

Master's thesis

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Balancing with Arms?

The Arms Trade of Second-Tier States
Challenging the United States' Hegemony

Master's thesis in political science

Trondheim, spring 2013



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Any remaining errors in this thesis are my responsibility alone.

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Chapter 1: Introduction

Rarely do we see a high ranking military officer comment on political affairs, but on a press conference on the 17th of March the top U.S. General, Martin Dempsey made it clear what he thought about the Russian sales of advanced cruise missiles to war-torn Syria. The shipments of these weapons are "ill-timed" and "very unfortunate", according to the General (Voice of America, 2013). Untraditional maybe, but as Joint Chief of Staff, he probably saw it as his responsibility – considering international pressure for military intervention against the regime – to warn about the possible consequences of equipping Assad with the so-called “ship-killer” missiles. Last year Secretary of State Hillary Clinton made sharp statements with the same concerns (Stearns, 2012). Even more concerned were Israel which early in 2013 launched attacks inside Syria on convoys allegedly transporting some of these weapons to Hezbollah in Lebanon (Pleitgen & Sidner, 2013). So why is Russia still selling arms to Syria?

This thesis will investigate the global arms trade and look for patterns that suggest second-tier state balancing. The research question then is; *do second-tier states use arms exports in order to balance U.S. hegemony?* I argue that the arms transfers to Syria is with intent, the intent is not profit but balancing against the global hegemony of the United States. Together with China, Russia as a second-tier power unsatisfied with the current unipolar world order uses the arms trade as a foreign policy tool to balance against the United States. The thesis analyses the arms trade of Russia and China from 2000 to 2012. The year 2000 is a natural starting point for investigating new trends in balancing politics. 2000 is also the year that all Russian arms exports are subjected by the federal agency of Rosoboroneksport. A key point for the analysis has been to focus on what kinds of arms that are sold, rather than just the amount. By transferring advanced weapon systems to states that challenge the U.S., the second-tier states can hinder, frustrate, strain, exhaust, and ultimately challenge the global hegemony of the United States. I argue that the arms trade is one tool of many in the strategic toolbox of counterbalancing.

First the thesis looks into the overall debate of balancing, from whom and under which circumstances we may expect balancing behaviour. I also establish the current state of the unipolar world and the relative capabilities of the United States compared to Russia and China. Secondly, I investigate how arms trading can fit into the debate of balancing. Thirdly, in the empirical analysis the arms trade of Russia and China is investigated, and its potential

effects on the United States are analysed. The most significant cases are isolated and presented to exemplify the general picture of the second-tier state's arms trade. As indicated earlier, I make findings in the analysis of Russia's and China's arms trade to suggest that it is part of a balancing strategy. Results obtained from analysing the historical development of the profits generated by the arms trade on a global scale but for Russia and China in particular, challenge the previously recognised motivations for these sales. The arms trade data show that for the 2000s, Russia has endured the economic landslide hitting their arms industry as a consequence of the end of the Cold War. Last year, Russia set a new record for revenues generated from the arms trade, showing that they no longer have to sell "everything to everyone" just to survive (Reuters, 2012).

Researching possible actions of second-tier state balancing is important because its effects have great potential for affecting the world we live in. History has also shown that periods of transition can be violent, as great power politics often are. Balancing actions against a hegemon taken by rising second-tier powers can have many implications, as Zakaria warns:

"The rise of China and Russia's expanding world ambitions will complicate existing power relations in many ways. Great power conflict is something that the world has not seen since the Cold War. If we were to return to great power conflict, all the troubles we worry about today – terrorism, North Korea, Iran – would pale in comparison. It would mean arms races, strict border control, local conflicts, rivalries among allies and client-states, and other problems associated with the last great power conflict" (Zakaria, 2008: 125).

If full out war between the second-tier powers is no longer likely because of nuclear weapons, other strategic weapons may still be important. "Nuclear weapons alone do not make states into great powers" (Waltz, 1993: 52). The importance of power projection and the ability to deny power projection within one's own area of influence is likely to continue to keep hard power at the top shelf for the years to come. But with new times come new ideas, and the theory or category of soft power opens new possibilities for finer understandings of international politics today. Brooks and Wohlforth warn against interpreting too swiftly every action opposing U.S. interests as balancing behaviour (Brooks & Wohlforth, 2005, 2008). Yet, there has since 2003 been an increase in signs of realignment in the international balance of power. There are evidence, argue some (e.g. Layne, 2006b; Pape, 2005; Paul, 2005), that states follow their own perceived interests and take action to restrain the United States (Erickson & Goldstein, 2006; Wagner, 2010: 27). It is uncertain whether the arms trade of the second-tier states in general should be labelled as hard or soft balancing, but it is certain that

the second-tier states are transferring weapons to each other and to third parties; in spite of the clear harmful effect this has on the United States and its effort to sustain global hegemony. I have chosen to follow the definitions of Pape, who maintain that military alliances and “transfers of military technology to U.S. opponents” should be considered hard balancing (Pape, 2005: 9), while soft balancing is “actions that do not directly challenge U.S. military preponderance but that [...] frustrate, and undermine [...] U.S. military policies” (Pape, 2005: 10). What my analysis show, is that some second-tier states have an arms trade with patterns that differs to a great extent from the others. The thesis evaluates which of the second-tier states that is likely to engage in balancing behaviour against the United States. The Russian Federation and the People’s Republic of China were found to be the best candidates. These two countries are also the two major powers that differs the most from the rest in case of the arms trade. No other states are to the same extent trading major conventional arms with China, Syria, Iran, Venezuela or Sudan. And no other states than Russia and China are transferring advanced potentially game-changing weapons systems to these states.

Transferring military technology to formal allies is per definition hard balancing, and there are few other explanations for actively increasing the military capabilities of states like Iran and Syria. The global arms trade is overall motivated by supply and demand, but a state can still profit without dealing with Iran. One might think that getting a bad tone from the U.S. Secretary of State and subsequent cool relations would outweigh the profit from Russia’s arms trade with Syria, but still the sales went through. To find an answer to this puzzle, I analysed Russia’s sales to Syria from 2011 when the civil war started and found that the arms that Assad’s regime ordered from Moscow for the most part were not your usual “put-down-a-rebellion weaponry” (like armoured cars, tanks, light aircraft and artillery), but rather advanced air and coastal missile batteries for territorial defence. I then looked back at one of the other revolutions of the “Arab spring”. The uprising in Libya was especially violent and although the rebels had a good start, Muammar Gadhafi’s loyal forces were at the end close to beating them. The only thing that stopped him was a UN sanctioned multinational military intervention that eventually destroyed his forces. With this perspective, the Russian arms transfers show themselves with quite different colours.

Another example of interesting motives behind the arms trade is the Russian sales to India. Here Moscow is apparently working hard to nurture and increase the relationship. There seems to be no limit of what arms New Delhi can order from the remains of her old friend.

The analysis show that although profits may be considerable, the Russians do not need to sell arms to India, but none the less they do. Based on the general pattern and specific cases, I understand Moscow's motivation of the arms trade with New Delhi in part as soft balancing against the influence of Washington. It is certain that the U.S. wants India as a regional partner, and arms cooperation is a normal part of such relationships.

More troubling still for the United States is Russia's extensive arms transfers to China. Though the sheer amount by itself may be interesting, the real importance lies in the specific weapons and their capabilities. The analysis showed that Beijing have been ordering advanced weapons with specific capabilities they cannot get elsewhere. Especially noteworthy are the weapons with anti-access/area denial capabilities. China's acquisition of these weapons, which are specialized in obstructing the power projection of other states, is a major concern for the U.S. Department of Defense. The new assets of the Chinese forces means that the U.S. aircraft carrier groups in the western Pacific, and U.S. air force bases in Okinawa, South Korea and Guam can be targeted. The strategic aim of Beijing would be, with their own military power, to make U.S. power projection in Asia riskier and more costly, so that states in the region no longer can rely on it for total protection. If the U.S. military presence is seriously challenged, China will also be able to fulfil its threats towards Taiwan, if the renegade province ever declares independence. It is possible for China to counterbalance the U.S. regionally without having the hegemonic power projection capabilities that the U.S. does. To overcome this challenge is mentioned as a primary mission for the U.S. Armed Forces (Department of Defense, 2012). It is clear that the Russian arms transfers to China from the 2000s are much more than just profit. Though the real extent of the cooperation is debated, Moscow and Beijing are in fact military allies in the Shanghai Cooperation Organization, which is yet to exploit its full potential.

Chapter 2: Balancing under Unipolarity?

This chapter will explain what balancing is and how the international system influences the states into balancing behaviour. The researchers divide themselves into two different standpoints concerning balancing against the United States and the endurance of its hegemony. Some argue that the U.S. is a benevolent hegemon with no need for other states to fear, while other scholars maintain that a state with hegemonic powers is unpredictable, and that the other states want to limit its damage potential. The chapter starts with clarifying the global distribution of power.

In the study of international politics, theories like structural realism and the more developed balance of power theory follows the basic assumption that the international system is anarchic, that is, that power and coercion are not monopolized by some form of world government. Because every state wants to retain their position in the international system, they are faced with the logic of taking care of themselves. It is a system of self-help (Waltz, 1979: 107). To maintain their relative position in the system, states must balance against stronger states by improving their own relative capabilities. They will try to improve their relative capabilities either by internal means through rearmament, or by external means which include the establishment of military alliances. In the words of Waltz, “overwhelming power repels and leads others to balance against it” (Waltz, 2000: 2). However, there is not a perfect consensus among researchers of what balancing really is, or how it works. As Randall Schweller writes, “Although arguably the most frequently used term in the field of international relations, balancing remains an ambiguous concept” (Schweller, 2004: 166). This thesis will investigate the global arms trade and look for patterns that suggest whether or not second-tier states are balancing against the hegemon.

A Unipolar World

The systemic structure of the international system is the centerpiece of the theory of structural realism. One of the major scholars asserting structural realism, Waltz is generally credited with the modern understandings of power polarity in the world system. The polarity of the international system reflects how power is distributed among the states. “To be politically pertinent, power has to be defined in terms of the distribution of capabilities. To use power is to apply one’s capabilities in an attempt to change someone else’s behavior in certain ways” (Waltz, 1979: 192-193). As it is clear from Waltz’s definition, power can have different

manifestations, traditionally military force and economic strength are viewed as power resources. Population and political potential are also power factors. The world in 1914 is the traditional example of a multipolar system with multiple great states, roughly equal in power. The Second World War destroyed Germany and Japan as major powers, left Europe beaten and broken, and power were now only distributed between the United States and the prevailing Soviet Union. The world had become bipolar. This situation captured the globe in an all-inclusive standoff between the two superpowers, known as the Cold War. After one of the two superpowers that made up the substance of the bipolar world dissolved in 1991, the other was left as the sole super power in the world. For more than two decades the United States has been the ever powerful survivor of the Cold War and it has been without real competition since the fall of the Soviet Union – an unmatched giant in the world.

The current state of the international system shows a unipolar distribution of power, that some say is unprecedented. It really does not matter if one believes the unipolar world and U.S. hegemony of today can be compared with the Roman Empire, the British Empire or nothing at all. U.S. hegemony today means that the United States is the pole where power is concentrated, in fact so much power is concentrated in the favour of the United States that no other state or group of states can match it. The nature of the unipol induces many of the other states to bandwagon and follow the lead of the United States because they can benefit from its primacy. In addition, the over-concentration of hard military power in favour of the U.S. makes it hard and possibly quite dangerous for the other states to counterbalance. This is generally accepted among researchers as the reason for traditionally hard balancing being a rare event in today's world. Military forces and assets are usually described as a state's "hard power". Hard balancing is thus the process of countering military power with military power. Researchers like Pape and Paul focus on how the other states can use alternative methods to balance against the hegemon (Pape, 2005; Paul, 2005). The most established form of alternative balancing is called "soft balancing". Soft balancing refers to the same process of countering power, but with other means than military force. However, the new forms of counterbalancing have yet to create a new constellation of power in the international system. "That unipolarity has not given way to a multipolar distribution of power, however, does not mean there has been an absence of balancing behaviour by other states" (Layne, 2006b: 29).

There are two ways to show U.S. hegemony today. One is to measure and compare the military and economic powers of states, which will reveal convincing facts like that the

number of U.S. aircraft carriers is equal to the total number of aircraft carriers in the rest of the world combined. More significantly, in 2012 the United States alone accounted for 40 per cent of the world's total military expenditures (Perlo-Freeman, Sköns, Solmirano, & Wilandh, 2013: 2).

Table 1. Showing military expenditure and percentage share of GDP, of the top five spending states (Perlo-Freeman et al., 2013)

Rank	Country	Military Spending (\$US b.)	Percentage of GDP
1	USA	682	4,4
2	China	166	2,0
3	Russia	90,7	4,4
4	UK	60,8	2,5
5	Japan	59,3	1,0

The other way to observe today's U.S. hegemony is to follow the history back to when the place as world leader was shared with the Soviet Union (Kugler & Organski, 1989). The result of the Second World War was a bipolar world with two giants by and large dividing the world between them, leading into the Cold War. The Cold War ended when the Soviet Union collapsed and left the United States as the sole superpower in the world. This sole superpower now became a hegemon in a unipolar world. "Since the Soviet Union's disappearance, no other great power has emerged to challenge U.S. preponderance" (Layne, 2006b: 12). The U.S. has also had the interest in and will to keep the favourable status quo through its foreign policy. All the U.S. presidents since the fall of the Soviet Union – George H.W. Bush, Bill Clinton, George W. Bush and Barack H. Obama – have pursued a grand strategy that includes the goal of hindering the emergence of a state challenging the U.S. hegemony (Layne, 2006b). The U.S. hegemony is a matter of policy concern, and shows that the United States is aware of the consequences of balancing and is taking steps to counter it.

U.S. Hegemony and the Global Distribution of Power

Hegemony is about hard raw power. The most common definition of hegemonic power focuses on military power, and is by Mearsheimer defined as a condition which "no other state has the wherewithal to put up a serious fight against it" (Mearsheimer, 2001:40). But the basis of U.S. power and hegemony was not necessarily its hard power, it was its "remarkably favorable geopolitical position" (Walt, 2011: 1). With all potential rivals situated behind huge stretches of oceans, the United States have never really had to worry about foreign invasion. The United States maintains today a military force that is more powerful than any other

(SIPRI, 2011). The United States' blue-water navy is, according to Work "superior to all others combined" (Work, 2005: 16). A blue-water navy is the traditional power projecting tool of great powers, and reveals that the United States both have the capabilities and the intentions to utilize these capabilities to maintain their current position as the leading world power. In addition to a blue-water navy that is similar in domination to the British fleet at its height, the U.S. has by far the largest capabilities in the modern form of power projection. For where the British 18th and 19th century navy could use force no longer than their guns' limited range determined, the U.S. can reach anywhere with their aircraft. U.S. aircraft can reach every place on the globe, either with fighter aircraft sent from an aircraft carrier off the coast, a surveillance plane refuelled in air or a long-range bomber with take-off in the Mid-West with non-stop flight across the globe (Posen, 2003). The latter, for example, were used in early April 2013 as a show of force against North Korea in the midst of the nuclear crisis. Furthermore, the United States have the most advanced nuclear programme, capable of launching both first and second strikes successfully. Tellingly, their research and development budget is 80 per cent of the total defence budget of China, the most obvious future competitor of the U.S. (SIPRI, 2011). It is then safe to say, "The post-Cold War international system is thus unipolar" (Monteiro, 2011).

