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Federal Republic of Germany

Frederic S. Pearson

**Problems and Prospects of Arms Transfer Limitations Among Second Tier
Suppliers: The Cases of France, the United Kingdom, and the Federal
Republic of Germany**

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Republic of Germany*

INTRODUCTION

The question of controlling the arms trade to the Third World is complicated by the quantity and hierarchy of suppliers, the mix of motives in selling and buying armaments, and the variety of restrictions one could seek to apply. Aside from their sales to industrialized states, Britain, France, and West Germany, the so-called "second tier" suppliers, compete and sometimes cooperate for a niche in a recently shrinking Third World market. In the process they contend with first-tier, i.e., superpower suppliers, and with the emergent third-tier of Third World arms manufacturers and exporters. It has been estimated that a third of the Third World arms market is "locked up" by the US and USSR; the other suppliers vie for the remaining customers, especially the few who can absorb and afford sophisticated equipment.¹

As a group, though, European exporters recently have outstripped the superpowers in Third World arms sales, with 31% of the market in 1985.² Thus, despite hard economic times, second-tier suppliers have captured a larger share of the Third World market, based mainly on Middle Eastern sales. Heavy supplier competition and the resultant "buyers' market" of recent years tend to worsen the prospect for future sales on the one hand, but the proliferation of civil and international violence in the Third World, the prominence of the military in Third World governments, and the continued availability of financing, in one form or another, for arms acquisition tend, despite mounting international debts, to buoy the market and encourage exporters.³

Second-tier suppliers also are strongly affected by the prevailing

climate of superpower agreement or disagreement on international arms control questions. British, French and German leaders found it convenient to put off confronting the question of stringent limits on Third World arms transfers while the superpowers haggled over the terms of the Conventional Arms Transfer (CAT) talks during the late 1970s. If Washington and Moscow had been able to agree on principles of restraint in various regions, however, and were prepared to enforce them jointly, it would have been very difficult for London, Paris and Bonn to continue business as usual in those regions. By the same token, to speak of anything beyond the most minimal second-tier restraints without including at least one superpower and arms purchasers in a larger international agreement is probably fanciful.⁴

It is commonly agreed that second-tier exporters dispatch arms and related military equipment to the Third World for both economic and military/strategic reasons, i.e., to sustain domestic military production and employment, improve trade balances, retain at least somewhat autonomous arms manufacturing capabilities, and curry favor with influential Third World regimes.⁵ Although such benefits, appear to be over-rated, any agreements to limit arms exports must provide alternative ways of satisfying these interests, or be part of a redefinition of such interests involving, for example, economic reconversion or changed security doctrines.

In addition, while it is convenient to speak generally of "restraints" or "limitations" on the arms trade, a wide variety of limits are conceivable, each with varying likely consequences for international economics or security. Clearly some arms trade controls would result in a diminished flow to the Third World, while others merely would underwrite, identify, or regulate the continued or even increased flow of weapons.⁶ Each of these forms of control would have certain consequences for supplier and recipient states, only some

of which might be deemed beneficial, depending on the criteria for arms control success employed, e.g., reducing war frequency or damage, enhancing deterrence or predictability, reducing defense budgets, international tension or militarism.

As noted by Taylor, twin issues of political feasibility and desirability complicate the prospect for export control, including that by second-tier suppliers. Deep cuts in Third World arms supplies might reduce the scale of Third World warfare, but might not reduce the frequency of war nor increase spending on economic development.⁷ Since the UN Charter recognizes an inherent right of national "self-defense," controls which build-in regional force balances would be more feasible, but also might not reduce warfare without measures to settle disputes.⁸ Qualitative restrictions on high technology weapons exports could result in more money being spent on less costly and advanced conventional armaments (e.g., automatic rifles, rockets and tanks) which, as Lebanon and the Gulf wars have shown, ultimately could kill more people than a few expensive and sophisticated fighter planes. In short, any imposition of or agreement on export controls must be viewed in terms of its security consequences.⁹

In this chapter the record of British, French, and West German attitudes regarding arms export limitations will be reviewed in an effort to identify the types of controls most feasible and desirable from the viewpoint of or in relation to second-tier suppliers. These states, of course, display a variety of opinion on these matters, both in contrasting foreign policies and among diverse domestic interest groups. Therefore, we shall pay attention to the differences as well as common interests among second-tier suppliers, and to domestic forces which make arms trade controls more or less likely or comprehensive. We shall deal both with existing and potential controls.

GENERAL PERSPECTIVES OF SECOND-TIER SUPPLIERS

Arms transfer controls could stem from concerns about both national welfare and security, as well as about morality and peace.¹⁰ In terms of welfare and national prosperity, arms manufacturers and government officials conceivably could become disillusioned about the viability of the Third World weapons market, especially given increasing Third World debt and demands for "offset" or "counter-trade." In addition, changed market conditions, such as expanded US, NATO, or European Community (EC) procurement of British, German, or French arms, and easier availability of oil and other natural resources could obviate the need for and interest in Third World sales. On the other hand increased standardization of systems in NATO, and continued American dominance of the NATO market might increase the perceived need for compensatory European exports to the Third World or compensatory US subsidies to Europe. Arms sales in general continue to be regarded as a "quick fix" for trade imbalances, in spite of the fact that they do little to remedy the structural causes of those imbalances.¹¹

Economic motives for limiting arms trade so far have been mainly hypothetical, but second-tier suppliers have demonstrated real security restraints for a number of years. Most of these reflect worries about arms falling into the "wrong hands." Embarrassing wartime experiences, such as German arms cropping up in Algeria for use against the French in the 1960s, French and British arms being used to sink British warships in the Falklands/Malvinas war, and Iraq's use of French arms to attack oil tankers bound for West Europe all raise West European concerns about the screening of arms recipients. Concerns about better end-use controls also stem from the possibility that lethal weapons, acquired by terrorist organizations would be

used against British, French or German state interests. Qualitative controls on weapon transfers to LDCs, including the modification and downgrading of systems or outright bans on some exports, are largely a product of military concern about the release of sensitive technologies. Indeed such concern has proved to be a primary export licensing criterion in the UK, and of at least some concern in France and West Germany.¹²

Export restrictions which would result in a sharp decline of second-tier supplies depend generally on a diminished government and economic stake in military production, and therefore on a redefinition of national security which downplays weapons production autonomy. The French push for arms exports began with the view that, along with nuclear weapons, a vital conventional arms capability would assure French sovereignty in the post-colonial era. This original aim expanded into a self-sustained economic interest in weapons production and trade.¹³ The British also have clung, with increasing difficulty, to a traditional capability for production in all three weapons categories: land, sea, and air; and the West Germans also gradually have renewed at least partial capabilities in all three areas. Therefore, the influence of and support for "military-industrial complexes" would have to diminish or be routed in new directions to ease the way for major restrictions on Third World arms sales.

Second-tier, or mid-sized suppliers have retained selective interests as well in Third World political influence, and arms transfer controls have been and increasingly could be related to such interests. Regional instability and violence beyond certain limits becomes difficult for mid-sized European powers to tolerate, especially if the region in question supplies vitally needed resources. Concerns about human rights and the level of carnage in civil or international disputes or wars enter here as well. Yet while one option to

regulate Third World Warfare would be to reduce or ban arms shipments to combatants, and while at one time or another Britain, France, and West Germany all have articulated intentions to do so, other more appealing options also exist. The Iran-Iraq fighting illustrates European willingness to choose sides and/or seize the moment to take commercial advantage through continued or increased arms or spare parts shipments.¹⁴

Since second-tier suppliers generally are parliamentary democracies, domestic politics plays a role in limiting the arms trade. However, traditions of secrecy and governmental privilege surrounding defense matters, plus the strong momentum of military-industrial interests make it difficult for arms trade opponents to gain a share of decision-making on specific sales, even to the extent possible in the relatively more open US system. Opponents are most vocal and effective in the Federal Republic, where they can point to constitutional and legal provisions limiting West Germany's role in fueling foreign wars. As a result, Bonn has adopted a more anonymous arms supplier role than other second-tier suppliers, relying on co-production and overseas licensed production arrangements.¹⁵ In Britain a combination of interests, including a Campaign Against the Arms Trade by church groups and peace activists, together with political parties' human rights concerns, governmental fears about advanced equipment reaching Soviet allies, and military suspicions about arms export commercialism all contribute to a watchfulness concerning specific sales. Such interests and constraints, while present to an extent, are weakest in France.¹⁶

Based on these general perspectives, second-tier suppliers have formulated both unilateral and multilateral positions on the management, restriction, or reduction of Third World arms transfers. We shall examine these separately in order to assess the restraints most likely to be adopted

in future. Arms trade management, whether unilateral or multilateral, implies rules for reporting or licensing sales in specific circumstances, as well as potential market sharing arrangements. Restriction of sales entails disapproval, banning or embargoes to specific states or classes of states or of specific types of weapons. Reduction of transfers includes more sweeping measures, such as qualitative or quantitative limits or ceilings, and deliberate government policies or international agreements designed to curtail weapons exports. In the process of devising restraints, there can be tradeoffs, such as restraints on transferring arms vs. the technology or equipment to make or use them, on naval, vs. air vs. land systems, or on weapons deliveries vs. new sales agreements.

Recent Trends in Second-Tier Arms Supplies

Before delving into unilateral and multilateral British, French, and West German arms transfer limitations, it would be well to examine these states' recent record of arms transfers to the Third World. Periods and locations of increasing or declining supplies can provide clues about existing or potential future arms transfer restraints.

As seen in Table 1, and allowing for the inherent uncertainties of arms transfer data, only France has had consistent major increases of Third World arms transfers since 1973, although the Federal Republic has doubled its share of major weapons transfers. Therefore, France would appear to be the most invested of the three in the Third World arms market. This goes along with France's comparatively limited inroads into the NATO market since its withdrawal from the operational command structure in the 1960s. According to US estimates, which are higher than those reported elsewhere, nearly 100 percent of French arms exports lately have been directed at developing countries. Of course, Germany also is linked to France in many joint

TABLE 1

Percentage shares of French, British and West German arms transfers to the Third World, 1973-84^a

	% of Third World arms imports			% of own total arms exports going to Third World			% of major weapon exports only ^b		
							Third World total		Own total
	1973-76	1977-80	1981-84	1973-76	1977-80	1981-84	1975-79	1980-84	1980-84
France deliveries	6.4	8.9	12.9	71.1	96.1	98.1	10.6	11.1	80.6
Agreements	11.0	14.3	14.9	95.9	98.9	99.1			
UK deliveries	4.5	5.6	5.3	76.0	85.2	81.8	6.1	4.8	73.5
Agreements	4.4	6.1	3.0	84.8	81.3	86.0			
FRG deliveries	3.1	4.4	4.6	86.7	80.0	87.3	1.5	3.1	61.0
Agreements	4.4	4.9	3.1	77.8	88.2	60.3			

^a Based on calculations in billions of current US dollars. Data include conventional weapons, parts, ammunition, support equipment and services, and other militarily designed commodities. 'Third World' consists of ACDA's 'Developing' category. Source: *World Military Expenditures and Arms Transfers, 1985* (US Arms Control and Disarmament Agency: Washington, DC, 1985), table B, p. 45.

