his argument because he neglects to clearly explain how or why this chain reaction occurs and how it alters alliances. Rather strikingly, Ferguson mistakenly equates nuclear power and energy cooperation with nuclear weapons proliferation. Any counter hypothesis of why or how arms races occur are conveniently left unmentioned as well. While Ferguson's argument lacks supporting evidence and confounds peaceful and non-peaceful nuclear cooperation, his argument is reminiscent of the security dilemma, a highly investigated and supported theory.

The concept of the security dilemma was introduced in 1951 by John Herz in his writing *Political realism and political idealism, a study in theories and realities*. Herz's concept of the security dilemma slightly differs from the argument Ferguson was forwarding in his piece on arms transfer and nuclear proliferation. Ferguson argued that arms transfers are the primary cause of arms races that in turn lead to nuclear proliferation and altering alliances. In contrast Herz argued that although alliances may shift due to the security dilemma, it is the unknown nature of each state's ability to defend itself from the increasing arms of others that is the cause of the dilemma in security that materializes. The dilemma that ensues is caused by uncertainty and can be linked to insecure alliances and the unknown intentions of others, not necessarily a buildup of arms.<sup>196</sup>

#### **-Arms transfers and U.S. security-**

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<sup>196</sup> Herz, John H. *Political realism and political idealism, a study in theories and realities*. University of Chicago Press, 1951.



The security dilemma is certainly a dilemma that effects all states in the international system. Major Powers like the U.S., are not immune to the problem. Andrew Shapiro addresses the need for the U.S. to guard its security in “A New Era for U.S. Security Assistance.” Shapiro argues that the U.S. acts to enhance its own national security by providing security assistance, including the transfer of weapons. Shapiro argues that by enhancing the security of other states, U.S. security is also enhanced because of ever increasing global interconnectedness. This interconnectedness, also termed globalization, allows for the increased pervasive consequences of conflict to extend to other countries around the world, including the U.S. As the effects of conflict extend, the value of global partnerships increase. U.S. security assistance allows other countries to increase their own security as well as joint and foreign interoperability, regional security and global security.<sup>197</sup>

Turning Shapiro’s argument on its head, Toby Craig Jones argues, in “America, Oil and War in the Middle East,” that the U.S. arming of the Middle East has cast a shadow of war and conflict over the region. Jones argues that the sale of weapons from the U.S. to the Middle East has encouraged conflict between states in the region and has exacerbated conflict that was previously latent. Furthermore, the U.S. has inextricably linked security in the region to oil and has made the availability of affordable oil a national security priority. As a result, U.S. national security has become entangled in a decade’s long regional conflict that is being exacerbated by sales of U.S. weapons to countries within the region. This analysis is not limited to rivalries within the Middle

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<sup>197</sup> Andrew J. Shapiro, "A New Era for US Security Assistance," *Washington Quarterly* 35, no. 4 (October 2012).

Eastern region, it also details the transition of prior alignments in the region into rivalries and links that transition with increased arms stockpiles. Therefore, Jones implicitly forwards the argument that U.S. arms sales not only exacerbate conflict but spark conflict between previously aligned states.<sup>198</sup>

### **-The origins of alliances-**

Stephen Walt, perhaps the pre-eminent scholar on alliances, examines the fundamentals of alliances including how and why alliances form in his book, *The Origins of Alliances*. Walt provides the basic theories and analysis that have provided the instrumental foundation upon which authors investigating alliances have ground their work. Walt's overarching argument is that the presence of a threat motivates alliance formation in order to balance against the threat.<sup>199</sup>

According to Walt, the examination of the effect arms transfers have on regional alliances would presuppose the presence of some threat that precipitated the formation of the regional alliance. Although this paper seeks to shift focus from the investigation of how arms transfers' effect disputes, pursuant to Walt's theory on alliances, threats or disputes cannot be completely separated from alliances as alliance formation originates in a response to threats.

### **DEFINITIONS**

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<sup>198</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012).

<sup>199</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987).

## REGIONAL ALLIANCES

Based on the authority grounded in the work of Stephen Walt, this paper will rely on Walt's definition of alliance. Stephen Walt considers alliances and alignments to be one in the same. Walt defines an alliance as "a formal or informal arrangement for security cooperation between two or more sovereign states."<sup>200</sup> As arms transfers have become increasingly global in scale, many arms transfers do not occur between formal alliances that have been cemented through ratified treaties. Thus, Walt's more informal definition of alliance is most applicable when analyzing how arms transfers effect regional alliances.

Though many of the alliances between the U.S. and the countries and regions that it exports arms to fall into the 'informal arrangement for security cooperation' category, regional alliances made up of the states that arms are transferred to, more often consist of formal arrangements. A region is "a cluster of states that are proximate to each other and are interconnected in spatial, cultural and ideational terms in a significant and distinguishable manner."<sup>201</sup> This difference between formal and informal alliances, while insignificant in terms of Walt's definition of alliances, is telling as most security threats are regional and may therefore prompt formal alliances to counter those threats. The threat or threats that regional alliances form to counter-balance, are also likely to exist within that same region. The countries within the region likely have similar cultural backgrounds and are as exposed to the conflict. Being in the same region, the countries

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<sup>200</sup> Walt, *The Origins of Alliances*, 12.

<sup>201</sup> T.V. Paul, ed, *International Relations Theory and Regional Transformation* (Cambridge: Cambridge University Press, 2012), 4.

are more likely to better understand the conflict.<sup>202</sup> The threats that cause regional alliances to form, tend to prompt the formation of formal rather than informal alliances as all actors within the alliance are equally threatened due to their proximity. In the case that a conflict does erupt into military action, a regional security alliance is able to form a quicker response to the threat due to an intimate knowledge of the factors involved and the close proximity. The regional alliance is also more likely to act quickly given that the countries that are part of the alliance will be effected independent of action since proximity necessitates involvement. Conflicts do not recognize geographic boundaries, often bleeding over into neighboring territories. Therefore, regional actors are compelled to contain and extinguish the conflicts within their region. The member countries “have a legitimate vital interest at stake in preserving regional stability.”<sup>203</sup> Despite the will and need to act, unfortunately many regional alliances face a lack of capacity.<sup>204</sup> This lack of capacity is often at least in part due to a lack a funding and functional military capability.

## **U.S. ORIGIN CONVENTIONAL ARMS TRANSFERS**

When states have the requisite funds, the receipt of U.S. origin arms, especially sophisticated weapons systems, can help counter regional security partnerships capacity issues. These arms can be transferred to regions via Foreign Military Sales (FMS), Direct Commercial Sales (DCS), or as Excess Defense Articles (EDA). FMS is the term used by the U.S. government for the transfer of arms from the U.S. government directly to a

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<sup>202</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 13.

<sup>203</sup> Ibid

<sup>204</sup> Ibid, 15.

foreign government.<sup>205</sup> DCS is U.S. government terminology used for the sale of arms from non-governmental private entities to either governmental entities or private entities and persons abroad.<sup>206</sup> EDA is the U.S. government term for defense equipment that is no longer useful to the U.S. military and can be refurbished or defense equipment that the U.S. has in excess and can be transferred at a discount or through a grant, for the use of foreign governments or militaries.<sup>207</sup>

The different modes of arms transfers are not directly addressed in the following discussion because it is not relevant how each regional alliance has obtained arms in terms of the central question. This paper will focus on how an increase in conventional arms affects regional alliances and how that in turn affects U.S. national security. Conventional arms transfers refer to “the international transfer (under terms of grant, credit, barter or cash) of military equipment, usually referred to as ‘conventional’, including weapons of war, parts thereof, ammunition, support equipment, and other commodities designed for military use.”<sup>208</sup> Conventional arms do not include chemical, biological or nuclear weapons. The terms weapons and arms will be used interchangeably.

To further specify, major weapons within the conventional weapons definition will be those that are referenced in this analysis because the majority of Arms Transfer data available is provided by SIPRI’s Arms Transfer Database that tracks the

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<sup>205</sup> U.S. Department of State, “Third Party Transfers and Foreign Military Sales Teams and Functions,” <http://www.state.gov/t/pm/rsat/c14021.htm> (accessed March 2, 2015).

