Abstract

Given the importance of the global defense trade to geopolitics, the global economy, and international relations at large, this paper examines the political economy of the U.S. defense industry. The goal of this study is to determine the extent to which the U.S. arms trade is driven by commercial interests. This study hypothesizes that an increase in the political influence of the U.S. arms industry leads to any increase in arms exports. Using the congruence method, this study observes campaign contributions in given years from defense corporations with the largest market shares. While strong causal inferences could not be made based on the findings, there is room for further research on this topic if stronger data can be found on the arms industry’s influence in the public sphere. The question posed by this paper will find itself increasingly relevant as debates over defense spending continue to unfold.

In 2008 alone, global arms sales totaled 385 billion U.S. dollars (USD) (Jackson 2012). For the largest exporters of weapons, including the United States, Russia, the United Kingdom, Germany, and France, this represents a crucial part of their economies. There are also a growing number of smaller economies that have begun to export weapons, which has increased competition in the global arms market. Within each of these exporting nations, political actors have various motivations for promoting the arms industry and the weapons trade.

Despite the great importance of the arms trade to our understanding of international relations, scholars have not yet fully considered the extent to which the arms trade is driven by economic interests over foreign policy considerations in the United States. This study asks the question: To what extent is the U.S. arms trade driven by commercial interests?

This paper will begin by examining the existing literature on the domestic determinants of the arms trade supply, followed by an explanation of the study’s argument. The study hypothesizes that an increase in the political influence of the arms industry leads to an increase in foreign arms sales. Following the argument, I will detail the variables used, observations, and methodology of the study. Next is a thorough analysis of all data findings and the argument. Overall, the findings did not support the hypothesis. The final section outlines possible reasons for these results, suggestions for future research, as well as policy implications of the study.
Literature Review

In this literature review, I will survey what previous scholars have determined about the drivers of the supply side of the arms trade that impact its exporting behavior. Due to the lack of literature, this essay will not limit itself to studies that have focused exclusively on the U.S. Looking at other nations will help to provide insight into the politics of international arms sales.

While there has been some empirical research conducted that looks at the politics of the international arms trade, it is minimal and does not appear to have been highly circulated within the part of the academic community that is focused on international relations or political economy. Additionally, there have been no previous answers to the question posed above. Of the work that has been done on the domestic politics of the international arms trade, much of it has focused on the demand side of the international arms trade. Perhaps one reason why there is little work done on the politics of the supply side of the arms trade is that it is difficult to tell what the motivating factors are because there are many different individual actors within a state that have various goals regarding the international sale of arms. For example, the goal of a defense contractor might be to generate profit. On the other hand, a senior policy maker might wish to use arms sales as a foreign policy tool. At the same time, interest groups (such as AIPAC or the Republic of China lobby) may have both emotional and pragmatic interests in promoting the military strength of certain arms customers. A general issue with the scholarly literature on the topic is that much of it is outdated, having been written during the Cold War. The ending of the Cold War has engendered substantial changes in the relationship of arms sales to exporting states’ politics. Therefore, I have largely ignored these studies.

As previously stated, the existing literature on the impact of a nation’s internal politics on the arms trade is small. The most relevant study on this question is Margherita Comola’s “Democracies, Politics, and Arms Supply.” Comola examines the influence of nations’ internal politics on the quantity of its arms exports. The study finds that arms exports increase when governments are under right-wing leadership. The study also finds that arms exports decrease when executive leaders are in the final year of their term before reelection. The author makes the important distinction between the arms exporting habits of democracies and autocracies, but goes no further in examining authoritarian governments. Thus, depending on their arms exporting behavior, non-democratic nations may act as the supplier for these nations that are at odds with democratic weapons exporters. A limitation of this study is that while it looks at the domestic determinants of the arms trade, it does not examine the commercial interests of the nations observed.