A true hegemon also has economic supremacy in the international system and has a preponderance of material resources (Layne, 2006b: 11). Additionally, hegemony is about the power ambition of the leading state. According to Gilpin, "a hegemon acts self-interestedly to safeguard its security, economic, and ideological interests"(Gilpin, 1981: 29-30). As a third point, hegemony is of course about polarity. The hegemon enjoys overpowering resources in military and economic power compared to the other states in the international system, and therefore the system is unipolar. Hegemony succeeds in the international system when "one state is powerful enough to maintain the essential rules governing interstate relations, and willing to do so" (Keohane & Nye Jr., 1977: 44). But since no state has ever completely controlled the international system, hegemony is more of a relative than an absolute concept. The relative concept is important because it explains how we can call the United States a hegemon but also acknowledge that the hegemon has been unable to suppress the insurgency in Afghanistan or denied North Korea a nuclear program. The hegemon is not necessary omnipotent; there are still limits to its power and its ability to reach its goals with this power. Researchers like Layne see the United States as a hegemon because, "In international politics, the United States does not get all that it wants all of the time. But it gets most of what it wants

an awful lot of the time, and it affects other states far more than other states affect it” (Layne, 2006b: 12).

That the bipolar Cold War should come to such an abrupt ending two decades ago was a real surprise to most scholars. Until then, there had been little thought on the possibilities of a unipolar world. But today there is much literature on the subject, and from the start there were two areas of focus: the peacefulness and the durability of the unipolar system. The peacefulness of the unipolar system is a question that will not be covered here. In the 1990s the common argument for example presented by Krauthammer was that the unipolar moment was just a moment, and would not last for long (Krauthammer, 1990). As a representative and lodestar of many structural realists, Waltz argued that the systemic balance of world power would soon be re-established by other rising powers.

Wohlforth (Wohlforth, 1999) was perhaps one of the first scholars to present theory that suggested that the U.S. unipolarity would not soon end, but on the contrary would endure for decades to come. Wohlforth noted how the nature of the unipolar system generated incentives for cooperation for stability and gave the United States initiatives to engage in global security to maintain the system, thus limiting the possibilities of competitor states to emerge (Wohlforth, 1999: 7-8, 38). In his book *World Out of Balance: International Relations and the Challenge of American Primacy* co-written with Brooks, Wohlforth further develops his arguments and stands out as one of the more influential perspectives in the debate (Brooks & Wohlforth, 2008). The question of the durability of the unipolar world we see today is constantly up for debate. Researchers like Wohlforth, Kagan, Ikenberry and Zakaria (Ikenberry, 2004; Kagan, 2012; Zakaria, 2008), argue that U.S. supremacy will likely continue for a long time. Layne, Pape and Walt represents scholars taking the other point of view, and do not see the unipolar world order to last for more than decades (Layne, 1993, 2006b; Pape, 2005; Walt, 2011). Those who expect a change in the unipolar world system often see China as the prime challenger to the U.S. predominance. Together with the financial crises that began in 2008, the military expeditions of Afghanistan and Iraq have seriously strained the hegemon to the point that some, leaning upon Kennedy’s argument (Kennedy, 1987b) about the inevitability of imperial overstretch, view these cases as proof of the U.S. decline (Monteiro, 2011: 10-11). But overall, the numbers of strength regarding economic power is to some point as favourable to the United States as military power. For the U.S. both GDP and GDP per capita are far higher than for both China and Russia. China has an

enormous population, but not much more territory than the United States. Russia with the largest territory has the most natural resources, especially oil and gas, but the U.S. has a much more diversified economy.

Table 2. Showing the relative economic situation in 2012 (IMF, 2013)

	USA	China	Russia
GDP \$US b.	15,653 366	8,250 241	1,953 555
Population m.	314,311	1 353,821	141,924
Size of territory km. ²	9 629 091	9 706 961	17 098 242

A Lasting Unipolar Moment? – Arguments in the Literature

Kennedy has shown how great powers of history have risen and later fallen over the course of time (Kennedy, 1987b). The question today is, will the United States follow the same destiny as the British Empire, or will the hegemon prevail? Simply put, we can divide the arguments of continued U.S. supremacy into two categories. The first line of arguments state that the U.S. cannot be balanced because of its overpowering military strength and economic capabilities. Nor would any states attempt to balance, because the U.S. is not threatening them. The second group of arguments is based on notion of the U.S. as a benevolent hegemon (Kagan, 1998). Because the United States is a liberal democracy, researchers argue that other states can trust their intentions, and for many states the situation of U.S. hegemony is beneficial and therefore desired (Ikenberry, 2002; Lieber & Alexander, 2005).

The argument that unipolarity invalidates the balancing responses of the international system described by Waltz, by transforming the very nature of it, is by Layne described as the most robust for long-lasting U.S. hegemony (Layne, 2006b: 14). The argument is, among others, supported by Wohlforth who emphasises how, in a unipolar world, the concentration of power in the presence of the hegemon makes any effort to counterbalance it highly costly; too costly (Wohlforth, 1999). Some researchers, often called U.S. primacists, uphold that this concentration of power is currently present and that the military, economic and technological power of the United States creates a threshold that disheartens the possible challengers from even attempting starting the competition. For the last 60 years, the United States has invested in and built robust international financial institutions, they have managed to maintain NATO as a potent military alliance and have a role as a major player in almost any multinational debate around the world. Because of the enormous investments and achievements made through the years, the outputs, both economic and military, are still unprecedented compared to any other state. The wars in Afghanistan and Iraq were hugely costly, but the fact is that

their combined expenditures did not exceed one per cent of U.S. GDP, while the Vietnam War accounted for 1.6 per cent (Ahmadov, 2012: 2). In an international system prone to balancing and counterbalancing between single powers and alliances, the game often circles around states that are powerful enough to act as magnets and protective shields for those that would challenge the hegemon. One argument is that no such powerful state exists today. With the absence of a 'coalition magnet', it is very difficult to assemble a coalition of states with the necessary amount of hard power to fruitfully challenge the U.S. "States that might otherwise be tempted to balance against it are vulnerable to being singled out as potential rivals, and being punished by the hard fist of U.S. power" (Layne, 2006b: 15) . Zakaria acknowledges that the European Union is now the largest trade block in the world, and that China and other giants have the theoretical possibility to create bipolarity or even multipolarity, but this is an outcome he brushes aside. "In every realm except military, similar shifts are under way. In general, however, the notion of a multipolar world, with four or five players of roughly equal weight, does not describe reality today or in the near future" (Zakaria, 2008: 43).

In recent years there has been an increasing focus from researchers, policy makers and reporters of the rising China and its alleged threat to the primacy of the United States. The emphasis on China has taken some focus off the traditional "foe" of the United States. But Russia is still important in the debates of U.S. primacy. However, in terms of economic growth China would have to spend at least two decades to catch up with the economic level of the U.S., even if China manages to continue its current record-high annual growth rate. (Ahmadov, 2012: 3; Overholt, 2012). The same can be said about military capabilities. Even if China is increasing its defense budget annually and continues its procurement of advanced weapons in vast quantities, the United States' head start will secure the lead for at least 20 years. Since the rise of China first and foremost is a story of economic growth, it is also interesting, according to U.S. primacists, to hear scholars like Nye, who questions whether economic power so easily can be translated into military power. Nye remind us that "the United States was the world's largest economy for 70 years before it became a military superpower" (Nye, 2011).

The second set of arguments claiming that unipolarity will likely last is represented by the balance of threat theory. Walt explains how most states have no motivation to balance against the U.S. because they do not see themselves as military threatened by the U.S (Walt, 1987).

Paul goes deeper and explains what about the U.S. hegemony it is that discourages counterbalancing from other states (Paul, 2005). The main reason, he finds, is that the United States is in fact protecting the territorial status quo of the globe. In spite of its status as a hegemon, the U.S. does not need to conquer other states' territory to bolster its military or economic powers. Also, the second-strike nuclear capability that most of the second-tier states possess is a game-changer in the case of territorial conquest, and limits the behaviour of the imperial power. As we see, it is not only difficult to compete against the U.S. primacy, but there are also several factors that discourage states from engaging in counterbalancing, and instead encourage them to support the U.S. primacy. Many states view the U.S. leadership as a strategic necessity. "Even though regional powers emerge in different continents, the United States will be holding its primacy since regional powers still lack a capacity to play this role and thereby will want the U.S. presence" (Ahmadov, 2012). As the then U.S. senator Barack Obama wrote in an article published in *Foreign Affairs* in 2007, "America cannot meet the threats of this century alone, and the world cannot meet them without America" (Obama, 2007: 4). In today's world the reality is, the argument goes, that the interests of most states are compatible. If a challenging state emerges, it is more likely to be perceived as a threat to all, than a possible ally of some against the hegemony of the United States. It is maybe telling that the latest National Security Strategy document signed by President Obama in 2010 does not mention rising powers or counterbalancing at all (Obama, 2010). Even after massive cuts in defense spending, the United States is still the dominating military-political power in the world. At the same time, nuclear weapons can make it suicidal for a rising power to military challenge its peers. "Today's Western order, in short, is hard to overturn and easy to join" (Ikenberry, 2008: 24). A true rival to Washington has yet to present itself, but the U.S. still faces a growing number of constraints. Although the world system seems stable it is important to remember that polarity is not a binary condition. "The world will not stay unipolar for decades and then, one day, suddenly switch and become bipolar or multipolar" (Zakaria, 2008: 218). It is more likely to be a slow shift.

Rising Powers as Balancers

In the past many states have believed in their own benign motives and pursued seemingly peaceful ascents, but have still ended up upsetting the system. Gilpin notes that as a state's power increases, "it will be tempted to try to increase its control of its environment. In order to increase its own security, it will try to expand its political, economic, and territorial control, it will try to change the international system in accordance with its particular set of interests"

(Gilpin, 1981: 94-95). We will let Zakaria explain further, “The crucial point here is that, throughout history, great powers have seen themselves as having the best intentions but being forced by necessity to act to protect their ever expanding interests. And as the world’s number two country, China will expand its interests substantially” (Zakaria, 2008: 115). The second-tier states are responding to the U.S. hegemony (Hurrell, 2006).

An Eroding Unipolar Moment? – Arguments in the Literature

“When a state stands alone at the pinnacle of power, there is nowhere to go but down” (Walt, 2011: 1). Over the years several scholars have warned that the United States as a hegemon would suffer from some sort of “imperial overstretch”. Although the term originated from Kennedy (Kennedy, 1987a), it has since been elaborated by, among others, Snyder (Snyder, 2003), Layne (Layne, 2006a) and Ash (Ash, 2005). The imperial overstretch, they say, will ultimately force the United States down from the throne of hegemony. But first an argument of threats.

Measuring capabilities or power is usually far easier than asserting intentions or threats. As we have seen, U.S. primacists argue that second-tier states, like the rest, do not balance against the U.S. because they do not feel threatened by the intentions of the hegemon. Rhodes, on the other hand, calls the balance of threat theory “wildly misleading” when it is used to argue for a lasting of U.S. hegemony (Rhodes, 2004: 150). Walt also recognizes the constant threat posed by the most powerful state to the other states in the system. “In a world of independent states, the strongest one is always a potential threat to the rest, if only because they cannot be entirely sure what it is going to do with the power at its command” (Walt, 2005: 61). The unipolar world system consequently removes any fruitful distinction between balancing against power and balancing against intentions or threats, because the real threat is the overwhelming power concentrated at the hegemon’s service. “The consequences of guessing wrong about a hegemon's intentions are likely to be far worse in a unipolar system than in a multipolar system” (Layne, 2006b: 21). Walt maintains that the United States may assure other states that it poses no threat and wishes no harm if it “acts wisely” (Walt, 2005: 61), but this ability is severely limited by the fact that in a unipolar world the other states must concern themselves primarily with the hegemon’s power rather than its intentions: the problem is that the capabilities of the U.S. are so great that no one can really be reassured.

Although the U.S. primacists claim that the United States is a nonthreatening hegemon because its powers are located behind great distances of ocean and therefore not inclined to be used to conquer “living space”, many states may see it differently. They view the presence of U.S. military troops and assets in Europe, the Middle East and East Asia, both offshore and onshore as a potential threat indeed (Beeson, 2004; Carranza, 2010). With carrier fleets patrolling off their coasts and huge forces lurking over the horizon, China, Russia and the like should feel insecure. In a unipolar world, the burden of proof is on the hegemon to reassure to others that its power is not threatening (Layne, 2006b: 20-22). Dividing the world into two fronts and preaching, “You are either with us or against us”, is perhaps not the wisest thing to do to convince the rest of your good intentions. After the 9/11- attacks in 2001 the United States enjoyed a high level of sympathy from around the world, but the rhetoric and politics of the following years, with the invasion of Iraq as the low point, became the basis for a period of “remarkable apprehension on the United States even among the public of traditional NATO allies” (Ahmadov, 2012: 2).

Secondly, there is also the case of arguing that the United States in fact does not possess the amount of power capabilities needed for fully discouraging other states to balance against them in any form (Cox, 2002). After all, if the U.S. is as almighty as the U.S. primacists argue, why has North Korea been allowed to develop a nuclear program? Pyongyang’s nuclear program may not yet yield a capacity to strike the U.S. mainland, but a nuclear bomb is still a nuclear bomb and the Seoul capital-area with 25 million inhabitants is just 40 kilometres from the North Korean border – and several U.S. bases are in the vicinity. And why is the U.S. not taking any active steps to counter Chinese acquisitions of advanced weapons that will ultimately threaten their ability to protect Taiwan? Why is the U.S. letting India have the capability to cruise the worlds blue waters with a Russian-brought nuclear-powered aircraft carrier (of course, India is a friend, but for how long)? One possible answer to these questions may be; “because they cannot do anything about it!”

The Iraq war raised many questions regarding the United States ability to actually manage the world as a sole hegemon. The fact that it came to an invasion, against much protests from major states and even major U.S. allies, can be an argument that show the hegemon is alive and well, but the failure of the Iraq war and the strains it placed on the U.S. is on the contrary, an argument for a weary titan. The so-called “war on terror” had a number of flaws, and many researchers argue the Afghanistan and Iraq war were too costly economically and politically,

and of little use. Even worse, the hardship suffered in Afghanistan and Iraq can work against U.S. intentions and increase the relative power and assertiveness of Iran and other recalcitrant states, because these wars concentrate U.S. attention and tie up its forces, and they align anti-U.S. forces. For Al Qaida, the U.S. invasion of Iraq was a goldmine (Ahmadov, 2012). President George W. Bush outlined a “freedom agenda” and stated in his second inaugural speech that “it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world” (Bush, 2005). The problem with a “freedom agenda” as a general foreign policy for a hegemon is that democracy promotion is often conflicted with other important foreign policy goals. Sometimes the cooperation to counter terrorism outweighs regimes’ autocratic nature and the oppression of democratic movements. Democracy, on the other hand can produce governments that are hostile to U.S. interests. As Huntington observed as early as in 1996, “Democracy is promoted, but not if it brings Islamic fundamentalists to power” (Huntington, 1996: 41). More importantly, great powers like China and Russia see U.S. “democracy-spreading” as threatening to their own regimes. It is also noted around the world that nonproliferation is a fundamental concern in the cases of Iraq and Iran, while it is not mentioned in the case of Israel. Ahmadov questions if the United States have too much confidence in its own ability to gather the other states in a united effort towards common interests, while it really shows unilateral strategies and ignorance of global support. Huntington reminds us that “What is universalism to the West is imperialism to the rest” (Huntington, 1996: 40).