<sup>206</sup> Ibid

<sup>207</sup> Defense Security Cooperation Agency, “Excess Defense Articles (EDA),” <http://www.dsca.mil/programs/excess-defense-articles-eda> (accessed March 2, 2015).

<sup>208</sup> Christian Catrina, *Arms Transfers and Dependence* (New York: Taylor & Francis, 1990), 7.

international transfer of major weapons systems. Therefore, for the purpose of this paper, ‘arms’ or ‘weapons’ will describe U.S. origin major conventional weapons systems, to include aircraft, missiles, sensors, satellites, ships, engines, artillery, armored vehicles, anti-submarine warfare weapons, and air defense systems, transferred internationally via grant, credit, barter or cash, and excluding chemical, biological or nuclear weapons and small arms, light weapons, man-portable air defense systems, anti-tank missiles, trucks, ammunitions, and parts and components.<sup>209</sup>

## **DATA, METHOD AND RESULTS**

### **THE ARAB LEAGUE**

#### **-Historical Background and Current State of the Middle East-**

Long before President Jimmy Carter announced that “any attempt by an outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and as such an assault will be repelled by any means necessary, including military force,” the U.S. had begun to build its strategic interest in the Middle East.<sup>210</sup> Many argue this strategic interest and causal impact on U.S. national security rests on the vast amounts of oil the Middle East produces. Regardless of whether or not the only factor tying U.S. interest to the Persian Gulf and the larger Middle East is oil, the oil production that occurs in that region does impact U.S. economic and therefore U.S. political interests. Though Middle East stability and its

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<sup>209</sup> Stockholm International Peace Research Institute, “SIPRI Arms Transfers Database – Methodology,” [http://www.sipri.org/databases/yy\\_armstransfers/background](http://www.sipri.org/databases/yy_armstransfers/background) (accessed March 8, 2015).

<sup>210</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012): 208.

ability to produce and sell oil does impact the U.S. and global economies, the region has suffered from instability over the past century.

Not only has interstate conflict, and ethnic and religious conflict plagued the Middle East, but in recent years a sharp increase in intrastate instability and non-state actors to include terrorist groups have stirred unrest in the region. The Islamic State of Iraq and the Levant or ISIS is one such terrorist group, aside from al-Qaeda in the Arabian Peninsula, Boko Haram, and Jabhat-al-Nusra, that is currently carrying out violent take-overs of land in Iraq and the surrounding region.<sup>211</sup> Interstate conflict has not only involved the Israeli-Palestinian dispute and its carry over into other Arab states in the region, but inter-Arab conflicts as well. A divide between Sunni and Shia Muslims exists in the region. The Sunni states consisting principally of Saudi Arabia, Jordan, and many of the Gulf States, and the Shia states consisting of principally of Iran and Syria make up this divide.<sup>212</sup> Instability is also not only a factor between countries, but also within each state. This was illustrated in the Arab Spring movement in 2011, which led to the challenge of more than one regime in the region. Some of the regimes challenged during the Arab Spring include those aligned with U.S. interests, including Saudi Arabia, Bahrain, and Oman.<sup>213</sup> These states, especially Saudi Arabia, purchase vast amounts of U.S. origin weapons systems.<sup>214</sup>

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<sup>211</sup> Ofir Haivry, "Shifting Alliances in the Middle East," *Commentary Magazine* (2014).

<sup>212</sup> Ibid

<sup>213</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012): 217.

<sup>214</sup> White House, "Fact Sheet: United States-Saudi Arabia Bilateral Relationship," <http://www.whitehouse.gov/the-press-office/2014/03/28/fact-sheet-united-states-saudi-arabia-bilateral-relationship>

Whilst all of the conflicts have and continue to play out in the region, whether ethnic, religious, territorial, or other, the U.S. has continued to supply arms to Israel and many of the Arab led states in the region. Not only have oil rich states in the region been able to pay for and amass large amounts of sophisticated weapons, but the U.S. continues to maintain a special relationship with Israel through which it ensures Israel's qualitative military edge. That being said, the U.S. ensures that Israel maintains a qualitative military edge over its neighbors in the region, while also selling weapons in large quantities to other states in the region. Given the seemingly ever-changing dynamics in the region and the myriad of conflicts that exist, the U.S. has armed both sides of a conflict at times. Not only this, but the U.S. has armed countries that were once seen as important allies in the region that over time have become less cooperative.

Prior to the overthrow of the Shah in the 1979 revolution in Iran, "the United States committed to over \$22 billion in arms sales" to Iran.<sup>215</sup> Prior to this regime change Iran was seen as one of the strongest allies of the U.S. in the region. Therefore, the U.S. maintained a strong arms trade relationship with Iran until 1979. Iran has been seen as and remains a rogue state in the region ever since.<sup>216</sup> Iran is not the only state in the Middle East which has experienced such an about face in terms of relations with the U.S. after having purchased large quantities of arms from the U.S.

Prior to the U.S. invasion of the country in 2003, when Iraq was still under Saddam Hussein's rule, there was a time when the interest of the U.S. and Iraq did not

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<sup>215</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012), 212.

<sup>216</sup> *Ibid*, 214.



fully contradict each other.<sup>217</sup> After the overthrow of the Shah in Iran, Iran had fallen out of alignment with U.S. interests. Iraq and Iran began a protracted eight year battle over oil facilities that had been under Iran's rule. As Iran was no longer a U.S. ally, the U.S. was not necessarily opposed to Iraq's conflict with Iran and, in fact, sold Iraq weapons which were used in this conflict. However, once Iraq's fight with Iran ended, it used the same weapons it purchased from the U.S. to invade Kuwait. When the U.S. came to the assistance of Kuwait in Operation Desert Storm in 1990, the situation evolved so that Iraqi forces used U.S. origin weapons against U.S. forces supporting Kuwait. Only after U.S. weapons in Iraq were turned on U.S. forces did the U.S. embargo sales of arms to Iraq.<sup>218</sup>

Given the recent instability in the Middle East, it is only rational to question the sensibility of arming the region with large quantities of often highly sophisticated weaponry. The relatively mercurial nature of political relationships has been demonstrated more than once by states that purchased large quantities of weapons from the U.S. whilst aligned with U.S. interests and precipitously reversed course and became roadblocks to U.S. interests. However, when the U.S. does not arm countries that are in the market for weapons, those countries do not go without. Russia, formerly the Soviet Union, and now China as well, arm those countries that the U.S. does not.<sup>219</sup>

### **-The League-**

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<sup>217</sup> Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99, no. 1 (2012), 217.

<sup>218</sup> *Ibid*, 216.

<sup>219</sup> *Ibid*, 212.

The Arab League, also called the League of Arab States, established in 1945, predates the United Nations.<sup>220</sup> Member states of the Arab League include: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.<sup>221</sup> The alliance was initially established in “an attempt to unite Arab states..., to resist colonial forces..., and to react to the Jewish presence.”<sup>222</sup> Members of the Arab League attempted to further cement their military cooperation in 1950 with the signing of the “Treaty of Joint Defense and Economic Cooperation Between the States of the Arab League” calling for collective security, military cooperation, and joint defense.<sup>223</sup> This treaty, however, has been largely un-implemented. In fact, it has been argued that rather than truly seeking a united Arab front, authoritarian dictators have used the concept of pan-Arabism through the military, as “an instrument of control by ethnic minorities.”<sup>224</sup>

Although the Arab League was founded upon the idea of pan-Arabism, the League has since shifted its focus as Islamism has seen a resurgence in its place.<sup>225</sup> Regardless, each state has been consumed by its own security concerns and national interests, rather than regional security issues. “Between 1945 and 1981, only 6 of the 77 inter-Arab conflict situations saw a successful intervention by the League.”<sup>226</sup> As detailed above, the region is riddled with ethnic and inter-state conflicts which have been pointed

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<sup>220</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 105.

<sup>221</sup> Jonathan Masters and Mohammed Aly Sergie "The Arab League," *Council on Foreign Relations* (2012).

<sup>222</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations*, 105.

<sup>223</sup> Ibid, 106.

<sup>224</sup> Ibid, 107.

<sup>225</sup> Ibid

<sup>226</sup> Ibid, 109.

at in discerning the rationale for why the Arab League, through its long history, has been ineffectual in its opposition of Israel and in many other conflicts that have arisen in the region.