^b From SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1985* (Taylor & Francis: London, 1985), table 11.1, p. 346.

projects stemming from the 1960s and 70s, which may be underreported in the West German Third World totals. All three suppliers generally are over 80 percent dependent upon Third World sales, though FRG agreements have declined in the 1980s while Britain's have increased. Aggregate figures can be misleading, of course, as both British and French sales in recent years have tended to concentrate among certain states and regions, as seen below, and most recently France has been more successful in selling to the US.

Peak years for arms transfers varied somewhat for the three suppliers (Table 2) from 1976-84, with a basically flat or downward trend in the 80s, except for the resurgence of new French agreements. France in general had more frequent sales upsurges than the other two suppliers. Of course, Britain experienced an upsurge in 1985 as well, with the record-breaking Saudi aircraft sale -- or oil barter -- in which West Germany (Switzerland and Italy) also shared. Among the factors influencing the periodic declines in these states' arms transfers have been: reorientations caused by unexpected changes of Third World regimes (e.g., Iran); declining Third World weapon absorption capacity; the shifting petro-dollar market; Third World debt, trade and GNP growth difficulties; and increased Third World indigenous production (though such production is reported to increase imports of arms components as well). The impact of such factors is most clearly seen in the 1983 decline of new agreements, even with the Iran-Iraq fighting and in the wake of the Falklands/Malvinas war.

As to regional concentration of sales (Table 3), not surprisingly all three suppliers are heavily oriented to the Middle East. Note, though, that when Italy is included, the second-tier group jointly are the dominant Latin American suppliers. It has been argued that recipients of European arms tend to be either former colonies with which close ties have been maintained, or

TABLE 2

Percentages of the value of French, British and West German arms transfers to Third World regions, 1976-85

	East Asia/Pacific			Near East/South Asia			Latin America			Sub-Saharan Africa		
	1976-79	1980-83	1982-85	1976-79	1980-83	1982-85	1976-79	1980-83	1982-85	1976-79	1980-83	1982-85
<i>France</i>												
% own deliveries	2.0	2.7	1.7	72.0	80.0	87.9	13.0	11.2	4.8	12.9	6.2	5.6
% own agreements	2.1	1.9	1.8	70.4	89.5	88.8	16.7	5.5	6.0	10.9	3.0	3.4
% regional deliveries	1.5	2.7	2.3	7.1	12.3	14.1	12.6	14.6	6.4	9.9	10.2	8.7
% regional agreements ^a	2.1	2.4	2.1	9.9	15.3	15.4	21.6	11.0	11.5	12.0	7.1	6.6
<i>UK</i>												
% own deliveries	10.0	7.3	7.2	67.3	79.4	77.6	18.0	5.8	3.0	4.7	7.5	12.2
% own agreements	4.1	15.8	7.3	89.4	64.4	85.5	1.5	5.2	1.4	4.9	14.7	5.8
% regional deliveries	5.0	3.6	2.9	4.4	5.9	3.8	11.5	3.7	1.3	2.4	6.0	5.9
% regional agreements	2.4	6.1	4.3	7.1	3.5	7.6	1.1	3.3	1.4	3.0	10.9	5.8
<i>FRG</i>												
% own deliveries	5.0	6.7	9.0	62.3	48.1	35.7	14.5	30.2	51.9	18.2	15.0	3.5
% own agreements	4.3	22.1	18.2	39.7	52.3	48.9	39.9	20.8	14.3	16.0	4.9	18.7
% regional deliveries	1.9	1.8	3.6	3.0	2.0	1.8	6.9	10.4	21.3	6.9	6.5	1.7
% regional agreements	2.3	4.4	2.3	2.9	1.5	0.9	27.4	6.8	3.0	9.2	1.9	4.0

^a Indicates supplier's percentage of regional total.

Source: Grimmett, R., *Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983* (Congressional Research Service, Library of Congress: Washington, DC, May 1984); and *Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1978-1985* (May 1986). Data include the value of weapons, spare parts, construction, associated services, military assistance and training programmes.

TABLE 3

Second-Tier Suppliers' Economic Dependence on Arms Exports

	Total arms exports, 1984 (national sources, \$ b)	1984 arms exports as % of conventional arms production	Arms exports as percentage of total exports	Share of world exports of major weapons, 1981- 1985
France	3.8	50	3.9	10.6
U.K.	2.6	42	2.8	4.7
FR Germany	1.7	20	1.0	4.0
Italy	2.5	70	3.4	3.8
Spain	0.6	45	2.5	1.2
Sweden	0.3	25	1.0	0.2

Source: Brzoska, M. and Ohlson, T., "The Trade in major conventional arms,"
SIPRI, World Armaments and Disarmament: SIPRI Yearbook 1986 (Oxford University
Press: Oxford, 1986), p. 336.

assertive non-aligned states looking for an alternative to superpower dependencies. While not exactly non-aligned, Latin states have sought to break away from US dependency status, and were interested in the products in which European exporters have tended to specialize: light surface ships, diesel-powered submarines, light strike aircraft and trainers, helicopters and light armored vehicles - many of which could be produced locally under license and re-exported. European suppliers also took advantage of relative US sales restraint during the Carter years to build up their clientele.¹⁷

The French remain the least successful in breaking into new Third World markets in recent years, although French weapons still take a comparatively large share of the African and Latin markets. In 1985, Paris launched a reorganized and stepped up marketing approach to various Third World regions.¹⁸ Even France's sales to its former African strongholds have declined proportionately, as a result of South African sanctions, growing French economic interests in Middle Eastern sales, and the poverty of traditional Francophone Africa. French troop contingents in Africa partly obviate the need for much rearmament by France's African client states, which of course could not afford or absorb much anyway. In this way Paris maintains influence over former colonies, unthreatened by major inroads of other arms suppliers.¹⁹ By contrast, the presence of British forces in rich Middle Eastern client states, such as Oman, has not notably diminished Omani and Gulf states tendencies to buy British arms and to diversify arms sources as well.

This pattern of second-tier supplier transfers has various ramifications for Third World arms control prospects. With British and German transfers spread somewhat more widely among regions, London and Bonn would be more affected than France by the prospect of regional arms restraint agreements, such as that in 1974 at Ayacucho in Latin America (which despite reaffirmation

has hardly been implemented). France would be most affected by any such agreement in the Middle East, but all three suppliers would have serious concern. If the CAT talks were any indication, suppliers are least likely to be interested in restraining transfers to the regions in which they predominate over competitors. NATO procurement would have to increase immensely to divert significant British and German exports from the Third World, as there remains significant excess production capacity in both states, particularly in the ship-building industry.

Generally, then, aggregate trends appear to reflect mainly commercial, defense procurement and market cycle effects in slowing agreements or deliveries. Occasionally a major revolution, such as that in Iran, will wipe out, or a major war, such as in the South Atlantic, open up new export possibilities. Slowly mounting international and domestic political pressures, such as those applied in connection with South Africa and Chile, can have a moderating influence on arms transfers as well.

UNILATERAL LIMITATIONS

As major powers with extensive international interests, the second-tier long ago established government management of arms exports through licensing, and have restricted or prevented certain exports in certain circumstances. Nevertheless, while export license rules may discourage or disqualify specific deals, the vast majority of license requests in each state are granted.

While all three states have asserted in principle that arms should not be dispatched to combatants in warfare or for internal repression, and have at times refused sales for such reasons, West Germany and Britain appear to implement restrictions more stringently than France. In her quest for regional influence and trade as an alternative to the two superpowers, France

reportedly has promised in specific sales agreements not to interrupt arms or spare parts supplies even in crises or war. The relative concentration of French exports to the Middle East as compared to the UK and FRG may in part reflect British and German tendencies to look for export markets in regions suffering somewhat less upheaval, e.g., Latin America and Asia.²⁰ However, these distinctions should not be carried too far, especially in light of Britain's major Saudi agreements of the 1980s, which carried no restrictions as to the use or basing mode of Tornado fighters vis-à-vis Israel and Iran.

As noted, second-tier suppliers also are concerned about the indiscriminate release of sophisticated technologies in weapon sales. For example, since 1978 the West German government requires notification and approval of weapons' design and blueprint exports, and since 1982 of privately negotiated as well as government sponsored multinational co-production. France, which purports to scrutinize carefully prospective recipients of advanced systems,²¹ also has led the way in the design of export oriented ships, armor and aircraft in which the level of technology can vary or be modified.²²

The government's role in arranging credit for Third World arms customers also is greater in Paris and London than in Bonn. Private or state (lander) banks carry the brunt of defense financing in the Federal Republic, although the Federal Hermes trade credit guarantee agency has quietly underwritten more arms exports, especially of ships, than its formal role would indicate.²³ While there is no corresponding stigma attached to government financing of weapons sales in France, from 1968-73 Paris tended to discourage Third World credit purchases in the name of economic development and debt limitation, especially in former French colonies. Yet more recently, in heated competition with the USSR, USA, and Britain for sales to relatively large

defense consumers, such as India and Saudi Arabia, the French government reportedly has offered financing considerably below the interest levels agreed by the OECD states. Paris also has sought to market the Mirage 2000 as a "loss leader" with generous credit and repayment terms to debt-ridden states such as Peru.²⁴

Finally, end-use or re-export restrictions are enunciated and applied by all three states, but enforcement of the provisions is rare. Indeed, concerted enforcement is thought to endanger the market position of second-tier suppliers by identifying them as "unreliable". Britain, for example, imposes end-use certification only in certain sales contracts where danger of re-export is considered great. London professes to rely on intelligence information to track down harmful re-exports, and the threat of future sales bans to discourage them.²⁵ Generally, although France imposes re-export restrictions in most sales contracts, Paris poses few obstacles to purchasers' use of weapons. An exception was a ban on Israeli "offensive" operations following the 1967 war, which was breached in attacks on Lebanon in 1968. President De Gaulle, responding to growing political pressure, then imposed an embargo on Israel and, for appearance sake, on Arab frontline states in 1969. These had extremely limited effects, as Israel essentially shouldered France aside and became a prime US arms client, thus showing the limits of second-tier supplier influence. While the French government labored from 1967-74 to justify continued arms sales to Arab states which were not "battlefield" contestants, the embarrassing disclosure of Libyan re-exports of Mirages to Egypt in 1973 ended all pretense of an effective embargo, and it was lifted. Paris subsequently restricted arms sales to Libya itself, but more as a reaction to the latter's African adventures than to Middle Eastern warfare or unauthorized weapon re-transfers.