Remember, the question is not whether the United States is to collapse as did the Soviet Union, but rather whether if the U.S. will endure as the hegemon in a unipolar world system. Walt is talking about the end of the “unipolar moment” – and expects the world will see either “a bipolar Sino-American rivalry or a multipolar system containing several unequal great powers” (Walt, 2011: 4). A United States that fail to realize its own weakening position does not escape the truth simply by ignoring it. As Kennedy showed in this book of *The Rise and Fall of British Naval Mastery*, politicians and bureaucrats often find it difficult to change their foreign policy expectations according to the falling economic capabilities (Kennedy, 1976). It is maybe telling that, although the financial crisis hit in 2008, it took the U.S. Department of Defense five years until 2012 to conclude in its 21st priority paper for sustaining global leadership that it was important to evaluate “the U.S. defense strategy in light of the changing geopolitical environment and changing fiscal circumstances” (Department of Defense, 2012:

1). With the major cuts in the defence budget implemented by president Obama (a cut from \$600 bn. to \$486 bn. and the sequester's \$55 billion-a-year defence cuts do not end until 2021), it is already clear that the economic recession is limiting the capabilities of Washington (The Economist, 2013b). The real change in the condition for U.S. hegemony has little to do with the United States itself. "In the 1990s, Russia was completely dependent on American aid and loans. Now it posts annual budget surpluses in the tens of billions of dollars. Then, the East Asian nations desperately needed the IMF to bail them out of their crisis. Now they have massive foreign exchange reserves" (Zakaria, 2008: 217).

Hard Power and Balance of Power Theory

"When the leading states in the international system use their resources to pursue security objectives, what stands in their way? Realism highlights one answer: other major powers" (Brooks & Wohlforth, 2008: 22).

Balancing is basically a strategy of counterweight. It is a minor state's answer to a system where power is over-concentrated in one state or one group of states. Balancing occurs when power is distributed asymmetrically, and the weaker states are at risk of being dominated by the stronger ones. Traditionally balancing has been understood as the use of hard military power to counter existential threats (Mearsheimer, 2001; Waltz, 1979). Hard balancing is therefore about using military force to respond to the military powers of other states. Pape sums up hard balancing against the United States as "military build-ups, war-fighting alliances, and transfers of military technology to U.S. opponents" (Pape, 2005: 9). In balancing theory it is always expected that power will check power, and the answer to military power is military power. To what extent the other states have to engage in the activities described by Pape in order to be qualified as hard balancers is debated among scholars (Wagner, 2010). The Cold War made the designation easy, but the world today is more complex. This thesis analyses the second-tier states' arms trade, and is therefore focusing on the "transfers of military technology to U.S. opponents", as described by Pape.

Traditionally understood, balancing can take the form of internal balancing with military build-up, or external balancing with the participation in military alliances. Of course it is possible, and indeed quite common, for states to do both, as was the case for most Western European states under The Cold War. As Jervis writes, "power is checked most effectively by counterbalancing power" (Jervis, 2003: 84). The former U.S. president Woodrow Wilson

stated that he disliked the balance of power because he believed it caused wars. The defenders of the balance-of-power policies argue of course that it creates stability. However, history has shown us that peace and stability is not the same thing. This is true because states balance power not to preserve peace but to preserve their own independence (Nye & Welch, 2011: 75). Balance of power has several meanings, but for this thesis we are considering balance of power as a policy. In this aspect balance of power predicts that states will act to prevent any one state from developing a preponderance of power. This is an old and well established policy in international relations. The British foreign minister in 1914, Sir Edward Grey, did not want to go to war, but eventually did – because he feared Germany would gain preponderance in Europe by controlling the Continent (Nye & Welch, 2011: 76). In this respect, the balance-of-power theory predicts that other states, alone or in concert, will try to bring the U.S.-power hegemony into balance (Waltz, 1993: 53).

There are different views and understandings of the U.S. hegemony in a unipolar world. One of these is to see the hegemony of the United States as so powerful and imposing that it is the natural duty of every state to try and resist it. The infamous late French president François Mitterrand once stated, “France does not know it, but we are at war with America. Yes, a permanent war, a vital war, a war without death. Yes, they are very hard, the Americans, they are voracious, they want undivided power over the world” (Mead, 2002: 33). The biggest challenge for leaders and policymakers trying to assess the balance of power is measuring changes in power resources and how to balance against them and survive (Nye & Welch, 2011: 75).

Soft Power and Balancing

Researchers like Brooks, Wohlforth and Zakaria believe that traditional counterbalancing is too costly under unipolarity. However, states still have the opportunity to wield power against the hegemon. The type of power they talk about “operate at a lower, less comprehensive level than the typical conception of balancing” (Brooks & Wohlforth, 2008: 60). Pape defines soft balancing as “actions that do not directly challenge U.S. military preponderance but that use nonmilitary tools to delay, frustrate, and undermine aggressive unilateral U.S. military policies” (Pape, 2005: 10). But soft balancing can include actions of “territorial denial, entangling diplomacy, economic strengthening and signaling of resolve to participate in a balancing coalition” (Pape, 2005: 9-10). Soft balancing clearly differs from traditional hard balancing, but its function and result are similar (Nye, 1990). In his article “Soft balancing in

the Age of U.S. Primacy”, Paul agrees with Brooks and Wohlforth that since the end of the Cold War, the second-tier major powers have generally abandoned traditional hard balancing which relied on counterbalancing military alliances and arms build-ups.

This does not mean that the second-tier powers are just watching the manifestation of the U.S. hegemony with ease. They are not at ease argue Paul, but because the second-tier states do not believe that their sovereignty or security are directly threatened by the hegemon, the response is not hard balancing. Without this existential fear the actors can allow other motivations and strategies to work (Nye, 2009). With the exclusion of United Kingdom, all the major powers are still taking steps to at least slow and hinder the hegemonic power the United States possess in the current world system (Paul, 2005: 47). In this new environment of international relations the response from the other major powers to the U.S. actions includes bandwagoning, buck-passing and free-riding (when states follow, ignore or benefit without contributing). The intention behind these responses is to both constrain U.S. power and to maintain their own security. Paul shows how the second-tier states engage in soft balancing, with a strategy that “involves the formation of limited diplomatic coalitions or ententes, especially at the United Nations, with the implicit threat of upgrading their alliances if the United States goes beyond its stated goals” (Paul, 2005: 74). Walt (2011) supports Pape’s argument that the strategy of aggressive unilateralism applied by President George W. Bush has damaged the United States’ good reputation of benign intent and respect for other major powers. With U.S. unilateral action and unforgiving language in their mind, major powers have reconsidered their assessment of the potential threat the hegemon poses to them. As a result, “major powers are already engaging in the early stages of balancing behaviour against the United States” (Pape, 2005: 9). “[...] if the United States acts in ways that fuel global concerns about U.S. power and undermine its long standing reputation for benign intent, efforts to balance the United States will increase and the United States will find itself increasingly isolated” (Brooks & Wohlforth, 2008: 61-62). Soft balancing strategies can include vetoing UN resolution, sanctioning or taxing trade, postponing or breaking diplomatic relations, denying use of territory, harbours or airspace, or in other ways (peacefully) undermining policy efforts of the hegemon. Pape contends that original responses of soft balancing towards actions that change their perception of threat posed by other states, can “evolve into hard balancing” (Pape, 2005: 18). Understanding soft balancing is therefore important even if you do not believe soft power can balance.

To sum up, there is no doubt that unpopular U.S. policies have affected the decision-making and public opinion of foreign governments in ways that hurt or hinder U.S. strategy. These counteractions from the other states impede both U.S. foreign policy and military security. There is, however, a discussion about whether or not they should be called “soft balancing” because this implies that they are the outgrowth of balancing dynamics. If soft balancing is indeed a form of balancing that is the product of direct concerns about U.S. power and intentions, “then the United States faces the prospect of more, and more intense, efforts to constrain its power in response to its security policy” (Brooks & Wohlforth, 2008: 62). When examining policy and actions made by second-tier states, it is always important to remember that even if those actions have negative effects on the U.S., these actions were not necessarily produced with that intent only. States seek economic growth, local security and other objectives that may unintentionally harm the United States. This shows how difficult it can be to interpret arms transfers – that is, to determine if they are acts of deliberate balancing against the U.S. or merely cases of regular trade with unintended effects.

The Second-Tier States – Power, Goals, and Behaviour

The second-tier states are the major powers (China, Russia, United Kingdom, France and Germany) that are closest to the United States in power and therefore best placed to balance against it. Since the U.K. often emphasises its “special relationship” with the U.S., they are not likely to engage in balancing behaviour. While the U.K. supported the U.S. invasion of Iraq, Germany and France strongly opposed it, so much so that they were accused of soft balancing. However, both being Western democratic states with strong current and historic ties with the United States, as well as NATO- members, they are not in a position conducive to the use of arms trade as a balancing tool. A quick search through the SIPRI Arms Transfers Database by and large confirms this. We are then left with China and Russia, two states that both repeatedly state their goal of a multipolar system and protest against U.S. foreign policy. Of the second-tier states, China and Russia also differ the most politically from the United States.

“From the early 1990s, the deepening of bilateral ties between Russia and China has been predicated to a considerable extent on the desire to balance against the dominant power of the United States” (Mankoff, 2012: 202). For Russia, China appears as a very attractive partner for strategic cooperation on many levels. Besides the obvious power and capabilities that lies in the growing Chinese nation, Moscow understands that Beijing shares their view on the

international system today, and how it should be in the future. Both Russia and China are strongly uneasy about the current international system where the world is dominated by the United States, and western norms including democracy and all-inclusive human rights are set to be the standard. Neither Russia nor China is happy about western values working as international laws interfering in their internal affairs. According to statements by the Russian Foreign Ministry, it is “Russia’s long-term national interests and the similarity of approaches to the fundamental questions of international politics”, that explains the well-developed Russo-Chinese cooperation (Mankoff, 2012: 182). In their official foreign policy documents, the Russian word for multipolarity – “mnogopolyarnost” – is central in the description of the evolving new world order. The Chinese authorities have an equivalent word, – “duojihua” – which they use in the same way as the Russian equivalent to describe the multipolar division of power in the near future international system. Nearly all form of cooperation between Moscow and Beijing can be understood in the light of the joint Russo-Chinese belief that a world system where the majority of power is divided between a handful of Great Powers, and where state sovereignty and national interests are respected, is the best system to serve their own well-being. The cooperation enhances both Russia’s and China’s ability to challenge the legitimacy of the U.S. hegemony (Mankoff, 2012: 182-183).

Russia’s seemingly sporadic attempt to parallel and counterbalance NATO with its own security alliance, called the Shanghai Cooperation Organization (SOC), is often lost on policy makers discussing second-tier states balancing against the U.S. hegemony. One reason can of course be that the as the driving force behind the security organization, Russia seems yet to have incorporated the SOC in its Grand Strategy. In addition to Russia, the organisation consists of China, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. For some time the Shanghai Cooperation Organization was seen as a possible replacement for the Soviet era Warsaw Pact, with the potential capability and intention to balance and check the expansion of the United States’ global influence. However, the SOC has not developed to its full thought-of potential, but the initiative behind it and the cooperation the organisation enables is quite interesting, and should be noted. The idea of the SOC can easily be seen as a move of hard balancing against the United States. Beijing and especially Moscow, are actively supplying the member states with advanced weapon systems in an order that could easily qualify as hard balancing (Pape, 2005; Waltz, 1979). Russia and China are also partners in the interesting but still rather loosely coordinated BRICS organisation. Together with the other members – India, Brazil and South Africa – China and Russia are using the group to improve

cooperation and follow common strategies as rising powers. The first formal meeting at minister level were held in Russia (President of Russia, 2009). Important international organisations where the U.S. is not a member are few and far between, but BRICS is one, and is one notable exception, and this is not a coincidence.

The driving force behind the extended strategic cooperation between Moscow and Beijing has often been situations where Washington reminded the others of its premier power-projection capability and dominance in world politics. The Shanghai Cooperation Organization was established in 2001 on the pattern of its predecessor The Shanghai Five, but with a larger member group and a greater emphasis on security cooperation. The new organisation could thus be a more potent counterbalancing force against the U.S. involvement in the region. As early as in 1997, Russia and China made a joint declaration on the formation of a multipolar world. This was above all a warning to the United States that China and Russia no longer would accept an international order dominated by Washington alone. Rhetoric aside, to reach their goal of a multipolar world, of course, means that either the U.S. must downscale its powers, or the others must successfully balance against it. There is a clear linkage between China's interest in buying advanced weaponry from Russia, Russia's willingness to sell such weaponry despite its own concerns about China's future intentions, and how Moscow and Beijing view U.S. power (Mankoff, 2012: 202). If not for how the 9/11 attacks congregated most of the world's states into cooperation in fighting terrorism as a common enemy, the role of the new Russo-Chinese security organization would probably have been given more attention in Washington.

“The importance of China's relations with every other country in the world is dwarfed by its relation with one – the United States of America” (Zakaria, 2008: 123). U.S. involvement trumps all other dimensions of policy. For example, a war between China and Taiwan will be bloody and tragic, but with U.S. involvement it will have far greater consequences. It is the same for Russia. Their foreign policy strategy is to a great extent shaped by U.S. actions and reaction. The 2008 Russo-Georgian war, for example, is commonly thought to be related with Georgia's policy to link with the West, including NATO. Holmes and Yoshihara investigated the military strategy for the future Chinese naval forces and concluded that they to a large extent followed the strategic thinking of 19th-century naval strategist Alfred Thayer Mahan (Mahan, [1890] 1987), focusing on control of the commons. According to Holmes and Yoshihara, “Chinese discussions of the commons appear ambitious and even warlike”

(Holmes & Yoshihara, 2006: 177). Interestingly, they also show how many of China's foremost journals on international relations and military security write about how China must embrace ideas like those of Mahan and arm up to challenge the United States in the waters of South-East Asia. One Chinese scholar, for example, used Mahan to justify China's need for taking control of strategic passages and important sea-lanes that goods and materials have to traverse. He saw the command of communications on the sea vital to the future of China, and concluded, "Dominant naval power, then, was the crucial determinant of national prosperity and greatness" (Holmes & Yoshihara, 2006: 177). The empirical analysis will investigate if there is any relation between the apparent new security strategy of Beijing and the arms transferred by Russia.

Chapter 3: The Arms Trade of Second-Tier States – Balancing (f)or Profit?

To maintain their relative position in the system, states must balance against stronger states by improving their own relative capabilities. They will try to improve their relative capabilities either by internal means through rearmament, or by external means which include the establishment of military alliances (Waltz, 2000). Arms trading is of course a source of state revenues, and, consequently, of their relative economic power as well, but arms trading is likely to have an even more pronounced effect as a form of hard or soft balancing. We can look at weapon transfers as one of many possible strategies for balancing. Depending on the situation, arms exports can function as hard or soft balancing. Pape sums up hard balancing against the United States as “military build-ups, war-fighting alliances, and transfers of military technology to U.S. opponents” (Pape, 2005: 9). Soft balancing, on the other hand, can include actions of “territorial denial, entangling diplomacy, economic strengthening and signalling of resolve to participate in a balancing coalition” (Pape, 2005: 9-10). It is not hard to imagine that arms trade can fit into both categories. This thesis analyses the arms trade of the second-tier states for balancing behaviour against the hegemon. Since neither Russia nor China is in open conflict with the United States, Waltz’s traditional understanding of counterbalancing may not fully explain their actions. With that in mind, we make use of a broad perspective, including theories of soft balancing, when analysing the arms trade of Russia and China. I argue that the arms trade of the second-tier states does indeed function as a form of balancing strategy.

