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# Militarism: Arms and the Internationalisation of Capital

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## Introduction

The military and economic expansion of the central capitalist powers has irrevocably shaped the destinies of the countries of the Third World and made the present international system what it is. Yet the military dimension of that expansion and its continuing effects, both at the periphery and in the advanced industrial countries themselves, has received remarkably little serious discussion.

The basic facts of militarism are of such a scale as to make most of the preoccupations of development experts and policy-makers pale almost into insignificance by comparison. World military expenditures currently run at about \$300 billion a year—more than the national products of the countries of South Asia, the Far East and Africa combined (Stockholm International Peace Research Institute, 1975 and 1976; UN, 1972; US Arms Control and Disarmament Agency, 1976; Barnaby and Huisken, 1975, Marchetti and Marks, 1974).

The military expenditures of the industrial countries are around six per cent of their total GNP, being more than twenty times greater than the resources they devote to official development assistance to the developing countries. The United States alone spends nearly as much on its intelligence, surveillance and espionage network (of which the CIA is only one part) as *all* the developed countries taken together spend on development assistance to the Third World.

Although the developing countries spend much less on armaments than the advanced industrial countries (approximately \$55 billion in 1974) the proportion of their GNP devoted to military spending is roughly the same. Moreover, their arms expenditures have risen faster than those of industrial countries (about 17 per cent of the world total in the mid-1970s compared with about 11 per cent a decade earlier), leading to substantial increases in their arms imports. Increases have taken place in most parts of the Third World, though they are most dramatic in the Middle East which now imports well over half the weapons transferred to the Third World. The value of these arms imports (about \$6.6 billion in 1974) has been fast overtaking the

value of development assistance from the industrial countries to the Third World. It is estimated that in the space of only two years—1974 and 1975—the value of resources transferred to the Third World in the form of major weapons increased by more than 60 per cent.

There is considerable international concern about this rise in arms spending, yet not enough serious analysis. Is there any connection between arms spending and the fact that most countries in the Third World live under authoritarian governments, the number of which has greatly increased over the past ten years? To what extent does it reinforce economic dependence? And what are the consequences for the distribution of wealth and power; both nationally within individual Third World countries and internationally between them and the advanced industrial countries?

Rather than summarising what little we know already, I attempt in this paper to pull some of these strands together, and to suggest a number of things that people concerned with these problems ought to be looking at. In Table 1, I put forward a model which I propose to use as a simple *aide memoire* rather than as a rigorous theoretical statement. It is based on the presupposition that any account of the expansion of the military in the Third World must simultaneously take into account the special features of military organisations, of the national context and of the international environment in which they operate.

That international environment is shaped furthermore, by the historical legacy of imperialism, in which military force played a critical role in opening up the countries of the periphery to the trade and capital of the advanced capitalist powers. This legacy has, to be sure, been greatly transformed since the late nineteenth century when it was at its zenith. Most countries of the Third World have gained their political independence, although many of them remain extremely vulnerable to external political and military pressures. New world centres—the USA and the USSR—have come to the forefront. The consolidation of a bloc of socialist countries means that the world system is no longer dominated exclusively by a single, capitalist, mode of production. This gives the countries of the Third World

greater room for manoeuvre, allowing at least some of them to distance themselves from foreign domination. Yet at the same time the cold war between capitalist and socialist powers adds to the external pressures on them to ally themselves to one side or the other.

In this article I shall pay special attention to the significance of the export of military technology

and of the international arms economy for the countries of the Third World (see the first two lines of Table 1). In a later issue of the *IDS Bulletin* I shall take up the remaining two themes: the role of force and of military professionalism in establishing the hegemony of the advanced industrial powers in the developing countries.

TABLE 1

	Military Organisation	Nation State	International System
Technology	Improvements in technology of force (weapons and technological 'software')	'Modernisation' via imports of technology of force	Technological dependence upon the technology of force of the advanced industrial powers
Economy	Transformation of economic surpluses into armaments	Relationship between accumulation of means of force and national economy	Economic dependence, depletion of scarce foreign exchange through the international arms economy
Political Structure	Maintenance of military hierarchy and increase in its capacity to coerce	Use of military force to uphold (or challenge) power of politically dominant groups and classes	Political clientage, vulnerability to great power intervention and influence
Class Structure	Positions in military hierarchy as basis of class alignment	Role of military in formation and reproduction of social classes and uneven development	Transnationalisation of class structure via military professionalism

### The Technology of Force, 'Modernisation' and Technological Dependence

The expansion of the advanced capitalist powers of Europe and North America which took place between the sixteenth and early twentieth centuries was achieved as much by force of arms as by trade and investment—or at least they were two sides of the same coin. To put it crudely, better methods of manufacture of industrial goods resulted in improved armaments and these in turn made possible the conquests which opened up new markets for the factories and workshops of the industrial powers.

Since the dismantling of the great colonial empires, the technological advantages of the central countries in terms of armaments have not merely remained, they have greatly increased. This is largely the consequence of rapid technical progress. Military Research and Development has increased to around 10 to 15 per cent of total world military spending, compared with only one per cent before World War II. For the developing countries the critical fact is that virtually all of this R & D takes place in the advanced industrial countries, 85 per cent in the USA and

the USSR alone and a further 10 per cent in the four other most important arms producers, Britain, France, West Germany and China. It is true, to be sure, that some of the more industrialised Third World countries manufacture part of their own arms, one or two like Brazil or India even having a certain amount of design capability. Yet the greater part of this manufacture takes place under licence, makes use of components available only from the major arms suppliers, and is closely tied in with their other economic and military links.