French Restraints

France's unilateral arms transfer restrictions, like those of other second-tier suppliers, have been characterized as half-measures, often compromises for domestic or foreign political effect. In addition to the contorted logic of various Middle Eastern embargoes, Paris has imposed arms transfer restraints on Indochinese battlefield contestants in the late 1960s, and at various times on Pakistan, South Africa, Libya, revolutionary Iran, Nigeria, and Angola (the latter two during civil wars). However, at times Paris also has been willing to sell weapons to many of these same states and regimes directly or through third parties. Even when employed, restrictions have been leaky, as evidenced in Israel's famous seizure of fast patrol boats from Cherbourg in 1969, with the tacit cooperation of French officials. French spare parts continued to flow to Israel, as well, during much of its embargo. French restrictions on Libyan sales have alternated with sales offensives, and restrictions have at different moments included controls on the types of weapons delivered, as well as "temporary and selective embargoes on arms deliveries or on new contracts," all to little effect in disciplining the Libyan leadership.²⁶ In the Nigerian civil war, Paris continued selling arms for a time to the Federal Government, but then switched to allow sales of French equipment to the Biafran rebels evidently to weaken Nigeria vis-à-vis Francophone Africa.²⁷

Oddly enough, it was partly in the name of better Third World relations that Francois Mitterand's government deemphasized prior Socialist Party critiques of the arms trade and lifted Giscardian restrictions on Libyan sales in 1981.²⁸ While Giscard had attempted to safeguard French North African interests through such sanctions, Mitterand reasoned that Franco-Libyan relations could be improved through freer arms sales, a rationale that was to

ring rather hollow during subsequent French military campaigns against Libya in Chad, a country in which Mitterand also had attempted to use selective arms supplies and restrictions to various factions to wean them away from Libyan connections. Similarly, three gunboats, paid for by Iran but withheld by Giscard after the Iranian revolution, were released to Tehran by President Mitterand.²⁹

Basically the French continue a unilateral managerial approach to limiting arms transfers, vetting individual prospective recipients and deciding when to withhold certain weapons in certain situations to enhance French interests.

"Looking beyond France's borders, there is no bureaucratic concern for the impact of French and rival arms suppliers' behavior on regional and global security or on economic development in the Third World. The French military industrial complex can hardly look with equanimity on the prospect of decreased spending on arms by developing countries. Little or no attention is given to the impact on local stability of advanced weapon systems introduced into a region, such as supersonic aircraft in Latin America. Nor is much concern expressed for the arms races that might be provoked by the unregulated transfer of arms to a region such as South Asia or the Middle East where France has furnished arms to most of the principal rivals in the region at one time or another."³⁰

The French generally shun broad doctrines or policy rules on restricting the arms trade, and seem to have enunciated relatively few concrete decision criteria.

The largely nationalized French defense sector basically draws government into the process of promoting and legitimizing arms sales. While French trade unions tentatively oppose increased arms sales,³¹ in the midst of pressure for employment there has been no basic attack on the forces supporting the arms trade, i.e., the complex of military-industrial interests and state supported weapons research teams. Unlike Britain and Germany, the issue of diversification or conversion from defense to civil production has not been broached often by the government, labor, or management. The Socialists

flirted with a reorientation in the early 1980s, away from Third World to European and North American defense markets, but failed to make the foreign policy changes, especially regarding NATO, which might facilitate such a shift.

British Restraints

In a decidedly case-by-case orientation to the arms trade the British government maintains the watchword of "flexibility" in rule application. The Defence and Foreign Ministries have generated tables which rank weapon systems as to technological sensitivity and rank prospective customers as to security risk or political acceptability. These lists are then compared in a rough calculus, especially in the early stages of controversial cases to determine appropriate release of technological information. The Treasury's ratings of credit-worthiness enter as secondary considerations as well. Recently, for example, credits were denied to NATO ally Turkey, thereby aborting arms sales negotiations.³²

Despite these seemingly objective criteria, the rankings can be changed rather rapidly depending upon political or economic circumstances. Export pressures have resulted in calls for speedier downgrading of weapons' security restrictions in the biannual review process. Despite political protest, Chile quickly was promoted from unacceptable to acceptable status for arms shipments as an offset to Argentina during and since the Falkland/Malvinas war. India has presented problems because of security ties to the USSR, but Britain nevertheless has campaigned for and concluded major arms sales to Delhi. The inadequacy of these evaluative ratings in predicting consequences harmful to British interests was demonstrated during the Falklands fighting, as the UK had largely trained and equipped the Argentine navy.

In addition to effects on British security (including possible arms

shipments to terrorists) and technology, other criteria and factors considered by the British government in deciding on Third World arms export applications include questions of regional stability (an ill-defined concept), alliance interests and complications (e.g., potential conflicts with the US in areas such as Latin America or the Middle East), delicate negotiations (such as those for the independence of Belize in Central America), Commonwealth ties (heavy pressure was applied to London about South African exports), nuclear non-proliferation, internal political repression abroad and economic interests. The latter two were especially important in the unpopular decision to continue supplying arms to the oil producing Nigerian government during the Biafran war.³³ Equipment judged useful in domestic repression was denied for example, to Argentina, Uganda and Chile in the 1970s, and to Indonesia, Chile and Sri Lanka in the mid-80s. However, equipment capable of use against domestic populations, such as helicopters and strike aircraft, has gone at times to both Chile and Indonesia since 1978, and no similar restrictions have been evident on shipments to India, Malaysia or the Sudan despite domestic unrest in those countries.³⁴

British regional political interests have led since 1970 to selective embargoes against: Honduras and Guatemala regarding Belize (1970s); Taiwan since the diplomatic opening to the PRC; Argentina and Israel since the South Atlantic and Lebanese fighting of the early 1980s. In Israel's case, Britain's participation in the joint European Community embargo has continued partly because of a limited Israeli demand for British arms, and because of interests in the Arab market. London has indicated that the ban will be lifted when Israel completes its withdrawal from Lebanon.³⁵ Spare parts shipments for Iran were held-up temporarily during the US hostage dispute, and weapons have been denied to the PLO. The UN embargo on South Africa has

largely been observed, although certain dual-purpose equipment, such as transport planes, have gone through under special provisions.

The Gulf war has been the occasion for rethinking British guidelines about the release of weapons to Third World states at war. London's approach has contrasted sharply with the joint UK-US embargo against India and Pakistan during their 1965 fighting, and may reflect the growing ambivalence of Western arms suppliers about ending the Gulf war--i.e., which side would be the preferred victor. Early in the conflict, London adopted a rule that exports of "lethal" arms should be banned to both sides. Yet the ambiguity of this categorical definition, together with tempting commercial interests, strategic concerns, Iraqi battlefield reverses and the question of existing paid contracts with Iran, brought a reformulation in 1985:

- (1) We should maintain our consistent refusal to supply any lethal equipment to either side;
- (2) Subject to that overriding consideration, we should attempt to fulfill existing contracts and obligations;
- (3) We should not, in future, approve orders for any defence equipment which, in our view, would significantly enhance the capability of either side to prolong or exacerbate the conflict;
- (4) In the line with this policy, we should continue to scrutinise rigorously all applications for export licences for the supply of defence equipment to Iran and Iraq.³⁶

Obviously the criteria of conflict exacerbation and prolongation can be even more subjective than weapons' lethality. The British government has afforded itself more room to maneuver either to allow or disallow specific export licenses, especially as the combatants have highly contrasting force configurations.³⁷

The British Labour Party has been more responsive than the ruling Conservatives to interests critical of the arms trade, and Labour's record both in and out of office has been somewhat more restrictive about arms trade to the Third World, especially on questions of human rights and domestic

repression.³⁸ Nevertheless, it was a Labour Government which introduced the Defence Sales Organisation to rationalize and promote UK arms exports in 1966, following similar developments in the US. If Labour or the SDP-Liberal Alliance came to power, it is not entirely clear that the British arms trade would be curtailed. Labour's 1983 election manifesto stated:

"We are alarmed by the growth of the arms trade. Labour will limit Britain's arms sales abroad and ban the supply of arms to repressive regimes such as South Africa, El Salvador, Chile, Argentina, and Turkey. We will not supply arms to countries where the chances of international aggression or internal repression would be increased. Labour will ensure that all arms sales are under strict ministerial control, subject to parliamentary accountability."

Shadow defense spokesman Denzil Davies went on to elaborate in 1985 upon what he termed a "very difficult subject" for Labour:

"...My own view is that the Defence Sales Organisation [since renamed Defence Export Services Organisation] should be abolished, but I recognise that there are many countries, especially Commonwealth countries, that still look to Britain for the purchase of arms for their defence. Therefore I cannot see the Organisation being immediately abolished, but I would certainly work towards getting rid of it. I would also be very concerned to change the rules to make it much more difficult for us to sell weapons of destruction abroad...I would change...to prohibit all sales unless there is a very good political reason for selling those arms..."³⁹

Mr. Davies also promised protests against military equipment exhibitions, joint efforts with trade unions to promote defense conversion, more public notice of arms transfers and destinations, and strict specific criteria about the supply arms to states abusing human rights.

This would constitute a tightening of British procedures and standards, particularly in reporting sales and on questions of human rights. However, the Labour pronouncements also resemble the Thatcher government formulations on issues such as exacerbation of "international aggression" or domestic repression. A great deal of definitional flexibility would remain about what constitutes such abuses, and about "good political reasons" for selling "weapons of destruction." Labour's anguish about prospective job losses in

the defense sector is implied as well; during the 1986 parliamentary debates on the sale of Westlands Helicopter shares, much more was made, on both sides of the House, of American vs. European ownership, and of the welfare and preferences of the workforce, than of the wisdom or viability of continued military helicopter sales abroad.⁴⁰

West German Restraints

The Federal Republic is unique among the three suppliers with a legacy of legal and constitutional prohibitions against actions threatening international peace or promoting offensive war. While these legal strictures seldom have been tested judicially, they make the sale of weapons abroad more controversial among the attentive general public than in France or Britain. Furthermore, despite the Topsy-like growth of German arms industries and exports since the 1950s, there is as yet no formal sales promotion agency in Bonn corresponding to the British Defence Export Services Organisation or the Directorate for International Affairs in the French Defense Ministry.⁴¹

Only West Germany among the three main European arms producers has indulged in blanket restrictions of arms transfers to states outside the circle of NATO and associated states, and particularly where war might threaten. However, the famous "areas of tension" restrictions of the late 1960s and 1970s have been somewhat modified under the Schmidt and Kohl governments to allow Third World sales where they can be shown to enhance "vital" German foreign policy and security interests, among states unlikely to use the arms in domestic repression, where regional tensions are unlikely to be increased or Western alliance interests unduly harmed, and with at least the advice of parliamentary parties. This modification, a result of considerable inter- and intra-party debate, and clearly a move to facilitate lucrative sales to economically and strategically important states such as