There have been a handful of studies conducted that offer insight into the question posed by this paper, while looking at other variables. In “The Arms Trade in Russian-Chinese Relations: Identity, Domestic Politics, and Geopolitical Reasoning,” the authors look at why a declining power like Russia would sell arms to a former adversary and rising power like China (Donaldson and Donaldson, 2003). The findings show that commercial interests were the primary motivating factor. The world saw a shrinking of the global demand for arms following the end of the Cold War resulting from the declining demand from third-world countries. The political powers in Russia were not only fearful of massive unemployment from the cumbersome arms industry but also pressured by their powerful lobbying groups. Thus, Russia provides a useful example of a country with a large armaments industry acting in favor of its industrial interests but against its own strategic interests, in that the arms trade with China
strengthened its main strategic rival, one with possible manifest aspirations toward Russian territory in Northeast Asia. Another study entitled “Foreign Policy in Transition? Human Rights, Democracy, and U.S. Arms Exports” looks, within the U.S., at the impact of a concern for human rights on the trading of arms to other nations. The results show that, during the Cold War, human rights were not a significant concern in the eligibility of nations to receive arms from the U.S. However, since the end of the Cold War, human rights have become an important component in determining the eligibility of nations to receive arms transfers. This study deals largely with the foreign policy of the United States and does not link this finding with domestic political factors (Blanton, 2005).

Other findings have shown that the international arms trade has become increasingly revenue-driven both as a result of the ending of the Cold War and the overall increase in weapons suppliers. In “The Arms Trade: Business as Usual?” the authors argue that, in addition to the ending of the Cold War, the increase in arms manufacturing nations worldwide contributed to the commercialization of the industry. In other words, greater competition led to more protection of domestic industries and less willingness on the part of major exporting nations to transfer production technology (Nolan and Keller, 1997). Another major work on the global arms supply entitled, “Developments in the Global Supply of Arms; Opportunity and Motivation” has stated similar facts, in particular, demonstrating the shift from an oligopolistic market structure to a more competitive one (Pearson and Brzoska, 1994). While the assertion in this study that the arms trade is becoming increasingly commercialized is a credible one, neither of the aforementioned works conducted empirical research on the commercialization of the arms trade. Rather, they make these assertions and provide anecdotal facts and data to support these claims. Thus, the lack of empirically tested research on the commercialization of the arms trade represents a major gap in the existing literature on the supply side of the arms trade. Additionally, these articles largely ignore how foreign policy interests are at play in arms exporting nations.

The general lack of contemporary research on the domestic factors that influence the arms trade makes it difficult to envision the existing literature in different conceptual frameworks. It appears that only Comola’s study has produced empirically sound findings on the domestic political determinants of arms sales. Again, the primary issue with her study is that her results are only applicable to democracies. There seems to be a consensus that the arms industry has become increasingly commercialized. There has been a handful of studies produced that focus on certain domestic political factors as they relate to the arms trade in the U.S. and Russia.

Other than a few exceptions, the existing scholarly literature largely ignores how commercial interests influence the arms supply. The research that follows should be an attempt to fill this gap in the existing literature by providing empirically tested findings on the commercial determinants of the arms trade supply. Given the importance of the arms industry to many national economies, as well as the greater implications for the working of the international system and the behavior of exporting countries, a closer look at this question is critical.

**Background of the Industrial and Political Environment**

The arms and defense industry of the United States evolved greatly during the twentieth century and is continuing to evolve today. History has shown that changes in the size and structure of the defense industry are closely aligned with levels of U.S. government and defense spending. From the economic standpoint of the defense industry, the central issue with having primarily one customer (the
U.S. government) is that the defense industry is extremely vulnerable to shocks in demand. The Cold War saw large growth in the private sector side of the defense industry. In 1961, President Eisenhower spoke of the massive growth in the nation’s military-industrial complex. Eisenhower was referring to the development of the defense industrial base that emerged as a result of increased demand from the U.S. government for military equipment and arms. This military buildup was intended to aid the U.S.’s efforts to contain the spread of communism and fight proxy wars, such as our military efforts in Korea and Vietnam.

Following the collapse of the Soviet Union, decreased demand for military equipment and technology led to a consolidation of the defense industry whereby many major mergers and acquisitions took place (Watts, 2008). For example, Lockheed merged with Martin Marietta and Northrop merged with Grumman. These are just two examples among many events that occurred in the 1990’s as the industry was consolidated. Another key change was that corporate management within the industry became increasingly sophisticated as revenue constraints intensified. Similarly, increased global competition made greater efficiency a priority to strengthen companies’ competitive advantages. Most importantly, by the 1970’s foreign arms transfers quickly grew in significance. Foreign military sales grew to more than 20 percent of total industry revenues by 1976, while prior to this period they made up less than 5 percent. This helped the industry to protect itself from exposure to shocks in demand as government procurement levels fluctuated (Watts, 2008).