The implications of this technological dependence for the way Third World military organisations are structured and the role they play in their national societies are far-reaching. Over the past one or two hundred years the peripheral countries have imported with their weapons a military division of labour shaped by the technology of the advanced industrial countries from which the weapons were obtained.

The countries of the Third World do not *have* to adopt the division of labour established in the professional armies of the central countries to make use of their imported weapons. But as a

historical pattern the link between military professionalism and the absorption of external technology is extremely powerful. Professional soldiers identify themselves with the organisations they control and accordingly choose weapons which the latter can assimilate. By the same process the increasingly complex hardware they import from abroad—the tanks, the jet aircraft and missiles—tend to accentuate the complexity of the military establishment. Once set in motion, this process of professionalisation on the one hand and absorption of external technology on the other tends to be self generating. (It should be noted that this is largely independent of the particular source of technology imports: Soviet or Czechoslovak military hardware reproduces military organisations just as well as American, French or British.)

It has sometimes been contended that it is precisely its training in the use of advanced technology which gives the military a special role to play in the 'modernisation' of the less developed countries. The position is stated by Lucian Pye in an article published in the 1950s which in some ways became a self-fulfilling prophecy because of the way it was used to make the military assistance programmes of the United States government seem respectable. As Pye puts it:

"Above all else . . . the revolution in military technology has caused the army leaders of the newly emergent countries to be extremely sensitive to the extent to which their countries are economically and technologically underdeveloped. Called upon to perform roles basic to advanced societies, the more politically conscious officers can hardly avoid being aware of the need for more substantial changes in their own societies" (Pye 1962: 78).

But training in the use of sophisticated weapons does not mean that army officers are more skilled or progressive in their attitudes than any other elite groups. The military has a special place in Third World societies not because its technology is 'modern', but because it is a particular kind of technology, that of force. And force is never used in the abstract, but in the struggle between different classes and groups. The functions of military force are different in situations of revolutionary change (as in Cuba, Mozambique or China); of broad social reform imposed by the military and other elite groups from above (as in Peru or Nasser's Egypt); yet again where it is used mainly to reproduce the existing regime and class structure (as in Iran); to change the regime in the interests of local or international economically dominant classes (as in Chile); or merely to

secure (as in Uganda) the dominance of a parasitic military establishment.

The critical role of force in securing stability—or the power of dominant political groups and classes—has led to increased research in so-called 'counter-insurgency'. This has produced not only sophisticated technology such as that of the 'electronic battlefield' (Klare, 1972), but also greater attention to the 'software' of communications, propaganda and surveillance over the civilian population. Its results are directly disseminated by the military assistance programmes of the major powers, particularly the USA. Not only do countries like Iran, Indonesia, Brazil, Chile or Zaire import large quantities of equipment, they also receive technical assistance from the CIA and similar agencies in organising the intelligence and propaganda networks on which the security of those who control the state apparatus depends.

Let us now look a little more closely at the international mechanisms by which the techniques of force are proliferated. In the first place there is technological competition. Third World countries take part in it only as clients of the greater powers willing to sell or donate them the necessary arms or production facilities. The precise form that the transferred technology takes is therefore shaped by the dialectic of the arms races taking place between the supplying (industrial) rather than the receiving (peripheral) countries. It is distorted in the direction of military hardware—like advanced jet aircraft or tanks—which fits in with the existing production patterns of the former rather than the latter.

Yet technical progress has a logic of its own which sometimes throws up consequences which the major industrial powers neither desire, nor are able, given the intense competition for markets and spheres of influence, to keep fully under their control. The new generations of portable anti-tank and anti-aircraft missiles, for example, have been put to very effective use against conventional forces by the liberation fighters of Vietnam, Palestine or Mozambique. The Americans can now produce small guided "cruise" missiles capable of delivering nuclear warheads with great accuracy over long distances and at a small fraction of the cost of the ICBMs which are now the mainstay of the great powers' nuclear armouries. These have been the subject of heated arguments at the Strategic Arms Limitation Talks. The USA has thus far resisted attempts to make a ban on the development and production of cruise missiles a part of the arms limitation agreements, although it maintains that under no circumstances will they be supplied to

third countries, even close allies. Yet it must surely be only a matter of time before they are more widely produced and marketed. Nuclear technology itself is within reach of a number of the larger or more advanced developing countries such as India, Brazil or Israel, where despite the surveillance of the International Atomic Energy Authority over international transactions in nuclear materials and technology, it is becoming more and more difficult to prevent the development of nuclear energy for peaceful purposes from spilling over into more warlike uses.

The Non-Proliferation Treaty attempts to deal with a very real danger of the proliferation of the means of mass nuclear destruction. Yet it is easy to understand the cynicism of countries like Argentina or Pakistan—or indeed of producers and suppliers like France and China—about agreements which in their nature create a cartel of the great powers in the means of destruction, thus stabilising the existing balance of power in the international system; particularly so when the major world powers themselves have made little serious effort to limit their own technological competition.