In 2000, there appeared a glimmer of hope for increased effectiveness and capability of the Arab League. The establishment of the “League of Arab States Mechanism for Conflict Prevention, Management and Resolution between the Arab States” opened the door for this hope, giving the League of Arab States the authority to intervene in conflicts. Unfortunately, many odds remain against the League: a low budget, a history of failed attempts to change, along with the ever present underlying turmoil of ethnic, religious, territorial, and non-state actors wreaking havoc.

#### **-Arms Imports-**

Overall, the Middle East was the second largest recipient region of arms from 2010-2014, receiving 22 percent of global arms transfers.<sup>227</sup> The increase in imports within the Middle East itself from 2005-2009 to 2010-2014 was 25 percent.<sup>228</sup> The U.S. was the largest arms supplier for the region, accounting for 47 percent of the total arms transferred to the region.<sup>229</sup> Significantly, this large increase in arms imports occurred in the region despite a notable reduction in imports by previously dominant importers due to internal conflicts. Two such states with reduced imports who are also members of the Arab league include Egypt and Syria. Syria is primarily a customer of Russian arms,

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<sup>227</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 1.

<sup>228</sup> Ibid

<sup>229</sup> Ibid, 8.

however, Egypt had been a large customer for U.S. arms. Instability within the governing structure of Egypt prompted by the Arab Spring in 2011, continued with the military coup of 2013. As a result U.S. arms exports to Egypt were muted.<sup>230</sup>

Despite reduced sales to Egypt, other members of the Arab league made up for those reduced transfers. The Arab League is quite sizable, representing 22 members. As a result, the analysis of arms imports by its member states will focus on those states who were the largest importers from the U.S. or those that imported arms from the U.S. and encountered instability issues within the past decade. The United Arab Emirates (UAE) and Saudi Arabia were 2 of the 5 top arms importers in the world from 2009-2013.<sup>231</sup> Saudi Arabia, alone, quadrupled its arms imports from 2005-2009 to 2010-2014, shifting places to the second largest importer of arms in the world for this latter period.<sup>232</sup> The U.S. was the second largest supplier of arms to Saudi Arabia from 2010-2014, supplying 35 percent of its arms. This second place is a miniscule difference from the United Kingdom, who came in first and supplied Saudi Arabia with 36 percent of its arms during the same time period.<sup>233</sup> Large orders from this recent time period from the U.S. included orders for both combat helicopters and combat aircraft.<sup>234</sup> During the same time period, the U.S. was by far the largest supplier of arms to the UAE, supplying 58 percent of their arms imports.<sup>235</sup>

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<sup>230</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 8.

<sup>231</sup> Wezeman, T. S., and D. P. Wezeman. "Trends in international arms transfers, 2013." *SIPRI Arms Transfers Programme* (2014), 1.

<sup>232</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," 8.

<sup>233</sup> *Ibid*, 4.

<sup>234</sup> *Ibid*, 8.

<sup>235</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," 4.

Between 2010 and 2014 ballistic missile defense systems were transferred internationally for the first time in history. During this time period, all orders for these systems were placed with the U.S. “Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE) received or ordered Patriot PAC-3 systems from the USA, presumably in response to a perceived missile threat from Iran.”<sup>236</sup> The transfer of ballistic missile defense systems for the first time in the past decade demonstrates the increasing sophistication of weapons being transferred abroad. It is interesting that some of the first customers for these weapons systems from the U.S. are members of the Arab League due to the sophistication of these systems and the instability of the region. While these states may very well have more of a need for such a system as they are located in a geographically unstable region with known enemy states, these states are not openly considered to be amongst the strongest allies of the U.S. Often highly capable weapons systems are initially only transferred to countries that are the strongest allies of those transferring the weapons. An example of this is the sole known transfer of armed unmanned aerial vehicles (UAVs) from the U.S. to the UK which took place within the past decade.<sup>237</sup> The UK is commonly known as a top ally of the U.S. As such, it makes sense that the UK has been the sole recipient of armed UAVs originating in the U.S., to date.

Thus it appears that the region within which Arab League states are located is so strategically important to the U.S., despite the high risk attached to the instability within the region and within some of the individual member states, that the U.S. continues to

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<sup>236</sup> Ibid, 7.

<sup>237</sup> Ibid, 3.

export highly capable weapons systems to them. The U.S. maintains strong alliances with the top importers within the Arab League, including Saudi Arabia, UAE, Kuwait and Qatar. Undeterred by the instability within Egypt, the U.S. has continued its arms transfer relationship with this historically strong ally as well.

In the face of regional and internal instability, and proven examples of U.S. origin arms falling into enemy hands, the U.S. continues to export vast amounts of highly sophisticated weapons to the Arab League states. Just within the past decade the U.S. transferred tens of thousands of armored vehicles to Iraq amongst other weaponry. Despite these transfers, along with those from other states, to Iraqi forces, ISIS forces were able to defeat Iraqi forces and pilfer some of those same U.S. origin weapons for their own use.<sup>238</sup> This is not the first time that arms transferred from the U.S. to Iraq have been taken and used against U.S. forces, as occurred during the Gulf War.

Given the high level of arms exports to this unstable region where U.S. origin arms have even been used against U.S. forces, one might conclude that U.S. arms are sold non-discriminantly. In fact, per U.S. regulation, U.S. arms are specifically restricted to some countries within the Arab League itself, including Iraq, Lebanon, Libya, Somalia, and Syria.<sup>239</sup> Arms exports from the U.S. are restricted to these countries except under very specific circumstances, for specific end users, and specific end uses, due to conflicts that have occurred and/or are ongoing. Many of these restrictions stem from UN arms embargoes of the countries.

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<sup>238</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," 8.

<sup>239</sup> U.S. Department of State: Directorate of Defense Trade Controls, "Country Policies and Embargoes," Federal Register: 22 *CFR* 120-130. [https://www.pmdtc.state.gov/embargoed\\_countries/index.html](https://www.pmdtc.state.gov/embargoed_countries/index.html) (accessed March 16, 2015).

Despite U.S. arms restrictions to these countries, arms have continued to be supplied by other arms exporting states. For example, though deliveries have been reduced, Russia has continued to supply Syria with weapons, despite the ongoing armed conflict within its borders.<sup>240</sup> Even when the U.S. restricts the sale of weapons to a specific country, that country can likely obtain arms elsewhere. If a country faces restrictions from the U.S., the weapons are likely not as easy to obtain and may not retain the same quality and capability of those available from the U.S.

By selling arms to specific countries, especially in large quantities and those which are highly capable, the U.S. enhances its relations and alliance with the end user country. Amongst other recipient states, the U.S. has been able to establish strong relationships with Saudi Arabia, the UAE, and Egypt. These countries represent some of the largest purchasers of weapons from the U.S. in the Arab League. Notwithstanding internal instability and multiple changes in leadership, the U.S. and Egypt are working towards re-establishing their arms trade and diplomatic relationship. The U.S. continues to have overlapping strategic interests with many of the states in the Arab League within the Middle Eastern Region. Just recently, Bahrain, Egypt, Kuwait, Jordan, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, and the UAE joined the U.S. led coalition in the fight against ISIS in Iraq.<sup>241</sup> If the U.S. did not sell weapons to states within the Arab League, there would not be as much interoperability for such joint operations. The U.S. can use its large weapons sales as a negotiation point in convincing its allies to join with

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<sup>240</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute (SIPRI)*, <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 8.

<sup>241</sup> Justine Drennan, "Who Has Contributed What in the Coalition Against the Islamic State?" *Foreign Policy*, <http://foreignpolicy.com/2014/11/12/who-has-contributed-what-in-the-coalition-against-the-islamic-state/> (accessed March 14, 2015).

them in the fight against common enemies and in doing so the U.S. simultaneously reaps the economic benefit of the sales.

