REPORT

CAMPAIGN AGAINST ARMS TRADE

Who calls the shots?

How government-corporate collusion drives arms exports

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The government continues to offer a programme of political and financial support to UK-based arms exporting companies at levels disproportionate to those received by civil industry. Those questioning this support are directed towards the wider gains that are said to accrue from involvement in the international arms market, i.e. economic, strategic, and peace and security benefits. Yet these rationales lack credibility to such an extent that other explanations are required.

The real reasons behind arms export support

There are a number of alternative explanations for the government's support of arms exports. These range from the existence of unstated foreign policy goals or the government's susceptibility to company lobbying on jobs, to the less tangible influence of Tony Blair's military bent. Many of the explanations are useful and may provide part of the picture, but analysis of a potentially key rationale has so far been lacking: the influence and political power of arms companies within government. This rationale dovetails with the others indicated above but also provides perhaps the single most significant reason why, against ethical concerns and economic reason, the government continues to promote UK weaponry around the world. This report considers how military industry has retained and developed this political influence despite the end of the Cold War and the arrival of a government touting an 'ethical' foreign policy.

The revolving door

The close customer/client relationship between UK-based arms exporters and the Ministry of Defence (MoD) is incomparable across government. No other industry has attracted such a large number of high ranking departmental staff while at the same time offering many of its own employees to the MoD via secondment. The institutional boundaries between the two bodies are so blurred that the existence of any real separation has been questioned.

A web of advisory bodies

These boundaries are further eroded by overwhelming industry representation within an extensive network of UK and European-based bodies advising government on military policy. This network is not only more extensive than those advising high-level government on non-military areas of policy, but is continuously growing under the Labour government, raising urgent questions about transparency, accountability and favourable access to ministers.

Use of lobbying companies

The industry's profile within the domestic decision-making arena is raised further by military industry's use of lobbying companies whose purpose is to distort the advocacy playing field in the interests of their clients. UK lobbying companies cannot but benefit when a number of their employees, including those representing UK-based arms-producing companies, used to be government advisors or work for the Labour Party.

Influential Labour Peers

Though they are relatively few, a number of Labour Peers have links to arms-producing companies. They have enjoyed influential government jobs and/or have links to some of the highest echelons of the Labour government.

Donations and sponsorship

The arms industry has contributed largely undisclosed amounts of cash to the Labour Party and to one of its major projects, the Millennium Dome, at a time when both have faced financial crisis.

Provision of public services

Areas previously considered core government-run sectors are now being considered candidates for, or are already being run as, Public-Private Partnerships (PPPs). The arms-producing companies have been eager to participate and the MoD is now at the forefront of military PPPs. The integration of companies into core government activities provides them with

increased political influence. Also, because of the potential political fallout, the government is extremely unlikely to let any such activities fail, further motivating it to pursue corporate-friendly policies.

Conclusion

Each individual relationship between the government and arms companies might not in itself be considered objectionable or evidence of improper behaviour. However, the range of possibilities for influence provided to arms companies and the extent to which they have been taken up lead to a cumulative impact that is not appropriate to democratic decision-making.

The picture that emerges is one where the government and military industry are so deeply interconnected and their interests so tied up with each other that whole areas of public policy-making have come to reflect corporate wish-lists.

Attempts to reduce arms exports or the subsidies associated with them will fail as long as arms companies are allowed the influence they currently have over the UK government. Given the lack of political will (and the obvious influential opposition to any emergence of such will) it falls to public opinion to persuade the government that they are responsible to the electorate rather than the arms industry.

Introduction

The UK government provides enthusiastic political and financial support for companies exporting military equipment and services. Evidence of this is not difficult to find. It includes: the rewriting of export guidelines to suit the arms industry; the use of government ministers and the royal family to promote UK arms abroad; the disproportionate provision of taxpayer-backed export insurance for arms; the manipulation of MoD procurement in order to assist exports; the use of 'Export Support Teams' from the armed forces to demonstrate arms to prospective buyers; and the operation of a unit of 600 civil servants dedicated entirely to selling UK arms around the world.

Those querying the costs of this support to the UK taxpayer and the government's integrity are told that military exports bring wider economic, strategic and political benefits.[1] Most typically, reference is made to the importance of arms company jobs, savings to the Ministry of Defence (MoD) procurement budget and the maintenance of the 'defence industrial base'. These are all arguments vital to the government in the face of public disquiet over the ethics of UK involvement in the international arms trade. However, they are also arguments that are being increasingly contested and are found wanting.

If the government's arguments do not hold up, then what are the real reasons for the arms export support? This report provides analysis of one potentially crucial reason: the relationship between the arms industry and the government. The relationship has often received anecdotal mention but not the analysis or emphasis it deserves. This is not to say that it is the sole reason for the continuing support of arms exports, but the government-arms industry relationship provides a lens through which other reasons might be viewed more realistically.

The report is made up of three sections. The first presents a brief overview of the political and financial support provided to arms exporters. The second section examines the rationales that the Labour government has put forward in defence of this disproportionate support. Section three constitutes the bulk of the report and considers different aspects of the relationship between UK-based arms companies and the government. It starts with an analysis of the changing relationship between government and industry since the end of the Cold War, then goes on to map out, in depth, how arms-producing companies are linked to government departments and to Labour Peers, the overlap in interests via lobbying companies, known donations to the Labour Party, and the potential impact of Labour-initiated military privatisation schemes.

The report focuses on the Labour government as it is currently in power; however the support offered to the arms industry is nothing new. Labour's approach to arms exports is a case of policy continuity with previous Conservative and Labour governments.