But would the ability of the large powers to intervene militarily and politically in the Third World be any the less if some of the latter countries controlled their own means of mass destruction? How far would it on the other hand increase the regional sub-imperialism of wealthier countries like Brazil, Iran or India, at the expense of their less powerful neighbours? Would it merely make the world a more dangerous place to live in by proliferating dangerous weapons whilst not fundamentally altering the dependence of peripheral countries on the suppliers of their arms and technology?

Conversely, how far is the military ascendance of the major powers *actually* increased by their enormous technological superiority? The peculiar feature of nuclear arms is that there are almost no circumstances in which either side in a conflict would dare to use them. The major powers continue to rely on conventional forces to stabilise existing international arrangements like NATO and the Warsaw Pact and to increase their spheres of influence (*viz* the Soviet Union's build up of naval fleets in the Mediterranean and Indian Ocean). The ability of the great powers to intervene with force in other parts of the world depends on their vast stocks of conventional armaments. Indeed, the production, operation and development of nuclear weapons and their delivery systems takes up only 10-15 per cent of total world military expenditures.

It is doubtful whether the acquisition of missiles and advanced nuclear technology by Third World countries would itself make up for their technical and quantitative inferiority in terms of conventional weapons. This fact is well appreciated by the few Third World countries which are in a good position to build up their military forces. In a recent television interview with the BBC, the Shah of Iran admitted that it was unrealistic for Iran to engage in nuclear competition with the USA, USSR, France or Britain. But he said it was his ambition to make the Iranian armed forces the largest and best equipped (with non-nuclear arms) in the world.

Yet the greater sophistication and quantity of the conventional weapons available to large powers is not always militarily decisive. Technology, as already noted, may be turned on its head by more effective ways of putting social organisation and technology together. The Vietnam War illustrates perfectly the difficulties of using capital intensive methods of warfare against a population that is politically and militarily highly mobilised. To be sure, military R & D. has developed technical solutions to get around some of these limits—defoliants, for example, helicopters and gunships and the 'electronic battlefield'. In Vietnam they merely contributed to the military stalemate from which the US government was eventually forced to pull out its forces. But their transfer to Latin America has undoubtedly made the repression of revolutionary guerrilla groups more effective.

At the same time, professional military establishments have consciously made use of the lessons of revolutionary military organisation. As Regis Debray puts it, "Socialist revolution revolutionises the counterrevolution" (Debray, 1973: 150). Mao Tse Tung's doctrines of revolutionary war are taught in the academies and staff colleges of the advanced capitalist countries as well as in those countries like Brazil, Indonesia or indeed South Africa. Nevertheless the basic limitations remain. Professional armies—be they those of the Western powers or those of Third World countries modelled upon them—can neither fight 'people's wars' nor always be certain of success against them by virtue of their technological superiority.

### **Economic Dependence and the International Arms Economy**

What are the main factors responsible for the growth in military expenditures in the Third World? And what are the effects of the expansion of the military upon patterns of national development?

TABLE 2

## Relative Burden of Military Expenditures, 1973

Per Capita GNP under \$100	Per Capita GNP \$100-\$199	Per Capita GNP \$200-\$299	Per Capita GNP \$300-\$499	Per Capita GNP \$500-\$999	Per Capita GNP \$1,000-\$1,999	Per Capita GNP \$2,000-\$2,999	Per Capita GNP \$3,000 and up
Military Expenditures more than 10 per cent of GNP							
Cambodia	Vietnam, S.	Egypt	Jordan	Iran	Saudi Arabia	Israel	
Vietnam, N.	Aden	Yemen	Korea, N.	Iraq		Soviet Union	
			Syria	Oman			
Military Expenditures 5-10 per cent of GNP							
Chad	Pakistan	China, Peoples' Republic	Albania	Taiwan	Portugal	Bulgaria	German Democratic Republic
Somalia		Nigeria				Czechoslovakia	Qatar
Yemen (Sana)						Hungary	United Kingdom
						Libya	United States
Military Expenditures 2-4.9 per cent of GNP							
Burma	Central African Republic	Bolivia	Congo	Algeria	Cyprus	Singapore	Australia
Burundi	Guinea	Thailand	Ecuador	Bahrain	Greece		Belgium
Ethiopia	India		Equatorial Guinea	Brazil	Romania		Canada
Mali	Indonesia		Korea, S.	Chile	South Africa		Denmark
	Laos		Morocco	Lebanon	Spain		France
	Mauritania		Rhodesia	Malaysia	Venezuela		Germany (FRG)
	Sudan		Zambia	Peru	Yugoslavia		Kuwait
	Tanzania			Turkey			Netherlands
	Zaire			Uruguay			Norway
							Sweden
							United Arab Emirates
Military Expenditure 1-1.9 per cent of GNP							
Afghanistan	Dahomey	Cameroon	Colombia	Dominican Rep.	Argentina	Ireland	Austria
Rwanda	Kenya	Honduras	El Salvador	Ivory Coast	Gabon		Finland
Upper Volta	Malagasy Rep.	Philippines	Guyana	Nicaragua			New Zealand
	Togo	Senegal	Paraguay				Switzerland
	Uganda		Tunisia				
Military Expenditures less than 1 per cent of GNP							
Bangladesh	The Gambia	Liberia	Botswana	Costa Rica	Malta		Iceland
Nepal	Haiti	Sri Lanka	Guatemala	Jamaica	Trinidad & Tobago		Japan
	Lesotho		Mauritius	Mexico			Luxemburg
	Malawi		Swaziland	Panama			
	Niger						
	Sierra Leone						