The role of the arms trade in counterbalancing is controversial, and although there has not yet been concluded much research explicitly on how the arms trade is used to balance against the U.S., there does exist research concluding that it does not play a significant part. For example, Brooks and Wohlforth argue that the balance-of-threat theory fails to explain the Russo-Chinese arms trade. They use a form of counterfactual analysis and say the Chinese arms procurement is only interesting to other scholars because the arms come from Russia. If China had bought similar amounts and types of weapons from Israel or South Africa instead, they argue the arms transfers would not have been given so much attention (Brooks & Wohlforth, 2008: 77). But I do think that Brooks and Wohlforth miss a vital point, namely, *that what kinds of weapon systems that are sold is more important than just the sheer numbers of them*. Because some weapons are capabilities in their own, their numbers are not the most important

factor. Who is selling China the most arms is not interesting if it is just field cannons they are selling. On the other hand, who is selling China advanced combat aircraft and anti-ship missiles is quite an interesting issue. The case of the Russo-Chinese arms trade is no doubt intriguing because Russia is both the far largest supplier and sells the most advanced potentially game-changing weapon systems to China. On top of this is the fact that in 2000, the Russian President by decree established a federal agency for managing and controlling all arms exports of the federation. Rosoboronexport is the federal state unitary enterprise effectively controlling all exports of Russian-produced arms. Rosoboronexport “is more than a seller of weapons; rather, it has become an industrial behemoth that is monopolizing whole sectors of this industry on behalf of the state” (Blank, 2007: V).

The continued transferring of arms is important because just having access to components and technology will not be enough for other states, by themselves, to produce and field weapons that are capable to rivalling those of the U.S. “To produce capable weapons systems, components and technology must be married with sufficient production experience, design skills, and general knowledge of systems integration” (Brooks & Wohlforth, 2008: 135). By allowing other states to obtain new military technologies that can challenge the U.S. military force and thus reduce the magnitude of U.S. hard power, second-tier states can use the arms trade to balance the hegemon. Shifts in capabilities that constrain U.S. security policy can be described as balancing. This shift in capabilities can be the result of states purchasing weapon systems that rival those of the United States (Brooks & Wohlforth, 2008: 133). Of course, weapons can be constructed indigenously, but purchasing weapons is time-saving because the whole research and development stage is thereby skipped and replaced with ready products and the possibility of technology transfer and reengineering. Also, for some states, because of poor relations with the U.S., it is very difficult to develop the most advanced weapon systems themselves. For example, Iranian students are consistently expelled from any Western university course concerning space technology, nuclear power and rocket science. The practice is supported by a UN resolution urging member states to hinder Iran from developing their nuclear program (Carlsen, Døvik, & Sunnanå, 2009). Because of embargoes, the recipient state has to have good connections in order to get deals tied up. The supplier state has to weigh the benefits of the transfers against the negative aspects of dealing with states that are under embargo from other states. “Because of the great concentration of the global arms market in the hands of the United States and its NATO allies, whenever the European powers and the United States simultaneously restrict arms sales, it will be very difficult to

import arms that are capable of rivalling U.S. forces” (Brooks & Wohlforth, 2008: 134). There is, of course, one major supplier that countries can turn to when it becomes difficult to acquire arms elsewhere, and that is Russia. The data from the arms trade database from SIPRI show that states like Iran, Syria, Venezuela and China – all of whom are at bad terms with the U.S. and much of the Western world in general – have over time been able to buy large quantities of weapons from Russia (SIPRI, 2013a).

Arms Trade for Profit

Since most of the current literature concerning the possible second-tier states balancing against the United States fail to mention the arms trade, diminishes its importance, or maintain that the arms trade is only for profit, I will investigate how important the aspect of profit is for the arms trade. There are considerable sums involved and shifting hands in the global arms trade every year. It is therefore possible that the sole motivation for the second-tier states to sell arms is to gain profits. The volume and value of the total arms trade have varied much over the years. With a low point in the mid-nineties, the total world expenditure is higher from 2008 to today than it was in the late 1980's when SIPRI started gathering data. From SIPRI's database of the total world arms trade we can in general deduce two interesting facts. The first is that the global arms trade experienced a dramatic fall following the collapse of the Soviet Union and the ending of the Cold War. The second is that the total expenditures of the global arms trade have been climbing fast since the nineties, and has exceeded the numbers for the last years of the Cold War (SIPRI, 2013b). In the analysis we will look closer to the revenues of China's and Russia's arms trade.

Arms Trade as Hard Balancing – My Enemy's Enemy is My Friend

Traditionally arms transfers are categorized as a form of hard balancing when the arms go directly to other states or groups that share your opposition to others (Pape, 2005: 10). The weapons transferred from the United States to Western Europe under the Marshall plan in the late 1940s and early 1950s, is to be considered hard balancing against the Soviet Union. Likewise, Soviet arms transferred to North Vietnam later in the Cold War were definitely seen as hard balancing against the United States. In these cases it is clear that states use the arms trade as a realist foreign policy tool. The transactions are rightly considered acts of hard balancing, and thus placed in the same category as strategic alliances between states.

For second-tier powers and other states that are set on defending contested zones against the United States, several advantages accrue. The competitive effectiveness of the enemy forces positively correlates with the proximity of the U.S. forces to their territory. “This arises from a combination of political, physical, and technological facts. These facts combine to create a contested zone—arenas of conventional combat where weak adversaries have a good chance of doing real damage to U.S. forces” (Posen, 2003: 22). On a general basis, Posen argues that the defender enjoys a perception of higher political stakes, more manpower in-theatre, and better knowledge of the local situation that gives them an advantage in using less advanced but still effective weapons on their own turf. “Under such favorable conditions, even third-rate military powers such as Somalia have imposed unacceptable political costs on the U.S. military” (Holmes & Yoshihara, 2006: 183). Why is this important? Because a rising and more capable China can create contested zones in strategic areas proximate their own coast. The East Asian commons are exposed to a China with heightened military capabilities. This is of course no secret, and Russia, which has a long history of thinking in terms of geopolitics (Mankoff, 2012), understands the opportunities that China has to contest the U.S. hegemony in the region. The ongoing modernization of the Chinese military has witnessed considerable resources being devoted to weapon systems that seem to address the U.S. military capabilities in South East Asia, including anti-access/area denial weapons in the form of submarines, anti-ship missiles, and surface-to-air systems. Most of these weapons systems, and the technology for developing them, have been transferred from Russia, and are a great concern of the United States (Department of Defense, 2012).

The arms trade is an important x-factor in China’s strive for military buildup. Russia is effectively boosting China’s ability to challenge the United States in East Asia. In ongoing civil war in Syria, only two states have so far sold weapons to the Assad regime – Iran and Russia. Even against massive international pressure, a loss of standing and with limited prospect of revenues, Russia sold advanced anti-air systems that could severely complicate a later international intervention like the one in Libya.

Arms Trade as Soft Balancing

If we think that major powers use arms transfers as a foreign policy tool (because they can!), but when looking at the current world map we observe no clear hostilities between the major powers, soft balancing can explain how arms transfers can nevertheless be used as a balancing tool. Like bandwagoning, buck-passing and other strategies that hinder and strain the

hegemon, arms transfers to the opposition in areas of interest to the U.S. can look innocent but still function as (soft) balancing. Soft balancing may be the foundation for more hearty forms of balancing behaviour. It appears that pariah states with poor relations with the United States are finding relations with Russia and China to be a rational option for balancing against the U.S. hegemony (Wagner, 2010: 27). The arms trade of second-tier states may be an effective tool in their strategy. As Bukkvoll explains,

“Developing countries procure arms, including Russian arms, for many different purposes. One purpose might be to deter and withstand future military pressure from international coalitions that for different reasons might contemplate military action against these countries. This is of course especially the case for countries that have particularly strained political relations with one or more of the leading Western nations” (Bukkvoll, 2011: 31).

In a more traditional understanding of soft balancing, arms trading can also be used as a foreign policy tool to gain political influence at the sacrifice of others. Arms trading can be used to push out other states that compete in establishing relationships with a specific state. An example of this kind of strategy may be found in Russia’s trade with India, as a counterbalancing effort against the United States’ increasing positioning there. Moscow is certainly making good money on the India- trade, but is it not also possible that states can follow two lines of thought at the same time? We will investigate Russia’s trade with India in the empirical analysis.

Chapter 4: Empirical Analysis

Do second-tier states use arms exports in order to balance U.S. hegemony? Through systematic analysis of the arms trade of Russia and China, their costumers and the particular arms they are supplying, and accounting for the context of each case, we will answer the question.

Methodological Engagement

This part will explain which methods are used in the thesis and how the data are engaged in the analysis. Here the thesis's operationalization will be laid out.

Identifying Challenging States

Which states are considered enemies of the United States, and which states would a second-tier state be wise to support in order to better balance against the hegemon? Below follows a table showing countries that qualify as major buyers of weapon systems with strategic importance in the period 2000 to 2012. On the basis of the SIPRI Arms transfer database I have analysed every listed receiver of both Chinese and Russian arms, and sorted out the significant clients. By weapons of strategic importance I am referring to advanced weapons like long distance cruise missiles, surface-to-air batteries, anti-ship batteries, advanced combat aircraft, submarines, fire control radars, major warships, or other weapon systems (like anti-access/area denial weapons) that few states produce and that can make real difference on the modern battlefield. In the table I have sorted out the states that to various degree can be considered to follow foreign policy strategies that challenge the interests of the United States. If we start from the top, Both China, Syria, Iran and Venezuela are states that clearly have opposing grand strategies to that of the United States, and are often identified as “enemies” (Hook & Spainer, 2012; Lindsay, 2011). They are in an exclusive group of states that get mentioned by name in U.S. security white papers on a regular basis, e.g. the DoD report of national security challenges (Department of Defense, 2012). It is important to emphasize that each state has to be treated individually to fully understand the nature of their relation with the United States, but for analytical purposes we can group them accordingly. Iran is different from China, but both are a challenge to the U.S. grand strategy of global leadership. Sudan can also be viewed as a challenge to the U.S., admittedly not in the same way as Iran, but the nature of that regime, the human rights violations, its military alliance with China and the overall geostrategic situation certainly make Sudan relevant (Campbell, 2007). Sudan fits the

profile of a terrorist-harboursing state, and some form of active UN intervention has long been planned (Tisdale, 2009). India, for its part, has relative good relations with Washington but, as we shall see later, the U.S. here finds itself in a competition with Russia, and Moscow is winning many of the battles, especially what the arms trade is concerned. India is therefore a possible challenge to the United States. The rest of the list of possible challengers consists of states that are in a military alliance with Russia or China and that could quite easily develop into real challenges in connection with their acquirement of advanced weaponry. Although Pakistan does buy large quantities of arms from both China and Russia, it has a formal alliance agreement with the U.S., and is therefore not a challenger.

Table 3. Significant arms importers and their affiliation with the U.S.

Country Name	Has acquired weapon systems of strategic importance from Russia or China between 2000 and 2012	Considered Challenging state by the United States
China	Yes	Yes
Syria	Yes	Yes
Iran	Yes	Yes
Venezuela	Yes	Yes
Sudan	Yes	Yes
Belarus	Yes	Possibly
India	Yes	Possibly
Myanmar	Yes	Possibly
Algeria	Yes	Possibly
Armenia	Yes	Possibly
Azerbaijan	Yes	Possibly
Indonesia	Yes	Possibly
Viet Nam	Yes	Possibly
Bangladesh	Yes	No
Pakistan	Yes	No

The Data

In general there are three ways of studying the data of arms transfers, or rather three sources for data: each individual state’s official data, data from the US Congressional Research Service and the SIPRI Arms Transfers Database. The research programme led by Stockholm International Peace Research Institute (SIPRI) is today probably the best and the most used method for obtaining data for analysing and reporting on international arms trade (Midford & de Soysa, 2010). The SIPRI data are easy to comprehend and are made available for the public. Because only a fraction of the states dealing in arms release an official list of the financial value of the transactions, SIPRI has devised a method of estimating the value of transfers based on a comparison of similar types weapons and adjusting for the current

technological value, thereby creating a very useful form of measurement (Holtom, Bromley, & Simmel, 2012).

The SIPRI Arms Transfers Database is maintained by the SIPRI Arms Transfers Programme and contains information on all international transfers of major conventional weapons to states, international organizations and non-state armed groups since 1950. The word “transfer” is used because the database includes sales, gifts, aid, and conveying technology. The phrase “major conventional weapons” means that the database contains information about all weapons or parts of weapons with the exception of nuclear, biological or chemical weapons, and small arms (like pistols and rifles). The ABC weapons are excluded because of their nature as weapons of mass destruction (WMD) and are subjects to other databases. Small arms or hand guns are very easy to produce and ship, and are therefore difficult to trace and run a global inventory of. It is also much easier to distinguish between military and civilian-intended use when investigating transfers of tanks and guided missiles, as compared to shotguns. Importantly it is the major conventional weapons that can make the real difference on the battlefield and foster a change in the military balance between states and regions. The trade registers provide details of the supplying and recipient state, the type and number weapon system ordered and delivered, the year of the delivery, and when possible, the financial value of the transfer. Both deals that involve transfers of physical weapons and transfers of technology necessary for the production of such equipment by the buyer (licensed production) are included in the database (Bromley, Holtom, Perlo-Freeman, & Wezeman, 2009). The information of arms transfers that SIPRI are collecting for maintaining the database can come from either national reports, government reports, press releases or media reports (Holtom, Bromley, & Simmel, 2012).

Challenges of Using Arms Trade as an Indicator

When the supplier state is not openly in active conflict with Washington, it is challenging to conclude if the arms trade is acts of balancing or just trade for profit. The trade registers cannot by themselves tell if states are balancing or not; we need accompanying information. Nor can the data distinguish between hard and soft balancing. Although SIPRI does a fantastic job collecting and presenting the data of the arms trade in their database, some states make the information-gathering very hard. This can lead to missing data and errors in calculations. Some specific arms transfers are more clouded by secrecy than others, and we can surely find evidence of transactions that are not reported. One prominent example is North Korea. An

exceptionally low number of arms transfers registered it as flowing to the despised dictatorship. In spite of sanctions placed upon Pyongyang, and as should be clear when watching pictures of North Korean military parades, it is obvious that they are trading with someone. The biggest suspects are China, Russia and Iran (Department of Defense, 2012; Kan, 2012). Although this thesis discusses the general profits the arms trade produce, it does not focus on the value of single transactions. However, the thesis does make particular notes of the specific arms included in the transfers, what kind of weapon system and what models are supplied. There is, of course, room for errors in several stages in the research.

Content Analysis

In this thesis I use quantitative data of the global arms trade and content or textual analysis to analyse trends and the policies or strategies behind it. The thesis uses information from a great number of written sources ranging from 19th- century foreign policy proposals, to classic international politics theories, to current newspaper articles. I use content analysis both to find relevant sources of information, and to analyse these sources for words and meaning that can shed light on the questions this thesis raise. There are different levels of content analysis and different uses for them (Pierce, 2008: 263). While most research articles and newspaper reports are read with the intent of finding relevant information and opinions, white papers and government reports have been investigated closer, including searches for key words and phrases. Content analysis can therefore be very useful when analysing political or government papers (Neuendorf, 2002). Choosing this form of research method was based on its practicality for this research project and its several advantages as a research method in general. Content analysis is a good method for research that includes much text with little or no statistical data. It is a method well-suited for analysing text from different sources, it is simple but at the same time consequent, and with a natural distance to the subjects it is objective (Pierce, 2008: 264). When reading the SIPRI Arms Transfers Database, I am looking for specific kinds of weapons transferred from one specific state to another. For this thesis, arms transfers from Russia to China and other states that pose current or potential challenges for the United States are looked upon with extra interest. I am also scanning the transfer database for weapon systems that are particularly important in the sense that they give the owner new capabilities. Especially intriguing are those capabilities that limit other states' power-projecting or -striking abilities. Submarines are an example of a weapons system that has the ability to effectively hinder the movement of the forces of other states in a specific sea area. The classic power-projection weapon system of the last century is the aircraft carrier. To

counter an aircraft carrier, surface-to-air missiles and anti-ship missiles can be effective. Content analysis is a good method for isolating the interesting information.

