The UK Arms Trade and New Labour: Old Wine, New Bottles
by Nicholas Gilby

It appears no industry in the UK commands as much bipartisan political support as the arms industry. Despite its occasional use of the arms trade issue for political expediency (e.g., the Scott inquiry) and some rhetorical flourishes in the early days of Blair’s government (the “ethical foreign policy”), Labor has been old wine in new bottles for UK Arms plc. [Note to US readers: “UK Arms plc” (public limited company) is used throughout to mean “UK military-industrial complex.” - Ed.]

Sales Follow Money, Not Licensing Policy
There has been little fundamental change in the level of UK arms exports in the past fifteen years. The “hump” in the graph in the mid-1990s reflects the delivery of large orders for Saudi Arabia and Indonesia among others, and Labor has not dented the high and stable levels of arms exports UK industry achieves. The customer base has changed little as well, despite Labor’s introducing formal criteria by which it licenses exports. Of the top ten recipients of UK arms exports in 1997, five were among the UK’s top ten customers in both 2001 and 2004. And what change in major customers there has been merely reflects UK Arms plc following the money rather than any change of licensing policy.

The UK has stuck by old friends through thick and thin; even crimes against humanity in East Timor merited a mere three month suspension of exports for the Indonesian Army, and only because Labor felt embarrassed at the behavior of their client.

New Export Control Act Makes Small Improvements
A new Export Control Act passed by New Labor has resulted in some advances: the system is slightly more
transparent than before, some brokerage issues have been addressed, and the trade in “intangibles” has been brought within the system. But the UK still does not track what equipment is actually exported under each license issued, and there is no end-use monitoring of what is exported. The government’s country-by-country delivery figures exclude sales to military customers of “dual-use” aerospace items and military services (ranging from military training to aircraft parts), which are not monitored, meaning it does not know the actual value of UK arms exports to any destination. A system that allowed UK exports to help build Israeli WMD capability in the 1950s and an Iraqi weapons industry in the 1980s is largely unchanged.

Corporate/Government Collusion
The main reason for the lack of change is the arms industry’s massive political backing. Mrs. Thatcher was famous for personally intervening to secure arms deals such as the massive Al-Yamamah deal to Saudi Arabia, and under New Labor ministers have continued to act as salesmen for UK Arms plc - Tony Blair himself successfully lobbied for a £3 billion arms deal to South Africa. At least 37 times in 2002 and 2003 UK ministers lobbied for arms sales - chiefly for the sale of BAES Hawk jets to India. A revolving door between government and the arms companies has continued - according to a government watchdog there is a “traffic from the [MoD] to the defense contractors who supply it,” which includes former Labor ministers such as George Robertson. A dedicated government unit (DESO) of 600 staff is devoted to promoting arms exports, compared with around 150 who “control” arms exports.

This corporate/government collusion has allowed UK arms companies to have their cake and eat it too. While they have successfully lobbied for a formal Defense Industrial Policy in the UK (and are lobbying for a European equivalent), they have also been turning themselves into global corporations with multiple “home markets.” Mirroring New Labor itself the UK arms industry has been cozying up to the US, and the Pentagon is an increasingly important customer. So BAE Systems has acquired the major US arms company United Defense, while other UK companies such as Smiths, GKN, QinetiQ, Rolls-Royce, VT Group and Cobham have also been acquiring small and medium-sized US arms companies. The importance to these companies of such links and the extent of their influence are demonstrated by Labor changing its own licensing criteria to allow BAES to export HUDs to the US for incorporation into F-16s bound for Israel.
UK arms companies have successfully maintained their ability to administer bribes to secure deals. Labor promised to publish a confidential government report about serious allegations of corruption in the Al-Yamamah deal but it remains suppressed. Under Labor three arms companies - BAE Systems, Rolls Royce and Airbus - were instrumental in persuading the government to water down new anti-bribery procedures introduced in 2004. And in a recent report the OECD concluded that one Labor “MP with significant oversight responsibilities regarding sensitive industries stated…that…bribery in international business transactions was inevitable, and that disallowing it could be dangerous as companies would then not be able to compete on a level playing field.”

With the government in its back pocket UK Arms plc will continue as it has always done to fuel conflict and contribute to global arms proliferation.

Nicholas Gilby has carried out extensive research over a number of years at UK-based Campaign Against Arms Trade (CAAT), including exposing the government’s secret relaxation of conditions placed on the use of UK-supplied equipment by the Indonesian armed forces. His most recent publication is The UK Government and Arms Trade Corruption: A Short History. Campaign Against Arms Trade is online at www.caat.org.uk.

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