SOURCE: US Arms Control and Disarmament Agency, *World Military Expenditures and the Arms Trade, 1964-1974*, Washington, D.C., USA, 1976

To begin with, there are the pressures which arise from the logic of military organisations themselves. In some ways modern armies are like industrial firms. They are organised around a large physical plant of capital equipment, employ a numerous labour force of men in uniform and coordinate their activities in a hierarchical structure controlled by military managers, the members of the officer corps. Yet there are certain critical differences. In the first place it is hard to say just what the 'output' is: fighting wars, preparing for wars they never fight, national security, or violence and insecurity; intervention when the police and civilian authorities are unable to deal with internal disturbances, the mailed fist of the ruling class, making and breaking regimes by military coups, symbolising national sovereignty and independence?

It is peculiarly difficult therefore to apply criteria of economic cost-effectiveness to military spending and activity. In a conflict-ridden nation or in a volatile international situation the threats to security which exist or can be invented are almost without limit. The situation is exacerbated because technical progress makes weapons systems obsolete almost as soon as they are introduced. Military men in developing countries usually complain that their armies, navies and air forces are weak and badly equipped by international standards. The gap is indeed real, though the standards of judgement applied to it are influenced by the arms salesman and military training programmes of the rich countries.

Such pressures for military growth must be presumed to exist in most Third World countries which have professional armies. They do not, however, help explain the great variation in levels of military spending between different developing countries set forth in Table 2.

Armies are in a unique position to extract the resources they want by blackmailing, coercing or taking over governments. Yet a cursory glance at Table 2 confirms that military regimes spend little more on armaments than their civilian counterparts.<sup>1</sup>

Nor does it seem that authoritarian regimes spend much more on armaments than their

neighbours. Some of the world's more repressive regimes—Haiti, for example, Malawi, Swaziland, Paraguay, Nicaragua, Uganda and Argentina—are proportionately low military spenders. This is partly because the financial costs of internal repression are not usually high since it is not capital intensive and is often underwritten by large powers. Low spending is possible, furthermore, because many such countries—particularly in Africa and Latin America—are relatively insulated from the major sources of international conflict.

For it is the international influences on levels of military spending which make the most difference. In the first place, a good part of the variation can be accounted for by the concentration of hard currency earnings in the hands of particular Third World countries which control resources that are strategic for the economic expansion of the major powers. The heaviest increases in military spending in recent years have taken place in the oil-rich countries of the Middle East, which (together with Egypt, Jordan and Syria whose military spending they subsidise) form the majority of countries devoting more than 10 per cent of their GNP to armaments (see Table 2).

The other major determinant of military spending is (not surprisingly) armed conflict itself—actual or threatened—both inside nations and between them. Almost all the countries shown in Table 2 whose military burden exceeded 10 per cent of GNP in 1974 were involved in the wars of liberation in Indo-China, the Arab-Israel conflict or are oil producers. The only exceptions are the USSR and North Vietnam which fit better with the next group, those which spend between five and ten per cent of their GNP, made up of: NATO and Warsaw Pact powers; China and Taiwan; Portugal (still at the time fighting revolutionary movements in its African colonies); Pakistan (conflict with India); Somalia (border conflicts with Ethiopia and Kenya); Nigeria and Chad (fighting or having recently fought civil wars); and two more oil producers (Libya and Qatar).

What are the effects of military spending on patterns of national development—or underdevelopment—in the Third World? Unlike firms or production units, armies do not create the surplus value which sustains their own expansion. The resources have to be provided from taxation or by subsidies from international patrons and suppliers of arms. In the first place this puts the military in a special position relative to the remainder of the state machinery through which the necessary resources have to

<sup>1</sup> This observation is on the whole confirmed by the detailed studies that have been made of the relation between military regimes, arms spending and economic performance. See for example R. D. McKinlay and A. S. Cohan, 1975, who found that developing countries under military regimes had armies no larger and spent no more of their national product on the military than countries under civilian regimes which had also experienced periods of military rule. Both categories, however, had larger armed forces and spent more of their GNP on the military than developing countries which had never been under military rule, though this difference was not statistically significant.

be raised internally or negotiated externally. Second, it implies a degree of integration in the international economy from which internationally negotiable purchasing power has to be obtained in order to acquire military hardware.

Yet the implications of this interrelation between military spending, state appropriation of surpluses and the international economy are little touched on in existing discussions, which the most part attempt to measure the overall effect of military spending on aggregate measures of economic performance. From one of the most comprehensive crossnational studies of the effects of arms spending (Benoit, 1973), we learn that levels of military spending in developing countries are (contrary to expectation) *positively* associated with non-military growth rates (i.e. rates of GNP growth, taking out the military expenditure component of GNP). But the causal direction of this correlation is not established. It could occur merely because countries with high GNP growth rates have more to spend on arms. Or the relationship could be spurious in the sense that military spending and high measured growth in non-military GNP may both be the product of other influences, such as the tendency of the major powers to pump economic development assistance as well as military aid into countries in which they have strategic interests.

