

NATIONAL SECURITY AND ECONOMIC CONSIDERATIONS IN U.S. CONVENTIONAL ARMS TRANSFER POLICY

by Sumner Benson

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Nonproliferation analysts recognize that conventional arms transfers can encourage the spread of nuclear weapons and other weapons of mass destruction. For example, Joseph DiChiaro and Edward Laurance have pointed to “extensive linkages” between nuclear and non-nuclear proliferation and call for a “more comprehensive approach” to disarmament than focusing solely on the spread of nuclear weapons technologies.¹

Yet there is no international regime on conventional weapons comparable to the Nuclear Suppliers Group, the Zangger Committee, the Missile Technology Control Regime (MTCR), or the Australia Group. As Laurance’s recent analysis of the international arms trade since the end of World War II shows, national controls have been far more effective than multinational and international controls in limiting arms transfers.² Laurance also reminds us that arms export policies change

with time. Shifting international alliances, the emergence of new suppliers and recipients, and changes in markets, costs, and technologies all affect the policies of the major arms exporting nations.

This article uses the author’s experience in the U.S. Department of Defense (DOD) to explain how the United States approaches conventional arms transfers in the mid-1990s. The article emphasizes that arms export policymakers must consider a range of national security and economic factors, some working in favor of, and some against, any given arms transfer. In order to illustrate the interrelationship between security and economic considerations, the article discusses in some depth two major issues in United States conventional arms transfer policy. These are first, the proper role of economic competitiveness in deciding on U.S. arms exports and second, current concerns about Russia’s arms sales to selected nations. It

should be noted, however, that U.S. policymakers also must take account of the economic and security implications of sales by Britain, France, China, and other arms producers.

This article will first analyze the increased impact of economics on U.S. conventional arms sales to include changes in national and multinational policy on limiting arms transfers. Second, it will describe the ambivalence in current Russian arms transfer policy, which also is heavily influenced by economic factors. Russian policy combines dramatic reductions in sales from the height of the Cold War with continuing sales to a few nations that the United States believes to be threats to regional stability or contributors to the proliferation of weapons of mass destruction. Third, the paper will show that Congress and the Clinton administration are moving toward agreement that, on balance, security and nonproliferation considerations should have higher

priority than economic considerations in arms export decisionmaking. More tentatively, the paper concludes by suggesting how this emerging consensus within the United States government might be extended to U.S. and Western advocates of economic competitiveness, as well as to Russian leaders.

ECONOMIC COMPETITIVENESS AND ARMS EXPORTS

The collapse of the Soviet military threat and the growing importance of international trade in national foreign policies have raised challenges to the previous consensus that the United States should weigh security factors more heavily than economic factors in decisions

on arms exports. In the political climate of the mid-1990s, armaments sales are approached from the standpoint of trade balances, corporate sales, and employment as well as of national defense, arms control, and nonproliferation.

Executive Branch officials are promoting military exports in order to strengthen defense research and development (R&D) and productivity and to energize the national technology base. The Secretaries of State and Commerce have directed U.S. ambassadors, foreign service officers, and foreign commercial officers to give "full backing" to U.S. companies (including defense companies) competing for contracts and projects abroad.³ The Deputy Director of the Defense Security Assistance Agency (DSAA), which

manages government-to-government arms sales, has testified to Congress that "as our own defense spending decreases, defense exports have become much more important to the viability of individual U.S. defense firms and to our overall defense industrial base."⁴ There have been discussions (but not yet agreement) within both the Executive Branch and Congress about government loans to help finance military sales; such assistance is provided by the governments of other major Western defense exporters.

Although the United States now is the largest single arms exporter (see chart), competitive pressures remain high because of stagnant or declining global demand for arms. Moreover, historical experience suggests that continued U.S. premi-

*Global Arms Exports (Deliveries) By the Five Major Suppliers, 1988-1993
(in billions of current U.S. dollars)*

Source: U.S. government estimates, September 1994

	1988	1989	1990	1991	1992	1993
United States	16.9	15.4	13	13	14	14.7
U.S.S.R./ Russia	20.9	18.8	16	6.8	2.5	2.6
United Kingdom	5	4	3.5	4	5	3.2
France	5.9	6.2	6.9	3	4	.6*
China	3.6	2.2	1.3	1.2	.8	1

* This figure is based on preliminary information.

nence cannot be taken for granted. In 1969, for instance, the United States held 60 percent of the international arms market, but by 1985, this share had fallen to 20 percent.⁵

More broadly, defense sales (like defense R&D) are seen as helping to strengthen high-technology civilian production. The Chair of the President's Council of Economic Advisors has stated in a study on international competitiveness that "it is no accident that the countries that boast the major commercial aircraft producers are also the biggest arms-selling democracies."⁶ The Clinton administration is pressing the Departments of Defense and Energy to use the technologies developed during the Cold War to help spur national economic growth. In response, DOD has launched the Technology for Technology program (the "Perry initiative") with Japan, which seeks to exchange U.S. defense technology for Japanese dual-use (civilian and military) technology. DOD also has announced the National Flat Panel Display Initiative, with the intent both of lessening the present U.S. dependence on overseas suppliers for a critical military technology and of boosting an industry that is important to overall technological competitiveness.⁷

Finally, the increasing emphasis on economics has brought suggestions that the United States may at times have to reevaluate earlier international priorities. For instance, U.S. Trade Representative Mickey Kantor told Congress shortly after entering office that "in this Administration, trade policy is a part of integrated economic policy, and the fundamental goal is economic growth and the creation of high-wage jobs for American workers." The new Trade Representative then stated

that "past Administrations" had "often neglected U.S. economic and trading interests because of foreign policy and defense concerns" but that the "days when we could afford to do so are long past."⁸ One mid-level DSAA official told a DOD meeting in the summer of 1993:

Some of you are still worried about Russia and China as competitors in military power. The competitors that industry is worried about are Britain, France, and other Western arms exporters, because they are going after our share of the global defense market.⁹

IMPACT ON EXPORT CONTROLS

The greater weight given to the economic aspects of arms transfers has modified U.S. and Western export control policies.

The Bush and Clinton administrations have shifted responsibility for regulating export of many defense-related goods and services from the Department of State, which examines proposed exports primarily with an eye to foreign policy and national security, to the Department of Commerce, which looks primarily at corporate and national economic gains.

Furthermore, the Departments of State and Defense now are approving the sale abroad of communications and navigation equipment, weapons systems, and defense-related software that would not have been exported three or four years ago. Recent DOD policy statements on release of specific weapons and technologies require that licensing officers base their decisions on both security and economic factors. These officers must examine not

only how the proposed export would affect regional security, nonproliferation, and the maintenance of U.S. technological superiority, but also how it would affect defense sales and the defense industrial base. They also must judge whether a foreign company would be likely to make the sale if the U.S. company were prohibited from doing so ("foreign availability" of the proposed export).¹⁰

The United States and its former partners in COCOM (the Coordinating Committee on Multilateral Export Controls) have sharply reduced restrictions on export of many dual-use technologies. For instance, the Western nations have decided that computers and telecommunications are now too important a part of international trade for these technologies to continue under tight control.