1 See, for example, Defence Export Services Organisation (DESO), *Why export defence goods and services?* <www.deso.mod.uk/policy.htm>

The support enjoyed by UK-based arms-exporting companies

The 1997 change of governing party brought few changes to the government's approach to arms exporters. Even before he was elected, Tony Blair reassured arms companies that on the whole it would be business as usual in terms of the levels of political support that they could expect. Since then it has become clear that Labour's apparent commitment to a tougher arms control agenda has more to do with style than substance.

In his 2003 autobiography, former Foreign Secretary Robin Cook observed "I never once knew number 10 come up with any decision that would be incommoding to British Aerospace".[2] But accommodating policy choices and the approval of number 10 are just two examples of the kinds of political support on offer. Others include the use of MoD personnel and the royal family to promote military sales abroad, the use of government funds to sponsor arms companies to exhibit at overseas arms fairs, and the extensive lobbying efforts of ministers to secure overseas deals. In 2004, the government published details of 29 "promotional activities" carried out by Ministers from the Foreign and Commonwealth Office (FCO) and the MoD during 2002 and 2003 to promote specific military exports.[3] These 29 examples are likely to be only the tip of the iceberg. The same document states that "Ministers regularly have meetings during which they, as a main topic or as a secondary matter, promote British exports, including defence equipment. The Government does not keep a central record of these meetings, or the substance of the discussions."

This supportive approach has continued even though it is unlikely that governments have had a sound idea of what the financial costs of this policy might amount to. Since 1995, five studies have estimated this cost (see Table 1).[4] Four of the studies have found that arms exporters benefit from a substantial subsidy ranging between £228 million per annum and, where the research and development costs are included, up to a possible £990 million per annum.[5] The fifth study by two MoD economists and two academics (termed the 'MoD-York report' in the remainder of this report) found that there was a small saving to government although the authors did exclude several of the subsidy elements considered by the other studies and still concluded that "the balance of argument about defence exports should depend mainly on non-economic considerations".[6] None of the studies could accurately quantify the levels of subsidy because in many cases commercial confidentiality restricts the information available in the public domain.

The identified costs arise from a series of government provisions:

- The Export Credits Guarantee Department subsidises the interest rate paid by buyers of UK exports and insures exporters against payment default. For the arms sector this means that risks are transferred to the taxpayer so that arms can be sold to countries in all economic situations without the arms-producing company worrying about whether they will be paid or not. This process entails a disproportionately large share of the department's budget. On average, between 2000 and 2003, arms deliveries have made up 1.6% of

2 Robin Cook, *The Point of Departure* (London: Simon & Schuster, 2003) p. 73.
3 House of Commons Defence, Foreign Affairs, International Development and Trade and Industry Committees, *First Joint Report: Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny*, 18 May 2004, HC 390, Appendix 13.
4 WDM, *Gunrunners Gold: How the Public's Money Finances Arms Sales* (London: World Development Movement, 1995); Stephen Martin, 'The subsidy saving from reducing UK arms exports', *Journal of Economic Studies*, 26:1 (1999), pp. 15-37; ORG & Saferworld, *The Subsidy Trap: British Government Financial Support for Arms Exports and the Defence Industry* (Oxford Research Group and Saferworld, July 2001); Malcolm Chalmers, Neil Davies, Keith Hartley and Chris Wilkinson, *The Economic Costs and Benefits of UK Defence Exports* (York: University of York Centre for Defence Economics, 2001); CAAT, *Arms Trade Subsidies Factsheet* (Campaign Against Arms Trade, May 2004).
5 WDM, *Gunrunners Gold*; Martin, 'The subsidy saving from reducing UK arms exports'; ORG & Saferworld, *The Subsidy Trap*; CAAT, *Arms Trade Subsidies Factsheet*.
6 Chalmers et al, *The Economic Costs and Benefits of UK Defence Exports*

Table 1: Recent estimates of the financial costs and benefits to the government of supporting arms exports

Figures are in millions of pounds	WDM – *Gunrunners Gold* (1996)	Stephen Martin – *The Subsidy Saving* (1999)	ORG & Saferworld – *The Subsidy Trap* (2001)	Chalmers et al – *The Economic Costs and Benefits of UK Defence Exports* (2001)	CAAT – *Arms Trade Subsidies* (2004)
Costs to government:					
Export Credits Guarantee Department	276	239	227	Upwards of 16-96	180
Promotional activity	50	46	69	19 where specified	57
Distortion of public spending	57	146	60	Unspecified or not considered	100
Research and Development costs	Insufficient data	(Total MoD cost-2,000)[i]	Up to 570	Unspecified	670
Other Costs	1	Not considered	64[ii]	Up to 12	6
Total cost to government	**384**	**431**	**420 up to 990**	**35-127**	**1013**
Savings to government:					
Commercial Exploitation Levy	Insufficient data	40	Included in costs	38	Included in costs
Reduced overhead costs	Not considered	163	Negligible	325	125
Sales of surplus stock	Not considered	Not considered	Negligible	17-35	Not considered
Total saving to government	**Insufficient data**	**203**	**Included in costs**	**380-398**	**125**
Total government subsidy	**384**	**228**	**420 up to 990**	**-253 to -363**	**888**

i ORG, Saferworld and BASIC produced 'Escaping the Subsidy Trap', a follow-up to this report, in September 2004. It identified similar total subsidies of £453m up to £936m.

ii This figure is not included in the overall estimate because the author considers it so uncertain, given the lack of information required to make accurate assessments.

iii There are further losses resulting from exporters claiming tax exemption on bribes which, until the February 2002 Anti-Terrorism Act, were legal if the bribery was conducted entirely outside the UK.

all visible UK exports but have accounted for 43% of the department's guarantees.[7]

- The government's promotional efforts on behalf of arms exporters are similarly disproportionate when it comes to the Defence Export Services Organisation (DESO), the MoD unit dedicated to promoting arms exports. Relative to its share of total UK exports, DESO receives thirteen times the budget of the government organisation that promotes civil exports.[8] DESO's work is made easier, at the taxpayer's expense, by the use of defence attachés who spend a significant proportion of their time on export promotion, and a military assistance budget subsidising military training in buyer states.