Saudi Arabia, has positioned the Federal Republic much closer to Britain and France in judging arms transfer requests on a case-by-case basis. While Bonn has adopted a rather legalistic approach to arms transfers, the government in the past has failed to link its formal doctrines to well defined foreign political, as opposed to defense and economic policy priorities. Therefore, it has been argued that with relaxed restrictions, arms exports to the Third World could come to substitute for a German foreign policy regarding the Third World.⁴²

Beginning under Chancellor Schmidt, and continuing under Kohl, however, Bonn has shown greater interest in using arms for influence and improved relations. Chancellor Kohl has argued that a new generation of leadership means that the FRG is entitled to the full range of policy options available to major powers; a "security partnership" with the Saudis was announced subsequently. Whether for purely commercial or partly political interests, prior export license denials for Egypt and Malaysia were lifted as well.⁴³

Before its commercial sales push of the 1970s, West Germany briefly experimented with arms transfers for political influence against the German Democratic Republic, especially in Africa. The failure and embarrassing consequences of these efforts, along with the still small volume of German arms production made the enunciation of strong export restrictions politically easy from 1968-71. Arms exports outside NATO were to be discouraged, with the sale of "war weapons" prohibited in principle, although only for items mentioned in the War Weapons Control Act of 1961. "Defense related material," a separate category under German law, was allowed to flow to the Third World, but not to "areas of tension" such as the Middle East. The Foreign Ministry decided which were areas of tension, although no overall criteria were established. For instance, Libya was not allowed to import German U-boats,

although Chile was allowed to do so in the 1970s despite domestic repression and international disputes. A secret arrangement with France, since codified in the revised export regulations of 1982, allowed co-produced weapons to flow even to strife-torn areas and French clients such as Libya.

Under the "area of tension" guidelines, Bonn was quite selective and strict about where it would ship arms in the Third World. Most authorized direct exports were ships and submarines, for the benefit of the depressed German shipyards.⁴⁴ Finally, in the late 1970s, sensitivity about terrorism led Bonn to step up "end-use" documentation requirements, although overseas licensed production still allowed for much evasion. Indeed at one point in the 1960s Bonn had attempted to require deposits to assure compliance with end-use stipulations.⁴⁵

West German debates about the wisdom of proposed exports to Saudi Arabia and Chile led to the redefinition and loosening of the export regulations by the Schmidt government in 1982.⁴⁶ The three conventional political parties each developed proposals regarding the new doctrine, and the Green Party critically appraised the arms export business. Because the FRG for so long has been sensitive to its weapons being used in warfare among less developed states, and because unlike France, the FRG still does not manufacture many more arms than needed for its own armed forces (as indicated in Column 2 of Table 4),⁴⁷ German export restrictions continue and could be increased if political embarrassments occur.⁴⁸ The ruling coalition government appears split on the appropriate loosening of export restraints, with CDU-FDP factions favoring some continued restraint, and still prevailing over CDU-CSU groups desiring liberalized arms transfers. Of course, to be meaningful in limiting Third World access to German weapons, restrictions would have to extend to the complex international channels for German arms exports, so far an

unprecedented occurrence. The closer the FRG comes to overt government promotions arms sales, and to arms "overproduction," the less chance for unilateral renewal of tight restrictions.

With the decline in OPEC's importance to the German economy, at least in the short term, together with persistent protest by peace and church groups and by elements of the military worried about release of sensitive technology and the requirement for German military instructors to be stationed abroad, there remains some prospect for a deemphasis of Third World military markets. Germans have long preferred multilateral diplomacy in NATO and the EC, and would respond to expanded NATO conventional defense markets. German trade unions, through a disciplined campaign by their leadership, have accepted the principle of defense re-conversion far more widely than their French or British counterparts (defense jobs are not officially a valid criterion for "vital" interests in the 1982 export guidelines), although their participation on company boards in "codetermination" schemes tempers their opposition somewhat. Alarmed at government authorizations of easier defense exports to ASEAN (Association of Southeast Asian) states, at the preliminary authorization of export negotiations with Saudi Arabia, and at helicopter sales to South Africa, Chile and Iraq, the Social Democrats introduced a parliamentary bill, which was defeated in 1985, once again to ban war weapons exports to the Third World and to strengthen the Bundestag's role in controlling such exports.⁴⁹

Arrayed against such interests in cutting Third World arms trade, however, are a complex of firms, including most of the major German conglomerates, which rely on defense business for at least a part of their turnover, as well as regional interest groups, as in Bavaria or the North, influential in the older political parties. Connections exist between the

military, Defense Ministry and manufacturers to promote, if not German arms self-sufficiency, then a significant continuing production capacity. However, German defense industries tend to depend less on arms production as a percentage of their total business than do the major British and French manufacturers. They could contemplate more easily a deemphasis on or reorientation of arms exports; although they also strive to maintain weapons production capacities - some would say excess capacities. It is estimated that only 10,000 out of 240,000 jobs in the defense sector depend directly on the Third World market,⁵⁰ and while German trade balances lately have remained comfortably in surplus, the FRG's unprecedented post-war unemployment levels would have to drop considerably before serious tinkering with the defense export business would be expected, even from an SPD-led government.

In 1984, Foreign Affairs Minister of State Alois Mertes proposed (to little effect) a coordinated Western arms transfer policy in part to relieve the stigma and pressures on Germany for trying to sell arms to Saudi Arabia and the Middle East. Thus, the embarrassments long associated with Germany's arms trade could eventually lead to serious attempts at multilateral export guidelines (to be discussed below). Currently, however, the Federal Republic at least partially can duck responsibility for sales through its low international profile and multifaceted supply arrangements.⁵¹

All three second-tier suppliers have entered the military high-technology race, sometimes against and sometimes alongside the US and Japan. However, profit margins and endangered production lines also could cause a renewed or at least sustained British, French, and German emphasis on marketing simple and lower cost weapons. For example, expectations are that the new lightweight German Puma tank will be aimed both at the Bundeswehr and the Third World to compensate for the slow market in main battle tanks.⁵² As the

three suppliers move towards higher weapons technology, limits or restrictions on arms trade will move in that direction as well, and less sophisticated designs will be marketed more freely.

MULTILATERAL APPROACHES

Of the second-tier suppliers, the Federal Republic has the greatest potential interest in coordinated or multilateral limits on the arms trade. Traditionally Bonn has tried to submerge its diplomacy innocuously in multilateral associations, and its arms trade involvements show this preference as well. With a late start in reestablishing production capabilities, especially in aerospace, and in view of possible surplus production capacity and faltering world demand for products such as surface ships, the FRG, and for similar reasons the UK, could come to favor international agreements to "rationalize" the sale of arms and possibly apportion market shares.⁵³

Among the current or historically enacted multilateral restraints on Third World arms trade have been: the Tripartite Declaration of 1950 regarding the Middle East; UN sanctions, embargoes and studies; and regional understandings such as that of Ayacucho. In addition, proposed or hypothetical approaches have included: the superpower CAT talks; supplier coordination through the EC, NATO or the Western European Union; international arms trade and procurement registries; and a global consultative arms transfer committee. None of those enacted have made much of a dent in the international arms traffic, but they represent a class of restraints which could gain favor in future. In particular, multilateral approaches avoid some of the problem that unilateral restraints and embargoes historically seem to have stimulated greater arms traffic from competitive suppliers.

Perhaps the most effective of supplier agreements was the Tripartite Declaration among the US, UK, and France to regulate or balance arms shipments to the contestants in the Arab-Israeli conflict, in order to prevent a recurrence of the 1948-49 fighting. The agreement, which lasted until Egypt broke the Western arms supply monopoly to the region with the Czech/Soviet arms deal in 1955, also included British, French, and American guarantees of Middle Eastern states' territorial integrity. A Near East Arms Co-ordinating Committee was formed to keep track of and balance the arms traffic, with a view to the security needs of states in the region. This mechanism proved generally inconvenient for the regional adversaries, and for the suppliers as well, since the US and UK had by 1953 developed interests in an anti-Communist Middle Eastern alliance structure, including most Arab states. France also encountered the first Algerian anti-colonial struggles -- thus developing common interests with Israel.⁵⁴ While the US particularly was inclined to deny large scale arms shipments to Egypt and Israel, and while Britain denied Cairo supplies during the Suez base dispute of 1953-54 and had little interest in supplying Israel, France, with a recovering defense industry and with Washington's blessing, gradually became Israel's largest supplier. Britain and the US tried to win other Arab states such as Jordan and Iraq through arms supplies.

The Declaration thus came to constitute "more of a division of the market than a limitation on the sale of arms to countries of the region."⁵⁵ It also has been criticized for failing to meet three basic criteria of successful supplier agreements: (1) that they be of limited duration and backed by intensive efforts to settle political disputes driving regional arms races; (2) that all relevant potential arms suppliers be included; and (3) that suppliers' regional political objectives not impede the arms supply necessary

for a military balance acceptable to the conflicting parties.⁵⁶

However, the agreement also illustrated major arms suppliers' joint capability to prevent a regional arms race. Similarly the 1965 US-UK embargo of India and Pakistan limited regional warfare, although opening the region to competitive Soviet and Chinese influence. Such capabilities later were eroded somewhat by indigenous arms production, the proliferation of major and minor arms suppliers, the anti-colonial ethic, and worries about direct major power confrontation in the Third World (as in upholding security guarantees). However, the principle of supplier coordination, market sharing, and recognition of recipient security needs stands as a precedent for future control efforts.⁵⁷

Although the United Nations Charter says next to nothing about arms transfers, the Organization has indulged both in calls for coordinated approaches to the arms trade and for specific embargoes. Of the former, perhaps the best known are a series of proposed resolutions advocating an arms trade register and a study of conventional disarmament and the arms trade in 1981. From the first UN registry proposals in 1965, Britain has been among the few major powers to lend support. Subsequently the Federal Republic has come to favor such measures as well, calling for greater restraint by all arms suppliers and recipients, but premising agreement on prior arrangements to prevent the use of force in international disputes.⁵⁸

In 1970, London made clear its willingness to promote control of the arms trade especially through regional agreements in cooperation with other suppliers and recipients.⁵⁹ At the Special Session on Disarmament in 1978, the UK included proposals for conventional arms control in the draft program submitted with nine other Western states, and its proposal for consultations among major arms suppliers and recipients on the limitation of all types of

international conventional arms transfers was adopted in the final document. Britain stressed the regional approach throughout the 1970s and into the 80s, and in 1979 offered to participate in supplier-recipient talks once the Latin American/Caribbean states had agreed on possible measures of restraint. In relation to anti-terrorist concerns, the UK also has promoted a draft UN convention to ban the transfer of "inhumane" weapons, such as mines, boobytraps, incendiary and plastic fragmentation devices.⁶⁰

In rationalizing its own continued arms sales promotions, London consistently has fallen back on the theme that cutting its five percent share of global arms exports without multilateral restraints would have no significant beneficial effects. The Thatcher government also has come to stress the right of self-defense in UN Charter Article 51 as justification for sales to "friends and allies," blaming the USSR and certain developing states for opposition to multilateral discussion of the arms trade.⁶¹ In its own arms transfer reports, however, London remains unwilling to specify agreements and destinations except by region.⁶²

At least in public pronouncements, the French government has been much more skeptical than the British and West Germans about the value of coordinated or multilateral measures. Linking arms exports to French autonomy and Third World influence, French leaders were extremely slow in responding to the UN Security Council's South African arms embargo of 1963; in 1970 France was still Pretoria's major supplier.⁶³ In 1968, however, during the height of his domestic difficulties with the left wing, and while the bulk of French arms were still going to advanced industrialized states, President De Gaulle responded positively to Soviet and American calls for regional Third World arms limitations, particularly in the Middle East. Paris stated its willingness to examine the causes of arms trade if "in particular cases,

concerted measures could be decided upon and applied under a common accord."⁶⁴ This approach eroded, however, both because the superpowers themselves were sidetracked by events such as Vietnam and the Soviet-Czech intervention, and because France was tempted to erode superpower arms hegemony in regions such as Latin America. The French have come to view arms embargoes and joint supplier limitations as ineffective, merely spurring recipients' search for alternate suppliers or development of indigenous production.