The arms and defense industry in its current form is characterized by a high concentration of activity within a small number of corporate entities. Aircraft production and technological development is primarily done by Lockheed Martin and Boeing. Armored vehicle production is primarily under the control of General Dynamics and BAE systems. Finally, shipbuilding is mainly conducted by Northrop Grumman and General Dynamics. This type of functional segmentation is a modern characteristic of the defense industrial base. The high concentration of capital, industrial activity, and revenue generation in only a few corporate entities may suggest that the industry has a high level of influence on the public sphere (Watts, 2008).

Argument

The argument put forth by this study is that commercial interests are the driving forces behind the U.S. arms trade. This is in contrast to foreign policy interests (strategic and humanitarian interests) as the primary determinants of the arms trade. It would appear intuitive that a nation transfers arms to nations that serve its strategic foreign policy interests (i.e. the U.S. arming the Afghan Mujahedeen to fight against the Soviet Union or exporting weaponry to Republic of Korea). In the headlines, we see this dynamic play out frequently. In a democratic system, trade decisions as determined by elected officials are shaped by the demands of societal interests. Elected officials often promote trade in an effort to keep America’s export-competing industries strong, leading to job-growth and greater support from powerful industry leaders. ¹ While strategic foreign policy interests can have a powerful impact on a nation’s trade politics, pressure from industries can do more to guide trade policy because politicians

¹ In International Political Economy, political scientist Thomas Oatley describes the society-centered approach to trade politics, emphasizing the impact that societal interest groups have on politicians. The limitation of this approach to trade policy-making is that it minimizes the interests of government officials independent of domestic interest groups.
rely on the public’s support to be reelected. This dynamic plays out in the relationship between the arms industry and politicians. In other words, politicians promote the international arms trade because they are compelled to do so given the influence that the arms trade wields in the political sphere.

The industrial environment that arms producers operate in impels them to rely on foreign arms sales due to the monopsonistic market structure of the domestic defense industry, whereby U.S. Department of Defense procurement levels fluctuate greatly. Therefore, politicians’ decisions about the international transfer of U.S.-produced arms are motivated by a number of factors. First, politicians rely on the support of leaders from large national industries to be reelected. Secondly, politicians have a strong desire for their nation’s industries to be globally dominant. This is partially why governments often use industrial policy instruments, including subsidies, tax policy, tariffs, and quotas, to protect their domestic markets (of both export-oriented and import-competing industries) and allow them to become internationally competitive. Third, politicians desire to minimize unemployment and maximize the prosperity of the arms industry. The three largest arms manufacturers account for approximately one percent of the U.S. GDP, illustrating the importance of the industry to the U.S. economy at large ("The U.S Defense Industry and Arms Sales).

In addition to the arms industry’s overall importance to the U.S. economy, its relative proximity to the U.S. government amplifies its influence. The arms industry often works very closely with the U.S. military, resulting in frequent exchange between the arms industry and the U.S. government at large.

The historical context of the arms industry helps to further explain why commercial and industrial interests might be the primary determinants of the arms trade. The Cold War led to a massive expansion of the U.S. military-industrial complex. The end of the Cold War led to a massive decrease in demand for the defense industry, resulting in the loss of 2 million defense and military jobs in the U.S.(Gholz and Sapolsky, 1999). Additionally, during the 1980’s, the arms industry focused on managerial reform and increased efficiency. This was likely to have caused a shift from strategic foreign policy to commercial and economic interests as a driver for the arms trade. Therefore the argument put forth by this study is only applicable to the post-Cold War era.

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2 Procurement levels typically fluctuate because of the presence or absence of U.S.-involved armed conflict.
Hypothesis

This study hypothesizes that an increase in the political influence of the U.S. arms industry leads to an increase in U.S. arms exports. The unit of analysis for this hypothesis is at the state-level, because it deals with the institutional relations within the state. Examining this hypothesis will allow us to assess the extent to which commercial interests are a determinant of the U.S. arms trade.