- In addition to subsidised loans and promotional activity, public money is diverted to arms-exporting companies in more subtle ways. The MoD is known to have used export promotion as a significant factor in making its own procurement choices. Giving such weight to exports and company profits has the potential for making the purchase of equipment more expensive for the MoD and also

7 Based on figures from the Defence Analytical Services Agency (DASA), *UK Defence Statistics 2003*, table 1.12 <www.dasa.mod.uk/natstats/ukds/2003/chap1frame.html>; The Office of National Statistics, *Exports and Imports of Goods and Services 1946-2003* <www.statistics.gov.uk>; Export Credits Guarantee Department, *Annual Review and Resource Accounts 2002/03*, p 8 <www.ecgd.gov.uk/ecgdannualreviewandresourceaccounts2003.pdf>

8 DESO's net operating cost was forecast to be £15.6m for 2003/2004 (House of Commons, *Hansard*, 2nd March 1994, Written Answers, column 808). UK Trade and Investment Annual Resources accounts show that £75.9 million was spent on trade promotion and development over the same period (UK Trade and Investment, *Resource Accounts 2003-2004*).

runs the risk of purchasing substandard equipment for the UK armed forces.

- Money from public funds is spent researching and developing (R&D) new military equipment. For most sectors, the R&D costs of a product are met by the supplier and factored into the price that the buyer eventually pays but the situation is different in the military sector. In this industry much of the R&D work is paid for by the government even though it is the arms companies that ultimately benefit from the sale of new products. While most studies acknowledge that R&D could represent a substantial subsidy, calculating the actual costs is difficult. Because of this, some studies leave this figure out of their final calculations.

- To varying degrees, the studies consider the costs of support against a series of savings: those derived from the Commercial Exploitation Levy (which is charged against all commercial exports that have benefited from government R&D subsidy in an attempt to recoup some of the government's costs), those resulting from the contribution of exports to the reduction of company overhead rates; and income from the sale of surplus equipment by the MoD's Disposal Services Agency.

An additional feature of the arms trade that reduces its economic value to the exporting country is the use of offsets. Generally prohibited in civil industry, offsets in arms deals commit the vendor government or manufacturer to invest in the buyer state via counter-trade, bartering or the export of production, including technology and jobs. As well as reducing the contribution of arms sales to the balance of trade, offsets can help establish military industries in buyer states, encouraging the development of future competitors in the arms market as well as heightening proliferation concerns.

To date, the government's response to the charge that it spends a disproportionate amount of time and money on political and financial support for arms exporters has been disappointing. Instead of clarifying areas of uncertainty or engaging in meaningful debate, the government has largely ignored or misrepresented the research that has been carried out and has continued to avoid publishing its own estimates. Instead critics are pointed towards wider economic, strategic and political rationales. Yet these rationales are also being increasingly contested.

The official reasons for arms export support

Jobs and the economy

The government claims that exporting arms is important for UK employment, significantly benefits the balance of trade and brings wider economic benefits to the UK. Yet the MoD's own estimates show that, at most, 60,000 jobs are now sustained by military exports, just 0.2% of the national labour force.[9] This is itself a reduction from the 175,000 jobs sustained by arms exports in 1996/7,[10] a 66% decline which occurred without economists reporting any discernible costs to the national economy. The MoD-York report concluded that halving military exports over a two-year period would lead to the loss of almost 49,000 jobs but that 67,400 jobs would be created in non-military sectors over the following five years.[11]

In terms of the balance of trade, arms deliveries make up around 1.6% of all UK visible exports.[12] Even this overestimates the contribution that exports make: the import content of UK exported goods is an estimated 40%;[13] states default on repayments;[14] and the UK has accepted goods in kind, like bananas from Ecuador and spiral staircases from Finland, often at a financial loss on the original contract and often at a cost to other UK manufacturing sectors.[15]

In terms of the overall impact of a reduction of military exports on the UK economy, even the findings of the MoD-York report suggest that "the economic costs of reducing defence exports are relatively small and largely one off."

Strategic & political considerations

In his response to the economic conclusions of the MoD-York report, the MoD Procurement Minister Lord Bach turned to strategic rationales. He argued that "the government's prime justification for supporting defence exports has always been to help maintain a strong defence industry that underpins our own security and to contribute to the security of friends and allies overseas."[16]

Even if a reduction in exports did have a detrimental effect on some arms companies, this does not mean that the UK's security of supply would suddenly be compromised since this security ceased to exist long ago. Arms-producing companies are increasingly stateless and even if a company wanted to ensure UK supply in a crisis, a significant proportion of the equipment they produce is comprised of imported components and materials.[17]

Where this equipment has been exported to "friends and allies" of the UK government overseas there are clearly identifiable cases where, instead of contributing to recipient security, arms exports have contributed to political insecurity (e.g. Saudi Arabia) and sustained underdevelopment (e.g. South Africa) in strategically important states.