Since De Gaulle's time, French leaders have maneuvered to maintain freedom of action, but have not entirely closed the door to multilateral restraints. At the 1978 UN Special Session on Disarmament, Giscard d'Estaing indicated a willingness to cooperate in regional arms limitations provided they were initiated by regional powers and included all concerned parties. By implication, potential purchasers would have to define a satisfactory arms level.

"Real progress cannot be achieved from outside, through some form of cartel of producers or by unilateral action. It can be based only on the joint will of the countries concerned and their agreement on the aim and scope of a verifiable regional agreement."⁶⁵

Even before taking office, Francois Mitterand confined his criticism of arms sales mainly to certain morally objectionable recipient states, and did not advocate across-the-board reductions. Thus, multilateral restraint would appear to depend in part on major powers and consumer states mounting initiatives and forcing France's hand, plus diminished domestic economic, technical, political and bureaucratic pressure to produce and sell weapons -- altogether unlikely short term prospects.⁶⁶

Western Approaches

Since the second-tier suppliers are NATO and EC members, one might expect common concern about the potentially destabilizing effects of arms transfers to important Third World regions, such as the Middle East or Africa. Yet on

the whole, except for occasional consultations between the UK and US, and German statements about arms exports and alliance interests, remarkably little coordination of NATO arms transfer policies is evident. NATO members continue carefully to limit "out of area" concerns lest the alliance's future be endangered by policy disagreements and competing priorities. Even when, for instance, the US and France intervened jointly and coordinated policies in Lebanon, Chad, and Zaire in the late 1970s and early 1980s, their approaches were decidedly unintegrated, and did not extend to coordinated arms transfer limits.⁶⁷

With a strong American initiative in the late 1970s, the prospect for a coordinated Western approach emerged on the eve of the CAT talks. The Carter administration intended to organize a conference of arms suppliers and consumers to extend arms control discussions to conventional weapons. Proceeding with unilaterally announced restraints, Washington applied "moral suasion" to Western Europe. The Administration sought reduced sales promotions by all major suppliers and regional arms control agreements, and developed (unannounced) criteria to evaluate Western Europe's cooperation: (1) that other suppliers not fill the gaps left as the US curtailed transfers, although they could maintain or even increase exports to their own traditional clients; (2) that other suppliers try to restrict the levels of sophisticated weapons technology released; and (3) that other suppliers consult with Washington before initiating new transfer agreements.⁶⁸ Naturally, such moral suasion did not sit well with allies, for reasons of pride, politics and production.

Publicly, Britain, France and West Germany indicated mild interest and tentative approval of the initial US proposals, but only if the Soviets could be involved. Barring such involvement, and subsequently that of the recipient

states, Britain and France particularly showed no interest either in solely Western supplier restraint.⁶⁹ As a result, the CAT process thereafter focussed exclusively on the ultimately fruitless US-USSR talks.

Despite considerable doubt about such endeavors within the French bureaucracy, the French government encouraged them provided a "global framework" could be arranged. France's support of regional solutions to arms trade problems emerged soon after.⁷⁰ Similarly, the British continued to stress their preference for regional approaches, and only as a seeming afterthought announced in 1979 that, "We have also followed with interest the talks between the United States and the Soviet Union (which between them have over 70 percent of the world's arms trade) on limiting the transfer of conventional weapons."⁷¹ The Germans had not yet changed their arms export guidelines, and maintained the image of a relatively NATO-oriented arms marketer, despite the reality of considerable and increasing Third World indirect sales.

Implied in the British statement is a hint of second-tier suppliers' basic objection to the CAT process at that time. They perceived themselves in a profoundly disadvantageous position in the international arms trade, and in relation to weapons technology and autonomy. In Europe, CAT restrictions appeared to imply a freeze on the status-quo, which had the US and USSR dominant in the field of high technology weaponry and its trade. West European defense budgets were tightly constrained, and the prospect of increased subsidization of arms production, increased domestic procurement, or increased unit costs did not excite planners.⁷²

If joint Western approaches are to be taken seriously and to work, they will require prior consultation and harmonization both of Western political and security policies regarding the Third World and of trade policy. Long

deferred hard bargaining on the apportionment of Third World and NATO arms markets would be required. This would probably entail a broader "two-way street" in US weapons purchases and sales within the alliance, and US willingness to restrict arms production capacity--perhaps on the model of farm-land "set asides"--or compensate smaller European suppliers in other ways, as in the purchase of civilian high technology products.⁷⁴

European Approaches

On the European side, a nascent movement toward security policy coordination is detectable. In 1983, this came to include calls for common European Community arms procurement and transfer policies. Joint EC arms embargoes of Argentina and Israel during their 1982 war constituted a precedent for such coordination, although admittedly only on matters of primary concern to at least one key Community member.⁷⁵

Stirrings of European interest in joint security policies and weapons procurement became evident in 1978, with a Western European Union (the organization with responsibility in defense matters) study claiming that the West European alliance arms market could be economical even without Third World exports. Joint weapons procurement proved difficult, however, because only four states produced most of Europe's weapons, and because national governments had varying force preferences. Article 23 of the Rome Treaty also allowed EC states to protect their security information and their domestic arms industries and trade. Further obstacles were encountered in co-production projects, over competition for project leadership and difficulty in translating experience in one type of arms production to another.⁷⁶

A series of European Parliament resolutions followed from 1978-84, on coordinated security, conventional arms and industrial policies.⁷⁷ Yet while these were adopted at Strasbourg, the heated debate indicated a lack of

consensus both within and among European countries, and there has been little subsequent implementation. Among the issues in contention were where any coordinated decision-making should take place (WEU vs. European Parliament vs. NATO vs. EC Council), and whether defense policy could be discussed in EC contexts. Arguments in favor of greater coordination of defense exports, coming especially from certain British, German, and Danish conservatives, stressed the need to avoid Euro-arms trade fiascos such as the Falkland and Gulf wars, and the untapped potential of the European as opposed to Third World arms market.

The Conservative majority could fall back on the EC Commission's strong support of cross-boundary defense industry coordination; by 1983 technocrats were citing the need for Europe to emerge as more competitive in high-technology fields to replace the dwindling coal and steel industries and to avoid over-dependence on the US. An expanded and coordinated Euro-arms industry would fit the EC tradition of reduced protectionism, and could be labelled conveniently as "industrial" or "security" policy to avoid the defense issue. On the specific question of arms exports, the Commission tended to hold back, however, since it entailed the controversial "sphere of political cooperation."⁷⁸ The Conservatives thought it unrealistic to propose no EC arms sales to the Third World, and opted instead for guidelines to promote "stability" and avoid harm to member states' political and economic interests. The EC could not presume to decide the security needs of the Third World, but certain types of equipment and technologies would be dangerous to export.⁷⁹

Although they initially had opposed discussion of such issues in the EC, many Socialists eventually joined in proposing, if not ultimately voting for the resolutions. Their concerns were somewhat similar to the Conservatives,

but went further as they argued for specific export rules and bans. Socialists worried that a coordinated European defense industry merely would enlarge the Euro-military-industrial complex and result in an increased push for both NATO and Third World sales. They reasoned that restrictions on the West German model should be extended throughout Europe, perhaps in an arms export convention, to ban sales to the Third World, to confine exceptions to demonstrable common European foreign and security policy interests, with safeguards against arms delivery to governments violating human rights, and end-use clause enforcement and prohibitions of barter deals. Third World development issues would be addressed, and the US and Soviets could be drawn into common arms export limits. Thus, the Socialist bloc hoped not simply to manage but to lower Europe's exports to the Third World. Most of their restrictive proposals and amendments were defeated, however, and most Socialists could not support the final resolutions.⁸⁰

Euro-Communists and particular national political groupings from a variety of countries opposed the resolutions as well. While generally denouncing the arms trade, Communists did not want the EC dragged toward NATO-like defense debates and doctrines. There could be no joint approach to arms sales without agreement on a joint EC foreign policy, an unlikely prospect in the near term. Both leftist and rightist representatives of smaller countries, and particularly many from Denmark, opposed moves toward greater EC security coordination as risking British, French, and German domination. The Danes had opposed the Euro-arms embargo against Argentina during the Falklands war as involving Denmark in that dispute, but by 1984 some Danish Socialists were willing to support establishment of a Euro-parliamentary committee on political aspects of security policy.⁸¹ Dutch MEPs argued in 1983 that a joint arms export approach could link Europe to France in sales to the likes

of Iraq. Greeks worried about a US "trojan horse" in defense co-production with British, French or German firms, and objected to lack of requirements for arms transfer reports to the Euro-Parliament.

Perhaps most tellingly, French Socialists opposed joint EC arms export restrictions as conflicting with French sovereignty. While favoring common industrial policies and joint projects to stimulate Europe's high-tech industries (presumably with French leadership), it was argued that the WEU was the only organ competent in defense matters:

"...a common industrial policy in the arms field is diametrically opposed to the principle of French national independence. Arms strategy is central to the planning, organization, and deployment of France's entire military apparatus. This is not an industrial question, it is a question of defense."

The Socialist government of France had supported the defense of Europe, but not necessarily a European defense, which could exist only with a single political authority. France viewed her European allies, with the exception of Britain, as sinking since World War II into "military dependence, national egoism, debilitation, and even destabilization and neutralism."⁸² Thus the requisite common outlook was lacking for a Euro-defense policy.