## **ASEAN**

The Association of Southeast Asian Nations (ASEAN) is yet another regional organization that is made up of countries with varying ethnic, religious, intra-state political differences. In addition to these differences, the states within ASEAN also face the growing power of their neighbor, China. Various inter-state conflicts in the early 1960s including that between the Philippines and Malaysia, Indonesia and Malaysia, and Thailand and Myanmar, Cambodia, Laos, and Malaysia, as well as civil wars in Vietnam and Myanmar in combination with Cold War dynamics led to the creation of ASEAN in 1967.<sup>242</sup> The founding five states of Indonesia, Malaysia, the Philippines, Singapore and Thailand pointedly left security matters out of the organizations' charter.<sup>243</sup> However, in 1976 ASEAN expanded its mandate to include the promotion of regional peace and stability and by the 1990s all 10 Southeast Asian states had become members.<sup>244</sup> The member states of ASEAN now include: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.<sup>245</sup>

Despite this expansion of the organization's mandate to address regional peace and stability, this aspect of the alliance has never been utilized. In fact, when Malaysia and Indonesia and Malaysia and Singapore sought to address their territorial disputes,

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<sup>242</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 83-84.

<sup>243</sup> Ibid, 84.

<sup>244</sup> Ibid, 85.

<sup>245</sup> Association of Southeast Asian Nations, "ASEAN member states," <http://www.asean.org/asean/asean-member-states> (accessed March 16, 2015)



these states relied on the International Court of Justice.<sup>246</sup> Member states are reluctant to overstep the sovereignty of other states as they aim to preserve their own sovereignty. In 2009, ASEAN put into motion a plan to strengthen the alliances' regional peace and security mandate through increased regional military cooperation. This strengthening however, appears to be prompted more by the regions' balancing against regional hegemons than internal insecurity. "In Southeast Asia most traditional security threats have waned and large-scale foreign military interventions are unlikely."<sup>247</sup>

Even when intrastate conflicts have arisen, as did in Cambodia in the 1980s and 1990s, ASEAN did not use military intervention as a tool, but instead has used the tools of diplomacy and humanitarian aid. Though territorial disputes remain an issue in the region, recent history has shown those to be less than likely to erupt into military conflict.<sup>248</sup> The region that ASEAN covers is important to U.S. national security, however the region is relatively stable and tends towards peaceful resolution of disputes. ASEAN's mandate emphasizes sovereignty and the peaceful resolution of disputes, thus the organization itself does not seek to procure armaments. The countries within ASEAN themselves do however maintain military forces necessitating procurement of weapons systems from abroad.

### **-Arms Imports-**

Arms imports in the larger region of Asia and Ocean accounted for 48 percent of global arms imports in 2010-2014, having increased by 37 percent between the time

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<sup>246</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 86.

<sup>247</sup> Ibid, 87.

<sup>248</sup> Ibid, 91-93.

periods of 2005-2009 and 2010-2014, of which Southeast Asia accounted for 22 percent.<sup>249</sup> Of the ten member states within ASEAN, only Singapore ranks amongst the top ten importers of arms in the world, coming in at number ten, with 3 percent of global arms imports from 2005-2014.<sup>250</sup> The U.S. was by far the top supplier of arms to Singapore within that period, supplying 71 percent of its arms imports.<sup>251</sup>

Aside from Singapore, despite not ranking highly amongst the top arms importers in the world or even in the larger Asian region in the past decade, countries within South East Asia have taken on projects to modernize their fleets. “Singapore received 32 F-15E combat air-craft from the United States in 2010–14 ... (and Indonesia received) the first 5 of 24 F-16C aircraft from the USA.”<sup>252</sup> However, aside from those exports to Indonesia and Singapore, other exporters were the main suppliers for the modernization efforts in other ASEAN member states. Russia exported aircraft to Vietnam and Indonesia, South Korea exported additional aircraft to Indonesia and the Philippines, Sweden supplied Thailand with aircraft, and Spain supplied aircraft to both Malaysia and Singapore.<sup>253</sup>

In fact, just as in the Middle East, the U.S. maintains export restrictions to some of the member states of ASEAN despite the greater stability in the region, mainly Vietnam.<sup>254</sup> Other than explicit restrictions placed on export to Vietnam, other factors

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<sup>249</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 5.

<sup>250</sup> Ibid. 4.

<sup>251</sup> Ibid.

<sup>252</sup> Ibid. 6.

<sup>253</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 6.

<sup>254</sup> U.S. Department of State: Directorate of Defense Trade Controls, "Country Policies and Embargoes," *Federal Register: 22 CFR 120-130*. [https://www.pmdtc.state.gov/embargoed\\_countries/index.html](https://www.pmdtc.state.gov/embargoed_countries/index.html) (accessed March 16, 2015).

that may impact the reduced amount of exports from the U.S. to the region include a small amount of funds available for purchases in the region, reduced need for highly capable weapons systems due to greater regional stability, and the availability of less expensive weapons systems from other suppliers. The region itself presents less immediate strategic interest to the U.S. due to the region's relative stability. This is subject to change in the near future given the region's growing interest in balancing the regional hegemon of China. U.S. strategic interest in the region may grow for this reason, despite the lack of funding available for armaments as compared to the oil wealth of the Arab League states.

## **THE AFRICAN UNION**

The African Union (AU) was proposed in 1999 and became official in 2002. Member states of the African Union include: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Republic Arab Saharawi Democratic, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Togolese Republic, Tunisia, Uganda, Zambia, and Zimbabwe.<sup>255</sup> The African Union's membership is so expansive that 9 of its member states are also members of the Arab League (Algeria, Comoros, Djibouti, Egypt, Libya, Mauritania, Somalia, Sudan,

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<sup>255</sup> African Union "Member States," [http://www.au.int/en/member\\_states/countryprofiles](http://www.au.int/en/member_states/countryprofiles) (accessed March 18, 2015)

and Tunisia). The African Union's charter was one of the first to explicitly allow for intervention. According to its mandate, "the AU allows interventions in grave circumstances, such as war crimes, genocide and crimes against humanity."<sup>256</sup> In fact, the AU has emphasized security with a strong mandate in its constitution stating one of its primary objectives is: "to promote peace, security, and stability on the continent."<sup>257</sup> The AU established security protocol as a priority from the beginning (in 2002) which established a Peace and Security Council to provide guidance and re-emphasized collective action through the "Solemn Declaration" in 2004.<sup>258</sup>

The steps and organization that the AU has taken to emphasize security needs is impressive and necessary given the membership of many conflict-prone countries. The African continent, not unlike the Middle East, faces complex ethnic, religious, environmental and non-state security threats and disputes.<sup>259</sup> Some of the disputes within the Arab League overlap with the AU as their memberships overlap. Already in its' short lifetime since its establishment in 2002, the AU has deployed multiple peacekeeping missions, including to Burundi, Darfur in Sudan, Somalia, and the Comoros.<sup>260</sup> This vast and ethnically diverse continent has made impressive moves to create its own regional alliance with a strong emphasis on security, including a mandate for a primarily peace-keeping centric stand-by force of 8,000 soldiers and 2,000 civilians.<sup>261</sup> However, the AU continues to be confronted with resource issues. Unlike other regional alliances, it is not

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<sup>256</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 22.

<sup>257</sup> Ibid, 23.

<sup>258</sup> Ibid

<sup>259</sup> Ibid

<sup>260</sup> Rodrigo Tavares, *Regional Security: The capacity of international organizations* (New York: Routledge, 2010), 29.

<sup>261</sup> Ibid, 28.

only the regional organization itself that is confronted with a lack of resources, but the countries that compose the organization face that the same roadblock on an individual level.

### **-Arms Imports-**

Despite the expansive membership of the AU, the strong emphasis on security, and a proven record of multiple completed deployments, the lack of resources within the alliance and within each member state has reduced the capabilities available. The African region received the lowest percentage of arms imports in the world in the period 2010-2014, receiving only 9 percent of global arms transferred.<sup>262</sup> Despite its large membership, none of the member states within the AU ranked in the top ten importers of arms from 2010-2014. Although its share of world arms transfers remain small in comparison to other regions, arms “imports by states in Africa increased by 45 per cent between 2005–2009 and 2010–14.”<sup>263</sup>

Interestingly, all three of the largest importers in Africa are also members of the Arab League (Algeria with 30 percent of regional imports, Morocco with 26 percent, and Sudan with 6 percent), two of which are members of the AU (Algeria and Sudan). Notably, Algeria, the one country with the largest percentage of arms imports in AU, did not receive any of its largest imports of note between 2010 and 2014 from the U.S. Algeria received a helicopter from Italy, air defense systems from Russia, self-propelled

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<sup>262</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," *Stockholm International Peace Research Institute* (SIPRI), <http://books.sipri.org/files/FS/SIPRIFS1503.pdf> (accessed March 18, 2015). 1.