Content analysis can certainly be criticised on some accounts, such as with regards to problems with identifying the population of texts, and therefore, of obtaining a random representative sample of texts. Also, the selection of texts is vulnerable to the bias of the researcher (Pierce, 2008: 264). Content analysis demands operationalization that fits the intended area of application and research project in general. The researcher must always be prepared to adjust his methodological approach and most important, the results must be understood in its context (Manheim, Rich, Willnat, & Brians, 2008: 193). To overcome the weaknesses of the method, early on I employed flexible criteria for information gathering thereby allowing for later adjustments. I also paid great attention to the context when analysing data and sources.

Analysis

In the following analysis I will, on the basis of arms-trade data, investigate if the second-tier states (Russia and China) use arms transfers to balance (hard or soft) against the United States' hegemony. I examine the profit argument of second-tier arms trade and look for changing patterns over the years. But first an overview of the global arms trade.

The Global Arms Trade – Overall Patterns

Among states it is widely acknowledged that there is a need for maintaining responsible arms export policies. Responsible is taken to mean the prevention of transfers of arms or other military equipment that could fuel on-going violent conflicts or promote instability and threaten the global security in general. States also agree upon the principles of effective export controls for arms that prevent exported weapons from finding their way into the hands of unauthorized users, in worst case terrorists, criminals or other armed groups (Bromley et al., 2009: 1). But international relations and foreign policy derive from the basis of doing what is best for one's own country, and sometimes policymakers believe that "my enemy's enemy is my friend". The record shows that it is obvious that some states still find rational reasons for the transfer of arms to states and regimes that cannot and should not be considered benevolent.

The all-time high for international arms trade was in 1982. At the time, the world was characterized by the Cold War's suspicion, insecurity and fear of all-out war. There was an on-going arms race between the two opposing sides, and with the rest of the world forced to join the game. The end of the Cold War marked a clear decline in the global arms trade, and the decline of these weapons transfers continued until the lowest point was reached in 2002, when sales only amounted to 38 per cent of their Cold War high (SIPRI, 2013a, 2013b). SIPRI maintains that one of the clearest aspects of the global arms trade is the steady composition of both the list of the five biggest suppliers and, only with minor changes, recipient states. For the last years the five biggest suppliers have been the United States, Russia, Germany, France and the United Kingdom. They have accounted for 75 per cent of total arms exports (Holtom, Bromley, Wezeman, & Wezeman, 2012: 1).

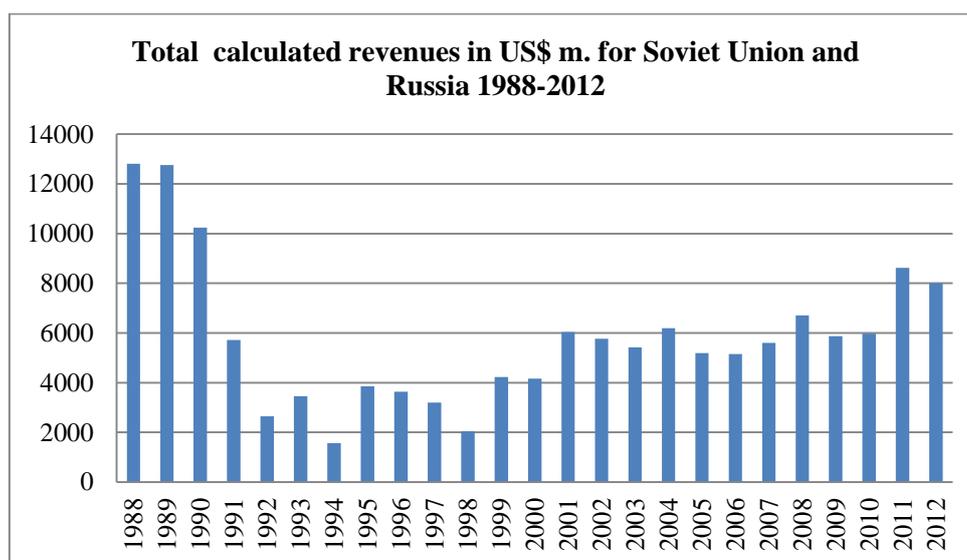
The Arab Spring and the Arms Trade

During the 2011 uprisings the governments of Bahrain, Egypt, Syria, Tunisia and Libya ordered and used already imported weapons to smother the many peaceful demonstrations as well as the more violent protests. There are clear documentations of imported weapons being used in a number of violations of international humanitarian law, and the civil conflicts have demanded tens of thousands of fatalities (Price, Klinger, & Ball, 2013), and this has sparked debates in many of the weapons-exporting states as well as internationally (Holtom, Bromley, Wezeman, et al., 2012). The circumstances and politics behind these arms transfers are very much the subject of this analysis and will therefore be covered in more detail later on. If we only look at the numbers, one would be inclined to believe that the Assad regime in Syria knew what was coming. The total weapons imports of that Middle Eastern state increased by 580 per cent between 2002 – 2006 and 2007 – 2011. The dominant supplier was Russia, with a 78 per cent share, followed by Belarus and Iran.

The Arms Trade as Profit for Second-Tier States

The biggest exporters of arms include Russia, and this leads us to the question of profit as the primary motivation behind the arms trade. The following graph shows how much the Soviet Union/Russia has earned on their arms exports, indicating its relative importance.

Figure 1. Soviet/Russian arms trade revenues (SIPRI, 2013a).



In the years of the Soviet Union the numbers, of course, include arms exports from other areas than today's Russia, so the sharp decrease is not as dramatic as it seems. Still, it is possible to understand the trend of the total arms exports and the general decline following the end of the Cold War. What we can see from the graph is that Russia has experienced a steady increase of revenues from arms exports since the low point in the years following the dissolution of the Soviet Union. It is difficult to judge from these numbers whether the Russian Federation is making more or less on arms export today than under the Cold War, but since the years before 1991 include the whole Soviet Union, the Russian profits may be at approximately the same level. Some researchers, like Zakaria, Brooks and Wohlforth virtually brush aside the foreign policy aspect of Russia's arms exports (Brooks & Wohlforth, 2005, 2008; Zakaria, 2008). They argue that the Russians had to sell as much as they could, without limitation, just to survive, following the collapse of the Soviet Union. Although this was quite possibly the case in the 1990s, it is hard to believe that after a full decade, the quite capable industry has been unable to readjust and adapt to the new market. In addition, and maybe more convincing, is the graph showing that the Russian export revenues for the 2000s is much higher than for the 1990s, suggesting a coherent release of the pressure to "sell anything to everyone". Compared to the 1990s, the last year's export numbers is doubled, with new records in 2011 and 2012 (Reuters, 2012). With this clear increase, I argue that Moscow now have much more freedom to choose among possible buyers. My argument is supported by a U.S. government report acknowledging the Russian need to export for gaining revenues, "until now" (Blank, 2007: 1). Arms exports are again a Russian foreign policy tool. A further sign that the arms trade is now

part of Moscow's foreign policy toolbox is the establishment of Rosoboroneksport, a government agency for arms export. By the start of the new millennia, Rosoboroneksport had full control and managed all arms exports from all private and state-owned weapons producers. And in 2006, the U.S. placed sanctions on Rosoboroneksport because of their new challenging trading policy (Blank, 2007: 1).

The Chinese arms industry is far less export-oriented than Russia's, geared as it is primarily on satisfying the demands of the People's Liberation Army. However, the trends of the last decade indicate that this is about to change somewhat (See the Graph A1 in the appendix). The recent years' steadily growing defence budget following a demand for military build-up and upgrade has sparked the significant growth of the indigenous Chinese arms industry, which is supplying more and more states. China's general policy of not interfering with "internal issues" of other states might make Beijing a popular supplier in the years to come.

China

"Let China sleep, for when she wakes she will shake the world." This quote is credited to Napoleon Bonaparte, but is repeated by many in our time. China is one of the major powers of the world today, and has the role of a second-tier state. The *Global Trends* report from the U.S. National Intelligence Council states, "Few countries are poised to have more impact on the world over the next 15-20 years than China", and the report continues to warn that "U.S. security and economic interests could face new challenges if China becomes a peer competitor that is military strong as well as economically dynamic and energy hungry" (NIC, 2008: 29). On one hand, China is an interesting object of study by virtue of being a significant purchaser of arms, and on the other hand it is also an important supplier of major conventional weapons. The following sections will deal with both of these aspects.

Patterns of China's Arms Trade

Back in 1993 Waltz saw the importance of the arms trade when he considered the rise of China to future great power-status. For the persistence of U.S. primacy, he had scant faith.

"Modernizing its three-million-strong army, buying ships and airplanes abroad and building its own as well, China will rapidly gain in power-projection capability. America, with the reduction of its forces, a Cold War-weary people, and numerous neglected problems at home, cannot hope to balance the growing economic and military might of a country of some 1.2 billion people while attending to other security interests. Unless Japan responds to the growing power of China, China will dominate its region and become increasingly influential beyond it" (Waltz, 1993: 68).

Though there is uncertainty about the exact magnitude of the Chinese defence budget, it has almost certainly experienced a continuous double-digits growth for two decades. There is no doubt, in any case, that China is modernizing its military at great speed. The United States still spends about four-and-a-half times as much on defence as China does, but considering the growth rate of the Chinese budget, China will likely catch up with the U.S. around 2035 (The Economist, 2012). Modernizing equipment and investing in new weapon systems gives the Chinese military new capabilities. “And as the wealth and power at its command have grown, Beijing has begun to exert increasing influence, both in Asia and around the world” (Friedberg, 2011: xv). As with the budgets, the strength of the dragon is growing. Analysts at Pentagon are concerned about China's acquisitions of anti-access/area denial weapons. With pinpoint ground-attack and anti-ship missiles, a growing fleet of modern submarines and cyber and anti-satellite weapons to destroy or disable another nation's military assets from a distance, the People's Liberation Army is no longer just that mass of people that it used to be (The Economist, 2012). The new assets of the Chinese forces means that the U.S. aircraft carrier groups in the western Pacific, and air force bases in Okinawa, South Korea and Guam can be targeted. The strategic aim of Beijing would be with its own military power to make U.S. power projection in Asia riskier and more costly, so that states in the region no longer can rely on it for total protection. With U.S. military power in the region challenged, China will be able to use its own power to coerce and make more credible threats towards regional states. If the U.S. military presence is seriously challenged, China might also be able to make good on its threats towards Taiwan, if the renegade island ever declares independence. It is important to note that China does not have to match the United States' military power on a global scale in order to acquire more operational freedom; they only have to make a credible challenge in their own area of operation. If Beijing can dominate the so-called First and Second Island Chains, the U.S. would experience extensive operational and logistical challenges in the region (Knutsen, 2012: 20) . It is possible for China to outbalance the U.S. regionally without having the hegemonic power projection capabilities that the U.S. has. According to Dodge, this is exactly how Beijing has devised its security strategy (Dodge, 2004).

Beijing understands that gaining domination in regional waters can be attempted in a variety of ways, ranging from submarines to aircraft carriers and nuclear weapons. “In the end, the PRC has opted for very specific tactics and weapons systems designed to deter and defeat the

massive sea power of the United States while avoiding a similar investment in naval and air forces” (Dodge, 2004: 391). China realizes that it cannot match the full might of the U.S. military by upgrading and expanding its own capabilities to their level, it would be too expensive and take too much time. “Instead, China is pursuing a strategy which calls for the selective modernization and development of ‘pockets of excellence’ that will challenge the United States in an asymmetrical fashion” (Dodge, 2004: 391-392). Known as “limited deterrence” or “limited war under high tech conditions”, such forces will according to Dodge be a real challenge to the United States. A report to the U.S. Congress from the Congressional Research Service urges for the military to prepare for a more powerful Chinese navy and air force when making their own acquisition plans for the future (O’Rourke, 2005: 22).

China’s Anti-Access/Area Denial Strategy

According to RAND National Defense Research Institute, the dominating U.S sea power is under serious challenge in the Western Pacific. China is the challenger and the reason is that “China sees American sea power in East Asian waters as threatening to itself, its regional aspirations, and possibly its global access” (Gompert, 2013). So Beijing is mounting a challenge to U.S. naval supremacy, but not with the same assets. As mentioned earlier, China is in fact better off challenging the United States in East Asia with anti-ship missiles, submarines, specialized surface ship, surface-to-air missiles and airplanes (Knutsen, 2012: 20). The researchers at RAND warn that, “History shows that rivalries between established and rising sea powers tend to end badly. In this case, technology that enables the targeting of surface ships, especially aircraft carriers, favors the challenger, China” (Gompert, 2013: 194). Beijing has in the last few decades brought considerable amounts of weaponry suited for countering U.S. naval power. The supplier par excellence has for a long time been Russia. Since 2000 Russia has supplied China with a broad array of weapon systems that can fulfill a role in anti-access/area denial (A2/AD) operations. Examining all the Russian weapons sales to China between 2000 and 2012 reveals that most of the arms transferred may usefully be placed into this category. See the table A1 in the appendix for details of the relevant arms transfers between Russia and China. What the weapons are for is no secret, and of course Russia is well aware of how China attempt to constrain and challenge the U.S. in Asia. The continued export of advanced Russian arms implies that Moscow approves of the consequences. The U.S. Department of Defense especially lists ballistic and cruise missiles, as well as advanced air defenses, as anti-access/area denial weapons that will pose a challenge for the United States. China has successfully ordered 42 advanced air-defense systems and

literally thousands of missiles of different formats and capabilities (SIPRI, 2013a). In fact the U.S. DoD specifically warns China as a state that “will continue to pursue asymmetric means to counter our power projection capabilities” (Department of Defense, 2012: 4).

The consequences of losing the edge on military power is not lost on the leaders in Washington, and the latest “Strategic Guidance” issued in January 2012 by the re-elected President Barack Obama and his Secretary of Defence, Leon Panetta, stated that a shift of priorities towards Asia was overdue and under way. In the document labelled “Sustaining Global Leadership. Priorities for 21st century Defence“, we can read that “while the U.S. military will continue to contribute to security globally, we will of necessity rebalance toward the Asia-Pacific region”(Department of Defense, 2012: 2). The strategic guidance document acknowledges that the military power hegemony in Asia is now entering a critical face of win or lose, and are suggesting actions accordingly. The U.S. is responding to the power shift in Asia. They expand their permanent bases in strategic areas like Guam, sign contracts for the leasing of supply-harbours in the region and tighten the military bonds with regional allies like Australia (Parry, 2012).