These changes in export control policy are understandable in terms of economic competitiveness, but they pose two difficulties for arms transfer policy. First, liberalized U.S. and Western controls make conventional weapons and defense-related technologies more available to nations that lack effective export control systems of their own. This increases the risk that such goods will find their way into unstable regions or that they will reach "dangerous" or "rogue" governments.

A more subtle problem concerns attitudes toward conventional arms transfers. To the extent that economic considerations may tend to overshadow security considerations in decisions on arms exports, the presumption could take root that weapons and related technologies are little more than commercial products for the international marketplace—as distinct from implements

of war that are bought for the sole purpose of changing the regional or global balance of power. Laurance has raised this issue in a more specialized context by noting that the growing significance of “commercial” (as opposed to government-to-government) arms sales makes it possible that armaments will begin to be treated “more like tractors than [like] weapons of destruction.”¹¹

IMPACT ON ALLIED COOPERATION

Economic concerns also are hindering efforts to develop a post-Cold War international consensus on limiting arms transfers.

For example, the Western allies are establishing a successor organization to COCOM, which will supplement the existing nonproliferation regimes—the Nuclear Suppliers Group and Zangger Committee, the Australia Group, and the MTCR. The COCOM successor regime will focus on sensitive dual-use and military technologies and their export to dangerous governments and unstable regions. The former members of COCOM have agreed not to transfer arms to Iran, Iraq, Libya, and North Korea. They also have agreed in principle that exports to the Middle East and South Asia warrant particular attention because of regional security concerns.

These positions support the decision of the North Atlantic Council in January 1994 to “intensify and expand NATO’s political and defense efforts against proliferation” and to “develop an overall policy framework to consider how to reinforce ongoing prevention efforts and how to reduce the proliferation threat and protect against it.”¹²

Yet the COCOM members did not reach full agreement on the struc-

ture and mission of the new regime before COCOM itself formally went out of existence (on March 31, 1994). Moreover, Britain and France reportedly will not accept the U.S. proposal that each member of the new organization should notify the others before arranging arms sales to the two sensitive regions of the Middle East and South Asia. The United States believes that “pre-notification” of arms sales is a form of “transparency” that will discourage unneeded arms transfers and hence slow down regional arms races. In this view, pre-notification of sales to key regions would supplement the requirements of the United Nations Register of Conventional Arms. The Europeans maintain that pre-notification could have the effect of bolstering the U.S. position as the world’s leading arms exporter. It presumably would do so by permitting U.S. companies to learn about (and try to outbid) prospective sales by foreign competitors before those sales had been completed.

This delay in reaching allied consensus has implications for collective security and for nonproliferation policy. A reasonably unified approach to arms exports is needed to ensure that Western peacekeeping forces deployed in unstable regions do not again face Western technology as they did in Desert Storm. A reasonable consensus also is a prerequisite for allied efforts to persuade Russia (and perhaps China) to show greater restraint in military sales.

CHANGING RUSSIAN APPROACH TO ARMS TRANSFERS

The second major challenge to U.S. arms transfer policy is growing uncertainty about Russia’s goals

and behavior. Even if the United States and its allies succeed in developing a cohesive approach to arms exports, we cannot now predict to what extent Russia will support this effort.

There have been dramatic and encouraging changes in Russia’s arms export policies since the height of the Cold War. Total Soviet/Russian arms transfer agreements with Third World countries have plummeted from a peak of \$27 billion in 1987 to \$6 billion in 1991 and then to \$1.6 billion in 1992 and \$1.8 billion in 1993. That has brought a decline in the Soviet/Russian share of these agreements from 53 percent in 1987 to 21 percent in 1991, 6 percent in 1992 and 9 percent in 1992.¹³ Russian leaders have abandoned the ideology that once justified low-cost or free military transfers to pro-Soviet or anti-Western states; they now require payment in hard currency or in a combination of hard currency and commodity barter items. Russia also has complied with the United Nations embargoes on arms shipments to Iraq and Libya.

At the January 1994 Moscow Summit, President Yeltsin agreed (in a joint statement with President Clinton) to “create, together with other interested states, a new mechanism to enhance transparency and responsibility in the transfer of conventional arms and sensitive dual-use technologies.”¹⁴ This indicated that Russia planned to join the COCOM successor regime. Foreign Minister Andrei Kozyrev has repeated this pledge to cooperate with the West in controlling arms exports. In May 1994, for instance, Kozyrev spoke of the need to bolster the “seriously faltering nonproliferation regime [sic]” for nuclear and other

weapons of mass destruction and for missile technology. He then stated that it was “time to move from filling in the holes in that regime” to “tightening controls on the sale of dual-use technology and the more destructive forms of conventional weapons, especially in conflict zones.”¹⁵

These changes mean that for now at least, Russia openly or tacitly accepts several elements of the United States’ approach to conventional arms transfers. Most important, Russia is not transferring weapons to Iraq and Libya and is limiting its transfers to North Korea. These are three former Soviet client states and three of the four states that the U.S. believes should be under an arms embargo in the COCOM successor regime.

Such actions help explain why a recent analysis of the four multilateral export control arrangements (COCOM, Nuclear Suppliers Group, Australia Group, and MTCR) places Russia among the “collaborating states” that are not yet members of all four arrangements but that have stated they wish to join or work with all four.¹⁶

THE TENACITY OF THE DEFENSE INDUSTRIAL COMPLEX IN RUSSIA

Yet it seems likely that Russia will maintain its transfer of conventional weapons to several states whose actions challenge the Western concept of global stability.

If there now are economic incentives for the United States and the major European nations to continue exporting conventional armaments, there are even greater economic incentives for Russia to do so. In the 1980s, Soviet military spending took

an estimated 15 to 25 percent of Gross National Product, compared to 4 to 6 percent in the United States and somewhat less in Western Europe.¹⁷ In 1991, according to Ivan Silaev, who had served as Minister of the Soviet Aviation Industry and Chairman of the Bureau of Machine Building of the Soviet Council of Ministers, 70 percent of the industrial enterprises on Russian territory belonged to the defense complex, and production of civilian consumer goods accounted for only 26 percent of Russia’s industrial production.¹⁸ U.S. government agencies have estimated that “50% or more” of the “scientific workers” active in Soviet R&D in the mid-1980s were employed in military and space programs and that the “Soviet military R&D effort” might have employed as many people as “total American R&D.”¹⁹ As recently as 1991, when Soviet arms exports had already dropped greatly from their high point in 1986, they still represented about 10 percent of total Soviet exports, compared to about 2 percent of total U.S. exports.²⁰

Although Russia has reduced substantially the rate of production of its weapons and other military equipment as well as the size of its armed forces, most of the Soviet-built defense infrastructure remains in place. Russian design and production organizations are developing and manufacturing new generations of fighter aircraft, air-to-air missiles, attack submarines, and other weapons systems of Western quality.²¹

Moreover, managers and representatives of the defense industrial complex have consistently argued that these organizations should play the central role in boosting Russian industrial productivity and exports.