Such discussions presuppose, furthermore, that we are mainly interested in growth rates rather than development defined in terms of broader criteria including how GNP is distributed. An explanation sometimes offered for the association between arms spending and growth—or rather for why there is not a *negative* association between them—is that the resources for armaments are typically diverted from social welfare spending rather than from productive investment. Statistical comparisons of developing countries (Schmitter, 1971) on the whole support this explanation. But it is a serious matter to divert resources from schools, hospitals and welfare services to guns, tanks and jet aircraft, and most probably can only be done by governments which are prepared in the final analysis to repress the discontent it brings about.

Even if one were to accept at face value the evidence that arms spending promotes growth it is difficult to find a sensible explanation for it. Military spending, to be sure, has some spin-offs, but it is hard to see how these could offset more than a small proportion of the cost of maintaining a large military establishment, except in those few countries like Brazil, Argentina or India which have arms industries of their own, backed by a relatively diversified industrial base.

Even here, many of the multiplier effects of military equipment purchases are felt by the arms industries of international suppliers rather than in the domestic economy, with consequent pressure on the balance of payments.

Nevertheless there is a certain logic to military spending because it plays a role in reproducing certain structural patterns commonly found in peripheral economies. Armaments may facilitate growth *within* the constraints established by such patterns, though at the same time tying up resources that could be put to much better use under alternative structural arrangements. What are the patterns that military spending supports and how does it do so? The main ingredients are as follows, though I should emphasise that different developing countries share in them to a different extent, and what I describe is very much a paradigm case:

1. Role of military spending in concentrating the capital and resources required for fast GNP growth in peripheral capitalist economies. Put simplistically, growth under these conditions requires forced saving, increased social inequality and the diversion of government spending from welfare to production and/or subsidies for capital. There are strong inflationary pressures and recurrent crises in the balance of payments. These pressures can only be dealt with, or so it is suggested, by governments which are prepared to hold down wages and rural incomes and to use military force to put down trades unions, strikes and peasant protest. This results in higher military expenditure, less because internal repression itself is costly, than because soldiers have to be rewarded for carrying it out. High military expenditure in turn requires extra forced saving and increases inflationary pressure and public unrest.

2. Role of the military in strengthening the state structure and its control over the process of economic growth. The arguments just put forward about the role of military force in resolving the crises to which peripheral economies are prone assume that military force is effective in redistributing resources for capital formation and in repressing the conflict created by inequality and inflation. But the political pressures which build up in such situations often make stability problematic. The syndrome of military expansion, inequality, inflation, discontent, repression and further military expansion is all too common. Perhaps all one can conclude is that military force allows a greater concentration of resources in the hands of the state than would otherwise be possible (without necessarily accepting that a powerful state structure is any the better at hand-

ling the economic and political crises to which such societies are prone).

The military establishment itself of course has a direct interest in a powerful and centralised state, since it can extract through it the resources for its own expansion. Even in countries such as Brazil where the military elite has explicitly embraced a capitalist strategy for development, the predilection of soldiers for state management of that development—for planning, for establishing enterprises under state or mixed ownership, for licensing and controlling economic activity—has made itself felt.

3. A built-in alliance between armaments and the international expansion of capital into peripheral countries. From the point of view of foreign capital and Western governments a large and powerful military establishment often seems to guarantee the conditions under which profits can be repatriated from peripheral countries. As Robert MacNamara once put it to a US Congress Subcommittee, "the essential role of the Latin American military as a stabilising force outweighs any risks involved in providing (US) military assistance for internal security purposes" (quoted in Klare, 1972: 287). In the last resort the military can be cajoled or persuaded into reversing programmes of revolutionary change: the overthrow of the Allende regime by the Chilean armed forces with the active support of the CIA and of foreign corporations like ITT being the most glaring recent example. Direct foreign intervention as in Chile is seldom required, however, for:

4. The military usually has its own interests at stake in the alliance with foreign capital, brought into being because arms spending adds to the pressure to increase or conserve hard currency earnings and to attract foreign investment. The military's preference for state-managed development may actually strengthen such tendencies rather than detracting from them. The alliance of state and international capital, created through central planning, licensing and import control, joint ventures and management agreements, is a well-documented feature of many Third World countries. Military expansion supports this tendency as much under civilian governments such as those of Malaysia, Kenya or Venezuela as under military regimes like those of Indonesia, Nigeria or Brazil (even though it may add to the pressures on the former to succumb to military rule in the longer run).

Such is the paradigm. But few countries fit it in all respects. In the first place the symbiosis of military expansion and dependent capitalism

generates contradictions: both in the terms of the cycle of military spending, forced saving, inflation, and repression, penetrating the military itself. Even military elites committed—like that of Brazil—to an orthodox strategy of capitalist development in close association with foreign investment face internal struggles against officers who advocate economic nationalism and greater state control over the economy (Stepan, 1971). In countries like Peru, Ethiopia, Libya and Egypt (under Nasser) it is the military radicals who have prevailed and have effected quite sweeping changes, including nationalisations of key sectors of the economy.

