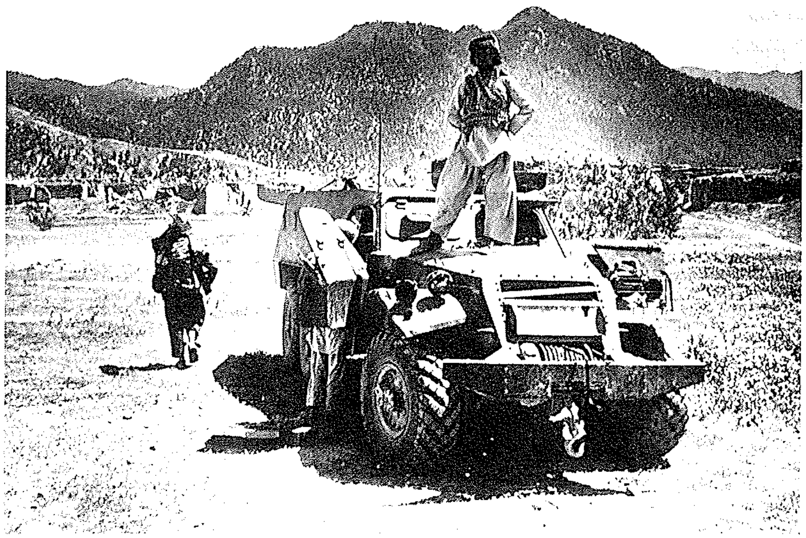
FOREIGN POLICY & DEFENSE



Afghan guerrillas standing atop a captured Soviet-built armored vehicle. Half of the reported $3 billion in military aid to the Afghan rebels between 1979 and 1986 was provided by Saudi Arabia.

Influencing Arms Sales

"Arms, Aid, and the Superpowers" by Stephanie G. Neuman, in *Foreign Affairs* (Summer 1988), Council on Foreign Relations, 58 East 68th St., New York, N.Y. 10021.

Can the superpowers continue to dominate the international arms trade? Some specialists contend that the pre-eminence of the United States and the Soviet Union in weapons sales has ended.

Neuman, director of the Comparative Defense Studies Program at Columbia University, points out that the superpowers' share of the arms trade *has* dropped from a peak of 85 percent during the 1960s to 68 percent today; there are more competing vendors (e.g., France, Sweden, Israel) and more Third World arms buyers looking for new suppliers. But this decline, she writes, does not mean an ebbing of influence. In some ways, she believes, Third World dependence on the United States and the Soviet Union for weaponry "appears to be on the rise."

Of late, both superpowers are reluctant to provide arms to belligerents once combat begins. The United States' share of total military assistance to eight allies (e.g., Israel, Honduras) involved in wars fell from 32 percent, on average, before the war started, to three percent once fighting began. Similarly, Soviet arms sales to eight clients involved in the same conflicts (such as Syria and Nicaragua) dropped from 45 percent to 35 percent.

Once the shooting starts, the superpowers' control increases; only they have enough surplus modern weapons to restock armies quickly. The

Americans and Soviets also own most of the planes that can carry heavy equipment; France, for example, has reportedly used U.S. transports to resupply clients in Chad and Zaire *and* Soviet An-22 aircraft to deliver arms to Iraq.

Superpowers can also veto sales by other nations of weapons that use their components. The United States has blocked sales of Sweden's Viggen fighter and Israel's Kfir fighter bomber because these aircraft use American-built parts. The Soviet Union is even more restrictive; only India can produce modern Soviet weapons under license.

These curbs guarantee continued superpower dominance of the arms trade. In the Iran-Iraq war, for example, both superpowers have, since 1983, thwarted sales to Iran of tanks, air-defense systems, or jet fighters, thus ensuring that technology does not "tilt the war in Iran's favor." The continuing stalemate in that conflict suggests that the superpowers *can* use their influence over the arms market to "regulate the level of armed hostilities in various regions of the world."

ECONOMICS, LABOR & BUSINESS

Battle of the Belts

"The Rise and Fall of Sun, Rust, and Frost Belts" by Bernard L. Weinstein and Harold T. Gross, in *Economic Development Quarterly* (Feb. 1988), Sage Publications, 2111 West Hillcrest Dr., Newbury Park, Calif. 91320.

During the 1970s, spectacular increases in population and income per capita in the South and West convinced many pundits that the loss of jobs in the Northeast and Midwest signaled irreversible economic decline.

Today, however, the "Frostbelt" is regaining strength while much of the "Sunbelt" stagnates into a few "sunspots": Ten of the sunny region's 16 states now have above average unemployment, and only Virginia enjoys a per capita income above the national average.

Most explanations of regional growth and decline have focused on a corporate shift from old Northern industrial cities to less developed areas in the Sunbelt offering lower labor costs and expanding markets. Frostbelt economies did not collapse, however, and the region's revival in the 1980s mocked the earlier conventional wisdom.

What, then, accounts for such painful regional fluctuations? According to Weinstein and Gross, of the Center for Enterprising, Southern Methodist University, the causes lie outside the United States.

The economic resurgence of Western Europe and Japan decreased America's share of world exports of manufactured goods from 25.3 percent to 17 percent between 1959 and 1978. Tougher foreign competition led to worker layoffs and plant closings. The impact came first in older industries such as shoes and steel during the 1970s, then in high-technology sectors such as semiconductors during the 1980s. The impact was greatest in the Frostbelt, where most of America's manufacturing is lo-