China’s Arms Trade with Iran

Interestingly, Beijing is not only representing a headache for U.S. military strategist and security officials by importing anti-access/area denial weapons, they are also exporting them. The Chinese arms industry is first and foremost fulfilling some of the demands from the People’s Liberation Army, and therefore has no real incentives to engage in export. But they still do, and one of the most significant cases is the trade with Iran. China has since 2000 transferred substantial quantities of long range anti-ship missiles, surface-to-air weapon systems with accompanying missiles, and air search radars (SIPRI, 2013a). These arms transfers are significant for three reasons. The first is the strategic importance of the arms that can be described as anti-access/area denial weapons, especially considering the narrow waters of the Persian Gulf and the Gulf of Oman. These waters are of extreme importance because of the great oil transports from the region. The second significantly reason is the obvious challenge to the U.S. represented by these sales to Iran. Being one of the few countries mentioned by name as a threat to the U.S. nation in the President’s annual defence report, supplying Iran with major weapon systems can be considered balancing against the United States (Department of Defense, 2012). The third reason is the strong international agreement on putting Iran under an arms embargo, and the subsequent result that almost no other state

will engage in arms deals with the theocratic republic. Iran is, in the eyes of the world community, a real pariah state, but even so, Beijing chooses to transfer arms to them.

Proliferation of WMD and Missile Technology

The proliferation of weapons of mass destruction (WMD), and the missile technology that can deliver them, have long been a major concern of U.S. policy makers; in addition it has been a persisting concern that China has a considerable role in the matter (Friedberg, 2011). It is the national interest of the United States to reduce China's role of in the proliferation of WMD and missiles that can deliver them (Kan, 2012). The U.S. State Department has confirmed that recipients of the Chinese arms include countries that support terrorism and are under arms embargoes, such as Iran and Sudan. The transfers of Chinese weapons and technology to unstable and potential hostile regimes and groups could pose a real security threat to the United States. It is confirmed that China has contributed to technical aid, local enhancement of capabilities, longer-range missiles, and arms transfers attempted camouflaged by the use of secondary states acting like front-men. China is reported to be a "key supplier" of technology providing nuclear and missile-related technology to Pakistan and missile-related technology to Iran (Kan, 2012: II).

If Washington were to interpret the mentioned actions as balancing behaviour against them, we ought to expect counteractions targeting Beijing. This is also what has happened. Reportedly because of the security concern, the U.S. government has tried to stop the Chinese weapon transfers by both punishing China with sanctions, convincing them at summits and rewarding them with exports of U.S. satellite technology. The Clinton Administration made a big effort trying to appease Beijing into promising missile non-proliferation. The Bush Administration obviously did not see the desired result, and imposed special sanctions on 20 occasions for "troublesome" transfers including chemical weapons to Iran. Late in President Bush's second period, the State Department waived the sanctions several times before permanently lifting them in late 2007. However, between 2009 and 2012 the Obama administration has imposed sanctions on ten occasions for arms transfers-related activities.

For a long time the United States has relied on China's influence on North Korea to dismantle its nuclear weapons. China did vote for some U.N Security Council sanctions against nuclear proliferation in North Korea, but Beijing has at the same time, presumably been the most

important arms supplier to North Korea (Kan, 2012: II). It is hard accurately to determine if the Chinese government's proliferation of WMDs and missile technology is driven by a strategy of balancing or not, but with a realist approach it is unlikely that Beijing is doing it out of goodwill only. The question of profit is not as easily brushed aside, but considering the economy of the states on the receiving end of Beijing's technology sharing – and, more importantly, China's booming economy, which implies that the country at best only has a relatively minor need for making revenue with attached foreign misgivings – leaves few other grand strategies as credible explanations.

Strategies and Motivations behind China's Arms Trade

In international politics and international relations there are some actions taken by leaders that are more important and more symbolic than others. For example, the first official visit a state leader takes abroad is important because it is customary to visit your best, most trusted and most important friend first. President Obama made his first visit outside of the U.S. to Canada, and, in his first overseas visit just two months after the inauguration, he went to Great Britain (CBSNews, 2009). The trip to London was a symbol of the special Anglo-Atlantic relationship. In 2013, the first foreign visit of the new leader in China, Xi Jinping, was to Russia, a trip “giving the impression that the giant Asian neighbours were friends intent on broadening their strategic partnership” (Kotkin, 2013). President Xi met with the Russian military leadership in the Russian Armed Forces' Operational Command Centre. He was the first foreign leader ever to visit the “heart” of the Russian military establishment (Guneev, 2013). In spite of the two countries' shared desire to change the current U.S.-dominated world order, they are also potential long-term rivals and have yet to sustain a working alliance. China seeks no assistance from Russia in the troubled South China Sea or in its dispute with Japan over the Senkaku/Diaoyu Islands. In the case of North Korea, Moscow and Beijing have not been able to unite on a mutual plan of actions in the dealings with the Kims. But what ties them together, in addition to geography and autocratic rule, is their objection to U.S. primacy. The foreign policy strategies of both countries are indissolubly linked to the actions and strategies of the United States. Moscow and Beijing are equally concerned that policies calling for “universal human rights” – often promoted by Washington – are violating state sovereignty (not least their own). The two countries have also worked together against interventions in other states' affairs as they see it, e.g. in UN discussions about the conflict in Syria. At a time when the U.S. is taking measures to reorder their security priorities with a so-called “pivot” towards Asia, commentators have interpreted the new Chinese leader's

decision to visit Russia first, as both a sign of friendship with Moscow, and as a gesture towards Washington. “China, after all, sees the pivot as menacing, despite American efforts to persuade it otherwise” (The Economist, 2013a). Antagonists only a few decades ago, Russia and China now seems at remarkably good terms with each other. They both know through experience how draining hostile relations can be: Russia and China alike used to devote substantial forces for protection along their more than 4000km long common border. With their current (real or purely strategic) friendship, the military forces can be moved to where they are needed more. China is shifting the military might towards disputes with Taiwan and Japan. These areas are, however, protected by the United States, but Georgia was not.

The seemingly cordial relationship between Russia and China is strained somewhat by Russian transfers of advanced weaponry to India and Vietnam, states that are not at the best terms with China. The most important, and for China the most offending Russian sales to India include the aircraft carrier ”Gorshkov”, the ballistic-missile-capable nuclear submarine Akula-2, the newest and most advanced anti-ship missiles, and their latest combat aircraft. But despite Chinese anger over other Russian sales, and Russian frustration over Chinese reengineering and competition on the arms market, Russia and China continues to make deals with advanced weapons (SIPRI, 2013a). The continued relationship with Russia is important to Beijing because when they in 2005 passed an “anti-secession” law, threatening Taiwan with military force if it took action even resembling that of independence, the EU and others postponed its planned lift of the arms embargo on China (Zakaria, 2008: 123).

In 2004 China released a new Defence White Paper marking a change in Chinese foreign policy to a more overt challenging response to the United States. The White Paper sets the standard for development effectively becomes the guide for acquiring new weapons. The document proclaim that “factors of uncertainty, instability and insecurity are on the increase”, and “new and profound readjustments have taken place in the relations among the world’s countries,” concluding that “the balance of power among the major international players” are undergoing fundamental changes. The Chinese maintain that they expect struggle for strategic points and resources. Because of this, “the military factor plays a greater role in international security”, they say (China, 2004). With the focus of the importance of military capabilities in an international strategic struggle, the paper in fact gives the arms trade a more important role. Most interestingly, the 2004 paper for the first time instructs the People’s Liberation Army (PLA) to set on a course for creating a force structure capable of "winning both command of

the sea and command of the air" (China, 2004). Command of the sea and the air is effectively the modern equivalent of the century old concept of 'command of the commons'. The concept refers to having superior military force in international waters, and in modern terms also the skies. Command of the commons were formulated to be a national strategy by the U.S. naval officer Mahan (Holmes & Yoshihara, 2006; Mahan, [1890] 1987). Also, Kennedy has argued the importance of "naval mastery" (Kennedy, 1976).

According to Posen command of the commons is the key military enabler for the United States position as world hegemon (Posen, 2003: 9). Command of the commons has allowed the United States to wage war on short notice even in areas far from permanent military bases. When Beijing state the need for military power capable of "winning both command of the sea and command of the air" (China, 2004), it is a direct challenge to the current hegemony of the United States. China is preparing for stepping up as a regional power with the military capabilities to challenge the U.S. Navy in home waters, much in the same way that the U.S. successfully counterbalanced the British Royal Navy in the Pacific Ocean during the war in early 1800ed.

Holmes and Yoshihira maintain that the thoughts of the former U.S. strategist Mahan now are central in Chinas military strategy. The researchers deduce three points from Maham's work that will shape Beijing's understanding of Asia's commons. First, it is imperative to maintain the flow of seaborne resources and commerce. Secondly, it is important to establish naval stations close to the major sea-lanes that are far from China's mainland. And thirdly, it is imperative to wield naval forces sufficient to defeat the largest concentration of such forces likely to contest China's role in the East-Asian waters (Holmes & Yoshihara, 2006: 173). Embracing the zero-sum thinking about naval power to claim control of the modern commons, means that China has to enlarge and upgrade its military forces at great paste. Consequently, China is dependent of arms transfers from other states in addition to its own arms industry. However, this is in poor shape. Again, this shows the relative importance of the arms trade. Beijing understand how skewed the military balance towards the United States is. Accordingly, China will, and indeed are, investing heavily in anti-access/area denial capabilities that are specially designed to hinder and erode U.S. military supremacy in ways that are both economically and politically cost efficient.

Brooks and Wohlforth argues there are no real balancing behaviour from the second-tier powers against the United States, and finds the Russian arms sales to China to be motivated by profit, not policy (Brooks & Wohlforth, 2005: 87). Art argues that there is signs of balancing action because “Russia is aware of the effects of its arms sales on China’s military capability” (Art, Brooks, Wohlforth, Lieber, & Alexander, 2005: 178). I agree with Art, maintaining that it is possible for Russian policy makers to follow two thoughts simultaneously, and thus selling arms to China for profit *and* balancing. Brooks and Wohlforth maintain that even though it is quite obvious that China buys advanced Russian weapons to improve their position in the Taiwan Strait and as a direct response to the U.S. military support of the disputed island, it is not a case of balancing. Because the situation of the Taiwan Strait dates back to 1949, it has no relevance to the current hegemony of the United States, they argue (Brooks & Wohlforth, 2005: 87). I disagree with this assertion because maintaining that military balancing is not balancing simply because it involves balancing against actions with long traditions, seems to be a poor argument bordering on truism. The fact is that Russia is supplying China – a military ally – with advanced weapons that according to researchers (Bukkvoll, 2011; Gompert, 2013; Knutsen, 2012) as well as U.S. authorities (Department of Defense, 2012) are challenging the United States’ ability to sustain global leadership. The economic analysis shows that Russia no longer have to sell “everything to everyone to survive”, and Russia is consistently supplying China with weapon systems that no one else is willing to supply to China, even when Russian military leaders express concern over losing the edge in military technology and capabilities. This checks several boxes in Pape’s definition of hard balancing (Pape, 2005: 9). Therefore I agree with Art (Art et al., 2005), who maintain that we cannot dismiss a balancing motive, because there is no doubt that Kremlin knows what their weapons are doing to the military balance in East Asia. Also, it has to be noted, in defence of Brooks and Wohlforth, that their statement were published in 2005, which is now eight years ago – and much has happened since then – and Russia’s motives may very well have changed with the growing Russian power and assertiveness.

Russia

“I would like to say these mechanisms are really a good means of defence, a reliable defence against attacks from the air or sea. This is not a threat, but whoever is planning an attack should think about this” (Isaykin, General Director of Rosoboroneksport) (Kramer, 2012).

Patterns of Russia’s Arms Trade

The Russian Federation has since the time of the Soviet Union been one of the major exporters of arms. Naturally the post-Cold War Russia were marked by its Soviet past, and much of the Russian arms sales of the 1990s were really about selling off some of the huge stockpiles of arms, which in the new world were not seen as essential for Russia’s own survival. But then again it is important not to underestimate the capabilities of the Soviet weaponry after all it had just about matched the west. After some troublesome years of restructuring and “capitalist shock-therapy” Russia were, to a certain extent at least, back on its feet again, and government and privately owned defence companies started to focus and invest in research and development. This had a major impact on the arms industry, because once again Russian arms could compete with the best of the West. Especially in the areas of combat aircraft, submarines and surface-to-air missiles, Russia today distinguishes itself as a major actor in weapons design and development.

For 2012, SIPRI places Russia as *the* biggest supplier in the global arms trade (Holtom, Bromley, Wezeman, et al., 2012). After the collapse of the Soviet Union, which also marked a precipitating fall in the arms trade, the first years of the new millennium followed a steady growth of the Russian weapons exports. Although the share of the global market remained roughly the same, the volume of the Russian arms trade rose with 14 per cent in the period 2004-2008 compared to 1999 -2003 (Bromley et al., 2009). For the period 2007-2011 Russian arms exports increased again, this time with twelve per cent. Traditionally India and China has been the biggest importers of Russian arms. To some extent the Russian arms costumers of today can be seen as a continuation of the political and military allies of the former Soviet Union. It is also important to remember that for states that don’t feel comfortable paying for and using American or western weapons, there really are not that many alternatives. Some states have special relationships with Russia that makes it natural to include military cooperation and arms deals that further tightens the bond. Often these states can be Russian allies “inherited” from the Soviet Union. An example is Algeria, whose history includes

strategic cooperation with the Soviet Union. Russia has continued to be their favoured arms supplier.

Russia's Arms Trade to Syria

Another interesting example is Syria. The Kingdom of Syria was, like Algeria a part of the Soviet sphere of influence. Over two years after the start of the Syrian uprising and revolution following the "Arab spring", Moscow is soon the only outspoken supporter of the Assad regime. If we look at the trade records, Russia has sold a good deal of weaponry to Syria since 2000. But again, the quantity is not as interesting as the *quality* of the arms delivered. In this case, the timing is also important. To prepare his government and armed forces to stop an uprising, one would believe that Bashar al-Assad would order tanks, armoured fighting vehicles and guns to suppress the people. These weapons worked well (for a time) for Muammar Gaddafi, and combined with combat aircraft, he nearly put down the revolution in Libya. In the end Gaddafi lost, but this was because of the multinational military intervention that effectively stopped the government forces from the air in bombing campaigns (Norton-Taylor, 2011). And here lays the clue to understanding the importance of the Russian arms trade to Syria. For Gaddafi's regime was not overrun by rebel's small arms, but by (mostly Western) foreign aircraft. To put it simply, Assad has for the last years ordered weapons not to stop rebels, but to stop an invasion. No orders of Russian tanks, but new advanced weapons systems for air and coastal defence. For example, the last batch of a total of 50 Pantsyr-S1 mobile air defence systems will be delivered from Russia by 2013. Moreover, Damascus has invested in 150 advanced, both short range and long range, air-to-air missiles. These orders were made after it was clear what the Arab spring could achieve (SIPRI, 2013a). When we know that none of the rebels in Syria has any aircraft, the question is what is Assad going to use anti-air missiles for? Along with advanced surface-to-air, air-to-air, and anti-ship missiles, combat aircraft, the air defence systems are likely to deter the same military intervention that stopped the Libyan regime. Today, after the last years of Russian arms transfers to Syria, a military intervention like that in Libya would prove much more difficult against Assad. The U.S. Joint Chiefs General Dempsey stated that the Russian transfer of the so-called "ship-killer" missiles to Syria were "ill-timed" and "very unfortunate", signifying the U.S. feeling of the matter (Voice of America, 2013). Between 2008 and 2013 only Russia and Iran sold arms to Syria (SIPRI, 2013a). Russia's arms transfers to Syria during the ongoing conflict have triggered the coldest words between the United States and Russia, since secretary of State Hillary Clinton pressed the reset button in Moscow as a sign of new and

improved U.S.-Russia relations following the installation of the first Obama administration. It was also Clinton that last year accused Russia for willingly prolonging the civil war in Syria with their weapons transfers (Stearns, 2012).