The fractured nature of the defense debate has been evident within as well as among major EC countries and particularly within Britain and the FRG. Anti-and pro-NATO factions, anti-and pro-nuclear factions, anti- and pro-arms industry and sales factions vie for public support and votes. Even for those contemplating joint European approaches, larger and divisive EC projects come first, such as common agricultural, budgetary and monetary policies.

The question also remains as to what degree and at what point it is possible or desirable to merge European initiatives in controlling the arms trade with those of the superpowers and consumer states. Must interested parties wait until the international climate for renewing CAT processes is

more auspicious, or can the processes be speeded with a greater sense of urgency as reflected in the Palme Commission Report of 1982 and in calls for a NATO arms trade coordinating committee?⁸³ The Palme Report urged arms suppliers to establish criteria for regulating arms transfers on an "equitable" basis, with restraints defined in terms of "quantities and qualities, geography and circumstances." As we have seen, various interests would define "equitable" differently, but the Report provides certain "guiding principles" which might or might not clarify matters:

- "No significant increase in the quantity of weapons which are transferred to a region.
- "No first introduction of advanced weapon systems into a region which create new or significantly higher levels of combat capability.
- "Special restrictions on the transfer of lethal weapons to warring parties, taking into account the inherent right of individual or collective self-defence.
- "Adherence to the implementation of United Nations resolutions and sanctions.
- "No transfer of particularly inhumane and indiscriminate weapons.
- "Special precautions to be taken when transferring weapons, such as hand-held anti-aircraft weapons, which if they fall into the hands of individuals or sub-national groups, would be especially dangerous."

The Report went on to support resumption and expansion of the CAT talks to include all major arms suppliers and to result in supplier-recipient talks in regions of tension. Regional security agreements and "zones of peace" could be developed, with principles of restraint to be respected by supplying states.⁸⁴

Apart from lingering ambiguities on such questions as "legitimate right of self-defense," "warring parties" and "significant increases," there remains uncertainty about the advisability of European restraints in the absence of superpower agreement. Some would argue that European arms represent an important alternative to superpower arms exports and the resultant dependencies and temptations for superpower intervention in the Third World.

Furthermore, a system parcelling out markets could work to the disadvantage of Third World arms purchasers by worsening the terms on offer in what has become a buyers' market. A tax on the arms trade, which also has been proposed in UN organs, might have similar effects, but also could diminish the oversupply of weapons.

Is there likely, then, to be more multilateral arms export control in the EC or NATO? Incrementally, yes, but not in a Euro-arms export convention at least in the short term. European parliamentarians, from the left, center and right gradually have come to favor at least some degree of joint control over arms exports. However the EP has little or no power to compel respective governments or the EC Council to adopt such measures. In cases of co-production (e.g., the Tornado fighter and its mild provision for final destination clauses in sales contracts), where crises similar to the Falklands or Lebanon arise, as embarrassments such as those in the Gulf war and shipments to repressive regimes multiply, and as concerns about terrorism and inappropriate release of high technology weapons mount, there will be increased pressure for joint supplier coordination and restraints. Indeed there has been some informal convergence of separate British, German, and French principles governing the arms trade. However, common NATO rules are likely to develop only if accompanied by greater US willingness to purchase European arms or restrict America's own arms sales. And it is not clear to what extent France would participate in or attempt to impede either European or NATO coordination in this field.

CONCLUSIONS

The leading second-tier arms suppliers limit their exports unilaterally to the extent of some concern about the release of sensitive technologies, and

to a lesser degree about the reliability of recipients (for example regarding support of terrorism) and the degree of domestic repression in the recipient state. While the British, French and Federal German governments all mention a determination not to send arms or "war weapons" to areas of on-going warfare, the reality belies such restrictions especially in the French and British cases, and particularly in the Middle East. Regarding technology restrictions, the Germans appear particularly sensitive about armored fighting vehicles, and especially main battle tanks. The British watch carefully for equipment of use to the USSR or terrorists, and pay some attention to domestic control potential. The French show concern about technology transfers, but orient much of their weapon designs to export. For all three governments technological restrictions appear particularly lax in the export of naval equipment. The Germans and French are relatively free with licenses to produce equipment abroad as well.

Prospects for increased restrictiveness in all such transfers depend upon several basic developments in the international arms markets and in international politics: (1) the resiliency of Third World regional markets; (2) the political future of NATO and decisions about the alliance's arms procurement; (3) superpower arms control initiatives and agreements; (4) European security policy developments; and (5) internal political debates in Europe about the benefits of military production.

Second-tier suppliers increasingly will be confronted by the choice of concentrating on sophisticated weapons systems primarily for the NATO market--with excess exports to wealthier or militarily ambitious Third World states--or moving toward the export of relatively simple designs, with few export restrictions, to a broad Third World market. In either case, Europe would contend with significant competition from other exporters. The choice

will depend partly on the buoyancy of the Third World market. But more fundamentally, it will depend on second-tier states' determination to stay in the weapons technology race. If the ability to produce aerospace systems, advanced naval systems, advanced electronic guidance, and advanced fighting vehicles remains a high priority and a symbol of national sovereignty, then second-tier suppliers will have to come to terms with the American challenge and will look to market relatively higher priced products.

Yet there are signs that Britain, France, and the FRG cannot stay in such a production league much longer on the basis of mainly national efforts. Naval and helicopter production are kept alive only with intense government subsidy, with the most successful naval marketing in Third World oriented designs (submarines and fast patrol boats). Mary Kaldor's contention that much of today's "sophisticated" weaponry is a "Baroque arsenal" could become an unavoidable European realization.⁸⁵ US and Japanese leadership in micro-chip and laser technology will complicate selection of a distinctively European defense product mix if traditional weapon systems are abandoned. Much will depend on the state of unemployment in Western Europe in the next decade, and available government defense budgets and R and D allocations in both defense and civilian sectors.

Government policy in this regard also will depend in turn on the future of NATO, and Europe's security role. If the alliance disintegrates, over such issues as nuclear policy or distrust of American leadership, European governments will be forced to spend more on conventional weaponry, and will experience an expanded Euro-defense market. Temporarily, at least, they might turn away from Third World markets, though interest in longer production runs eventually would bring them back to such markets just as it did for the Americans. If NATO is maintained, but with a decision to strengthen the

"European pillar," as appears increasingly to be an American preference, then many of the same tendencies would apply. However, if Washington were to provide the inducement of a more open "two-way street" in arms acquisition, or to restrict its own defense marketing, and if France were drawn back into the NATO market, the need for Third World sales would shrink considerably. It is here that the best prospects for a Western arms transfer regime would emerge, with market sharing, mutual compensation, and eventual consultation with the USSR and Third World customers.⁸⁶ If, on the other hand, NATO continues as is, with American domination of intra-alliance arms trade and unresolved British, French and West German security and technology ambitions, then the Third World market will remain Europe's release valve.

Prospects for a greater European security role, of course, depend upon ironing out the differences, apparent in the European Parliament, the EC and WEU, over foreign and defense policy. A consensus that arms sales need to be more carefully controlled is emerging, at least among British, German and smaller state representatives. Conceivably, there could be an iron-clad rule against arms exports or resupply to states or factions engaged in military combat, unless compelling European security interests could be demonstrated to the Council of Ministers.⁸⁷ But French and Communist arguments that a coordinated European foreign policy is a prerequisite make considerable sense as well. Meanwhile, weapons of a particularly inhumane nature, or which would be especially useful to non-governmental groups, might be restricted from trade on the model of informal COCOM agreements on trade to the East bloc. Such rudimentary multilateral arms control steps could provide the precedent needed to encourage further development of an arms transfer regime.

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Endnotes

1. Wolfgang Hoffmann, "Stagnating demand squeezes the trigger on the international arms business," The German Tribune, No. 1195 (September 15, 1985), p. 5, quoting Joachim Krause.
2. Michael R. Gordon, "Western Europe Leads in Arms Sales Report Says," New York Times (May 14, 1986), quoting the 1986 Congressional Research Service Study by Richard F. Grimmett, using "classified U.S. sources."
3. Michael Brzoska and Thomas Ohlson, "The Trade in Major Conventional Weapons," in World Armaments and Disarmament: SIPRI Yearbook 1986 (London: Oxford University Press, 1986), "The Future of Arms Transfers: The Changing Pattern," Bulletin of Peace Proposals, 16 (1985), pp. 129-37, and in the ADIU Report (Sussex, UK: Arms and Disarmament Information Unit Sussex University, 1985); US Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1985 (Washington, DC: 1985); and John Turner and SIPRI, Arms in the 80s: New Developments in the Global Arms Race (London: Taylor and Francis, 1985).
4. On various theoretical options, see Raimo Vayrynen, "Curbing International Transfers of Arms and Military Technology," Alternatives, 4 (July 1978), pp. 87-113.
5. Cynthia Cannizzo, ed., The Gun Merchants: Politics and Policies of the Major Arms Suppliers (New York: Pergamon, 1980); Andrew Pierre, The Global Politics of Arms Sales, (Princeton: Princeton University Press, 1982); and Stockholm International Peace Research Institute (SIPRI), The Arms Trade with the Third World (Stockholm: Almqvist and Wiksell, 1971).
6. Controls could address either the quantity or quality of weapons dispatched. They could be undertaken unilaterally by individual states, multilaterally by supplier cartels, or by agreements of suppliers and recipients. They might be aimed at a worldwide or regional balance or reduction of forces. Quid pro quo's could be included, on the model of the nuclear non-proliferation treaty, which require commensurate reductions in major power armament or significant capital investment or technology transfers to developing states. Controls could be based on legally enforceable treaties, or merely consist of informal arrangements. Agreements could be crisis oriented, i.e., apply in time of war or serious international tension, or designed to prevent destabilizing changes in military balances prior to hostilities. Restrictions could be narrowly or broadly defined, for instance to deal only with "war weapons," or to include all aspects of weapons, spare parts, licensed overseas production, technology transfer, military assistance, and support services. For a typology of controls, see Trevor Taylor, "The Evaluation of Arms Transfer Control Proposals," in Cannizzo, op.cit., pp. 167-85; and Herbert Wulf, "Arms Transfer Control: The Feasibility and the Obstacles," (mimeo: University of Hamburg, Institute of Peace Research and Security Policy, no date).
7. Regarding Third World development opportunity costs in arms purchases it is worth noting that the three major second-tier suppliers are

proportionally also among the largest development aid donors. The FRG gave 194% more development assistance than it sold arms to the Third World from 1976-80; France gave 83% more and Britain 54% more. By comparison, the US gave 14% more assistance, Italy 35% less assistance than arms, and the USSR 86% less. In a sense, then, the second-tier suppliers have replaced part of the scarce Third World revenue they have obtained in the arms trade. See the report of the National Conference on the Church and Development, to the Ausschusses für wirtschaftliche Zusammenarbeit (Bonn: Bundestag, February 22, 1984), p. 150.

