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# The economics of arms imports after the end of the cold war

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## Abstract

Arms transfers are financed through a variety of means, including cash payments, barter trade, military aid and credit. The fiscal and economic effects of these various forms of arms transfer financing differ. Data on the flow of arms transfers, as provided by international sources on the arms transfers tell little about actual economic burdens. During the Cold War, military aid and credit financing had larger shares in overall funding of arms imports, particularly by developing countries. After the end of the Cold War, levels of military aid are sharply reduced. Little is known about credit funding. However, measured by an opportunity cost method, it seems that indebtedness due to arms imports did not increase as much during the 1990s as it had during the 1980s. This is another indicator that the arms trade has become more commercial, with customers needing to be able to pay for the imports. Less financially well-off customers have become less important for the producers of new weaponry, and instead import old

weapons, or small arms. The differentiation according to financial criteria among customers in the military market increased in the 1990s.

Keywords:

[Arms Trade](#)

[Military Aid](#)

[Import Financing](#)

[Foreign debt](#)

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## Notes

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