Differences in links with the international economy also create major variations. First, particular countries do not have to operate within foreign exchange constraints. Indeed in the oil-rich countries military spending is about the fastest way of realising surplus hard currency earnings. A cynic would say that the availability of such earnings in countries such as Iran, Saudi Arabia and more debatably Nigeria, merely removes all obstacles to the expansion of the state apparatus and makes it easier to buy off or suppress internal contradictions, without fundamental change in the structure of the economy or links with the international economic system. Nevertheless, oil surpluses give radical regimes like those of Algeria or Libya more room in which to manoeuvre, even if they expose them to the same temptations to buy arms and proliferate soldiers and bureaucrats as the more conservative countries.

Second, contradictions in the international system alleviate some of the obstacles to national development strategies created by international capital. Peru has been able to play the major capitalist powers off against each other, buying arms from Britain, France, and even the USSR while never completely breaking with the USA. Despite nationalising large sectors of the economy, the present Ethiopian military regime continues to receive arms and assistance from the USA intended to counterbalance the Soviet military presence in Somalia.

Most important of all, there are several Third World countries (Iraq, Syria, Algeria, Somalia, Angola, Uganda, Tanzania, India) which are supplied very largely or entirely by countries within the socialist bloc. Not all these countries are socialist themselves, by any stretch of the imagination. Yet there is no doubt that socialist arms sales and assistance make a real difference to the recipient countries, enabling them to arm themselves without having to earn large amounts of



hard currency in the world market (though some of them find the economic conditions laid down by their socialist suppliers almost as onerous). In some the only effect of socialist, like Western, arms and military assistance is to allow an oppressive regime to survive (like Amin's in Uganda, now heavily dependent on Soviet military support). The tendency in most of them is toward state capitalism and military-bureaucratic control of the development process rather than full-scale socialist transformation, for which socialist military assistance is probably a necessary but not a sufficient condition.

How, then, do the dynamics of the international arms economy affect national patterns of development in the countries which are exposed to it? Broadly speaking the accumulation of armaments in peripheral countries is linked to the accumulation of capital in the central capitalist countries: both directly in that military spending in the Third World creates markets for the arms industries of the industrial countries; and indirectly in that it increases pressures on Third World countries to earn the hard currency for their military purchases by trading in the world market or encouraging the inflow of foreign investment. Nevertheless this international arms economy is itself riven by contradictory pressures which make its analysis extremely complex:

1. In the first place the flow of armaments internationally is partly determined by the logic of accumulation and arms production in the major capitalist arms producing countries, especially the USA, Britain, France, West Germany, Canada and in recent years Japan. The impetus comes from three sources:

(a) the logic of arms production itself. Because R & D is a high proportion of total production costs, long production runs are required to justify the initial outlay, creating strong pressures to market armaments abroad. Such pressures have increased because of the escalation in the cost of major items of military equipment and have affected the European arms producers the most, because their national military forces absorb a smaller proportion of the total weapons output than those of the USA or USSR (Kaldor, 1972).

(b) pressures from the interrelation between arms production and the process of capital accumulation in the central capitalist countries. Here we are on more controversial ground, the issue having been debated with particular bitterness in the USA as a result of the Vietnam War.<sup>2</sup> There are those on the one hand who argue that

the enormous increases of arms production have helped the US economy overcome the crises of over-production to which capitalist economies are prone. The Vietnam war in sum was good for American capitalism. But others argue that the military-industrial alliance between the arms producing firms and the Pentagon has to the contrary diverted resources away from the productive investment and brought about inflation. Although the Vietnam War was good for the US arms producers, it is argued, it put great strain on the productive capacity of American capitalism. Whichever of these diagnoses of American capitalism is correct, however, they both imply pressure to market arms to the Third World, be it because of the search for markets to make use of spare industrial capacity or to alleviate balance of payments difficulties arising from America's own military spending.

(c) pressures arising from the relation between armaments and the international economy. In a general way capital will be invested in arms production so long as there is an international market for weapons. Arms exports, furthermore, play a critical role in resolving crises in the international economy such as that created by the redistribution of international purchasing power towards the oil producing countries. One of the major ironies of recent history is the way the crisis in the international economy precipitated by oil price increases has been partly bought off by the escalation of the arms race in the Middle East.

The pressures arising at these different levels—the specific requirements of capital invested in arms production, the logic of capital accumulation in the central capitalist economies, and the logic of world-wide capital accumulation—may be in conflict, though no doubt their overall effect is to increase the pressure on the industrial countries to export arms to the Third World. Politicians in Britain, for example, are under great pressure to subsidise the production of armaments and to promote their export, rather than to permit the curtailment of existing production or the postponement of new investment, however strong the case that large-scale arms production is bad for the British economy in the long run. This is partly because of the presumed short-term effects of redundancies in the economy, and partly a matter of the economics of remaining a world power. Investment in arms production and the despatch of arms salesmen to the Middle East makes sense—it is alleged—if it maintains Britain's capacity to develop weapons for its own use. The contradictions inherent

<sup>2</sup> The literature on this debate is too large to cite in detail here. There are useful summaries in Rosen, 1970.

in this position were made particularly clear recently by the commitments to sell almost the entire production of the next generation of Chieftain tanks protected by the revolutionary new Chobham armour to Iran, thereby postponing deliveries to the British army.