The government also claims that exporting arms buys the UK political influence over recipient states and facilitates international peace and stability.[18] Yet all the evidence points to how, in a buyers' market, exporting states avoid criticism of recipient states and have to

9 The Office of National Statistics (ONS), *Labour Market Trends*, December 2003, Table A1 <www.statistics.gov.uk>; DASA, *UK Defence Statistics 2004*, table 1.9 <www.dasa.mod.uk>
10 DASA, *UK Defence Statistics 2001*, table 1.11; DASA, *UK Defence Statistics 2004*, table 1.9
11 Chalmers et al, *The Economic Costs and Benefits of UK Defence Exports*, p v, paragraphs 24-33 & 39.
12 DASA estimate the value of military equipment deliveries in 2002 was £4,120 million. *UK Defence Statistics 2003*, table 1.12. The ONS report that the total value of all UK exports in 2002 was £273,270 million. The Office of National Statistics: *Exports and Imports of Good and Services 1946-2003* <www.statistics.gov.uk>
13 Chalmers et al, *The Economic Costs and Benefits of UK Defence Exports*, paragraph 23.
14 See, for example, House of Commons, *Hansard*, 16th February 2000, Written Answers, column 559.
15 House of Commons, *Hansard*, 17th May 2000, Written Answers, columns 133-134; Phythian, *The Politics of British Arms Sales Since 1964* (Manchester: Manchester Univeristy Press, 2000) p. 26.
16 Lord Bach, 'MoD Has No Difficulty With York Report', *Financial Times*, 13th March 2002.
17 Chalmers et al, *The Economic Costs and Benefits of UK Defence Exports*, paragraph 23.
18 See House of Commons Defence Select Committee, Second Report: *The Appointment of the New Head of Defence Export Services*, 31st March 1999, HC 147, paragraph 10; House of Commons, *Hansard*, 28th July 1997, Written Answers Col. 26.

offer them increasingly favourable deals. Rather than exerting a positive political influence, successive UK governments have become public apologists for some of the worst abusers of human rights. During its first two years of power, the Labour government counted amongst its top 15 arms customers persistent human rights abusers such as Saudi Arabia, Qatar, Malaysia, Kuwait, Brazil, Oman, South Korea, Turkey, the United States of America, China, and Indonesia.

The government has approved a large number of arms export licences to states experiencing conflict. In 2002, for example, 18% of standard export licences by value and a total of 582 new open licences approved were for such destinations.[19] It has consistently sold arms to states where UK-sourced equipment and components have been used in existing conflicts. It has seemingly adopted a deliberate policy of targeting countries vulnerable to conflict, and sometimes rival states, as its arms recipients.[20] The UK government has authorised licences for arms exports to Israel, Indonesia, India, Pakistan and to states who became involved in the Democratic Republic of Congo war. In some cases licences have been approved after it has become known that UK-supplied equipment was being used in contravention of end-user assurances provided by the buyer.

Whether economic, strategic, political, or relating to peace and stability, the government's arguments for the arms trade are, at best, weak. They are primarily a public-relations exercise, and the number of arguments used helps the government side-step serious questioning on any individual rationale.

19 Foreign and Commonwealth Office, *Strategic Export Controls Report 2002* <www.fco.gov.uk>. These figures use the list of states shown as experiencing conflict in the Interdisciplinary Research Programme on Causes of Human Rights Violations (PIOOM), *World Conflict Map 2001-2002* <www.goalsforamericans.org/publications/pioom/atf_world_conf_map.pdf>. Standard Export Licence are those that allow specified arms to a specified recipient up to an agreed limit. Open Export Licences allow unlimited export of specified equipment to a specific recipient but their values have never been given in FCO Strategic Export Controls Reports.

20 In June 2000, the Defence Manufacturers Association claimed that both India and Pakistan "have been identified by the MoD (United Kingdom's) Defence Export Services Organisation (DESO) as highly valuable priority markets for the United Kingdom industry to target." House of Commons Select Committee on Foreign Affairs, *Seventh Report: Strategic Export Controls: Further report and prior Parliamentary scrutiny*, 25th July 2000, HC 467, appendix 7.

The real reasons behind arms export support

If the government's stated reasons for supporting arms exports are not convincing, then what are the genuine reasons behind this support? Alternative explanations include the following:

- The Labour government is desperate to keep on the right side of big business in general, and the arms industry, though a small sector of the economy, clearly fits into this category. This, allied to Tony Blair's apparent predilection to the grand strategic statement and to military intervention, has resulted in a specific fondness for arms companies, most obviously BAE Systems.

- The government has unstated foreign policy goals that are supported by arms sales. Past examples include arms sales to Nigeria in the 1960s to help prevent the secession of Biafra and arms sales to Indonesia in the 1970s to develop diplomatic relations with Suharto. The secrecy surrounding both the arms business and military diplomacy means that it is extremely difficult to know if similar examples have occurred recently. The most likely candidates for a current 'diplomatic relations' motivation are probably arms sales to autocratic regimes in the Middle East that provide the UK with secure access to oil. But it seems highly likely that the dominant foreign policy impact springs from a completely different type of relationship: that of the UK government's desire to support the US. This could clearly have implications for a range of UK arms exports, not least the continuation of sales to Israel (including via US companies).

- The official reasons for the arms trade are also relevant. Though many of these only apply to a past era or ask the public to be astonishingly naïve, it is feasible that some in government still believe, or have convinced themselves that they still believe, that there is merit in the arguments. The 'jobs' argument is important regardless of whether or not anyone in government believes it, as it is virtually the only basis on which much of the electorate will accept arms exports. As such, it will be used by the government and arms companies to justify sales.

  The jobs argument has also come to the fore in terms of UK military procurement. Where there have been differences of opinion within government over the awarding of contracts, arms companies have used the media to raise the spectre of redundancies. This has been particularly effective with the Labour government when companies have mobilised trade union support.

Each of these may provide part of the picture, but analysis of a potentially key argument has so far been neglected: the influence and political power of arms companies within the government.[21] It is often mentioned anecdotally, or assumed that it is a significant issue, but research has been focussed very much on the US. The 'influence of arms companies' rationale clearly overlaps with some of the arguments above and may not be separable from them. However, understanding the intimate institutional and personal ties between government and industry is a minimum requirement if we are to discern the motivation for the government's continued, apparently irrational, support of arms exports.