8. Some have argued that it is misleading to equate Third World security needs with those of major powers. Warfare in the Third World involves many issues, some of which are no longer pressing in most of the industrialized world, such as border and ethnic disputes. Much of the military hardware exported to the Third World has been used for domestic control by entrenched elites. Most Third World conflicts have involved foreign intervention. Therefore, the "appropriate" level of armament for Third World deterrence, regional balance, or security could be far less, or different in configuration than that required elsewhere. Ibid., pp. 152-53.
9. Taylor, "Evaluation," op. cit.; and Richard K. Betts, "The Tragicomedy of Arms Trade Control," International Security, 5 (1980), pp. 80-110.
10. On the welfare and security functions of states as related to the arms trade, see Edward Kolodziej, "National Security and Modernization: Drive Wheels of Militarization," in Third World Militarization: A Challenge to Third World Diplomacy, ed. by J.S. Mehta (Austin: L.B. Johnson School of Public Affairs, 1985), pp. 43-70.
11. See Robert L. Pfaltzgraff, Jr., "Resource Constraints and Arms Transfers: Implications for NATO and European Security," in Arms Transfers to the Third World: The Military Buildup in Less Developed Countries, ed. by Uri Ra'anan, Robert L. Pfaltzgraff, Jr., and Geoffrey Kemp (Boulder, CO: Westview, 1978), pp. 159-75.
12. Frederic S. Pearson, "The Question of Control in British Defence Sales Policy," International Affairs (London), 59 (Spring 1983), pp. 211-38, "'Necessary Evil': Perspectives on West German Arms Transfer Policies," Armed Forces and Society, 12 (Summer 1986), pp. 525-52, "Of Leopards and Cheetahs: West Germany's Role as a Mid-Sized Arms Supplier," Orbis 29, (Spring 1985), pp. 165-81; Kolodziej, Making and Marketing of Arms: The French Experience and the International System (Princeton: Princeton University Press, 1986), Ch. 5 and 7; and Jean Klein, "France and the Arms Trade," in The Gun Merchants, op. cit., pp. 127-66.
13. Kolodziej, Making and Marketing, op. cit., "French Arms Trade: the economic determinants," in World Armaments and Disarmament, SIPRI Yearbook 1983 (London: Taylor and Francis, 1983), and "France and the Arms Trade," International Affairs (London), 56 (January 1980), pp. 54-72.
14. France joined the USSR as major Iraqi supplier, with British, German, and Italian equipment, co-produced systems and spares finding their way mainly to Iraq but in some cases to Iran as well, some as fulfillment of prior

large scale contracts. French sales to Iraq precluded a serious role for Paris as an Iranian or Syrian supplier, however. See World Armaments and Disarmament, SIPRI Yearbook 1985 (London: Taylor and Francis, 1985); and Kolodziej, Making and Marketing, *op. cit.*, ch. 7.

15. As of 1983, for example, more Third World weapons production was underway under German licenses than under any other country's; the figures were: FRG 44 licenses; USA, 43; France 26; UK, 22; Italy, 18; USSR, 13; Belgium, 7; Sweden, 5; and all others, 22. Thirty percent of German licenses were, however, for small arms and munitions. See the report by Herbert Wulf to the Ausschusses für wirtschaftliche Zusammenarbeit, *op. cit.*, p. 217.
16. See Kolodziej, Making and Marketing, *op. cit.* ch. 5
17. Michael T. Klare, American Arms Supermarket (Austin: University of Texas Press, 1984), pp. 96 and 214-16.
18. Brzoska and Ohlson, SIPRI Yearbook, 1986 *op. cit.*, p. 336.
19. Kolodziej, Making and Marketing, *op. cit.*, ch. 7.
20. Letter from John Simpson, University of Southampton (June 1986); letters from officials in the UK Ministries of Defence and Foreign and Commonwealth Affairs (May 1986); Martin Edmonds, "The British Government and Arms Sales," ADIU Report, *op. cit.*, 4 (Nov/Dec 1982), pp. 10-13; M. Dillon, "Arms Transfers and the Federal Republic of Germany," in The Gun Merchants, ed. by Cannizzo, *op. cit.*, pp. 104ff.
21. See L. Chirouf, "The French Debate: Arms Sales," ADIU Report, *op. cit.*, 3 (July/August 1981), pp. 15-17.
22. However, the manufacture of export oriented weapons can restrict as well as facilitate arms transfers to the Third World. When such systems are forced on reluctant military forces at home, as has sometimes been the case in France, military opposition to certain foreign sales can be generated. The French Dassault group reportedly had to seek Saudi funding for its Mirage 4000 twin engine export fighter because of air force opposition to the venture. The military in any given arms supplying state also tends to worry about being displaced in weapons acquisition by foreign sales. The UK Royal Air Force had to accept a later place on the Tornado production line in order to facilitate the Saudi sale. Armed forces have tended to lose such domestic procurement battles in recent years, contenting themselves with the secondary "benefits" of longer production runs and foreign acceptance of their weapons systems. In the process, they reportedly have fostered greater awareness in government of their position on arms exports. See for example, Kolodziej, Making and Marketing, *op. cit.*, ch. 5.
23. See Pearson, "Necessary Evil," *op. cit.*, 1986.
24. The French Defense Ministry disposes of considerable funds in subsidizing and promoting arms exports, and has a more elaborate apparatus of public and private banks, government credit and export agencies, and sales agents arranging Third World sales than either Germany or Britain. London has

tried to keep pace, however, with the Export Credit Guarantee Department (ECGD) of the Treasury standing ready to protect against customer default and arrange and underwrite private (often non-European) bank loans to companies and customers. The British Defence Ministry also is committed to reimburse government-owned and semi-governmental arms exporters, such as International Military Services, in case of defaults. Third World customers generally are rated lower in credit-worthiness by ECGD than more developed states, especially for military sales, although oil rich states and those with better re-payment records are boosted in the ratings. See Kolodziej, Making and Marketing, op. cit., ch. 6; Klein, "France," op. cit.

25. Interview with UK Defence Ministry official, July 1986.
26. Kolodziej, Making and Marketing, op. cit., ch. 7
27. John Stanley and Maurice Pearton, The International Trade in Arms (London: Chatto and Windus, 1972), pp. 185-87.
28. French Socialists had pledged to crack down especially on sales to colonialist, racist, or fascist governments in the Third World, and to push for greater parliamentary control of transfers through a reporting system. However, once in office in partnership with the Communists, and later on their own, they were caught up in the momentum of arms sales.
29. Chirouf, "French Debate," op. cit.
30. Kolodziej, Making and Marketing, op. cit., ch. 5, p. 60 (manuscript).
31. Unions specify that other states, and particularly the superpowers, must cut their arms exports first, that alternate production must be found for arms industries, and that the government must pay compensation for job losses. See Kolodziej, "France and the Arms Trade," op. cit., ch.5, p. 68 (manuscript).
32. Her Majesty's Government is responsible to make up shortfalls or facilitate interim financing in certain large arms deals, such as with Saudi Arabia, which involve barter rather than cash payment; varying markets for commodities make it difficult to predict the revenue of arms barter agreements and it has been argued that their terms violate EEC, OECD, and GATT rules. See also, Edmonds, "Arms Sales," op. cit., and Pearson, "The Question of Control," op. cit.
33. See. Edmonds and Pearson, Ibid.; Stanley and Pearton, International Trade, op. cit., pp. 187-93; and Interview with Defence Ministry official (July 1986).
34. For indications that Britain sells arms to repressive regimes, see data compiled by the Campaign Against the Arms Trade, London.
35. However, Israeli as well as Iraqi delegations were invited to the annual British Army Equipment Exhibition at Aldershot in 1986. See the Guardian (June 24, 1986).

36. Sir Geoffrey Howe, House of Commons Official Report, Annex C, Written Answers (London: Hansard, vol. 84, no. 172, 29 October, 1985), col. 454.
37. The British government tends to be less directly involved in the negotiations of defense exports than the more "dirigist" French; most Third World customers would be expected to buy from British manufacturers rather than from government stocks. Increasingly, though, the highest government officials, including the Prime Minister, have promoted and campaigned for arms deals abroad. In a sense the "arms length" governmental approach places Britain at an advantage if customers continue a recent trend of preferring direct purchases from companies in order to obtain more flexible terms, lower prices, and to avoid government restrictions. Twenty years ago, Third World customers demanded government-to-government contracts to assure quality control. Now, presumably more confident of their ability to evaluate the terms of contracts, Third World importers such as India want greater freedom of action and negotiation. However, the recent Tornado sale to the Saudis involved the British government directly in the unaccustomed role of dealer, buying the aircraft from British Aerospace and sending them, along with spare parts, missiles, and trainers to Riyadh in return mainly for oil shipments--oil to be disposed of through British commercial channels. Included as well were little publicized agreements to buy back older British aircraft from the Saudis, and cover financial shortfalls; Saudi Arabia also insisted on 35% offset arrangements (a difficult trick for British Aerospace to pump 35% of 4-billion pounds into the limited Saudi defense industry). Certain customers, like the Saudis, remain bureaucratically conditioned to demand supplier government backing and involvement.
38. Indeed, under a Labour government in 1974, Lucas Aerospace was encouraged, especially by the Labour left, to undertake a major reconversion effort from defense to socially relevant civil production projects and alternative technologies. Partly this was due to expected budgetary cutbacks and a possible recession affecting the defense sector. The enthusiasm and steam ran out of such joint government-labor-management endeavors with the failure to agree on marketable products, worsening economic conditions, and the Conservative victory in 1979. See the report of the Deutscher Gewerkschaftsbund to the Ausschusses fur wirtschaftliche Zusammenarbeit, op.cit., pp. 190-91; and Steve Vines, "The Lucas Aerospace Corporate Plan," in Democratic Socialism and the Cost of Defence, ed. by M. Kaldor, D. Smith, and S. Vines (London: Croom Helm, 1979).
39. Campaign Against Arms Trade, "Iran and Iraq: Arms Sales and the Gulf War" (London: 1986), quoting statements of March 29 and April 17, 1985.
40. Indeed the Conservative Government itself, or at least its main leaders, initially appeared most ready to allow Westlands to sink if unable to find financing and foreign orders on its own. The constituency containing Westlands was represented by a Liberal MP who strongly backed the employees in favoring the American funding bid. However, the Liberal Party itself has been committed to ending all arms sales, except in mutual defense treaties, and launching massive job retraining schemes. In their 1979 manifesto the Liberals also called for a "credible system of international controls of arms sales under the aegis of the United

Nations." In 1982 they called for the closure of the Defence Sales Organisation, albeit with its functions to be assumed by another government agency. Reviewing the Falklands campaign, Liberal leader David Steele advocated "a European initiative to control and register the sale of arms to third countries." The progressive restriction and reduction of arms sales under a Liberal government purportedly would begin with regimes which consistently and brutally violate human rights. See Ibid.