2. The economic forces sustaining the arms trade are modified by the fact that it is also an instrument of the states and ruling classes of the powers which exercise or aspire to hegemony within the international system. Just as the main importers of arms are the governments and military establishments of developing countries, so the suppliers are either the governments of the supplying countries themselves or large firms closely inter-linked with these governments. The governments of the industrial countries either negotiate arms exports directly themselves, take a direct part in the promotion efforts of their main domestic arms producers, or push them indirectly through arms exporting firms which sometimes act (like certain British arms suppliers) in all respects as cover for the governments' own arms sales. Exports are usually licensed to ensure they reach the 'approved' recipient and are not diverted elsewhere, and above all, the supply of arms is consciously used by governments to enlarge their spheres of political influence and to promote their non-military trade and investment. It is common for arms sales and military assistance to form part of a wider 'package', including trade and investment agreements or political accords, which may either be spelt out openly like the Treaty of Friendship between the Soviet Union and Egypt which Anwar Sadat recently

repudiated, or form part of a more subterranean framework of economic and political understandings. Finally, a large proportion of the trade is subsidised, increasing the ability of Third World governments to absorb huge quantities of armaments. Virtually all arms sales and military assistance provided by the countries of the socialist bloc are subsidised and much still is given free. In the 1950s and 1960s the greater part of arms transfers from the USA were also subsidised under the Military Assistance Program; though cash and credit sales now predominate over grants.

3. The competition in the world market for arms between societies based on antagonistic—socialist and capitalist—modes of production has a distinctive impact on both the economics and the politics of the arms trade. Even if the overall effect of the cold war is to reduce the price of the arms supplied to developing countries, it undoubtedly increases their volume and total value. This has three major implications. First it increases the flow of resources towards the arms *industries* of the arms suppliers and increases the power and resources of their respective military-industrial complexes. Second, in so doing it helps to maintain the pace of technological innovation, increasing the complexity and cost of weapons in the long run. Third, subsidised arms supplies often increase rather than decrease the military outlays of developing countries: both directly through added local costs such as wages and accommodation and through imports of non-military supplies required to support larger military forces; and indirectly by increasing the

TABLE 3  
Total Arms Transfers, By Suppliers and Recipient Regions 1965-1974  
(\$ million)

Recipient Regions	Major Capitalist Suppliers					Major Socialist Suppliers			Other Suppliers	Total
	USA	France	UK	West Germany	Canada	USSR	Czechoslovakia and Poland	China		
World Total ...	31,563	2,826	2,089	1,221	1,187	18,793	2,481	2,119	2,125	64,404
NATO ...	8,447	770	505	724	893	...	...	...	515	11,854
Warsaw Pact ...	...	...	...	...	...	5,674	1,888	5	35	7,602
OPEC ...	2,374	668	662	154	89	2,152	136	...	570	6,825
East Asia ...	14,640	40	145	23	32	4,049	15	1,616	321	20,881
South Asia ...	139	271	98	36	10	1,706	159	335	36	2,922
Middle East ...	5,628	461	603	181	45	5,733	337	2	465	13,455
Africa ...	341	669	258	73	17	711	68	81	263	2,481
Latin America ...	811	463	269	137	172	323	2	...	229	2,406

Source: *World Military Expenditures and the Arms Trade 1964-1974*  
US Arms Control and Disarmament Agency, 1976

power of the military establishment's claim on national resources. Finally, to the extent that hegemonic powers like the USA or France are actually successful in using military links to keep particular countries like Chile or Gabon within their respective spheres of influence, the economic benefits they hope for may well exceed the costs of the subsidy.

4. The expansion in the international market for arms is greatly accentuated by the presence in the Third World itself of nodal points of international political conflict such as the Arab-Israeli conflict; the border disputes between India and Pakistan and India and China; the border conflicts between Ethiopia, Somalia and Kenya; and the struggle for black rule in Southern Africa. Trends in the international arms trade can to some extent be explained in terms of the 'demand' for armaments created by such conflicts, though competition between the major suppliers reacts back upon the political situation, tending to accelerate local arms races.

The effect of this complex interaction between the arms trade and struggles for political hegemony on the flow of armaments from the major suppliers to the different regions of the Third World can be seen in Table 3. By far the biggest recipients of arms from 1965 to 1974 were the countries of East Asia and the Middle East, the dozen leading importers being (in descending order of magnitude): South Vietnam, Israel, Iran, Egypt, South Korea, Syria, India, Taiwan, Pakistan, North Korea and Saudi Arabia.

Transfers of arms to East Asia have declined because of the end of the Vietnam war. US arms sales and military assistance have consistently exceeded transfers from the socialist countries by a factor of over three to one, mainly because the US supplied large quantities of armaments to its allies at the fringe of the main conflict—Thailand, the Philippines, Indonesia, Malaysia, Taiwan, South Korea—as well as to Vietnam, Cambodia and Laos.