During the debates of the late 1980s on perestroika, a strong technocratic strain of thought maintained that modernizing—and to some degree privatizing—the existing industrial system would be a more practical and less socially disruptive approach to economic reform than the “shock therapy” of adopting the Western market system.²² The core of the industrial system was recognized as being the defense complex, which had long produced a wide range of machine tools, civil aircraft and ships, computers and other electronic equipment, and consumer goods. In the most recent estimate available, Julian Cooper, the leading Western student of Soviet industrial innovation, judges that in 1988, the ministries of the defense complex undertook three quarters of total Soviet industrial R&D and almost half of the country’s civilian industrial research.²³

In early 1993, Andrei Kokoshin, Yeltsin’s First Deputy Minister of Defense, stated that Russia’s “military-technical policy” serves as “one of the basic elements of national industrial and scientific-technical policy” and must contribute to the development of “critical technologies, including dual-use technologies.”²⁴

ARMS EXPORTS AND RUSSIAN ECONOMIC REFORM

Representatives of the defense complex have gone on to argue that arms exports offer Russia her best opportunity to enter the international marketplace. Some statements imply that armaments (including space technology) may be the only major sector in which Russian productivity is world class.

According to Cooper, for instance, during the late 1980s, the Mikoyan and Sukhoi aircraft design bureaus maintained, in effect, that it was "much better to export high-technology fighters for up to \$20 million per plane and use the proceeds to import consumer and other civil goods, than to convert aircraft design and production facilities to the manufacture of civil products for which they are often quite unsuited."²⁵ This argument gains credence from a Western analysis indicating that Soviet arms sales to the Third World in the 1970s and 1980s ranked either first or second in hard currency exports, helped finance Soviet high-technology industrial projects, and reduced unit costs of weapons production.²⁶ A well-informed analyst with a Moscow research institute has estimated that during the 1980s, armaments were second only to oil as a source of export income and "helped greatly to sustain the flagging economy" of those years.²⁷

Senior officials of the Yeltsin government frequently have stated that increased defense sales could help the Russian economy and that the loss of such sales is hurting the economy.

In May 1992, First Deputy Defense Minister Kokoshin maintained that the "defense complex is perhaps our main resource" in seeking to "occupy a worthy place in the world economy." Kokoshin said that "this resource must be used very assiduously, very earnestly, in a sensible way" if Russia is to "break into the world market and win our place in the sun."²⁸ In February 1993, Mikhail Malei, Yeltsin's leading advisor on defense conversion, stated that adherence to the United Nations arms embargoes on Libya,

Iraq, and the successor states to Yugoslavia had cost Russia \$7 billion in sales in 1992.²⁹

In November 1993, Aleksandr Shokhin, Deputy Prime Minister for Foreign Economic Relations, noted that Russia was looking for major increases in its arms exports and that "we hope for billions of dollars of business" from the Persian Gulf states.³⁰ In early 1994, when Yeltsin and Kozyrev were becoming more outspoken in defense of Russia's "national interests" vis-a-vis the West, Malei asserted that arms sales had dropped from about \$15 billion in the last years of the Soviet Union to about \$4 billion at present but that a major export drive could increase annual sales from that \$4 billion to \$10 billion.³¹

Yeltsin himself has indicated that he values arms sales because they will furnish hard currency and will encourage economic growth and social stability. In February 1992, at the height of democratic and market-oriented reform, the president stated that "trading in arms is a necessity for us" and that "Soviet weapons are highly popular in the world and easily find buyers." He also maintained that a major cutback in arms production would have dealt an "enormous blow to the plants which make them . . . [and] would have led to social tensions and placed millions of people on the edge of unemployment. So trading in arms is a kind of buffer."³² In November 1993, under increasingly unfavorable economic conditions, Yeltsin said that "[defense] conversion must not run counter to the interests of the country's defense capability," that the budget allocation for military R&D was "due to nearly double soon" and that "one of [Russia's] central tasks is to gain a firm footing in the world arms market."³³

The Russian government also has established a new state agency, Rosvooruzhenie, to regulate bidding for foreign purchases by enterprises that produce arms. Marshal Evgenii Shaposhnikov, former commander of the forces of the Commonwealth of Independent States and Yeltsin's representative to the new state company, has explained that the government intends to "bring order to military-technical cooperation and trade with foreign countries [and] to restore civilized forms of state monopoly in this sphere."³⁴

WHICH RUSSIAN SALES ARE DESTABILIZING?

Many Russian arms transfers are compatible with the West's view of international security, even though they challenge the U.S. and European hold on key defense markets. For example, the Western nations have not objected to Russian sales of MiG-29 fighter aircraft to Malaysia nor to present or projected sales of ground force equipment to the United Arab Emirates, Singapore, and South Korea.

However, Russia is exporting weapons to several governments that the United States sees as threatening regional and perhaps global stability. In an exaggeration that contained a core truth, one "senior Western diplomat" was quoted in early 1993 as stating that "Anybody can sell arms. But Russia's list of buyers is essentially our list of nasties."³⁵ Russian sales to three countries have caused particular concern.

Iran. During the period 1990-1993, Russia replaced China as Iran's principal supplier of conventional weapons. Arms deliveries totaled \$3.4 billion (about two-thirds

of Iran's total arms deliveries), and arms transfer agreements totaled \$3.7 billion (about two-thirds of Iran's total arms transfer agreements).³⁶ Deliveries and agreements have included main battle tanks, attack submarines, and advanced fighter and fighter-bomber aircraft (MiG-29s and Su-24s). These modern weapons could not have been produced in Iran. Russian arms sales seem likely to continue at a high level if Iran carries out its projection of several billion dollars worth of further military purchases.

These sales run counter to U.S. policy on regional security and on nonproliferation. The Iran-Iraq Arms Nonproliferation Act of 1992 states that the United States opposes "any transfer to Iran or Iraq of any goods or technology, including dual-use goods or technology," wherever that transfer could "materially contribute to either country's acquiring chemical, biological, nuclear, or destabilizing numbers and types of advanced conventional weapons."³⁷ The 1993 *Bottom-Up Review* of U.S. defense strategy and force structure lists Iran (along with Iraq and North Korea) as "likely [U.S.] adversaries" should U.S. forces be engaged on a large scale. It also states that the "ambitions of Iraq or Iran to dominate Southwest Asia" continue to "threaten our friends and allies" in the Gulf region and "could endanger global economic stability through limiting access to oil supplies."³⁸ In spring 1994, President Clinton's National Security Advisor Anthony Lake outlined a strategy of "dual containment" against Iran and Iraq, two of five "backlash states" that "assault [the] basic values" of the democratic and market-oriented nations committed to collective security.³⁹ Both Israel and pro-West-

ern Arab nations in the Gulf region have been disturbed by Iran's arms purchases and have stated that they fear that Iran is trying to replace Iraq as the dominant regional military power.

Iran's arms imports from Russia and other nations also support the argument by DiChiario and Laurance, noted at the beginning of this paper, that there are "extensive linkages" between nuclear and non-nuclear proliferation. Iran's conventional force buildup could help deter international pressure on Iran to stop its limited nuclear weapons program, just as North Korea's powerful ground forces have made it difficult to develop a consensus on how to deal with that country's much more advanced nuclear program.

To Russia, however, these transfers draw on historic ties to Iran that reach back to the nineteenth century and include oil-for-arms agreements with the Shah as well as large arms sales during the Iran-Iraq war of the 1980s. Lacking the U.S. and Western dependence on Persian Gulf oil, even a democratic Russia may believe that a strong and assertive Iran poses relatively little threat to Russian interests in the region. Indeed Russia might consider a powerful Iran as less "destabilizing" to the type of regional military balance that Russia favors than a powerful Israel or a powerful coalition of pro-Western Arab states backed by a Western military presence in the region.