Defining the Variables

The dependent variable (arms exports) is fairly simple to define. For our purposes, we will define it in terms of the volume of U.S. arms exports in given years. Statistics regarding the specific volume of U.S. arms exports from year to year are available from the Stockholm International Peace Research Institute, which is regarded as one of the foremost sources for data on the international arms trade. This information can be found in the organization’s Arms Transfer Database. In a given set of two years (refer to table 1 below), U.S. arms exports below 16 billion USD will be considered a low amount for that given time period. Arms exports between 16 billion USD and 24 billion USD will be considered a medium amount. Finally, arms exports above 24 billion USD will be considered a high amount. Total arms sales to non-autocratic and autocratic regimes are also shown to provide further reference. This is operationalized by providing the aggregated totals in arms transfers to both autocratic and non-autocratic regimes in the given time period for each observation. If arms transfers to autocratic regimes are under 3 billion in a given observation, this will be considered a low amount. If transfers to autocratic regimes are between 3 billion and 6 billion, will be considered a medium amount. Finally, if transfers to autocratic regimes are above 6 billion, this will be considered a high amount for that given observation. Data regarding autocratic and non-autocratic regimes will be borrowed from the Polity IV Project; an organization at the University of Maryland that conducts research on the characteristics of political regimes.

Regarding the independent variable, political influence has been conceptualized as the potential for one political actor to induce a change in the behavior of one or more other political actors. Thus, a high level of political influence of the arms industry implies that it has a substantial impact on the decisions of policy-makers, but doesn’t necessarily imply that it determines arms exports. This does, however, mean that policy-makers take the arms industry into account when making policy decisions.

Operationalizing the political influence of the arms industry is rather difficult. We will observe data on campaign contributions from the arms industry to measure the independent variable. The limitation of this is that it is unclear to what extent this actually influences politicians. Nonetheless, it illustrates a connection between the arms industry and the political system which could imply influence. Furthermore, economic logic theory would suggest that the contributions would cease if they were ineffective in procuring influence. The Project on Government Oversight will provide this study with data on campaign contributions from various defense corporations. The Project on Government Oversight is nonpartisan research organization that has collected data on money flows within the military-industrial complex. This study will look at campaign contributions from the industry’s top 4 organizations, being Lockheed Martin, Boeing, Northrop Grumman, and General Dynamics, according to Stockholm International Peace Research Institute’s top 100 arms-producing and military services companies. If the combined campaign contributions from these corporations are below 3
million USD, this will be considered a low amount of political influence as illustrated on the data chart below. If campaign contributions are between 3 million USD and 6 million USD, this will be considered a medium amount of political influence. If campaign contributions are above 6 million dollars, this will be considered a high amount of political influence.

Strategic foreign policy goals will be the control variable. If there is an increase in arms exports from one year to the next, we need to control for strategic foreign policy interests that could be causing a rise in the level of arms exports. The state department has listed democracy and human rights as two of its major strategic objectives. Additionally, the Department of Defense has stated that counterterrorism is central to our strategic national security objectives (“Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,” 2012). While there are certainly other strategic foreign policy interests, it is difficult to find hard data and accurately indentify them. Additionally, there may be more variation of foreign policy interests amongst specific years that could influence the flow of arms to other nations. Data regarding autocratic governments will be borrowed from the Polity IV Project.

**Observations**

This study will be looking at the U.S.’s arms exporting behavior (amount of arms exports) in different years since the end of the Cold War. As previously mentioned in the literature review, a number of scholars have suggested that the arms industries of many major conventional weapons exporting nations became more commercialized after the end of the Cold War. Following the most likely case logic, this study will look at data on arms sales during the years after the end of the Cold War. As discussed above, observing statements from politicians regarding the arms industry is arguably the most accurate way of determining the level of influence the arms industry has over politicians. Observing data following the end of the Cold War conforms to the most likely case logic because the literature suggests that commercial interests became the primary determinant of the global arms trade around this time period. Furthermore, if there is evidence in support of the hypothesis, this study’s argument would only be applicable to the post Cold War era. Given the available resources, this study has only uncovered one such statement of this type. Because there are very few instances of this sort, this study will be looking primarily at the Arms industry’s campaign contributions.

**Methodology**

This study will be using qualitative methods. More specifically, this paper takes a case-study approach to analyzing the research question. The design for this study will be based around observing campaign contributions from the arms industry and examining the level of exports in given years. Using the congruence method, this study will observe the presence or absence of a correlation between the variables. Given the lack of information on the temporal sequencing between the variables, this study will not be using process tracing to analyze the hypothesis.