Russia's Arms Trade to China

Perhaps the most significant Russian arms transfers, however, are those that have gone to China. These are also some of the most interesting when analysing possible balancing behaviour. Just concerning transfers in the period from 2000 to 2012, Russia has sold to China a quite substantial quantum of arms. Though the sheer amount may be interesting in by itself, the real importance lies in the specific of the weapons and their particular capabilities. For the Russo-Chinese arms trade of the new millennium is marked by quite a selective shopping by the Chinese which seem to order advanced weapons with specific capabilities they cannot get elsewhere. I have analysed all the arms transferred from Russia to China from 2000 to 2012 and considered their relevance to the question of balancing. The relevant sales, which proved to be the majority, was subsequently added up and categorized according to weapon type and area of application, see table A1 in the appendix. When looking at the list of arms ordered by China, we immediately notice the lack of vehicles and ordinary conventional weapon systems like cannons and mortars. China have only ordered advanced weapons that are beyond the know-how of their own arms industry, that have anti-access/area denial capabilities or that will help China develop their own weapons systems into these capabilities. For China to acquire these weapons, which are specialized in obstructing the power projection of other states, is a major concern for the U.S. Department of Defense. To overcome this challenge is highlighted as a primary mission for the U.S. Armed Forces (Department of Defense, 2012). The Project-636E/Kilo Submarine is a typical example of a weapon system with anti-access/area denial capabilities. This is a medium-sized diesel-electric submarine with the possibility to be equipped with anti-air missiles, anti-ship missiles, mines and six torpedo tubes capable of multiple torpedo variants. They are designed mainly for anti-surface and anti-submarine operations. Moscow has since 2000 supplied Beijing with eight of these submarines, and the latest torpedoes and missiles that can be fired from them (SIPRI, 2013a). Because they are quite small, the submarines can be hard to detect and they can operate close to land and in shallow waters – which makes them perfectly suited for China's island coast (Sinodefence, 2013). U.S. officials confirm that these vessels produce a considerable threat to both U.S. military and civilian assets, and that the navy have started several projects to learn how this threat can best be countered (Erwin, 2004).

Together with 233 combat aircraft, several thousand advanced missiles for air and ground attack have been transferred from Russia to China in the period between 2000 and 2012. These missiles give both Russian-purchased and Chinese-produced aircraft improved capabilities. In addition, the technology transfers (and the possibility for reverse engineering) help China develop its own self-sufficient arms industry. There is already evidence of “considerable, on-going Russian technology transfer in the designs of [lots of] indigenously built Chinese military hardware” (Lague, 2008).

Since the massacre on Tiananmen Square in 1989, Western states have held various arms embargoes on China. In fact, it has first and foremost been the Russian willingness to supply the weapons that has enabled China to balance other military powers in the region, like Taiwan, Japan and South Korea. “With sustained, double-digit annual increases in defence spending, China is increasingly seen as a potential rival to the United States, the dominant military power in East Asia” (Lague, 2008).

Russia’s Arms Trade to Iran

There are several foreign policy areas that strain the Russian-U.S. relationship. One of them is the respective states’ association with Iran. The common history of the United States and Iran tell a story of growing differences, the U.S. policy of containing the Islamic revolution and a series of foreign policy conflicts. Moscow does not share the same view on Iran as Washington, however, and has often treated Iran as a helpful if perhaps troublesome ally and an important regional actor. Both Russia and Iran share a common dislike of U.S. power and influence in the Middle East and Central Asia. Moscow has at times deliberately enhanced the relationship with Teheran as a way of pressuring the United States (Mankoff, 2012:124). In cases like the Iranian nuclear and missile programs, Russia’s foreign policy towards Iran is of utmost importance to the United States. Iran is one of Russia’s major costumers for industrial goods and major conventional weapons, but in 2005 both the United States and Israel protested loudly when Russia signed a contract for the delivery of the advanced S-300 surface-to-air missile system. If the delivery had been made, it is likely to have severely weakened the credibility of an Israeli or U.S. airstrike within Iranian territory. When the transfer at the end was cancelled, it was because of hard pressure from both the United States and Israel.

While some arms transfers never reached Iran, others did. From 2000 to 2012, Russia sold large quantities of weapons that stand out as interesting because of their capabilities and the fact that, given the existence of strict arms embargoes on Iran, no one else are willing to supply the regime with these kinds of weapons (SIPRI, 2013a). Teheran has to a large extent acquired the same types of weapon systems as China. In addition to helicopters and combat aircraft, Russia has delivered air search radar systems and surface-to-air missile systems to Iran. The aircraft were delivered with accompanying advanced air-to-air missiles, and the Tor mobile anti-air systems with a large number of Gauntlet missiles. These missiles are of a newer and upgraded version of the once credited of downing a Russian Tupolev strategic bomber in the 2008 South Ossetia War (Chang, 2008). Accordingly, this is a very capable weapon system, and since the missiles can also target vehicles on ground or at sea – and intercept cruise missiles – the U.S Navy and Air Force is rightly concerned. These arms can be considered anti-access/area denial weapons, weapons feared by Pentagon (Department of Defense, 2012). Missile technology is one of the major focus points for the embargoes targeting Iran, so Russia could quite easily have declined the orders. Instead Moscow delivers no less than 750 Gauntlet missiles to Teheran in just a two year period (SIPRI, 2013a).

There is no doubt that a nuclear-armed Iran would represent a greater threat to the United States than to Russia, and therefore it is no surprise to see Moscow handle the question of Iran's nuclear program with more flexibility and indulgence than Washington. Moscow has also to a large extent resisted the pressure from the United States to stop its involvement in the nuclear program and other weapon programs in Iran (Mankoff, 2012: 124-125). The Russian actions in relations with Iran reflect the main principles of Russian foreign policy under both Putin and Medvedev. After the war in Georgia it became clear that even if the relations with the U.S. were reset in 2008 with the first Obama administration, there would be no real change in the Russian foreign policy. Russia were condemning U.S. unipolarity, but also emphasizing Russia's interest in friendly relations with all nations, including the U.S., as long as they recognize Russia's role as a major player and power in international relations, and Russia's rights in its regions of special interest (Mankoff, 2012: 130). In this policy, the arms trade proves to be a smart tool for balancing.

Strategies and Motivations behind Russia's Arms Trade

Russia's grand strategy has for a long time been to pursue cooperation with the United States as long as this does not compromise their ambitions as a great power in a prospective multipolar world. In his excellent book on Russian foreign policy, Jeffrey Mankoff shows how the old super power has reintroduced great power politics as their basis for foreign policy strategy (Mankoff, 2012). This can explain some of the strategies and motivations behind Russia's arms transfers in the twenty-first century. The contemporary policy of who Russia is trading with, and what they are trading, can be of great interest of many states. Of all of its neighbours, time has shown China to be the country with the highest stake in Russian arms trade policy. Russia and China have long had a complicated relationship ranging from military conflict to a security cooperation pact, and arms transfers have been a part of all this. When the Russian military-industrial complex faced major challenges as a consequence of negligible orders from own military just after the disorganization of the Soviet Union, the purchases by the Chinese military forces were highly welcomed. Russia's relationship with China is also influenced by how constrained the growing China feel by the world that the United States is leading. The two nations have followed common cause on a range of cases from the war in Iraq to the presence of U.S. forces in Central Asia. One might say that the Sino-Russian relationship is a reaction to their respective contemporary U.S. relationships.

For a long time the arms industry and trade has been a favoured area of cooperation between China and Russia. It is largely China that buys and Russia that sells, but the large Chinese orders make it possible for further Russian research and development, which in turn give China access to military technology that it would not have got otherwise. But however cordial the relationship between the two states from time to time may be, it has never eliminated the deep-rooted fear that many in Russia feel about their giant neighbour. Many Russians view with scepticism China's fast growth in economy and power, perhaps cognizant of the time when the Sino-Soviet/Russian relations were marked by competition opposed to cooperation. Many Russian intellectuals observe that China has a much bigger potential than any other state in Asia, its population and economy clearly dwarf Russia's. What the two nations have in common, though, is a sense of being natural partners in the quest for establishing a multipolar world. China is a large and growing power, and is feeling uneasy about western hegemony in the world (Friedberg, 2011). Moscow and Beijing have often found it appropriate to cooperate in checking the exercise of U.S. power.

Russian fears of renewed rivalry with its neighbour, combined with a Chinese desire to become more self-reliant, have led both states to re-consider the extensive arms trade between the two states. A serious halt in the Russian arms transfers to China could hinder the Asian state in its continuing process of military modernization. However, the belief in China's own military industry's ability to successfully develop and produce the advanced technological and engineering solutions needed to check the Russian or American hardware, is quite low among most military experts at this point. In the first years of the new millennium, the Russian economy was expanding and growing steadily, which also impacted the Sino-Russian arms trade because the Russian export economy was no longer dependent of the consistent and large weapons orders from Beijing. Without the same economic pressure it is safe to surmise that the Russian leaders had a larger opportunity to be more selective in the dealings with China, and to take other foreign policy considerations into account. Also China's impressing ability to copy and consequently self-produce foreign technology is increasingly making the Russians think twice about advanced arms transfers to Beijing. On their hand, Beijing is uneasy about Moscow's sales to India.

One of these contracts is the fifth-generation fighter aircraft that is planned in Russia. Moscow and New Delhi have agreed to cooperate in the development of this highly advanced fighter, and signed the deal in late 2008. Defence analysts say that the so-called fifth-generation fighter aircraft will rival in performance to the F-22 Raptor, the most advanced fighter currently in U.S. service. Interestingly the prestigious U.S. F-35 Lightning is also designated as a fifth-generation fighter. The U.S. government has only allowed sales of the F-35 Lightning to close and particularly important allies. Outside of the NATO-organization, only Japan, Australia and Israel, which the United States sees as fundamentally important regional allies, have been able to successfully place orders. So, the only Asian state to join the prestigious U.S. programme is Japan. This is surely seen as a disappointment by more than just Lockheed Martin, the American production company, for although these matters are treated with some secrecy, it is quite clear that the U.S. State Department had cleared more countries as buyers. It is confirmed that India were offered the deal, but they declined, with a senior defence ministry official stating, "We cannot have two types of fifth generation fighter aircraft. We have already inked the \$295 million preliminary design contract for this type of aircraft with Russia" (Times of India, 2011). It looks like Russia has got the edge on the United States in terms of making bonds with India. The loss of contract for the fifth-generation fighter is, of course, a blow to the U.S. arms industry and economy, because the

deal is India's biggest-ever defence project. Perhaps more importantly still, it represents a loss of opportunity to develop diplomatic and military ties with a great power in a region where the United States would like to make new friends. Wohlforth notes that over all, U.S. influence is strengthened by the presence of regional powers. If, for example, China rises to challenge the United States, it will not do so effectively if their strong neighbour India forms an official alliance with Washington (Wohlforth, 1999). With an extensive partnership based on arms trade and development, Moscow may convince New Delhi to do otherwise.

Chapter 5: Concluding Summary

This thesis set out to investigate if the second-tier states use arms exports to balance against the United States' hegemony. As we have seen, some scholars lean on balance of threat theories to show that the other states perceive the United States as a benevolent or at least non-threatening hegemon. Other scholars argue that the other state's perceptions of its intent do not matter because the United States is practically immune to counterbalancing due to its overwhelming military and economic power. Other states do not enjoy the opportunity to balance against the U.S., they argue. Such arguments do receive some support, for, contrary to the early post-Cold War predictions from balance of power theorists, unipolarity still exists. "No new great power have emerged to restore equilibrium to the balance of power by engaging in hard balancing against the United States – at least, not yet" (Layne, 2006b: 37).

The proliferation of nuclear weapons has dramatically reduced the utility of war as a policy tool. "Thus manoeuvre, diplomacy, coalition-building, co-operation, and the very deliberate deployment of one's political assets have become the key ingredients of the successful exercise of geostrategic power" (Brzezinski, 1997: 36). Or, as Waltz would say, "Nuclear weapons alone do not make states into great powers" (Waltz, 1993: 52). To project power, and the ability to deny power projection with hard power, will still be important for the years to come. It is uncertain whether the arms trade of the second-tier states in general should be labelled as hard or soft balancing, but it is certain that the second-tier states are transferring weapons to each other and to third parties; in spite of the clear harmful effect this has on the interests of the United States and its effort to sustain global hegemony. In my analysis I used the definitions of Pape, who maintain that military alliances and "transfers of military technology to U.S. opponents" should be viewed as hard balancing" (Pape, 2005: 9), while soft balancing is "actions that do not directly challenge U.S. military preponderance but that [...] frustrate, and undermine [...] U.S. military policies" (Pape, 2005: 10).

Of the second-tier states that are likely to engage in balancing behaviour against the U.S., Russia and China clearly stand out. The Russian Federation and the People's Republic of China also distinguished themselves with a willingness to transfer strategically important arms to states that are to be considered challenging to the United States. I believe that this thesis has shown that the connection between challenging arms trade and balancing position is no coincidence. No other states are to the same extent trading major conventional arms with

China, Syria, Iran, Venezuela, Sudan and the like. And no other states than Russia and China are transferring advanced potentially game-changing weapons systems to these states. Some researchers (e.g. Brooks & Wohlforth, 2005, 2008; Zakaria, 2008) have previously argued that the sales to these states have shown no signs of balancing, but rather a desperate need for revenue. The argument of arms trade for profit are often the basic understanding of the modern arms trade, but then again many seem to forget how strategically and politically important the arms trade have been throughout history. At the start of the empirical analysis the argument of profit as the only explanation for Russia's and China's arms trade to challenging states, was found to be insufficient to explain the arms transfers in the new millennium. Because of the economic development in the two states, there were, and indeed are, no longer the same desperate needs for export revenues.

Instead, the nature of the weapons transferred to states that are considered enemies or challenging to the U.S. suggests the use of the arms trade as a foreign policy balancing tool. Transferring military technology to formal allies is per definition hard balancing, and there are few other explanations for actively increasing the military capabilities of states like Iran and Syria. The global arms trade is generally motivated by supply and demand, but a state can still profit without dealing with Iran. After all, the whole arms industry of Western Europe and Northern America (the broad part of the world industry) is doing fine even if they do not sell to China, the state with the fastest growing defence budget (SIPRI, 2013b). Therefore Beijing and Moscow must harbour other motives for transferring arms to pariah states, some of whom are even under arms embargo. The loss of international standing and prestige that usually follows when effectively braking arms embargoes to supply a pariah state is no secret, so there must be a net gain somewhere that can explain why Russia and China are selling arms to states like Iran and Syria. The analysis showed that during the civil war, Assad's regime ordered advanced air and costal missile batteries for territorial defence, rather than your usual "put-down-a-rebellion weaponry" that would be expected. But in fact, Moscow was supplying Damascus with arms to deter a possible multinational military intervention, having in mind what eventually stopped Muammar Gadhafi in Libya. My analysis of the Russo-Syrian arms trade was to a great extent confirmed by the general director of Rosoboronekспорт. "These are a really good means of defence from air or sea. This is not a threat, but whoever is planning an attack should think about this", he said in an interview. The arms shipments from Moscow will "undoubtedly" serve as a warning to Western countries contemplating an intervention. "Russia uses this as a form of deterrence in Syria – they show

other countries that they are more likely to suffer losses” (Kramer, 2012). The Russian federal monopoly-company for arms export, Rosoboronekспорт, had by the early 2000s full control of all arms exports from all private and state-owned arms producers, leaving no doubt that all Russian arms sales to foreign clients since 2000 is sanctioned.