The problem does not itself lie in the arms industry trying to engage with and influence government, but with the willingness of the government to allow arms companies myriad routes into the very heart of official decision-making. The closeness of the relationship that has developed also means that there is little scope for objective assessment by government of the appropriateness of the relationship and the impact it is having on policy.

This section explores the ways in which military industry is connected to government. It begins by outlining how the relationship between arms companies and the government has developed since the end of the Cold War. It then maps out how arms-producing companies are connected with government departments, with Peers and what their use of lobbying groups, party donations and Public-Private Partnership schemes actually means.

21 An exception regarding the UK is a previous paper by CAAT, *The Political Influence of Arms Companies* (Campaign Against Arms Trade, April 2003) <www.caat.org.uk/information/publications/other/political-influence-0403.pdf>

The development of government-industry relations since the Cold War

For most of the 20th century UK-based arms-producing companies were heralded as national champions. They were largely state-owned and controlled through huge state-run procurement organisations that defined equipment requirement, development and production in an effort to guarantee the supply to meet domestic needs and bind client states to the UK. Whether publicly or privately owned, all arms-producing companies effectively served the needs of national forces and all were central to the strategic and political ambitions of the UK government.

Political and economic changes in the 1980s and 1990s redefined the environment in which arms-producing companies acted. The arrival of Margaret Thatcher in Downing Street marked an even more aggressive approach to the sale of UK-manufactured arms abroad, but the fall-out of her economic ideology was the privatisation of arms-producing companies. In 1979 and 1980, four out of the seven companies being paid more than £100 million per annum by the MoD were state owned including British Aerospace (now BAE Systems), Rolls Royce and Royal Ordnance.[22] When these and a number of other major aerospace and shipbuilding firms were sold off during the 1980s, they were left more exposed to the introduction of competitive contracts and a changed procurement environment. Cost plus contracts, in which the MoD covers company production plus a predetermined fixed amount, were reduced, research costs were increasingly being transferred to the companies involved and the costs of arms production were escalating, especially from the pressure to deliver high-technology military equipment. Added to this, the end of Cold War tensions saw the global demand for arms plunge. Between 1987 and 1997 world military expenditure fell by more than one third.[23]

Arms-producing companies responded to a tighter market by fostering cross-border arms development/production projects and by following a programme of merger with, or acquisition of, other companies. This industrial restructuring has led to control of the industry slowly transferring to super contractors. In Europe a handful of major companies have emerged and prime amongst these is UK-based arms giant BAE Systems.

The result is a paradox. On the one hand UK-based arms-producing companies have ostensibly become detached from the state, trying to redefine themselves as independent commercial entities that have transcended their national origins. On the other hand, they have remained intimately connected to the state in which they began. The industry still receives astonishing levels of political and financial support from the UK government to secure large arms deals and still plays the nationalist card when its interests are threatened, often touting itself as the last great UK manufacturing industry.

More important than this, and a key point of this report, is that the depth of the relationship between military industry and the government appears unique. UK-based military industry is dependent on the UK government both as its only domestic customer and as the only body that can issue the export licences required to sell to non-domestic customers. The government is able to shape the market via its procurement strategy, a strategy that is typically characterised by lucrative but relatively scarce contracts. This dependence on government to define the parameters in which its commercial activities are set provides a huge incentive for the companies to become as involved as they can be in the formation and implementation of government policy.

This incentive is made even greater by the government publicly wedding itself to the idea that arms exports generate economic, strategic and political benefits. The government's commitment to these rationales leaves the industry in a strong position, especially relative to a civil sector that cannot mobilise all these arguments in support of its activities. The government becomes far more susceptible to pressures to adopt policies in favour of arms-producing companies even when this does not align with the public interest. The question then becomes why governments would place themselves in this position, particularly the Labour government, given the expectations of many Labour MPs and the 'ethical dimension' for foreign policy outlined by the incoming Foreign Secretary Robin Cook in 1997. This can only be fully answered by looking at the variety of ways in which arms-producing companies are linked with the UK government.

22 J. Paul Dunne, 'The Changing Military Industrial Complex in the UK', *Defence Economics*, 4 (1993), pp. 91-111.
23 US Department of State, *World Military Expenditures and Arms Transfers*, 1998, table 1 <www.state.gov/www/global/arms/bureau_vc/wmeat98vc.html>

The revolving door in full swing between arms companies and the MoD

The relationship between UK-based arms exporters and the MoD is incomparable across government. The Select Committee on Defence concluded in 1999,

> While the DTI (and probably many other departments) see it as a perfectly proper part of their role to promote the UK's commercial interests abroad, they are not in the same close customer/client relationship with the firms they support as is the MoD with defence manufacturers.[24]

One way of understanding this close customer/client relationship is by looking at the interchange of employees between government and industry. Key arms industry figures have moved into positions of significant power within the MoD while a large number of MoD ministers and senior officials have moved into the arms industry. On average, between 1997 and 2004, 39% of all applications to the Advisory Committee on Business Appointments, the body that regulates moves to private sector employment by "the most senior members of the Civil Service, the Armed Forces and the Diplomatic Service", were made by individuals working in the MoD.[25]

The Advisory Committee itself acknowledged that there was a particular problem with this department, warning "In the case of the MoD, it can be argued that the numbers seeking such employment are so significant as to amount to a 'traffic' from the Department to the defence contractors who supply it."[26] This phenomenon has been so well established within the MoD that, as one commentator has observed, the term 'revolving door' has actually now become a misnomer because it assumes that a barrier exists between the MoD and its military contractors when there is no actual division.[27] This has been typical of the relationship between the MoD and private arms companies for at least the last two decades. Between 1984 and 1994, 2,002 officers in the armed forces received approval to take up employment with companies in military industry.[28] Figures are not available for 1995 to 1998, but between 1 January 1999 and the end of June 2004, 614 officers received such approval.[29]

The MoD employs a large number of individuals whose natural career progression when moving into the private sector may well be to work for arms-producing companies. There is no suggestion that any individual has acted 'improperly' or breached any guidelines but this movement naturally leads to concerns that serving officials might act with a view to securing future employment or that privileged policy or commercial information as well as any special access to influential officials could then be enjoyed by companies.