In the Middle East military spending has grown at a staggering 19 per cent per annum over the past ten years. The transfer of arms from the advanced capitalist powers has more or less kept pace with transfers from the socialist bloc. But if one disaggregates within the region, Israel, Iran, Jordan and Saudi Arabia were almost exclusively supplied by the USA, Britain, France and West Germany; and Egypt, Syria and Iraq by the Soviet Union and Czechoslovakia. The countries of the Persian Gulf have purchased the greater part of their arms from capitalist suppliers at commercial rates, whereas those involved

in the Arab-Israeli conflict have been extensively subsidised: with the result that the value of arms transferred to the former has been about half that of those imported by the latter, despite a similar level and growth of military expenditure in both sub-regions.

The growth of military spending in Africa has also been fast, though relative to low starting levels. By far the heaviest spenders in the continent have been Libya, South Africa, Algeria and Nigeria. The import figures reflect the continuing influence of the former colonial powers in the region, particularly that of France in her former colonies; the relative absence of US arms supplies, except in one or two individual countries like Ethiopia and Zaire; and a degree of socialist penetration, especially by the USSR in Algeria, Libya, Uganda and Somalia and by China in Tanzania. Several countries, including most notably Nigeria and Libya, have diversified sources of supply, obtaining a substantial proportion of their arms from capitalist and socialist camps alike.

The countries of South Asia have moved away from the colonial metropolis, and are now largely supplied by the socialist bloc—India, Bangladesh and Afghanistan by the Soviet Union, Pakistan by China (as well as by the USA and France). After increasing during the 1960s due to border conflicts between India, Pakistan and China, arms imports are now declining.

Latin America (except Cuba) is the only world region which is exclusively dependent on the advanced capitalist powers for its arms supplies. Imports have increased, but at the same time there has been diversification away from the USA towards France, the UK and West Germany, brought about both by the US government's ban on exports of advanced weapons to the region (now lifted) and by the economic nationalism of Latin American regimes.

To sum up, the nexus between militarism and international capitalism is found in its pure form only in Latin America and in those countries in Africa, the Middle East and East Asia which buy all their arms from the West. Even so, many of them have diversified in order to escape the influence of a single previously dominant supplier, be it the USA in Latin America or the former colonial powers in the Caribbean or Africa. Yet their military expansion is still connected to the *system* of international capitalism inasmuch as they rely on international purchasing power earned in the world market to finance their armies.

Competition among the capitalist arms suppliers and the struggle for hegemony between them and socialist suppliers are both responsible for an increased transfer of military resources to the Third World. The powerful socialist presence in the Middle East and Asia is thus two edged, permitting disengagement from the West to an extent that is seldom possible in Latin America; but simultaneously raising the stakes in local conflicts, reinforcing military and bureaucratic control over the state apparatus; increasing military outlays; and expanding the market for the arms of the capitalist countries in equal measure to the inflow of socialist-provided weapons.

The final outcome depends very much on the nature of the struggle and of the groups to which the support of the socialist countries is given. Socialist support for liberation movements with a genuine prospect of socialist transformation and disengagement from the capitalist world economy, as in the wars of Indo-China and in former Portuguese Africa, is one thing. But military assistance given by socialist countries to authoritarian military or one-party regimes for reasons of international power politics is quite another. The paradox is that the latter supports a superstructure of political links with Third World countries, while at the same time permitting many of them to remain internationally dependent on the world economy and to repress socialism internally. Such a situation is inherently unstable, for client states which do not have strong internal reasons for associating with the socialist bloc can, like Egypt, go elsewhere for arms if they do not like the conditions laid down.

This is but one aspect of a pervasive contradiction between the economic logic and the political functions of the arms trade. Socialist arms suppliers face it because they transfer arms to peripheral countries incorporated in a world market, which, both in general and for arms in particular, is still mainly organised on capitalist principles. For capitalist countries, on the other hand, the contradiction arises even more directly because of the link between the international arms trade and their own capital accumulation. When an arms producer is obliged to sell arms abroad to absorb high R & D expenditures, to sustain capital accumulation and to solve balance-of-payments difficulties, it is that much harder to use the promise of arms supplies or the threat of withholding them to influence the political behaviour of purchasers. At the same time competition between the main arms suppliers—socialist and capitalist alike—has made it difficult for any one of them to secure a lasting monopoly over trans-

fers to any particular country or region, of the type which the USA previously enjoyed in Latin America.

The events of the past ten years have seen a strengthening of the economic forces increasing the arms trade including: accelerated technological progress in arms production; strong economic pressure within capitalist arms producing countries to sell abroad; an international shift in purchasing power to the OPEC countries; and the concentration of production in and greater competition between large arms-producing conglomerates like Lockheed, Dassault or the British Aircraft Corporation. The growth of the international market for arms has helped the major capitalist powers to avert the present crisis in the international economy. But this has been achieved at some cost to their ability to guarantee the political conditions for the expansion of capital at the periphery, except in particular regions or sub-regions like Latin America or the Persian Gulf not yet open to socialist diplomacy and military assistance.

The countries of the Third World can only escape the hegemony of the major powers if they make good use of such contradictions. Disarmament is a critical element of any strategy of disengagement because of the way that arms races increase the dependence of countries of the Third World upon their suppliers. But it must be disarmament which takes account of the realities of international struggle. One could not, for instance, expect either governments or guerrilla movements to put aside weapons if this left them defenceless before a hegemonic power or unable as in Southern Africa to use armed force or the threat of it to remove fundamental injustices. What kind of disarmament, for whom and in what international political and economic conjuncture are questions that cannot be shirked.

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