This leads us to Moscow’s extended arms trade with Beijing. Just concerning transfers in the period from 2000 to 2012, Russia has sold to China a quite substantial quantum of arms. Though the sheer amount may be interesting in and by itself, the real importance lies in the specific weapons themselves or their capabilities. The analysis showed that Beijing was ordering advanced anti-access/area denial weapons that are beyond the know-how of their own arms industry. For China to acquire these weapons, which are specialized in obstructing the power projection of other states, is a major concern for the Pentagon. The new assets of the Chinese forces mean that the U.S. aircraft carrier groups in the western Pacific, and air force bases in Okinawa, South Korea and Guam can be targeted. The strategic aim of Beijing would be with their own military power to make U.S. power projection in Asia riskier and more costly, so that states in the region no longer can rely on it for total protection. It is possible for China to outbalance the U.S. regionally without having the hegemonic power projection capabilities that the U.S. has. To overcome this challenge is a primary mission for the U.S. Armed Forces (Department of Defense, 2012). It is clear that the Russian arms transfers to China from the 2000s are much more than just profit. Though the extent of the cooperation is debated, Moscow and Beijing are in fact military allies through the SCO. Considering balancing behaviour with the arms trade, China is also worth noticing as a supplier. Especially the trade with Sudan and Iran were in the analysis found to represent a general balancing behaviour. The analysis showed how Iran has successfully ordered anti-access/area denial weapons from China. Beijing has since 2000 transferred substantial quantities of long range anti-ship missiles, surface-to-air weapon systems with accompanying missiles, and air search radars, to the theocracy strategically situated with a long coastline in the Persian Gulf (SIPRI, 2013a). Because of arms embargoes and the fact that Chinese arms industry is designed to produce these advanced weapons for its own forces and do not need export revenues to prosper, China’s arms trade with Iran are found to follow the motive of hard balancing.

Another example of interesting motives behind the arms trade are the Russian sales to India. Here, Moscow is apparently working hard to nurture and enhance the relationship. There

seems to be no limit of what arms New Delhi can order from the remains of her old friend. One thing is selling a whole aircraft carrier (with accompanying combat aircraft and helicopters for anti-submarine warfare) or leasing a nuclear submarine, another is to offer this country (with whom Russia has no military alliance) a partnership in your own top-secret prestige-project developing a fifth-generation stealth combat aircraft. The effort seems to have paid off for Kremlin, because when the United States approached to offer New Delhi a contract (of procurement) for the exclusive F35 fifth-generation fighter aircraft (FGFA), all they got in reply was, “We cannot have two types of FGFA. We already have a contract with Russia” (Times of India, 2011). This was probably the exact answer that the Kremlin was hoping for. Another point that strengthens the argument that soft balancing is the motivation for Russia’s extensive sales to India is the fact that New Delhi already owes Moscow a substantial amount of money. It is estimated that the arms race between India and Pakistan, where the Soviet Union supplied India, left New Delhi with a total debt of \$16 billion (Bridge, 2009). The Russians do not need to sell arms to India, but none the less they do. Considering the overall evidence, thus I interpret Moscow’s motivation of the arms trade with New Delhi as soft balancing against the influence of the United States.

Balancing With Arms Trade: The Results

I argue that the arms trade of the second-tier states does function as a form of balancing strategy. It varies from case to case if this strategy can best be described as hard or soft balancing. The following table is a continuation of the one presented in the very start of the empirical analysis. The table shows all the states to which China and/or Russia have transferred substantial quantities of advanced strategically important weapon systems (like A2/AD), since 2000. I have categorized the cases into four colours of balancing ranging from red (clear hard balancing), to white (possible soft balancing).

Table 4. Significant arms importers and their affiliation with the U.S.

Country name	Has acquired weapon systems of strategic importance from Russia or China between 2000 and 2012	Considered Challenging state by the United States	Judgement of balancing behaviour
China	Yes	Yes	Hard
Syria	Yes	Yes	Hard
Iran	Yes	Yes	Hard
Venezuela	Yes	Yes	Hard
Sudan	Yes	Yes	Hard
Belarus	Yes	Possibly	Hard
India	Yes	Possibly	Soft
Myanmar	Yes	Possibly	Hard
Algeria	Yes	Possibly	Soft
Armenia	Yes	Possibly	Hard
Azerbaijan	Yes	Possibly	Hard
Indonesia	Yes	Possibly	Soft
Viet Nam	Yes	Possibly	Soft
Bangladesh	Yes	No	Possibly soft
Pakistan	Yes	No	Possibly soft

All the five cases where China or Russia have transferred substantial quantities of major advanced and strategically important arms to states that are considered challenging states by the U.S., have been labelled as cases of hard balancing. These are cases where the arms transfers clearly represent a challenge to the United States' ability to sustain global military hegemony. The arms transfers per se do not make the receiver immune to the U.S. military might, but they do place significant restraints on it. This is also confirmed by research (Bukkvoll, 2011; Knutsen, 2012) and acknowledged by the United States DoD (Department of Defense, 2012).

The second category is marked as hard balancing in orange. This means that the states considered are supplied with advanced weaponry and are in a military alliance with the supplier, but without necessarily constituting a challenge to the United States. The third

category is labelled soft balancing because these states are not in any military alliance with China or Russia, but evidence suggests that Moscow and Beijing, respectively, are using the arms trade as a means to align with the considered states and out-manoeuvre the United States – resulting in strategic as well as political difficulties for sustaining global hegemony. The more prominent case is India, where Russia and the U.S. are competing for influence. Military relationships are an important factor in the overall relations between states, and for the last years Moscow has been much more successful than Washington. The last category of white cases is for the states that have no Russian/Chinese military alliance (on the contrary regarding Pakistan), but where the extent of the Russian/Chinese arms trade suggests possible attempts of soft balancing against U.S. influence. This is an area for continued research.

The role of the arms trade in counterbalancing is controversial, and although there is little previous research arguing the arms trade is used to balance against the U.S., there is research concluding that it does not play a significant part. For example, Brooks and Wohlforth argue that the balance-of-threat theory fails to explain the Russo-Chinese arms trade. “The arms sales seems so significant because they come from Russia, suggesting interstate cooperation to balance U.S. capabilities” (Brooks & Wohlforth, 2008: 77). I think that Brooks and Wohlforth miss the point that what kinds of weapon systems that are sold are more important than just the sheer numbers of them. Because some weapons are capabilities in their own right, their numbers are not the most important factor. The case of the Russo-Chinese arms trade is no doubt interesting because Russia is both the far largest supplier and sells the most advanced potentially game-changing weapon systems to China. The Russian export revenues for the 2000s is much higher than for the 1990s, suggesting a coherent release of the pressure to “sell anything to everyone”, as proclaimed by some previous research. Compared to the 1990s, the last year’s export revenues is doubled, with new records in 2011 and 2012 (Reuters, 2012). With this clear increase, I argue that Moscow now have much more freedom to choose among possible buyers. My argument is supported by a U.S. government report acknowledging the Russian need to export for gaining revenues, “until now” (Blank, 2007: 1). On top of this, Rosoboronexport, the federal agency for managing all arms exports were established by decree of the Russian President in 2000, putting all foreign arms transfers under direct control of the President’s Office (Clouet, 2007). Arms exports are again a Russian foreign policy tool.

Balancing in the Future

This thesis argues the relevance of the arms trade of second-tier states for balancing against the hegemonic United States. However, it is important to note that the author does not argue that trading arms alone will create a multipolar world. Military capabilities are, after all, not all that matters. As Zakaria notes, “The military power of the United States is not the cause of its strength but the consequence. The fuel is the U.S. economic and technological base, which remains extremely strong (Zakaria, 2008: 182). But I have no doubt that the arms trade of the second-tier powers as analysed here, do matter, and that the United States is hindered, strained, exhausted and tested by the transfer of certain weapon systems to states challenging its global dominance. And importantly, arms trading are a tool well-suited for balancing strategies in today’s world. Because of the exceptional military hegemony of the United States, a direct hostile challenge would be suicide. To bypass this, Russia, is contesting U.S. unipolarity, but also emphasising Russia’s interest in friendly relations with all nations, including the U.S. (Mankoff, 2012: 130). In this policy, the arms trade proves to be a smart tool for balancing. I would like to see more research on the arms trade and its implications for balancing. It would be interesting to learn how the presence of certain arms can affect the establishment of multinational military interventions or wars. An analysis of how the arms trade to second-tier states affect the U.S. economically, due to defence spending, would also be interesting. To further understand the arms trade of the second-tier states would in my opinion be a valuable contribution to the research on balancing in the international world system.

The future of U.S. hegemony is really about the question of how long the United States maintains its unipolar position. Do the benefits of preserving unipolarity outweigh the costs? (Beeson, 2004). Layne warns that “attempting to sustain U.S. primacy may well hasten its end by stimulating more intensive efforts to balance against the United States, thus causing the United States to become imperially overstretched and involving it in wars that will reduce its power” (Layne, 2006b: 41). If the U.S. has to fight several future wars to maintain global leadership, the arms trade of the second-tier states will to great extent reveal its importance. To put it simply, to attack an Iran armed with advanced Russian anti-air missiles is a bit like engaging a porcupine – you are certain to prevail eventually, but you know you are going to get hurt in the process. That is why most predators leave the porcupine alone.

The United States still spends about four-and-a-half times as much on defence as China does, but considering the growth rate of the Chinese budget, China will likely catch up with the U.S. around 2035 (The Economist, 2012). If Beijing continues their military build-up in the same rate as today, they could then have the military capabilities to challenge the U.S. Navy in home waters, much in the same way that the U.S. successfully counterbalanced the British Royal Navy in the Pacific Ocean during the war in early 1800ed. Maybe the United States should learn from history and follow Britain's example on how to manage a rising power, an inevitable challenger to its own hegemonic position. After all, Britain accomplished to maintain a position as the leading world power for decades after it lost economic dominance. How Washington will respond is imperative for the transition of power to be peaceful or not. The British Empire first engaged in a war against the U.S., but soon changed their policy to accommodate itself to the rise of the United States rather than to contest it (Zakaria, 2008: 177). This was the key to their continued power status, and although Britain may have been broken later on, it was never beaten and remains a great power to this day. Thanks to a combination of smart strategic outlook and good diplomacy, London made the transition much smoother than it could have been. Washington will in the coming years have to make some though decision on their future grand strategy.

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Appendix

Table A1: Arms transfers From Russia to China, 2000-2012.

		Table presenting relevant arms transfers from Russia to China in the period 2000 – 2012. Data from SIPRI World Arms Transfer Database 2012
Number ordered	Weapon designation / NATO-name	Weapon description
	Ships	
4	Sovremenny Destroyer	Blue-water-ship, anti-air and anti-ship specialised destroyer equipped with missiles, torpedoes, guns as well as advanced target acquisition and control radar and sonar. Holds decoys and one Kamov Ka-27 anti-submarine warfare helicopter.
8	Project-636E/Kilo Submarine	Medium sized diesel-electric submarine equipped with anti-air missiles, anti-ship missiles and six torpedo tubes capable of multiple torpedo variants.
	Missiles, torpedoes and guided munitions	
750	RVV-AE/AA-12 Adder	Beyond-visual-range missile for Su-27 and Su-30 combat aircraft. Advanced air-to-air missile.
3000	R-73/AA-11 Archer	Short-range-air-to-air missile for Su-27 and Su-30 combat aircraft.
300 500 300 150 200 1047	9M38/SA-11 Gadfly 9M338/SA-15 Gauntlet 48N6/SA-10D Grumble 9M317/SA-17 Grizzly 9M311/SA-19 Grison 48N6E2/SA-10E	Different versions of surface-to-air missiles for from ships, land-based anti-air systems, and vehicles. Capable of downing most combat aircraft. (1/13 Israel bombed a Hezbollah convoy in Syria believed to transport these missiles).
100 150 75 150 125 760	Kh-29/AS-14 Kedge Kh-59ME/AS-18 Kazoo Moskit/SS-N-22 3M-54 Klub/SS-N-27 Kh-59MK/AS-18MK Kh-31A1/AS-17	Different versions of anti-ship missiles for use from ships, land-based systems and combat aircraft. The Moskit has a range of 240 km. and a warhead of 320 kg, the Kh-31 can avoid radar and infrared detection, and the Kh-59MK is a TV-guided cruise missile with 110 km. range.
150 150	53-64 torpedo TEST-71 torpedo	Torpedoes for use in submarines. Carried in almost all of China's submarines for targeting surface ships. Guided or self-seeking capabilities.
1100	Krasnopol-M	Laser-guided, fin-stabilized artillery shell. Intended to engage mobile and stationary high-value targets.
1200	9M119/AT-11 Sniper	Laser-guided anti-tank missile with range of 5000 m.
	Radar	
6 88 100 1 20 4	Mineral/Band Stand MR-90/Front Dome Zhuk Zimei/Sea Dragon Fregat/Top Plate MR-123/Bass Tilt	Sea search radar for Chinese produced naval ships. Fire control radar Combat aircraft radar Maritime patrol radar for balloon-surveillance of Taiwan Strait Air search radar for Chinese frigates Fire control radar
	Aircraft	
208 133	Mi-8MT/Mi-17/Hip-H Su-27S/Flanker-B	Helicopter Fighter/ground attack aircraft

100 6 9 9	Su-30MK/Flanker Il-76M/Candid-B Ka-27PL/Helix-A Ka-31/Helix	Transport aircraft Helicopter designed for anti-submarine warfare.
	Anti-air and cannon-systemes	
92 20 4 2 16	AK-630 30mm Tor-M1/SA-15 S-300PMU-1/SA-20A S-300FM/SA-N-20 S-300PMU-2/SA-20B	Naval gun for Chinese produced destroyers Different stationary or self-propelled surface-to-air missile weapon systems for use on land or at sea. (Serbia shot down two helicopters and two aircraft including one stealth attack aircraft in the NATO-Serbian war. Georgia shot down four combat aircraft and one strategic bomber in the South Ossetia War of 2008 with earlier version of this system. Russia has complied with hard pressure not to sell to Iran).

Table A2: Arms transfers from Russia to Syria, 2010-2012.

Number ordered	Weapon designation / NATO-name	Table presenting relevant arms transfers from Russia to Syria in the period 2011 – 2012. Data from SIPRI World Arms Transfer Database 2012
	Aircraft	
36	Yak-130	Light combat aircraft
	Anti-air and cannon-systemes	
50 8	96K9 Pantsyr-S1 9K40 Buk/SA-17	Mobile Air defense system Surface-to-air system Different stationary or self-propelled surface-to-air missile weapon systems for use on land or at sea. (Georgia shot down four combat aircraft and one strategic bomber in the South Ossetia War 2008 with earlier version of this system. Russia has complied with hard pressure not to sell to Iran).
	Missiles, torpedoes and guided munitions	
700 160 100 100 50	9M311/SA-19 Grison 9M317/SA-17 Grizzly KAB-500/1500 R-73/AA-11 Archer RVV-AE/AA-12 Adder	Surface-to-air missile Surface-to-air missile Guided Bomb SRAAM air-to-air missile For MiG-29 combat aircraft BVRAAM long-range missiles for combat aircraft Different versions of surface-to-air missiles for use from ships, land-based anti-air systems, and vehicles. Capable of downing most combat aircraft. (1/13 Israel bombed a Hezbollah convoy in Syria believed to transport these missiles).

Graph A1: Total calculated revenues from arms exports in US\$ m. for China in the period 1988-2012

