

GLOBAL ARMS TRADE NO LONGER EXCLUSIVELY AMONG ALLIES

The global arms trade is no longer just between allies and countries with similar ideological beliefs as it was during the Cold War. That is the main finding of research by **Anders Akerman** and **Anna Larsson**, presented at the Royal Economic Society's 2011 annual conference.

The study examines the evolution of the global arms trade since 1950. It finds that during the Cold War, members of either side, NATO or the Warsaw Pact, traded almost exclusively among themselves. Between 1950 and 1990, ideology played an important role in determining trade partners. Democracies were inclined to trade with other democracies, while autocratic states were more prone to trade with similar regimes.

Since the Cold War, however, this relationship has broken down with the political regime seemingly being of no importance in the decision.

Given the massive humanitarian costs involved in armed conflict, it is striking that empirical evidence on arms trade is so scarce. More recently there has been debate over the justification for providing arms to regimes in the Middle East that are now being used in conflicts in the region.

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This paper provides a careful description of the evolution of the global arms trade network over the period 1950-2007. Using a detailed dataset on all international transfers of major conventional weapons, the research treats trading states as members of a network, and studies how links are formed and severed over time.

The results suggest that there is a clear divide between the two major defence alliances, NATO and the Warsaw Pact, for the duration of the Cold War as members of either group tend to trade with other states within their alliance. Given the ideological differences between the two alliances, the results from the network analysis thus indicate that political regime may be a key determinant when choosing arms trading partners.

Results from regression analysis, based on standard methods from the field of international trade, confirm that throughout the cold war, differences in political regime were of great importance for the likelihood to trade in arms. Specifically, democracies were inclined to trade with other democracies, while autocratic states were more prone to trade with other authoritarian regimes over the period 1950-90.

But the results also suggest that political regime has been of no importance for the likelihood of arms trade between two states after the collapse of the Soviet Union, which marked the end of the Cold War.

Given the massive humanitarian costs involved in armed conflict, understanding how arms are distributed and traded globally is of the utmost importance. The arms trade is also of great policy relevance as the United Nations is currently discussing the possibility of passing an arms trade treaty that will seek to promote regional stability and ensure that weapons do not end up in the wrong hands.

In the light of the potentially far-reaching implications of arms trade, it is striking that the empirical evidence on the nature of arms trade is so scarce. This project contributes to the existing theoretical literature by trying to shed some light on the issue of who trades arms with whom.

In addition to the findings on the great divide between NATO and the Warsaw Pact throughout the Cold War, the results suggest that the global arms trade network has become increasingly dense and more decentralised over time as an increasing number of countries have started to trade arms and more trade links have been formed.

Another key result relates to the nature of the Warsaw Pact and NATO. The findings indicate that the Warsaw Pact was much more centralised around the Soviet Union than NATO around the US. In contrast to the Warsaw Pact, NATO was more decentralised than the Warsaw Pact and centred around a few key member states such as the US, France, the UK and Germany.

The results suggest that political regime was a key determinant when choosing arms trade partners throughout the Cold War. Even after taking account of a wide range of factors that can also be considered potential determinants of arms trade, such as geographical proximity, GDP, colonial origin, contiguity and language, the study finds that differences in polity (degree of democracy) had a significant negative effect on the probability of a trade alliance between two countries throughout the Cold War.

Two countries that share the same political system are up to 118% more likely to trade in arms than two countries that have the maximum possible difference in regime type. These effects survive the inclusion of so-called country-specific fixed effects that capture national characteristics, such as the size of the weapon industry and proximity to troubled areas and war zones.

ENDS

'The Global Arms Trade Network 1950-2007' by Anders Akerman and Anna Larsson,
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