China. Russia has become a major supplier of weapons and technology to China. In 1991, Russia sold China Su-27 fighters, and in November 1993, Russia signed an agreement with China that seems intended to help modernize China's military industries through transfer of Russian technology and know-

how.⁴⁰ There have been reports of widespread recruitment of unemployed Russian scientists and technicians by Chinese military laboratories and of negotiations with Russia to jointly produce the MiG-31 fighter.⁴¹ These actions suggest that the present Russian government sees China primarily as a potentially large market for Russian armaments, as it was in the 1950s and early 1960s. Moreover, Russia's overall trade with China is growing. It is likely that many extreme nationalists and communists would prefer close political, economic, and military ties with China over similar ties with the Western nations. China is much less likely than the United States, Europe, or Japan to draw Russia rapidly away from its Soviet legacy and to weaken the position of those who gain from that legacy.

The United States sees China from a different perspective. The U.S. government believes that China is moving closer to the international community, in security as well as economic matters. Beyond viewing China as a major market for U.S. exporters, the United States has been increasing its military-to-military cooperation with China and has developed plans to assist defense conversion in that country. State and Defense Department representatives travelling to China have used this improving relationship to begin a dialogue on nonproliferation and export control issues.⁴²

Nonetheless, China remains the great power that to date has been the least willing to accept the international community's approach to nonproliferation. At issue are ballistic missiles, nuclear technology, and conventional arms. In August 1993, the United States imposed MTCR sanctions on China for mis-

sile-related transfers to Pakistan. Such transfers could escalate the military rivalry between Pakistan and India and possibly (through transfers from Pakistan to Arab nations) could upset the regional balance in the Middle East. There were signs of progress on this issue just prior to President Clinton's meeting with the Chinese foreign minister and Secretary of Defense Perry's trip to China, both scheduled for October 1994.⁴³

Senator John Glenn, a major author of the Nuclear Nonproliferation Act of 1978, has pointed to United States concerns about China's export of nuclear technology.⁴⁴ A recent analysis in this journal notes that China acceded to the Nuclear Non-Proliferation Treaty (NPT) in 1992, but also states that "there is still a gap between [China's] general nonproliferation posture and its export practice," that China's export of enriched uranium, heavy water, research reactors, and other sensitive technology has "caused proliferation concerns," and that there is a legitimate question about "whether China will play by the same nuclear trade rules as other nuclear suppliers in the world."⁴⁵

Finally, smaller nations in East and Southeast Asia are concerned that China's program of expanding and modernizing its ground, naval, air, and missile forces is intended to make China the predominant military power in Asia. China seems likely to maintain its present position as the leading arms exporter among Third World countries, with short- and medium-range missiles among its niche items.⁴⁶ All these considerations suggest that Russian military transfers to China are of legitimate concern to the United States, and that Russia would con-

tribute to global stability and non-proliferation if it substantially decreased these transfers.

India. Russia's proposed transfer to India of rocket engines and manufacturing technology was one of the first challenges to the improving post-Cold War U.S.-Russian relationship. Russia defended the proposal by arguing that the long lead time to launch any missile with a cryogenic engine meant that such a system would not have "offensive" military capabilities. More important, Russia believed that continuing technical assistance to India was important both to Russia's trade and to its standing as a great power. Members of the State Duma, much of the space industry, and press commentators have argued that the United States opposed the transfer to India solely because of commercial rivalry with Russia in space technology—one of the few technologies in which Russia is competitive globally.⁴⁷

From the standpoint of the United States and the other MTCR partners, the projected transfer was inconsistent with the MTCR guidelines. Development of ballistic missile capabilities by India was particularly significant because that nation is one of the threshold nuclear powers that has not signed the NPT.

After reaching general agreement in 1993 that Russia will export the engines but not the manufacturing technology, the United States and Russia are now in final negotiations on how to implement this distinction. The United States believes that these negotiations and their subsequent implementation are important to the credibility of the MTCR because they will show how fully that regime will be supported by Russia, which is one of the two major producers of space technology.

The Indian case has brought to the fore an honest dilemma that faces democratic Russia in its efforts to transform the economy that it inherited from the Soviet Union. Russian leaders must weigh the benefits of continuing to rely on their defense industrial complex (which gives Russia a comparative advantage in world trade) as opposed to moving toward a consumer-oriented economy (which inherently produces fewer pressures to export arms and defense technology). As recently as July 1994, the Defense Intelligence Agency (DIA) reported "ambivalence within the [Russian] government" over restrictions on missile-related transfers. DIA judged that "many organizations are continuing—in some cases with Moscow's knowledge or acquiescence and in some cases without it—to try to sell missile-related hardware and technology to China and Third World countries."⁴⁸

AN EMERGING U.S. CONSENSUS

We have seen that economic competitiveness is making it more difficult for the United States and its allies to exercise the same restraint in exporting conventional arms that they do in controlling the spread of nuclear weapons. We also have seen that Russia has strong economic incentives to sell arms abroad and that its major buyers include nations that the United States believes are challenging regional stability and the international nonproliferation regimes. Both trends reflect an increase in the role of economic factors in the post-Cold War foreign policies of the great powers.

Yet these trends do not seem irreversible.

Over the past year the United States government has been moving toward agreement that, in the final analysis, arms exports are primarily matters of diplomacy and national security policy rather than of commerce and foreign trade policy.

Congress has maintained its long-held position that the United States should take the lead in trying to limit worldwide arms sales. In the words of the Arms Export Control Act (passed in 1968 and still in effect), the policy of the United States is “to encourage regional arms control and disarmament agreements and to discourage arms races.”⁴⁹ Although the defense industry favors more relaxed legislative guidelines, there is no sign to date that Congress intends to make major changes. During the development of the Clinton administration’s Conventional Arms Transfer Policy from fall 1993 through fall 1994, for instance, all participating offices and departments assumed that Congress was looking for initiatives that would slow the pace of global military transfers. This contrasts with strong legislative pressure in the late 1980s and early 1990s to reduce U.S. and COCOM controls on export of dual-use technologies.

The administration has upgraded the importance of security considerations since its technology transfer and export control policymakers began (in late 1993) to turn their attention from weapons of mass destruction to conventional armaments.

DOD officials known to be sympathetic to the defense industry have warned that the potential global arms market will not be large enough to offset the continuing decline in domestic purchases. For example, in September 1993, (then) Deputy Secretary William Perry said that “to

the extent the defense industry counts on [export sales], they are postponing the consolidation and downsizing their industry should be going through.”⁵⁰ In January 1994, (then) Under Secretary (Acquisition and Technology) John Deutch reiterated: “I don’t think the defense export market will ever be sufficient to really avoid the need for very significant additional downsizing of the defense industrial base.”⁵¹ Interestingly, chief executive officers of several major defense firms have informally told DOD leaders that they agree that foreign sales can provide only short-term relief to their industry as it goes through the painful process of restructuring.