<sup>263</sup> T. S., and D. P. Wezeman, "Trends in international arms transfers, 2014," 4.

guns from China, with orders for submarines and combat helicopters from Russia and APCs from Germany.<sup>264</sup>

Deciphering strategic interest based on U.S. arms exports trends would imply that the U.S. has little to no strategic interest in Africa. This conclusion is not valid because it is not independent of other contributing factors such as the inability of many African states to pay for expensive weapons systems. The U.S. exports some of the most capable and consequently the most expensive weapons systems available. It may very well be that states in the AU can only afford the less capable systems available which can be purchased from other exporting states the likes of China and Russia. The U.S. certainly has strategic interests in Africa and should work towards bolstering the capability of the AU. The AU has successfully demonstrated its ability to intervene in conflicts on the continent. By proving this capability the AU has the ability to take on the burden of ensuring regional stability. Regional stability in any region of the globe is in the interest and would benefit the U.S. as the most powerful state in the globalized world. Demonstrated by the overlapping memberships of the AU and the Arab League, the strategic interests of the U.S. in the Arab League states bleeds into the AU's area of operations. No part of the world is disconnected from the rest, and as such, the stability and security of all regions is vital to U.S. national security.

## **CONCLUSION**

The recent decade has seen a surge in arms imports within the regions containing the Arab League, the Association of Southeast Asian Nations, and the African Union.

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<sup>264</sup> Ibid, 4.

The surge has been more evident and dramatic in the Arab League. This is likely due to the increased ability of the states within the Arab League to purchase highly complex and capable weapons systems due to their expanding coffers filled with profits from oil sales. The increase in arms imports in Arab League states is also due to continued instability in the region, not only between states, but within states, and increasingly with non-state actors. Given the ability of Arab League states to pay the high price tags of American made weapons systems, many of the new orders for weapons systems are placed with the U.S. The U.S. also has a strategic interest in the region due to its high imports and use of oil.

By maintaining strong arms trade alliances with states in the Arab League, the U.S. leaves the door open for enhanced foreign relations with those states. The U.S. is not the only arms exporter in the World and if the U.S. will not sell to a state the state can easily go to Russia or China for weapons. Syria is an example of a country that the U.S. restricted sales to and now relies on the alternative source of Russian made weapons. By maintaining strong arms sales to the Arab League, U.S. economic security is enhanced through contributions to U.S. Gross Domestic Product (GDP).

However, the U.S. does not sell weapons to countries based on the fact that if they do not, the countries can purchase weapons elsewhere. The sale of weapons, in large quantities and of high capability allows the U.S. to strengthen its relations with the purchasing states because it demonstrates the trust the U.S. has in the purchasing state and the strong alignment between the countries. The ability to halt sales of major weapon systems also acts as a bargaining tool with which the U.S. can influence its allies to act in accordance with the moral imperatives and strategic interests of the U.S. It is in the

interest of the U.S. to be the dominant exporter, especially to allied countries situated in unstable regions because U.S. regulations are in place to safeguard for regional stability and human rights. These exports ultimately boost U.S. foreign relations as well as U.S. national security. The regulations in place allow the U.S. to have the ability to halt exports in order to prevent arms exports from getting out of control and spiralling into arms races. Under U.S. stewardship, weapons sold can be used as a stabilizing deterrent in the regions they are exported to, rather than act as an instigator of conflict.

## **FUTURE RESEARCH**

The research and data analyzed in this paper regarding U.S. arms export to the Arab League, ASEAN, and the African Union provide a solid foundation for future research on how arms transfers impact regional alliances and in turn how the originator of the arms is impacted. A closer look at individual conflicts and prior arms transfers within the regions analyzed, may yield interesting and telling correlations. Additionally the analysis of arms exports from competitor producers such as China or Russia could provide a useful counterfactual. Would the arms sales of competitor exporting states yield differing results within the same regions, or differing resultant impacts on their own national security? It would prove worthwhile to expand the scope of terms in the time period studied and expand the regions analyzed in order provide a more comprehensive view. In order to provide an in depth analysis on the subject, U.S. arms transfers to the Arab League were the focus of this paper. The impact of the arms transfers on U.S. national security yields the most interest to U.S. policy makers and for this reason this paper focused on transfers of arms from the U.S. Transfers to the Arab League were the focal point because they constitute a significantly high value for such an unstable region.



It was found that overall, U.S. arms transfers to the Arab League enhance U.S. national military and economic security. Along with enhancing U.S. relations with recipient countries, despite the ongoing instability in the Middle East, it is highly likely that U.S. arms transfers to more stable regions would result in similar positive outcomes.

## CONCLUSION

The cross-border trade of arms is by no means a new phenomenon, however the growth of globalization has expanded and intensified this type of commodity exchange (between countries). Defense companies are becoming increasingly transnational with global supply and production chains. Highly capable weapon systems are now developed, produced, and sold with the involvement of multiple states.

Increased trade, cooperation, and production of weapons, due to globalization, intensified at the end of the Cold War. Shortly thereafter, scholarly investigation of the globalization of the defense industrial base followed. Reduced defense spending in the U.S., at that time, prompted many companies to merge internationally and increase foreign exports of weapons, or face bankruptcy. Scholars were unsure of how this increased international activity involving the defense industry would affect global security. Now, decades after the end of the Cold War, the long-term effects of this globalization can be observed.

Projected decreases in U.S. defense spending are once again prompting the defense industrial base in the U.S. to maintain their profits through sales to foreign markets. As a result, U.S. regulators have been easing restrictions on the export of weapons. Due to the prospect of further increases in foreign weapons sales, in combination with eased U.S. export restrictions, now is an ideal time to explore the effects of the globalization of defense production and distribution.

This paper analyzed the effects of international arms production and U.S. arms exports on U.S. national security. Through the analysis of the post-Cold War globalization of the defense industrial base, joint international design and production programs such as the Joint Strike Fighter, and the rise of foreign competitor manufacturing hubs like China, the globalization of defense production was found to have a net positive impact on U.S. national security. Though the U.S. must guard against weapons proliferation, loss of government oversight, increased dependence on foreign suppliers for parts, loss of U.S. military technological superiority, and the rise of competitor manufacturing hubs, the positive effects outweigh these negatives. The globalization of the defense industrial complex has allowed for the maintenance of the strength of the U.S. defense industrial base, which continues to provide the U.S. military with technologically superior weaponry and contribute to U.S. GDP. Globalization of production and increased exports have opened up new markets for the defense industrial base to exploit in a period of declining revenues from traditional sources, in this case the U.S. As a result, interoperability with allies has strengthened and U.S. government procurement costs have been reduced.

The study of U.S. arms transfers to Saudi Arabia and Egypt also revealed a positive net impact. These case studies demonstrate that U.S. arms transfers to allies further strengthen U.S. national military and economic security. This positive impact extends beyond the U.S., strengthening U.S. alliances and U.S. interests abroad. At the same time, several of the aforementioned potential negative impacts arise, including weapons proliferation and loss of U.S. military superiority. Regional stability, regime stability, and security interests also factor into the impacts of these arms transfers.

Overall, U.S. arms transfers to allies demonstrate trust, act to strengthen mutual security interests, increase interoperability, and increase the ability of the importer to defend itself. The net effect is a bolstering of the alliance and increase in the economic and military security of the states involved.

To further explore the impacts of U.S. arms transfers, the effects of U.S. arms transfers to the regional alliances of the Arab League, ASEAN, and the African Union were deconstructed and analyzed. This analysis revealed that once again a net positive impact was overwhelmingly apparent despite the existence of potential negative outcomes. Arms transfers continued to show a relationship that acted to enhance U.S. relations with the regional alliances, further U.S. interests in the regions, enhance regional stability and security, increase regional ability to address security issues without U.S. intervention, advance U.S. moral imperatives and enhance U.S. military and economic security. Despite the abundant promise foreseen in maintaining these relationships, cautionary practices must be maintained. The U.S. must not ignore the potential for unwanted proliferation, the improper end use of U.S.-origin weapons, or regional and regime stability concerns.