**Possible Presence of Support for the Hypothesis**

In order to find support for the hypothesis, we should see a pattern of congruence between the values present in the independent variable and the dependent variable. For example, an observation that would provide support for the hypothesis might be one in which political influence of the arms industry was high while arms exports were also high. Regarding the control variable, if democracy
is the U.S.’s specified foreign policy priority while arms exports to autocratic regimes are high, this
would lend support for the hypothesis because it suggests that the discrepancy between the U.S.’s
strategic goals and exporting behavior can be accounted for by the pressure of the arms industry on the
political system. If, on the other hand, our foreign policy strategy emphasizes counterterrorism, the
implications this would have on the hypothesis are less clear. However, if counterterrorism concerns
are high, we would arguably expect to see a high level of arms exports to autocratic regimes in order to
deter conflict and combat terrorism. Furthermore, if counterterrorism is the U.S.’s primary priority in
its foreign policy strategy, we can not make any inferences about the validity of the hypothesis.

Data Analysis

In this section, we will analyze the variables’ values in each observation and use these values
to test the hypothesis. In addition to analyzing the values of each variable in terms of high and low, we
will look at changes in variables from one year to the next, to provide further understanding of the data.

1993-1994

In the first observation, the influence of the arms industry (the independent variable),
according to the operational definition specified above, was low. In this period, Lockheed Martin spent
a mere 700 USD on campaign contributions, Boeing spent 672,870 USD, Northrop Grumman spent
608,070, and General Dynamics spent 556,496. Thus, the four largest arms manufacturers spent a
combined total of 1,838,136 USD on campaign contributions. Given that this total came well under 3
million USD, this is a low value.

The dependent variable (arms exports) for this observation was high, with a total of 25,838
million USD in sales. The industry’s biggest national customer in 1993 and 1994 was Turkey, with a
total of 3,298 million USD in weapons transfers. The U.S. sold 18,871 million USD worth of arms to
non-autocratic regimes. There were 6,967 million USD in weapons sales to autocratic regimes, which
was the highest amount among the observations presented. Among the U.S.’s largest customers with
non-autocratic regimes were Turkey, Japan with a total of 3,000 million USD, Israel with a total of 1,557
million USD, South Korea with a total of 1,301 million USD, and Taiwan with a total of 1975 million
USD. Among the U.S.’s largest customers with autocratic regimes were Egypt with 2,781 million USD,
Kuwait with 686 million USD, and Saudi Arabia with 2,947 million USD. Additionally, this time period
saw a handful of isolated instances in which certain nations with autocratic regimes received small
arms transfers. This is in contrast to Egypt and Saudi Arabia, both of which are autocratic regimes
receiving large quantities of U.S. arms almost yearly. The isolated instances of this type that occurred
in 1993 and 1994 include Angola with 7 million, China with 14 million, Indonesia with 8 million, and
Oman with 26 million.

Regarding the control variable, there was a strong emphasis on democracy in the United
States’ national security strategy. Because arms exports were high, the relationship between the control
variable and the dependent variable suggests some support for the argument in this observation.

The data for this observation does not support the hypothesis, because the value of the
independent variable was low while the dependent variable was high. In order for this observation
to have shown support for the hypothesis the dependent variable would have had to have been low
as well. While there is no conclusive support for the hypothesis, the level of arms sales to autocratic regimes was comparatively high, which could potentially suggest industry influence given that the support of autocratic regimes is often considered to be in our nation’s interest. While the promotion of democratic values and human rights is frequently cited by foreign policy makers as a priority, the U.S. may also transfer arms to autocratic regimes for strategic purposes that are particular to specific regions and instances. This study does not analyze these micro-dynamics in the international arms trade. Therefore, no strong causal inferences can be made.

1995-1996

As observed in this period, the political influence of the arms industry was at a medium level, with a total of 4,766,980 USD in campaign contributions from the 4 largest arms producers. Due to the fact that this total is between 3 and 6 million USD, it is considered by this study to be a medium value. This value represents an enormous increase from the previous year. Lockheed Martin spent 1,955,799 USD on campaign contributions, Boeing spent 1,064,830 USD, Northrop Grumman spent 1,009,493 USD, and General Dynamics spent 736,858 USD. Each industry leader spent significantly more than in the previous observation, with Boeing and Northrop Grumman both spending upwards of 50 percent more than in the previous observation.