This cautionary note on the economic benefits of defense exports has been matched by a renewed emphasis on the security implications of such sales. In February 1994, during his initial testimony to Congress as Secretary of Defense, Mr. Perry stated that the “first and dominant test” for any conventional arms sales had to be national security and that “it’s not an economic case.”⁵² In a major speech on arms transfers given in April, Under Secretary for Policy Frank Wisner said that the United States was “working closely with our friends and allies to stanch the possibility of destabilizing transfers.” Although Under Secretary Wisner indicated several ways in which the government would help U.S. exporters “benefit from every reasonable competitive advantage,” he made clear that the United States could “only allow arms sales when they support our national security and foreign policy objectives” and would “not sell arms for strictly economic reasons.”⁵³

The Under Secretary of State for International Security Affairs took

a similar position in February 1994 testimony to the Senate committee with jurisdiction over export controls. She assured the committee that the administration intended to “liberalize export controls,” but also stated that President Clinton’s speech to the United Nations the previous September had “pointedly elevated the importance of preventing the spread of weapons of mass destruction and sophisticated conventional weaponry on the international security agenda.”⁵⁴

This emerging security orientation was encouraged by the staff-level development of the administration’s Conventional Arms Transfer Policy. Early meetings in fall 1993 focused on assessments of the global arms market, with the implication that this was the environment within which U.S. policy would be shaped. That emphasis led to objections that arms exports are not normal commercial exports—“tanks are not dishwashers or refrigerators”—but represent formal U.S. government decisions and should help achieve U.S. military and foreign policy objectives. By fall 1994, the draft policy had become more balanced, highlighting United States diplomacy toward key regions and the preservation of United States military superiority while acknowledging that foreign sales could be vital to certain sectors of the defense industry.

When this policy was presented to President Clinton in October 1994, it was supported by the Office of the Secretary of Defense, the Joint Chiefs of Staff, the Department of State, the Arms Control and Disarmament Agency, and the Department of Commerce. The only remaining issues for the president to decide were not cases of national

security or nonproliferation “versus” economic competitiveness, nor did they align the Defense Department against the Commerce Department (as has often occurred on major issues of dual-use exports). It should be noted that Commerce plays a much less important role in defense exports than in dual-use exports. That is so because State grants the licenses to sell defense goods abroad (Commerce grants the licenses for dual-use exports), because State considers arms sales an important tool of U.S. foreign policy, and because Defense works closely with State on arms transfer policy and possesses the U.S. government technical expertise on military equipment.

PERSUADING THE TRADE AND BUSINESS COMMUNITY

Recalling the two major policy problems discussed in this paper, we are led to ask whether the emerging consensus within the United States government can be extended to include U.S. and Western advocates of economic competitiveness, as well as military and diplomatic leaders within Russia. It is too early to answer this question, but we can indicate lines of argument that may be persuasive to each group.

During the Cold War, business executives and trade officials understood that a commitment to free trade did not mean an insistence on selling goods and technologies that could weaken U.S. and allied security. The Western nations embargoed military and dual-use exports to the Soviet bloc in order to maintain the technological superiority needed to offset Eastern superiority in numbers of troops and weapons. These sacrifices in potential sales to the

Soviet bloc led indirectly to even greater sales to other regions. Because export controls helped to strengthen the Western-sponsored collective security system, they helped to encourage the rapid economic growth of many newly industrializing countries and the consequent opening up of new markets for Western exporters.

In the mid- and late 1990s, the Western nations need to regulate arms exports in order to guarantee the continued growth of world trade in the face of a less direct, but more diverse, set of dangers. The end of the Cold War has coincided not only with the spread of advanced technology for commercial and scientific use but also with the proliferation of advanced conventional weapons and the capabilities to produce weapons of mass destruction. Tensions in Northeast Asia, South Asia, the Middle East, and the Balkans all threaten military conflicts that could disrupt established and prospective patterns of trade and investment. Such tensions can be heightened by unwise transfers of conventional arms.

This means that sophisticated advocates of economic competitiveness must accept certain limits on defense-related exports in the 1990s, just as sophisticated advocates of free trade accepted certain limits on such exports during the Cold War. For example, the United States has prohibited sales of specific weapons and defense technologies to India and Pakistan in order to slow both nations’ nuclear weapons programs and to preserve the U.S. position as an honest broker in South Asia. Such prohibitions inevitably impose costs on individual arms exporters. But these costs are far less than the costs that would be borne by U.S.

industry as a whole if a nuclear or even a major conventional war broke out between India and Pakistan.

Equally serious difficulties could arise from the direct or indirect transfer of advanced technologies to such states as Iran, Iraq, Libya, or North Korea. Certainly no advocate of trade or competitiveness wishes to repeat the situation that occurred in Iraq in the 1980s, when a few U.S. and European companies made sales that strengthened Saddam Hussein’s capability to threaten the Gulf oil lines and disrupt the international economy.⁵⁵ To the extent that export controls help limit the military strength of an aggressive nation, these controls will help stabilize the surrounding region and increase the prospects for trade with, and investment in, that region.

That is one reason why a 1991 National Academy of Sciences study concluded that, even after the Cold War, export controls can “still contribute significantly to our national security” and that the regimes for “proliferation controls” must be “brought fully under the rubric of national security.”⁵⁶ In fall 1994, the author believes that most U.S. defense companies will not find serious difficulty in complying with the Clinton administration’s Conventional Arms Transfer Policy, which is one element of U.S. nonproliferation policy.

ENLISTING RUSSIAN SUPPORT

It is less clear that Russia will come to support the U.S. position on destabilizing arms transfers. As discussed earlier, arms exports are important to Russian economic growth and social stability. Moreover, the strong showing of commu-

nist and extreme nationalist parties in the December 1993 elections has boosted national assertiveness and often put the burden of proof on officials who favor cooperation with the West. Nonetheless, there are reasons why Russia might come to reevaluate its arms export policies with respect to Iran, China, and India.

First, Russia's present approach to arms transfers is strengthening nations that might directly or indirectly raise problems for Russian security. Political and military writers, including Marshal Shaposhnikov, have expressed concern about dangers to the Russian heartland if either Iran or Turkey draws the Muslim Central Asian states and Azerbaijan away from the Russian sphere of influence.⁵⁷ A recent Russian analysis of nuclear proliferation maintains that the "center of nuclear danger has shifted from the zone of developed countries to the zone of the developing world—to the Near East and South Asia." This analysis states that "in all probability" Iran (and also Libya, Syria, and Algeria) are seeking a "small number (10 to 20) of nuclear devices as a guarantee of security and as a means of political pressure on neighboring countries."⁵⁸ Iran's appeal to militant Muslims along Russia's periphery presumably will grow as Iran continues to augment its military capabilities.

Similarly, Russia's military assistance to China could embolden a nation that has challenged Russia for leadership in Asia in the past and whose current military buildup is of considerable concern to Russia's new trading partners in Northeast and Southeast Asia. President Yeltsin's agreement to increase bilateral military cooperation with

China was reportedly criticized on the grounds both that China might pose a long-term security risk to Russia and that close ties with China would harm what these critics termed Russia's "more important" relations with the United States and Japan.⁵⁹ Certainly the Yeltsin government and most moderate nationalists in the parliament recognize that the United States, Western Europe, and Japan are far better able than China to provide Russia the technology, management know-how, and access to global markets that are needed if Russia is to enter the world economy as a serious competitor.