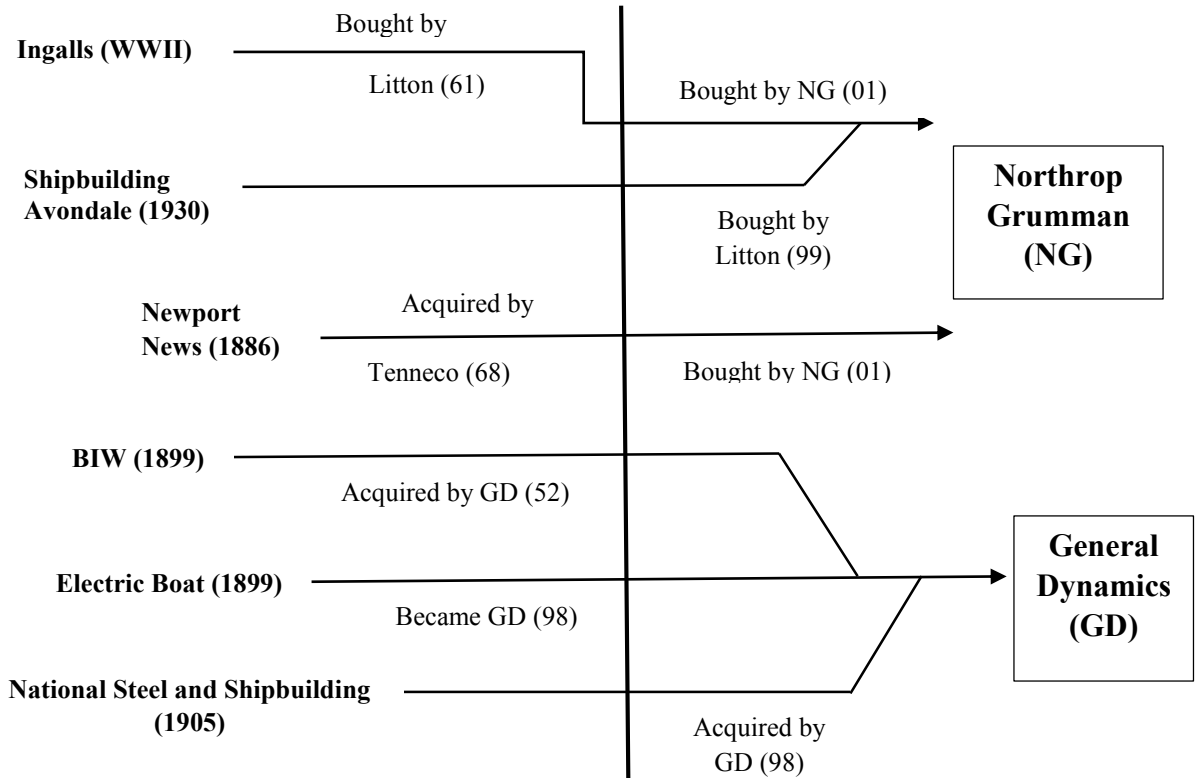
As long as the negative effects of U.S. arms exports and the further globalization of the defense industrial complex are guarded against, the positive effects greatly outweigh any potential deterrent factors. The continued globalization of defense production and increases in U.S. arms exports represent an upward trend highly indicative of an exponentially booming defense industrial complex. With a strong regulatory regime in place, the U.S., as the top arms producer and exporter in the world,

will continue to benefit economically, militarily, and diplomatically from its robust defense industrial base.

APPENDIX

TABLE 1

**Consolidation of the Major U.S. Naval Shipyard Industrial Base**



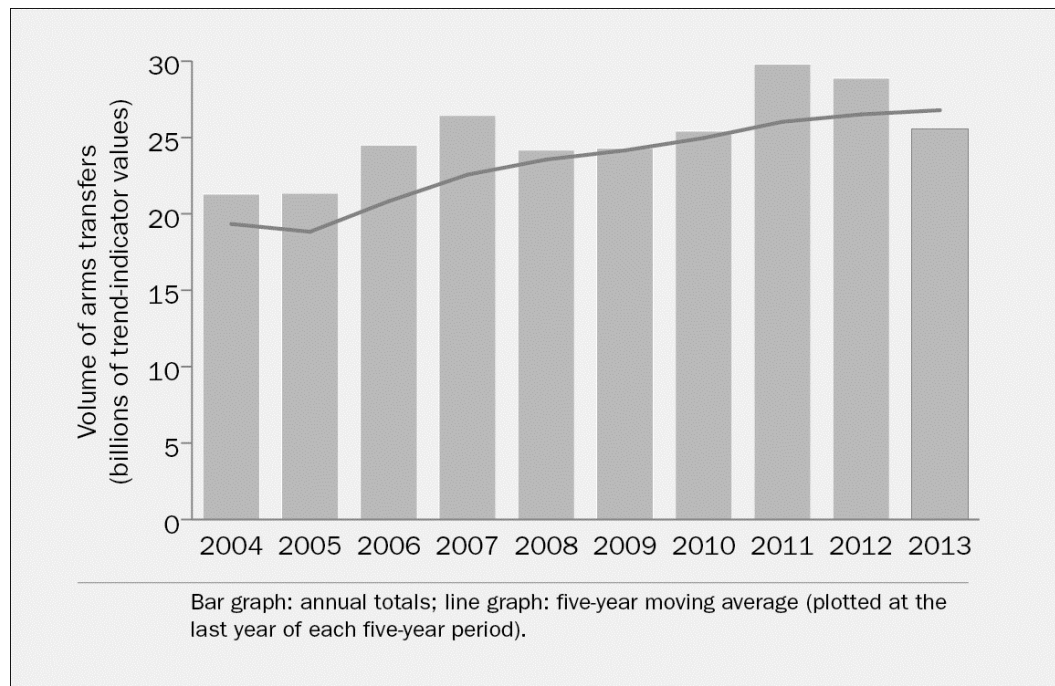
**Last Supper 1994**

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<sup>265</sup> Scot Arnold, "Cost Savings from the Post-Cold War Consolidation." (2008): 8. This chart demonstrates the complexity of mergers that occurred just after the end of the Cold War. The chart shows the consolidation of just one small segment of the defense industrial complex within the U.S.