Some of those who have passed once, sometimes twice through the industry/government revolving door are listed here. Not all are linked to the Labour government, but all help to illustrate the environment in which the government is now working.

Since the start of the 1990s at least six politically high-profile MoD figures have gone on to employment with private arms-producing companies – three Defence Secretaries and three Defence Procurement Ministers.

Defence Secretaries who moved on to arms-producing companies

George Younger, Defence Secretary (1986–1989), became Chair of Siemens Plessey Electronic Systems in 1990, a military electronics firm bought by BAE Systems.[30]

Michael Portillo, Defence Secretary (1995–1997) joined BAE Systems in September 2002 as a Non Executive Director.[31] Portillo earns £36,000 per year

24 House of Commons Defence Select Committee, Second Report: *The Appointment of the New Head of Defence Export Services*, 31st March 1999, HC 147, paragraph 12.
25 The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, *Third Report 1999-2000*, *Fourth Report 2000-2001*, *Fifth Report 2001-2002* and *Sixth Report 2002-2004*.
26 The Cabinet Office, The Advisory Committee on Business Appointments, *Sixth Report 2002-2004*, p.10.
27 Tim Webb, The Armour-Plated Ostrich: *The Hidden Costs of Britain's Addiction to the Arms Business* (Kent: Comerford & Miller, 1998) p. 84.
28 House of Commons, *Hansard*, 8th December 1994, Written Answers, column 308.
29 House of Commons, *Hansard*, 1ST September 2004, Written Answers, column 716.
30 *Who's Who 2003: an annual biographical record* (London: A & C Black, 2003) pp. 2407-2408; BAE Systems, About Us <www.BAEsystems.com/aboutus/evolution.htm>
31 BAE Virtual Newsroom Press Release <http://www.BAEsystems.com/newsroom/2002/sep/110902news1.htm>
32 BAE Systems, *Annual Report* 2003, p. 44.

alongside his salary as an MP,[32] but the appointment was less profitable for BAE Systems. On the day his directorship was announced, BAE Systems shares fell by 11p.[33]

After Labour came to power in 1997 Portillo's successor as Defence Secretary was Labour's **George Robertson**. Robertson remained in the post until 1999 when he was invited to serve as Secretary General of NATO, stepping down at the end of 2003. As his contract with NATO was ending Robertson accepted a Non-Executive Director position at military aerospace firm Smiths, starting in February 2004.[34] In the same month he also became strategic advisor to the Royal Bank of Canada's European operation just as the company was reportedly trying to raise £500 million in a private finance deal to modernise the Army's barracks at Colchester.[35] Also in February 2004, Robertson became a Non-Executive Director of the Weir group, the Glasgow-based engineering firm who are a major supplier of weapons systems for all Royal Navy submarines.[36]

Defence Procurement Ministers who moved on to arms-producing companies

Geoffrey Pattie, Minister of State for Defence Procurement (1983–1984), became Chair of Marconi Electronic Systems from June 1990 to 1999, Director of Marketing for GEC plc from 1997 to 1998 and Director of Communications for GEC from 1998 to 1999.[37] Pattie is now the senior of two partners at Terrington Management, a political lobbying company whose clients include BAE Systems and Lockheed Martin.[38]

Roger Freeman, Minister for Defence Procurement (1994–1995), went on to become a Non-Executive Director of Thomson-CSF/Thales and Non-Executive Chair of Thomson CSF/Thales-UK in 1999.[39]

Freeman took over the job from **Jonathan Aitken**, Minister of State for Defence Procurement (1992–1994). Aitken had been on the board of BMARC (1988–1990), a company allegedly involved in supplying arms to Iraq and Burma.[40] Aitken moved to GEC Marconi in 1998 as a consultant but his contract was terminated when he received an 18-month prison sentence for perjury and perverting the course of justice in 1999. He denied that aides of the Saudi Royal family paid a £1,000 Paris Ritz hotel bill in 1993. This denial was subsequently exposed as a lie. Because he was Procurement Minister at the time of his stay, he was officially banned from accepting any benefits that may affect his judgement.[41]

DESO: The arms companies' marketing and sales department within the MoD

More overt about its operations on behalf of UK-based weapons companies has been the Defence Export Services Organisation. DESO, or the Defence Sales Organisation as it was known before 1985, is the MoD unit dedicated to the marketing and promotion of arms exports. Its budget and staff of 600 civil servants is hugely disproportionate to that enjoyed by the civil sector. DESO has always seconded its head from military industry and often delivered them back to the sector. Their careers prior to and in the aftermath of their appointment to DSO/DESO are shown in Table 2 overleaf.

Another notable secondee from military industry was David Hastie (1988–1989).[42] Hastie worked for British Aerospace but was seconded to DESO for 18 months as "Business Development Advisor". During this time his salary continued to be paid by British Aerospace.