The level of arms sales was medium and had a total of 22,221 million USD. There was a total of 15,517 million USD sold to nations with non-autocratic regimes and 6,704 million USD sold to nations with autocratic regimes. Considering the fact that this period saw a medium amount of foreign arms sales overall, the amount of transfers to autocratic regimes was noticeably high and close to the same amount as the previous year. Sales to the more regular autocratic customers, including Egypt, Kuwait, Saudi Arabia, and the United Arab Emirates, were also present. There were also smaller sales to Bahrain, China, Morocco, Oman, and Venezuela.

In this observation, there was a greater emphasis on counterterrorism in the U.S.’s foreign policy strategy. With a high level of arms exports to autocratic regimes, the relationship present between the control variable and the independent variable suggests support for the argument.

The data in this observation does support the hypothesis because the independent and dependent variables are congruent with one another, both being at medium levels. In this way, we might infer that a medium amount of political influence of the arms industry has led to a medium amount of arms sales.

1997-1998

The political influence of the arms industry observed in this time period was medium. Campaign contributions from the top four arms producers totaled 5,342,399 USD. Though still considered at a medium level because it is under 6 million in value, this is a significant increase from the previous year. Lockheed Martin spent a total of 1,811,037 USD representing a slight decrease. Boeing spent a total of 1,905,664 USD, representing a very significant increase. Northrop Grumman spent a total of 741,620 USD, representing a significant decrease of more than 200,000 USD. Finally, General Dynamics spent a total of 882,978 USD, showing a moderate increase.

The amount of arms exports during this period was high, with a total of 30,317 million USD, the highest among all of the years observed. There was a total of 24,687 million USD in arms sold to
non-autocratic regimes, representing a 57 percent increase from the previous observation. Arms sales to authoritarian regimes amounted to $5,635 million USD, showing a slight decrease from the previous observation. Among some of the more unique instances of arms sales to autocratic regimes were those to Mauritania, receiving 5 million in arms transfers, and Qatar, which received 1 million. As detailed in previous observations, these instances are unique in the sense that they are isolated occurrences in contrast to another autocratic regime like Saudi Arabia which receives arms from the U.S. almost yearly, likely because Saudi Arabia is regarded as a strategic ally.

Regarding the control variable for the years 1997 to 1998, there was an emphasis on democracy. Because arms sales to autocratic regimes were medium, we do not find support for the argument in the relationship between these variables.

In order to find support for the hypothesis, we would need to find a medium level of arms exports, given that the influence of the arms industry itself is at a medium level. Therefore, we do not find support for the hypothesis in this observation because there was a high level of arms exports.

1999-2000:

In this time period, the political influence of the arms industry was high, with a total of $7,643,583 million USD in campaign contributions from the arms industry’s top four producers. Lockheed Martin spent a total of $2,757,269 million USD in campaign contributions, representing a very large increase from the previous observation. Boeing spent a total of $2,688,529, showing a large increase on the same order of magnitude as Lockheed Martin. Contributions from Northrop Grumman saw a slight increase in campaign contributions, spending a total of $826,158 million USD. General Dynamics spent a total of $1,371,637, representing a significant increase.

Arms sales in this year were at a medium level, with a total of $19,108 million USD in arms transfers. There was a total of $16,290 million USD sold to non-authoritarian regimes and a total of $2,818 sold to authoritarian regimes, both of which were significantly down from the previous year.

In this observation, there was an emphasis on democracy in the U.S.’s foreign policy strategy. Because total arms exports to autocratic regimes were low, we do not find support for the argument in the relationship between the control variable and the dependent variable.

The observation does not show support for the hypothesis because the independent variable has a high value while the dependent variable has a medium value.

2001-2002:

In this observation, the independent variable was high, with a total of $8,448,495 million USD in campaign contributions from the industry’s top four leaders. Lockheed Martin spent a total of $2,654,958 million USD, showing a slight decrease from the previous observation. Boeing spent $2,543,425 million USD, also showing a slight decrease from the previous year. Northrop Grumman spent a total of $1,665,935 million USD, showing a very sharp increase from the previous observation. Finally, General Dynamics spent $1,587,177 million USD, showing a minor increase in campaign contributions from the previous year.