41. See Pearson, "Necessary Evil," op. cit.
42. G. Cowen, "Arms Exports and Government Policy: The West German Experience," ADIU Report, op. cit., 4 (July/August 1982), pp. 5-9.
43. Pearson, "Necessary Evil," op. cit.
44. Pearson, "Leopards and Cheetahs," op. cit.; Cowen, "Arms Exports," op. cit., p. 7; and Dillon "Arms Transfers," op. cit.
45. SIPRI, The Arms Trade with the Third World (Stockholm: 1971), p. 300..
46. Cowen, "Arms Exports," op. cit., p. 8; and "New Arms Export Guidelines Adopted," The Week in Germany, 13 (New York: German Information Center, May 7, 1982), p. 2.
47. See also Lesley Merryfinch, "What They Say; What They Do: The British Government and Military Exports," Occasional Papers, 3 (London: United World Education and Research Trust), p. 2; and Klein, "France," op. cit., p. 137.
48. Hoffmann, op.cit., citing figures compiled by Joachim Krause, of the Stiftung Wissenschaft und Politik in Ebenhausen.
49. As an indication of the stir caused in the Federal Republic by the proposed Saudi sales agreements, see The German Tribune, 1201 (October 1985), p. 7.
50. Pearson, "Necessary Evil," op. cit.; and the report by the Deutscher Gewerkschaftsbund to the Ausschusses für wirtschaftliche Zusammenarbeit, op. cit., pp. 180-84.
51. Brzoska and Ohlson, "Trade in Major Conventional Weapons," op. cit., p. 335; and Bernt Conrad, "Mertes: Westen solle Rüstungsexporte in Spannungsgebiete koordinieren," Diewelt (February 29, 1984).
52. Financial Times (London: July 10, 1986), p. 3.
53. See, Michael Lucas, "West Germany: Can Arms Save the Export Giant?" ADIU Reports, op. cit., 7 (July/August 1985), pp. 1-5.
54. Yair Evron, "The Role of Arms Control in the Middle East," Adelphi Papers, 138 (London: International Institute for Strategic Studies, 1977), p. 3.
55. Klein, "France," op. cit., p. 158; see also Anthony Sampson, The Arms Bazaar: The Companies, The Dealers, The Bribes: From Vickers to Lockheed

- (London: Hodder and Stoughton, 1977), pp. 172-73.
56. See Anne Hessian Cahn, "Arms Transfer Constraints," in Arms Transfers to the Third World ed. by Ra'anan, et. al., op. cit., p. 333, quoting Fuad Jabber (1972).
 57. See Pierre, The Global Politics, op. cit., pp. 292-301.
 58. Letter from a Federal German Minister of State (Bonn: July 1986).
 59. SIPRI, The Arms Trade (1971), op. cit., (Stockholm: 1971), p. 300.
 60. British Arms Control and Disarmament Policy: A Short Guide (London: Foreign Office, February 1979), pp. 11-12.
 61. When the UN study on conventional arms finally appeared in 1984, the Foreign Office mildly criticized the omission of British proposals for an arms trade, production and scrapping registry, mentioning that only Western governments appear willing to provide such information. The report's support for regional and supplier-recipient agreements and for reliable verification drew Whitehall's praise, however.
 62. See Arms Control and Disarmament Developments in the International Negotiations, 12 (London: Foreign Office, May 1982), p. 18; Arms Control and Disarmament Newsletter, 24 (London: Foreign Office, April-June 1985), pp. 44-47; and Statement on the Defence Estimates 1986. vol. 2 (London: Her Majesty's Stationery Office). p. 13. The British have argued that such non-disclosures are in deference to customer states' concerns about national security.
 63. Of course we cannot overlook the considerable amount of British and German equipment which has gotten through to Pretoria, in the German case largely through Paraguayan and other foreign connection or subsidiaries. Britain has dispatched more arms during periods of eased restrictions under Conservative governments, and both London and Bonn ship military equipment under "dual use" civilian/military or "non-lethal" categories. See for example, testimony by Wolf Geisler to the Ausschusses fur wirtschaftliche Zusammenarbeit, op. cit., pp. 223-33.
 64. Quoted by Klein, "France," op. cit., p. 159; see also Chirouf, "French Debate," op. cit., p. 15.
 65. Speech of Louis de Guiringaud, September 1978, quoted by Klein, "Arms Sales, Development, Disarmament," Bulletin of Peace Proposals, 14 (1983), p. 162.
 66. See Kolodziej, "France and the Arms Trade," op. cit.
 67. See also Peter Blomley, The Arms Trade and Arms Conversion (London: Council for Arms Control, discussion paper, 1983).
 68. Lawrence G. Franko, "Restraining Arms Exports to the Third World: Will Europe Agree?" Survival, 21 (January-February 1979), pp. 14-15.

69. See for example, the "ministerial reply" by John Gilbert, John Tomlinson, and James Wellbeloved, "Study into Defence Spending-- Summary of Conclusions," in Democratic Socialism, ed. by Kaldor, et. al., op. cit., pp. 545-47.
70. See Pierre, Global Politics, op. cit., p. 286; and Klein, "France," op. cit., pp. 160-61.
71. British Arms Control and Disarmament Policy: A Short Guide (1979), op.cit.
72. Sweden deliberately had restricted its Third World marketing, and still maintained aircraft production, but only at considerably higher unit costs (offset by a high domestic arms procurement budget, the use of cheaper foreign component parts, and a conscript army). See also, Franko, "Restraining," op. cit., pp. 16-22. Note that in 1975, nearly 80% of French arms exports consisted of aerospace and electronics, and French manufacturers of such products exported 50-60% of their output.
73. Prior to the CAT talks analysts had proposed to the US government and in technical journals a conventional arms transfer regime, or Conventional Arms Transfer Restraints (CATR), modelled after the London nuclear suppliers' "Club" bringing the major arms suppliers into frequent consultation about guidelines. Regional market sharing arrangements or qualitative restrictions could be enunciated in a continuous forum, somewhat similar to that of the Tripartite Agreement. Arms balance and stability would be stressed, as distinct from disarmament per se. No requirement for recipient approval necessarily would be attached, at least initially. Perhaps for this reason the plan evidently never reached the international discussion stage, but it represents an alternate approach if the major suppliers decide that Third World instability has become intolerable. Also countervailing prevailing European preferences, it was proposed that multilateral regulation begin with joint American-West European initiatives, without necessarily waiting for the Soviet Union. Carter administration failure to pursue such initiatives has been blamed on bureaucratic confusion and overload in Washington.⁷³ See Pierre, Global Politics, op. cit., pp. 292-301; and Helga Haftendorn, "Der International Rustungstransfer: Motive, Folgen, und Kontrollmöglichkeiten," Europa-Archiv, 33 (June 1978), pp. 331-40.
74. Franko, "Restraining" p. 25.
75. See Ronald L. Slaughter, "The Politics and Nature of the Conventional Arms Transfer Process during a Military Engagement: The Falklands-Malvinas Case," Arms Control, 4 (May 1983), pp. 16-30.
76. Frank Gregory, "The Euro-Community and Defence," ADIU Report, op. cit., 3 (September/October 1981), pp. 5-9.
77. These have been based on two "Klepsch Reports," in 1978 and 1984; the Haagerup Report of 1982, the Fergusson Report of 1983, and a study by defense experts, the Greenwood Report of 1981. The Klepsch Reports, by the Euro-Parliament's Political Affairs Committee, dealt with the question of joint European conventional armaments production and procurement under developing common industrial and security policies. The Haagerup Report

- called for coordinated European approaches to the political aspects of security, and more effective consultation between the Community and NATO. The Fergusson Report focussed on the supposed need for common defense industrial policies and common arms export guidelines. While somewhat pessimistic about establishing EC machinery for such coordination, the Greenwood Report advocated West European cooperation in military and civilian high-tech fields, through an intergovernmental Task Force for European Public Procurement and a European defense analysis bureau. The EC Commission subsequently softened this language, proposing a procurement "forum" instead of task-force to exchange information on defense markets and policies. Both plans were considerably less than the European Arms Procurement Agency sometimes proposed by advocates of common Euro-security policies. See Gregory, Ibid.; and Official Journal of the European Communities, Debates of the European Parliament, 1982-83 Session, Annex 1-293 (January 13, 1983), pp. 221ff; 1983-84 Session, Annex 1-304 (October 11, 1983), pp. 53ff; 1983-84 Session, Annex 1-305 (October 26, 1983), pp. 155ff; 1984-85 Session, Annex 1-313 (April 11, 1984), pp. 108ff.
78. See testimony by Commissioner Narjes, Debates of the EP, Official Journal, 1983-84 Session, 1-304 (October 11, 1983), pp. 74-75, Note that the Commission has been only selectively involved in the arms export issue, admitting that arms "counter trade" deals, eg., UK-Saudi oil barter, probably violate EC rules, but proposing no action on the matter.
 79. Mr. Haagerup, MEP, Ibid., p. 60.
 80. See the "Debate on Arms Procurement," related to the Fergusson Report, Official Journal, op. cit., (October 11, 1983), pp. 54-57.
 81. Debates on the second Klepsch Report, Official Journal, op. cit., (April 11, 1984), pp. 108ff.
 82. Madame Charzat, MEP, Ibid., p. 72, and see pp. 61-62.
 83. See Pierre, Global Politics, op. cit., p. 290; and Blomley, "Arms Trade and Conversion," op. cit., pp. 12-17.
 84. Common Security: A Programme for Disarmament, Report of the Independent Commission on Disarmament and Security Issues, Olof Palme, Chair (London: Pan, 1982).
 85. Mary Kaldor, The Baroque Arsenal (New York: Hill and Wang, 1981); on the dislocations and overcapacity in the German defense industry, see Peter Klilke and Herbert Wulf, "Rustungsproduktion in der Bundesrepublik: Industrielle Ubenkapaziaten und staatlicke Finanzierungsengpasse," Aus Politik und Zeitgeschichte (January 11, 1986), pp. 26-39.
 86. Renewed interest in Alliance and CAT arms export controls surfaced in the US Congress in 1983 with a proposed resolution calling for a cartel-like arms supplier agreement. Skeptics still outnumbered proponents, however. See "Would the French Go Along? International Cartel to Control Conventional Arms," Defence Week (February 28, 1983), p. 10. Third World arms importers undoubtedly would require compensation in the form of guaranteed supplies up to certain limits, and security guarantees, as well

as compensatory technology transfers and investments in both civil and military production. The latter would, of course, complicate arms control prospects and anger Western arms manufacturers.

87. Restrictions on second-tier arms supplies might not end regional wars where the combatants had large scale superpower connections, but such restrictions could constitute heavy pressure to settle wars between states such as Iran and Iraq. Consultations with Third World arms suppliers such as China and Israel also would be required.