33 Pippa Gallop, 'The Invisible handout of the market', *Corporate Watch Newsletter 11*, December 2002-January 2003 <www.corporatewatch.org.uk/newsletter/issue11/isue11_part5.htm>
34 Smiths Press Release, *Smiths appoints Lord Robertson as Non-Executive*, 10th September 2003 <www.smiths-group.com/PressReleases_hand.asp?autonum=104>
35 Terry Macalister, 'NATO chief to join city firm', *The Guardian*, 23rd September 2003; Kevin Maguire, 'Lots of bemoaning', *The Guardian*, 28th November 2003.
36 Weir Group, *Group facts and figures* <www.weir.co.uk/group/home.nsf/luPages/profilefactsheet>
37 Terrington Management, *Geoffrey Pattie* <www.terringtonmanagement.com/people.html>
38 House of Commons, *The Regsiter of Interests of Members' Secretaries and Research Assistants* as at 24th October 2003 <www.publications.parliament.uk/pa/cm/cmsecret/memi04.htm>
39 The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 15.
40 Gerald James, *In the Public Interest*, (London: Little, Brown and Company, 1995) p. 123; Unnamed, 'Jonathan Aitken: A Timeline', *The Guardian*, 4th March 1999; John Pilger, *Inside Burma: Land of Fear: International Response* <pilger.carlton.com/burma/response>
41 Guardian staff and agencies 'Aitken Jailed for 18 Months', *The Guardian*, 8th June 1999.
42 House of Commons, *Hansard*, 1st March 1994, Written Answers, column 668-669.

Table 2. The Careers of the Heads of DSO/DESO

Head of DSO/DESO	Career
Raymond Brown (1966–1969) Seconded from Racal	Raymond Brown founded military electronics firm Racal, now owned by military electronics firm Thales.[i]
Lester Suffield (1969–1976) Seconded from British Leyland	Information unavailable.
Ronald Ellis (1976–1981) Seconded from British Leyland	After his position in the DSO, Ellis became Director of shipbuilders Yarrow & Co. (1981–1986), now BAE Systems Marine.[ii]
James Blyth (1981-1985) Seconded from Lucas Aerospace	Blyth, a former General Manager of military aerospace firm Lucas, returned to the private sector as Managing Director of military electronics firm Plessy Electronic Systems (1985–1986). He went on to become Managing Director of the Plessy Company Plc (1986–1987) and a Non-Executive Director of British Aerospace (1990–1994).[iii]
Colin Chandler (1985–1989) Seconded from British Aerospace	Chandler was seconded from his job as Group Marketing Director of British Aerospace. He returned to the military sector as a Non-Executive Director of military electronics supplier Siemens Plessey Electronic Systems, now part of BAE Systems (1990–1995), of the TI Group, now part of aerospace manufacturer Smiths Group (from 1992) and of Racal Electronics Plc/Thales (1999–2000). Chandler also became Managing Director of tank maker Vickers Plc (1990–1992), Chief Executive of Vickers (1992–1998), Chair of Vickers (1997–2000),[iv] Deputy Chair of Smiths and a Director of Thales.[v] While on secondment at DESO more than half of Chandler's salary was paid by British Aerospace, an arrangement that was subsequently investigated in a 1989 report by the Select Committee on Defence. To avoid any conflict of interest with specific companies the head of DESO now receives a civil servant salary topped up by the Defence Industries Council (a Council made up of senior executives from military industry.[vi]
Alan Thomas (1989–1994) Seconded from Raytheon	Thomas was seconded from his job as Vice President of arms giant Raytheon Co. (1985–1989) and President as well as Chief Executive Officer of Raytheon Europe (1985–1989).[vii] His move to DESO sparked a report by the Select Committee on Defence that found that the post had not been advertised openly in part "to reassure certain overseas customers".[viii] One is believed to be the Saudi government with whom the UK government had signed the Al Yamamah deal.[ix]
Charles Masefield (1994–1998) Seconded from Avro and Airbus, part owned by BAE Systems	Masefield was seconded from his post as President of Avro International Aerospace and Commercial Director of Airbus Industrie. According to the biography that used to be posted on the BAE Systems website, as head of DESO, Masefield enjoyed "direct access to Major and Blair" and "close personal relationships with prestigious Prime Ministers and royal families around the world."[x] These contacts may have been helpful when he returned to the private sector immediately after leaving DESO to become Chair of GEC (1998–1999), although Masefield was reportedly not involved in any contracts between the MoD and GEC during his time at DESO and GEC's competitors raised no objections to this appointment.[xi] Masefield went on to become a Marketing Director of BAE Systems in 1999 and Vice-Chair in January 2002.[xii]
Tony Edwards (1998–2002) Seconded from TI Group	Edwards was Group Managing Director at Lucas Industries and Chief Executive of the TI Group Plc until his DESO appointment in 1998.[xiii] When questioned by the Select Committee on Defence in 1999 about remuneration and the potential for conflict of interest, Edwards explained "I can say openly I am beholden to the industry and grateful to them for this top up but then I am working for them openly and overtly anyway."[xiv]
Alan Garwood (2002–) Seconded from MBDA, part owned by BAE Systems	Since September 2002, the head of DESO has been Alan Garwood. Garwood joined British Aerospace in 1977 dealing with Middle East military export contracts. Garwood became Deputy Chief Executive of Matra BAE Dynamics in 1998, Europe's largest missile manufacturer just before it merged with two other companies to become MBDA, of which BAE Systems owns a third.[xv] Just prior to his appointment as head of DESO, he was MBDA's Chief Operating Officer.