TABLE 2

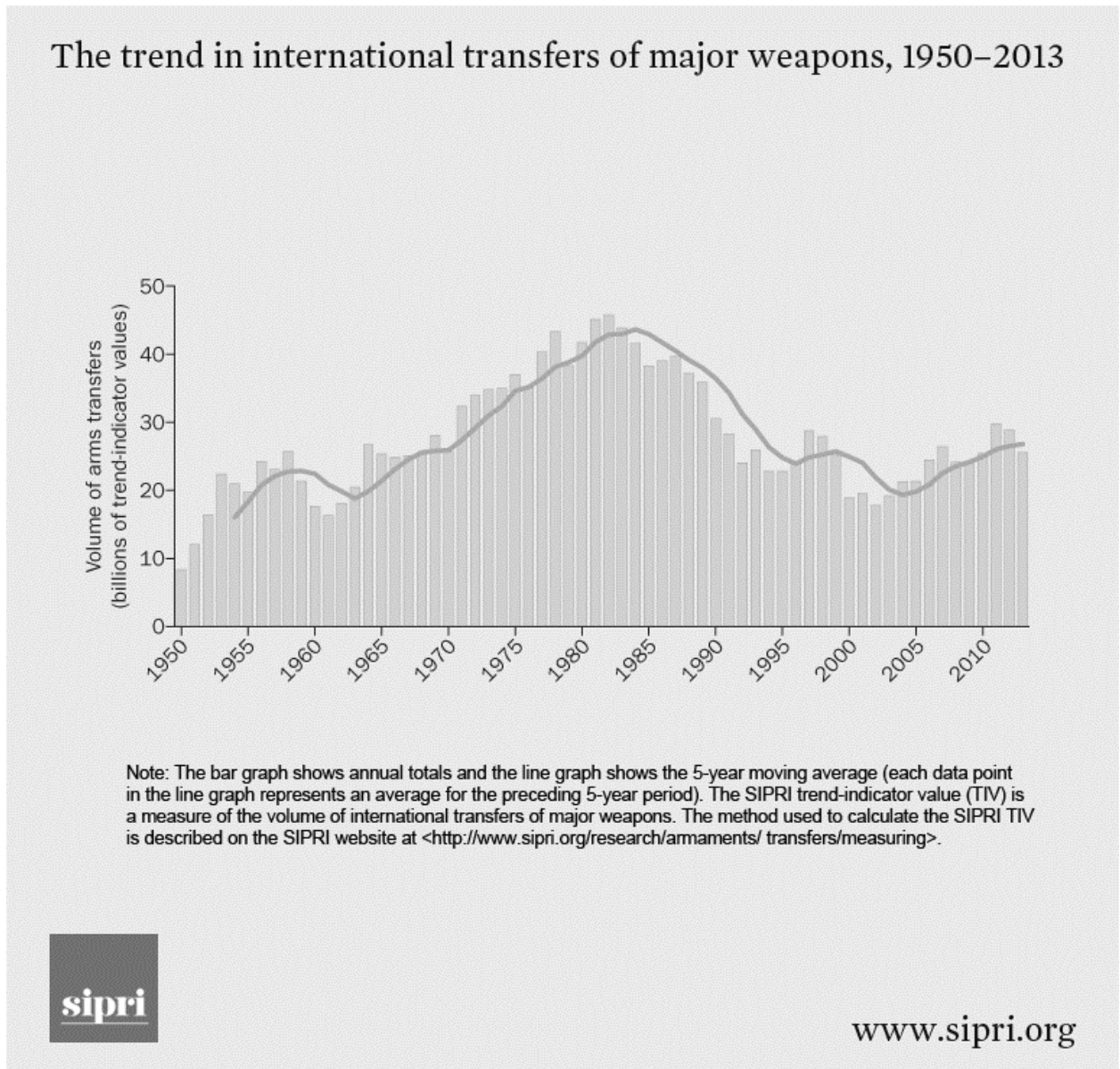
The trend in global transfers of major arms, 2004–13



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<sup>266</sup> Siemon T. Wezeman, “SIPRI Yearbook 2014: International arms transfers,” *Stockholm International Peace Research Institute* (SIPRI), <http://www.sipri.org/yearbook/2014/05> (accessed November 26, 2014).

TABLE 3



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<sup>267</sup> *Stockholm International Peace Research Institute (SIPRI), “Recent trends in arms transfers,”* <http://www.sipri.org/research/armaments/transfers/measuring/recent-trends-in-arms-transfers>. (accessed November 26, 2014).



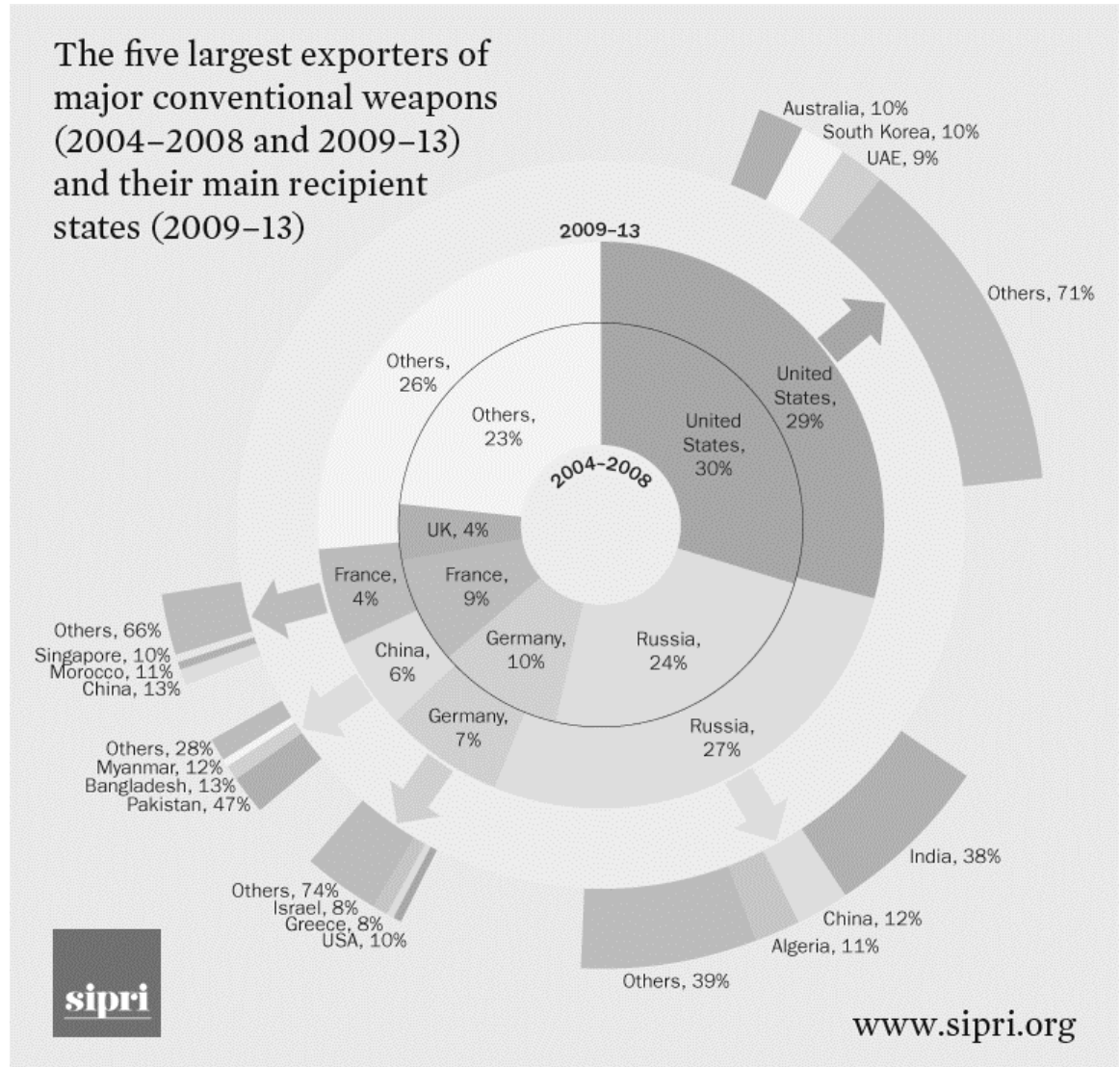
FIGURE 4

MAP OF SAUDI ARABIA



<sup>268</sup> New World Encyclopedia, "Saudi Arabia: Geography: Map of Saudi Arabia," [http://www.newworldencyclopedia.org/entry/File:Saudi\\_Arabia\\_map.png](http://www.newworldencyclopedia.org/entry/File:Saudi_Arabia_map.png), (accessed November 26, 2014).