There also is evidence that the Chinese government may have doubts about the value of close military ties with Russia. Recently, a senior Chinese analyst hinted at a revival of the U.S.-Chinese strategic relationship that was designed to restrain Soviet expansionism in the 1970s (the Nixon-Kissinger and Carter-Brzezinski "China card"). During the July 1994 visit to Beijing of the Commander-in-Chief of the U.S. Pacific Command, this retired Chinese general officer stated that "even though we enjoy good relations with Russia at the moment, we don't know when that country will start misbehaving and showing its strength [. . .]. China can be very important in maintaining the balance of power, particularly in Central Asia."⁶⁰

Although Russia's transfer of rocket technology to India could not threaten Russia militarily, it does pose potential security problems. The Russian Foreign Ministry apparently has concerns that Russian support for India's missile program could encourage Pakistan and neighboring states to seek similar technology.⁶¹

More tentatively, we may suggest that Russia might rethink its transfers of arms and technology to nations the United States considers destabilizing because Russia's present policy could weaken the international nonproliferation regimes that work to Russia's benefit.

In the 1970s and 1980s, the Soviet Union supported the NPT and its implementing organizations in part because several potential nuclear weapon states were Western-oriented nations geographically ranged around Soviet borders—Israel, Pakistan, Taiwan, and South Korea, as well as (in the Soviet view) Germany and Japan. Soviet leaders also were haunted by the specter of China, which had become a nuclear power in part because of Soviet technical assistance. After the dissolution of the Soviet Union, political reformers, nationalists, and military planners have all welcomed the renunciation of nuclear weapons by the former Soviet republics of Ukraine, Belarus, and Kazakhstan. Russia has been fortunate that the Western powers have accepted it as the sole successor to the Soviet Union as a nuclear weapon state.

That is why Russia might come to accept some of the U.S. arguments against arms and technology transfers to Iran, China, and India. If Russian military sales strengthen potential proliferants either directly (Iran and India) or indirectly (through retransfers by China or the example set by India for southern Asia), some of the Western nations may begin to question why they should continue to give up sales of missile and nuclear technology to countries that should cause at least as much security concern to Russia as to the West.

There is some indication that the Russian Foreign Ministry understands that there is a risk here. Kozyrev reportedly stated in late 1992 that "Russia will have to demolish the suspicion that it might become the source of reckless proliferation of military technologies to unstable regions."⁶² Russia's more recent national assertiveness would make such a blunt statement highly unlikely today. However, Yeltsin's and Kozyrev's 1994 statements in support of limiting conventional arms transfers (cited earlier) suggest that the Russian government still believes that the nonproliferation regimes contribute to the national security of all the great powers and that, in turn, all the great powers must exercise some restraint in order to preserve these regimes.

We should also recall that, even if Russia complies with specific U.S. requests to limit arms exports to Iran, China, and India, Russia still would have access to most global defense markets.

This combination of security and economic considerations could offset the pressures of the defense industry and political nationalism. It might persuade Russian political and military leaders that there is more to be lost than to be gained by selling arms on a large scale to the few states that the Western nations consider to be destabilizing, and some of whose activities may well pose threats to Russia's own security. At the Washington Summit in September 1994, President Yeltsin agreed to limit future arms sales to Iran, although it was not clear where Russia intended to draw the line between existing and future contracts and programs.⁶³

PROSPECTS

We cannot now project how full a consensus can be reached among the United States and the other Western nations on conventional arms transfers, let alone whether Russia would join such a consensus.

Economic and political trends in Russia and the West may preclude the great powers from reinforcing their reasonably cohesive approach to nuclear nonproliferation with an even moderately cohesive approach to controlling the transfer of conventional weapons. In that event, arms exports will tend to reflect economic more than security considerations, and there will be a greater likelihood of regional arms races and instabilities. Such instabilities would be less likely than in the Cold War to lead to East-West confrontation, but more likely to involve weapons of mass destruction.

Yet the strategic logic behind the United States' approach to arms transfers could win support from advocates of economic competitiveness and perhaps from advocates of Russian national power. The United States believes that its concept of global stability offers the only practical means of ensuring the continued growth of international trade in a world where the proliferation of nuclear and advanced conventional weapons could rival the spread of commercially-oriented technologies. The U.S. approach also addresses several security problems that face post-Cold War Russia, without requiring Russia to give up the bulk of its arms sales.

There is, therefore, the possibility of a conventional arms transfer regime in which trade policy and security policy coexist within the Western world and Russia acknowl-

edges that selective restraint in military exports serves its own interests as well as those of the West.

¹ Joseph DiChiaro III and Edward J. Laurance, "Nuclear Weapons in a Changing World: Consequences for Development," *The Nonproliferation Review* 1 (Winter 1994), pp. 27, 29.

² Edward J. Laurance, *The International Arms Trade* (New York: Lexington Books, 1992), pp. 96-98, 120-123, 165-169.

³ See the statement to U.S. ambassadors by Secretary of State Christopher, quoted in David Silverberg, "Clinton Defies Wisdom, Backs Defense Sales," *Defense News*, May 17-23, 1993, p. 3.

⁴ Glenn A. Rudd, "U.S. Military Assistance and Sales to East Asia," *The DISAM Journal of International Security Assistance Management* 15 (Summer 1993), p. 86.

⁵ William D. Bajusz and David J. Louscher, *Arms Sales and the U.S. Economy. The Impact of Restricting Military Exports* (Boulder, Colo. and London: Westview Press, 1988), pp. 9-11.

⁶ Laura D. Tyson, *Who's Bashing Whom? Trade Conflict in High-Technology Industries* (Washington, D.C.: Institute for International Economics, November 1992), p. 160.

⁷ Office of the Assistant Secretary of Defense (Public Affairs), News Release, "DOD Acts To Guarantee Access to Flat Panel Displays. National Flat Panel Display Initiative," April 28, 1994. Keith Bradsher, "Pentagon Tests New Policy in Subsidizing an Industry," *The New York Times*, April 28, 1994, pp. D1, D6. John Mintz, "The Pentagon Bids To Pick a Winner. Flat-Panel Screen Initiative Exemplifies 'Industrial Policy'," *The Washington Post*, April 29, 1994, pp. B1, B3.

⁸ Mickey Kantor, "U.S. Trade Policy and the Post-Cold War World. Statement before the Senate Finance Committee," March 9, 1993, in *U.S. Department of State Dispatch* 4 (March 15, 1993), pp. 143-144.

⁹ Chief, Weapons Systems Division, DSAA, statement to author and other members of informal DOD working group on arms transfers, July 1993.

¹⁰ See, for example, Department of Defense, "Policy on International Transfer and Export Control of Inertial Navigation Systems, Gyroscopes, Accelerometers, Other Systems, and Related Technology," April 30, 1991, Section A and Department of Defense, "Policy on International Transfer and Export Control of Tactical Aircrew Combat Training Systems (TACTS)/Air Combat Maneuvering Instrumentation Systems (ACMI) and Instrumented Air-to-Ground Weapon Scoring Systems," May 6, 1991, Section 2.A.6.e and Change 1, January 15, 1993.

¹¹ Laurance, *op. cit.*, pp. 166-167.