For the dependent variable, the value of arms sales was low with a total of $11,009 million USD. This is the most dramatic marginal decrease among all of the observations observed. Arms to non-autocratic governments totaled $9,386 million USD while sales to autocratic governments totaled $1,623 million USD both of which are dramatic decreases from the previous year.
This observation does not show support for the hypothesis because the level political influence was high while the value for arms exports was low. Additionally, counterterrorism was the predominant priority in our foreign policy strategy and the relationship between the control variable and the independent variable shows no support for the argument.

2003-2004

In this period, the independent variable was high with a total value of 8,683,209 in campaign contributions from the industry’s top producing leaders, representing a significant increase from the previous year. In this observation, Lockheed Martin spent 2,211,092 USD in campaign contributions, Boeing spent 2,614,820 USD, Northrop Grumman spent 2,338,695 USD, and General Dynamics spent 1,518,602 USD.

For the dependent variable, the value of arms exports was low, with a total of 12,455 million USD, showing a small increase from the previous observation. Sales to non-autocratic regimes were 11,114 Million USD in total, also showing an increase. However, sales to autocratic regimes totaled 1,341 Million USD, showing a 17 percent decrease.

In this observation, we do not find support for the hypothesis because the independent variable was high while the dependent variable was low. Regarding the control variable, the U.S.’s foreign policy emphasized counterterrorism. As, previously stated in the research design, we can make no inferences about the validity of the argument when counterterrorism is the primary focus of the U.S.’s foreign policy strategy.

2005-2006

In this observation, the political influence of the arms industry was high, with campaign contributions totaling 8,950,141 USD, showing a modest increase from the year before. Lockheed Martin spent 2,764,428 million USD, Boeing spent 2,428,469 million USD, Northrop Grumman spent 2,066,613 million USD, and General Dynamics spent 1,690,631 million USD.

The value of the dependent variable was medium, with a total of 14,100 million USD in foreign arms sales. Sales to non-autocratic regimes were 12,186 million USD while sales to autocratic regimes were 1,914 million USD.

In this observation, we do not find support for the hypothesis because the independent variable was high while the dependent variable was medium. Additionally, counterterrorism was strongly emphasized in our foreign policy strategy and, thus, we can make no inferences about the argument in the relationship between the control variable and the dependent variable in this observation.

Analysis of the Argument

From the analysis of the variables, we do not find support for the argument. No correlation has been found between the political influence of the arms industry and the level of arms exports.

Conclusion

The goal of this paper is to assess the extent to which the United States’ foreign trade in arms is driven by commercial interests. The scholarly literature on the international arms trade has yet to provide an explanation for the role of commercial interests in the arms-exporting behavior of states.
This study argued that commercial interests are the primary driving forces behind the U.S. arms trade and hypothesized that an increase in the political influence of the arms industry leads to an increase in foreign arms transfers from the U.S. to other nations. This study used the congruence method to assess the relationship between the research variables and observed the years 1993–2006.

Overall, this study found no support for the hypothesis, as congruence between the variables was rarely present. These results are likely because the independent variable (the political influence of the U.S. arms industry) was operationalized by looking at campaign contributions in each given year. The problem with this operational definition is that, arguably, it does not show the true political influence of the industry, but rather can provide insight on the extent to which the industry intends to influence the political sphere.

Due to this limitation of the operational definition for the independent variable, I recommend that in future studies, scholars focus on finding data that more accurately explains the political influence of the arms industry. While data on arms industry-government relations is extremely limited, it would be useful for future scholars to interview various political actors and arms industry leaders as a way of operationalizing this variable.

**Policy Implications**

In light of recent events concerning the political discourse surrounding the United States’ fiscal policy, this question posed by this paper is of increasing relevance to contemporary policy makers. The current debate surrounding the looming fiscal cliff has resulted in policy makers debating substantial cuts in defense spending. If Department of Defense procurement levels plummet as a result of cuts in defense spending, the arms industry will clearly suffer greatly as domestic demand for defense goods would decrease accordingly. In order to survive in this monopsonistic market structure, defense corporations will likely seek revenue sources beyond the government. The defense industry has few options other than to try to increase foreign arms sales. Politicians have good reason to promote the health of the arms industry (they wish to be reelected and promote the strength of the domestic economy). In this way, we see how the argument posed by this study can play out in the dynamics within the military-industrial complex and remains relevant to the most recent of events occurring in the ever-changing political sphere.
Works Cited