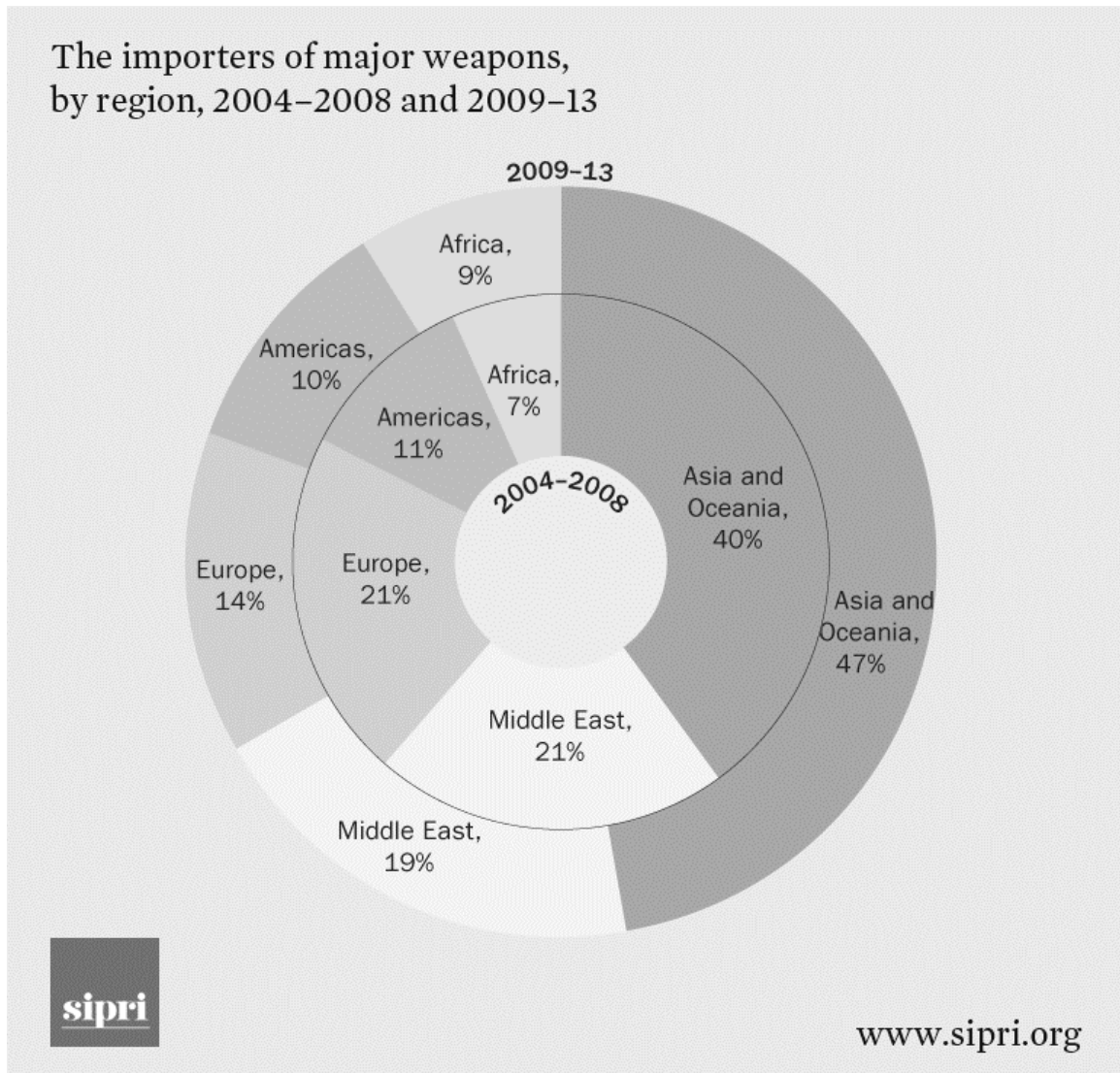
TABLE 5



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<sup>269</sup> Stockholm International Peace Research Institute (SIPRI), “Recent Trends in Arms Transfers: The five largest exporters of major conventional weapons (2004–2008 and 2009–13) and their recipient states (2009–13).” <http://www.sipri.org/research/armaments/transfers/measuring/recent-trends-in-arms-transfers> (accessed March 4, 2015)

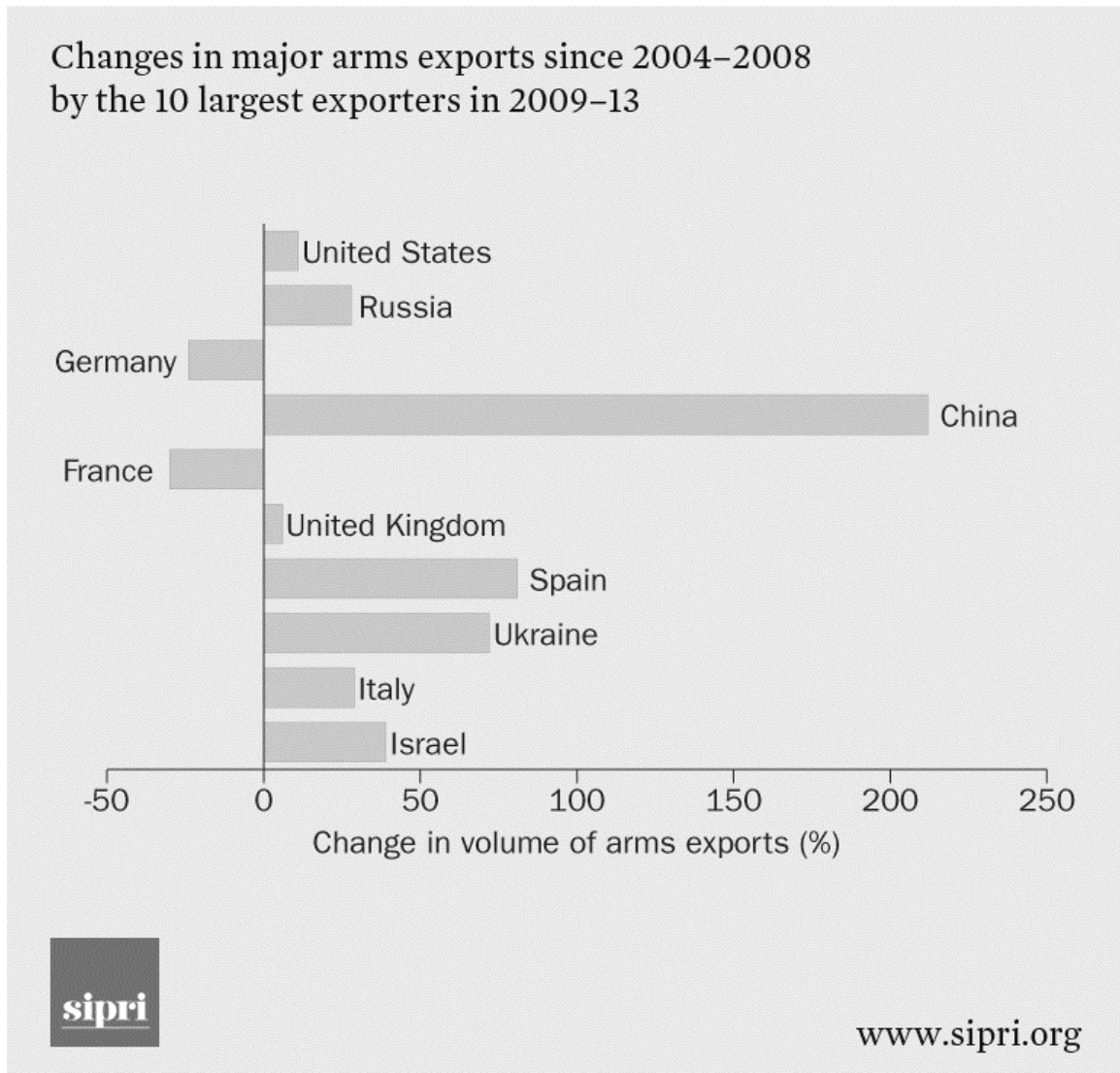
TABLE 6



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<sup>270</sup> Stockholm International Peace Research Institute (SIPRI), “Recent Trends in Arms Transfers: The importers of major weapons, by region, 2004-2008 and 2009-13.” <http://www.sipri.org/research/armaments/transfers/measuring/recent-trends-in-arms-transfers> (accessed March 4, 2015)

TABLE 7



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<sup>271</sup> Stockholm International Peace Research Institute (SIPRI), “Changes in major arms exports since 2004-2008 by the 10 largest exporters in 2009-13.” <http://www.sipri.org/research/armaments/transfers/measuring/recent-trends-in-arms-transfers> (accessed March 4, 2015)

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## CURRIVULUM VITA

Alexandra Maria Wanda Czerska was born August 29, 1984 in Washington, D.C. After growing up in the suburbs of Washington, Alexandra attended the University of Toronto where she earned an Honors Bachelor of Arts in Political Science with dual minors in History and Sociology in 2007. Alexandra began her career working in community mediation in the Washington, D.C. metro area. She later moved on to a career as an analyst for the government, starting at the Department of Energy, moving to the Department of the Navy and then the Department of State in 2013. In May 2015, she earned a Master of Arts in Global Security Studies from the Krieger School of Arts and Sciences at Johns Hopkins University.