¹² "Declaration of the Heads of State and Government Participating in the Meeting of the North Atlantic Council Held at NATO Headquarters, Brussels, on 10-11 January 1994," para. 17, in

NATO Review 42 (February 1994), p. 32. For an earlier statement of NATO's concern about arms proliferation, see "Declaration of the Heads of State and Government Participating in the Meeting of the North Atlantic Council in Brussels, 29th-30th May 1989," para. 31, in *NATO Review* 37 (June 1989), p. 30.

¹³ See Richard F. Grimmett, *Conventional Arms Transfers to the Third World, 1985-1993*, CRS Report for Congress 94-612F (Washington, D.C.: Congressional Research Service, July 29, 1994), pp. 7, 50 (Table 1A), 51 (Table 1B). Figures are in constant 1993 U.S. dollars. Data for 1987 and 1991 represent transactions of the former Soviet Union as a whole; data for 1992 and 1993 are for Russia exclusively.

¹⁴ Office of The White House Press Secretary, "Moscow Declaration" (signed by Presidents Clinton and Yeltsin, January 14, 1994), p. 1. For a slightly different text, signed by the foreign ministers, see Office of Public Information, Arms Control and Disarmament Agency, "Joint Statement on Issues of Export Controls and Policy in the Area of Transfers of Conventional Weapons and Dual-Use Technologies" (Washington, D.C., January 16, 1994).

¹⁵ Andrei Kozyrev, "The Lagging Partnership," *Foreign Affairs* 73 (May/June 1994), p. 67.

¹⁶ Gary K. Bertsch and Richard T. Cupitt, "Non-proliferation in the 1990s: Enhancing International Cooperation on Export Controls," *The Washington Quarterly* 16 (Autumn 1993), p. 59.

¹⁷ David Bernstein and William J. Perry, *Defense Conversion: A Strategic Imperative for Russia* (Stanford, Calif.: Stanford University Center for International Security and Arms Control, August 1992), p. 7. Some estimates for Soviet defense spending are higher than 25 percent of GNP.

¹⁸ Cited in Stephen R. Covington and John Lough, "Russia's Post-Revolution Challenge: Reform of the Soviet Superpower Paradigm," *The Washington Quarterly* 15 (Winter 1992), p. 17.

¹⁹ Norbert D. Michaud, "The Paradox of Current Soviet Military Spending" and Vladimir Kontorovich, "The Long-Run Decline in Soviet R&D Productivity," in Henry S. Rowen and Charles Wolf, Jr., eds., *The Impoverished Superpower. Perestroika and the Soviet Military Burden* (San Francisco, Calif.: Institute for Contemporary Studies, 1990), p. 116 and pp. 265, 347 (note 39), respectively.

²⁰ Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers, 1991-1992* (Washington, D.C.: U.S. Government Printing Office, March 1994), p. 23 (Figure 18).

²¹ See, for example, the periodic reports in *Jane's Defence Weekly and Defence News*.

²² Julian Cooper, *The Soviet Defence Industry. Conversion and Economic Reform* (New York: Council on Foreign Relations Press for the Royal Institute of International Affairs, 1991), especially chapters 4 and 5. Anders Aslund, *Gorbachev's Struggle for Economic Reform*, Updated and Expanded Edition (Ithaca, N.Y.: Cornell University Press, 1991), especially chapter 2. See also Paul Cocks, "Soviet Science and Technol-

ogy Strategy: Borrowing from the Defense Sector," in U.S. Congress, Joint Economic Committee, *Gorbachev's Economic Plans. Study Papers* (Washington, D.C.: U.S. Government Printing Office, November 23, 1987), Vol. 2, pp. 145-160.

²³ Cooper, *op. cit.*, p. 14.

²⁴ A. A. Kokoshin, "Protivorechiia formirovaniia i puti razvitiia voenno-tekhnicheskoi politiki Rossii" ("Contradictions in the Formation and Course of Development of Russia's Military-Technical Policy"), *Voennaia mysl' (Military Thought)*, 1993, No. 2, p. 2. See also the citations in Mary C. FitzGerald, *The Impact of the Military-Technical Revolution on Russian Military Affairs*, HI-4209 (Washington, D.C. and Indianapolis, Ind.: Hudson Institute, August 20, 1993), Vol. II, pp. 341, 351-354, 361.

²⁵ Cooper, *op. cit.*, p. 65. Even in recent joint ventures between the Russian aviation sector and Western aircraft companies, there has been "little direct transfer of military technologies to civil aircraft designs." See Defense Intelligence Agency, "Statement for the Record of Mr. William Grundmann, Director for Combat Support, Defense Intelligence Agency, to the Joint Economic Committee of Congress," July 15, 1994 (typescript), pp. 21-22.

²⁶ George E. Hudson, "The Economics of Soviet Arms Transfers: A Policy Dilemma," in David J. Louscher and Michael D. Salomone, eds., *Marketing Security Assistance: New Perspectives on Arms Sales* (Lexington, Mass.: Lexington Books, 1987), pp. 65-78.

²⁷ Konstantin Sorokin, "Russia's 'New Look' Arms Sales Strategy," *Arms Control Today* 23 (October 1993), p. 8.

²⁸ A. A. Kokoshin, First Deputy Minister of Defense, interview with A. Peslyak, broadcast on Moscow Television Network, May 31, 1992; in FBIS-SOV-92-105 (1 June 1992), p. 27.

²⁹ Steven Erlanger, "Moscow Insists It Must Sell the Instruments of War To Pay the Costs of Peace," *The New York Times*, February 3, 1993, p. A6 (International edition).

³⁰ John Lloyd, "Russia Boosts Arms Trade," *Financial Times* (London), December 1, 1993, p. 2.

³¹ Anatoly Verbin, "Yeltsin Puts Reins on Arms Exports," *The Washington Times*, February 21, 1994, p. A11. See also M.D. Maley, Chairman, Security Council Interdepartmental Commission for Defense Industry Scientific-Technical Issues, interview with G. Sidorova and I. Filatova, "Opinion: Mikhail Maley: We Need Firm, Comprehensive Rule," *Delovoy Mir*, April 11-17, 1994; in JPRS-UMA-94-020 (25 May 1994), p. 39. The Defense Intelligence Agency estimates that a major sales effort could boost Russian arms exports "moderately" (by \$2-4 billion annually) by the turn of the century. See Defense Intelligence Agency, *loc. cit.*, p. 24. For a pessimistic assessment of Russia's competitive position in the global arms market, see Clifford Gaddy and Melanie Allen, "Dreams of a Salesman. The Russian Drive to Increase Arms Exports," *The Brookings Review* 11 (Fall 1993), pp. 36-41.

³² Fred Hiatt, "Russia Boosts Weapons Sales To Aid Economy," *The Washington Post*, February 23, 1992, p. A1.

³³ Daniel Sneider, "Yeltsin Downplays Impact of Conversion," *Defense News*, November 22-28, 1993, p. 18.

³⁴ Verbin, *loc. cit.* See also Sorokin, *loc. cit.*, pp. 8-9, 12; Kieran Cooke and Bruce Clark, "Coup for Russia's Arms Sales Drive," *Financial Times*, June 6, 1994, p. 6; and Defense Intelligence Agency, *loc. cit.*, p. 25.

³⁵ Erlanger, *loc. cit.*

³⁶ Grimmett, *op. cit.*, pp. 44 (Chart 12), 57 (Table 1H), 68 (Table 2H).

³⁷ "Iran-Iraq Arms Nonproliferation Act of 1992," Title XVI, Section 1602 (a) of the National Defense Authorization Act for Fiscal Year 1993, Public Law 102-484, October 23, 1992, 106 Stat. 2571.

³⁸ Secretary of Defense Les Aspin, *Report on the Bottom-Up Review* (Washington, D.C.: U.S. Department of Defense, October 1993), pp. 5, 7.

³⁹ Anthony Lake, "Confronting Backlash States," *Foreign Affairs* 73 (March/April 1994), pp. 45-55. The other "backlash" states are Cuba, North Korea, and Libya. See also Richard C. Barnard and Barbara Opall, "Israel Targets Iran Nuke Plans," *Defense News*, July 4-10, 1994, pp. 4, 29.

⁴⁰ Patrick E. Tyler, "Russia and China Sign a Military Agreement," *The New York Times*, November 10, 1993, p. A15 (International edition). See also Tyler, "Russia and China Plan Pact To Avoid Conflict," *The New York Times*, December 5, 1993, p. A8 and (no author) "China, Russia Plan Cooperation on Arms," *The Washington Times*, July 1, 1994, p. A6.

⁴¹ Richard A. Bitzinger, *The Globalization of Arms Production: Defense Markets in Transition* (Washington, D.C.: Defense Budget Project, December 1993), p. 35. Sorokin, *loc. cit.*, p. 10.

⁴² Jim Mann, "U.S. Envisions New Military Ties with China," *The Los Angeles Times*, March 8, 1994, p. 1 (Washington edition). Richard C. Barnard and Barbara Opall, "U.S., China Resume Ties," *Defense News*, July 11-17, 1994, pp. 1, 21.

⁴³ Bill Gertz, "Pakistan-China Deal for Missiles Exposed," *The Washington Times*, September 7, 1994, p. A1 and "China May Suffer for Missile Dealings," *The Washington Times*, September 8, 1994, p. A4. Patrick E. Tyler, "China Ready To End Feud on Missiles," *The New York Times*, September 27, 1994, p. A8 (International edition). See also Thomas E. Ricks and Jackie Calmes, "Report That China Aided North Korea on Missiles Complicates Trade Issue," *The Wall Street Journal*, March 15, 1994, p. A3. Bertsch and Cupitt (*loc. cit.*, pp. 59, 70) note China's formal statement of willingness to adhere to the MTCR but question the central government's "sincerity" or "ability" to "control subnational decision makers regarding their commitment to non-proliferation export controls." Bitzinger also questions China's commitment to the MTCR, in "Arms To Go: Chinese Arms Sales to the Third World," *International Security* 17 (Fall 1992), p. 108.

⁴⁴ John Glenn, "China's Dangerous Arms Exports," *The Washington Post*, December 3, 1993, p. A29.

⁴⁵ Weixing Hu, "China's Nuclear Export Controls: Policy and Regulations," *The Nonproliferation Review* 1 (Winter 1994), pp. 3, 5.

⁴⁶ Bitzinger, *loc. cit.* (1992), pp. 84, 88-90, 96-97, 107-111.

⁴⁷ Vidya Nadkarni, "Russia and India: The End of a Special Relationship?" paper prepared for the annual meeting of the International Studies Association, Washington, D.C., March 28-April 1, 1994, especially pp. 23-32. For several representative statements from the public Russian discussion of the India rocket transfer issue, see FBIS-SOV-93-137 (20 July 1993), pp. 2-6. On a related issue, see Michael R. Gordon, "U.S. Says Russians Helped Damascus in a Missile Plan," *The New York Times*, December 12, 1993, p. A1. See also Vivek Raghuvanshi, "Despite Pitfalls, India Remains Wedded to Russian Arms," *Defense News*, September 5-11, 1994, p. 32.

⁴⁸ Defense Intelligence Agency, *loc. cit.*, p. 29.

⁴⁹ Arms Export Control Act, Public Law 90-629, October 22, 1968 (as amended), Section 1.

⁵⁰ Thomas E. Ricks, "Pentagon's Industrial Policy Isn't Meant To Save Jobs or Aid Firms, Official Says," *The Wall Street Journal*, September 3, 1993, p. A3.

⁵¹ "One on One: Interview with John Deutch, Under Secretary of Defense for Acquisition and Technology," *Defense News*, January 31-February 6, 1994, p. 22.

⁵² "Weapons Shouldn't Be Sold Overseas for Economic Reasons Only, Perry Says," *Aerospace Daily*, February 24, 1994, p. 293.

⁵³ Frank G. Wiser, Under Secretary of Defense for Policy, "Towards a New Conventional Arms Transfer Policy. Remarks to the National Security Industrial Association," April 14, 1994 (typescript), pp. 4, 7.

⁵⁴ Dr. Lynn E. Davis, Under Secretary of State for International Security Affairs, "Statement before the Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on International Finance and Monetary Policy," February 24, 1994 (typescript), pp. 2, 3.

⁵⁵ A leading academic advocate of strong export controls argues that U.S. manufacturers should "welcome" export controls instead of "fighting" them because they "protect companies' reputations by keeping dangerous goods out of the wrong hands." He asks rhetorically "Which U.S. company would like to have seen its logo on the Russian- and German-supplied Scud missiles that hit Tel Aviv?" See Gary Milhollin and Gerard White, "Proliferation in Disguise," *The New York Times*, July 18, 1994, p. A15.

⁵⁶ Committee on Science, Engineering and Public Policy of the National Academy of Sciences, National Academy of Engineering and Institute of Medicine, *Finding Common Ground. U.S. Export Controls in a Changed Global Environment* (Washington, D.C.: National Academy Press, 1991), p. x.

⁵⁷ See, for example, Mark Smith, *Pax Russica: Russia's Monroe Doctrine* (London: Royal United

Services Institute for Defence Studies, 1993), especially pp. 8-12, 18-19, 46-48.

⁵⁸ V. F. Davydov, "2007 g.: Prognoz rasprostraneniia iadernogo oruzhiia" ("Outlook for Proliferation of Nuclear Weapons to 2007"), *SSha: Ekonomika, Politika, Ideologiya*, No. 1 (277), January 1993, pp. 43-44, 47.

⁵⁹ Sorokin, *loc. cit.*, p. 10. More subjectively, China evokes deep-rooted images of the Mongol invasion and occupation of Kiev and Muscovy and subsequent fears that China's military forces could overwhelm Russia by sheer force of numbers.

⁶⁰ Barnard and Opall, *loc. cit.* (July 11-17, 1994), p. 21.

⁶¹ Nadkarni, *loc. cit.*, pp. 28-29.

⁶² Cited in P. Shinkarenko, "Russia's Foreign Policy," *Rossiyskiye Vesti*, December 3, 1992; in FBIS-SOV-92-234 (4 December 1992), p. 11.

⁶³ R. W. Apple, Jr., "U.S. and Russia To Speed Disarmament," *The New York Times*, September 29, 1994, p. A10 (International edition). Ann Devroy, "U.S., Russia Sign Variety of Pacts as Talks Focus on Economics," *The Washington Post*, September 29, 1994, p. A25.