i Thales, *Thales – Our History* <www.thalesgroup.co.uk/Thales_Corporate/about/history/history_home.cfm>
ii *Who's Who 2003*, p. 658.
iii *Who's Who 2003*, p. 207.
iv *Who's Who 2003*, p. 381.
v Cranfield University, *Officers of the University* <www.cranfield.ac.uk/university/prochancellor.htm>
vi House of Commons Select Committee of Defence, *Second Report: The Appointment of the New Head of Defence Export Services*, HC 147, minutes of evidence paragraphs 16-17; House of Commons, *Hansard*, 23rd January 2003, Written Answers, Column 444.
vii *Who's Who 2003*, p. 2140.
viii House of Commons Select Committee on Defence, *Second Report: The Appointment of the New Head of Defence Export Services*, HC 147, paragraph 4.
ix Phythian, *The Politics of British Arms Sales Since 1964*, p. 75.
x BAE Systems, About Us – Leader Biographies <www.BAEsystems.com/aboutus/cmasefield.htm>
xi The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 10.
xii BAE Systems, 'BAE Systems Organisation and Structure', *Virtual News Room*, 17th January 2002 <www.BAEsystems.com/newsroom/2002/jan/170102news1.htm>
xiii *Who's Who 2003*, p. 644.
xiv House of Commons, Select Committee on Defence, *Second Report: The Appointment of the New Head of Defence Export Services*, HC 147, Minutes of Evidence, question 16.
xv DESO, *Senior DESO officials* <www.deso.mod.uk/officials1.htm>

Hastie was later singled out in the Scott report as a man with an ambiguous role. When the FCO reportedly protested at MoD plans to back UK arms firms exhibiting at the April 1989 Baghdad arms fair, the MoD eventually promised that it would not send any DESO staff. Instead, David Hastie flew out to attend, leaving London a DESO employee and arriving in Baghdad a British Aerospace representative for the course of the fair.[43]

Military industry forging links beyond DESO

Arms-producing companies have also offered senior MoD and armed service staff outside of DESO positions within the private sector. At least 19 senior officials have moved into employment with arms-producing companies since Labour came to power in 1997. BAE Systems, as the UK's largest military contractor, has attracted more former staff than any other arms-producing company. Details of all those for whom there exists publicly available information are outlined below.

- Air Chief Marshall **Sir John Day** took up an appointment as a military advisor to BAE Systems in December 2003. Day had been involved with the Air Force Board, whose decisions affected MoD business with BAE Systems, although he had taken steps to ensure that he was excluded from discussions on a contract BAE Systems was bidding for. The Advisory Committee on Business Appointments recommended that Day wait one year before taking up the post but this decision was overruled by Tony Blair who argued a "wider national interest" would be served by Day taking up the role after only three months.[44]

- **Sir Robert Walmsley**, Chief of Defence Procurement in the MoD from May 1996 until April 2003, became a Member of the US Board of Directors of General Dynamics in May 2004. A 12 month waiting period between his retirement from the MoD and the first day of his new job was required by the Advisory Committee on Business Appointments. This was because General Dynamics UK, part of the General Dynamics Corporation, is the prime contractor for the Bowman radio project, a £2 billion contract awarded during Walmsley's time as Chief of Defence Procurement. Walmsley assured the committee that his personal role in the award of the contract was limited.[45]

- **Vice Admiral McAnally**, Commandant of the Royal College of Defence Studies until December 2000, took up a position of Naval Adviser to Flagship Training in July 2001. Flagship, jointly owned by BAE Systems and VT Group, markets Royal Naval training abroad.[46]

- Air Marshall **Sir Peter Norriss** was Deputy Chief of Defence Procurement (operations) until October 2000. He became Defence Advisor to Alenia Marconi Systems in June 2001 and Advisor to Pilatus Aircraft Ltd, a Swiss company that make civil and military single-engine turboprops, in December 2001.[47]

- General **Sir Roger Wheeler**, Chief of the General Staff until April 2000, became a Non-Executive Director of Thomson-CSF/Thales in February 2001.[48]

- **Sir Scott Grant**, Quartermaster General until March 2000, was appointed by Thomson Racal Defence Ltd/Thales as Customer Support Director in January 2001.[49]

- Vice Admiral **Sir John Dunt**, former Chief of Fleet Support at the MoD until March 2000, became Principal Defence Advisor to Defence Business and Marketing International Ltd. in January 2001.[50]

- **Edmund Burton**, Deputy Chief of the Defence Staff (Systems) until September 1999, became a consultant for TRW Inc in November 2000.[51] TRW, now owned by America's second largest arms corporation Northrop Grumman, supplies high technology products to the automotive, space and

43 Richard Scott, *Report of the Inquiry into the Export of Defence Equipment and Dual-use Goods to Iraq and Related Prosecutions* (London, HMSO, 1996), para. D6.29-54
44 The Cabinet Office, The Advisory Committee on Business Appointments, *Sixth Report 2002-2004*, pp. 14-15.
45 The Cabinet Office, The Advisory Committee on Business Appointments, *Sixth Report 2002-2004*, pp. 13-14.
46 The Cabinet Office, The Advisory Committee on Business Appointments, *Fifth Report 2001-2002*, p. 28.
47 The Cabinet Office, The Advisory Committee on Business Appointments, *Fifth Report 2001-2002*, p. 29.
48 The Cabinet Office, The Advisory Committee on Business Appointments, *Fourth Report 2000-2001*, p. 31; *Who's Who 2003* p. 2302.
49 The Cabinet Office, The Advisory Committee on Business Appointments, *Fourth Report 2000-2001*, p. 29.
50 The Cabinet Office, The Advisory Committee on Business Appointments, *Fourth Report 2000-2001*, p. 28.
51 The Cabinet Office, The Advisory Committee on Business Appointments, *Fourth Report 2000-2001*, p. 28.
52 Dod, *House of Lords – Lord Hollick*, <www.politicallinks.co.uk>

military industries and included Labour Peer Lord Hollick amongst its Directors until 2002.[52]

- **Sir Robert Hayman-Joyce**, Deputy Chief of Defence Procurement until October 1998, became Non-Executive Chair of Raytheon Systems Ltd. in September 2000.[53]

- Professor **Sir David Davies**, Chief Scientific Advisor in the MoD until April 1999, became a Member of the Strategy Board at British Aerospace Virtual University in December 1999. In his MoD role, Davies had chaired a senior committee that recommends the procurement of military equipment to ministers. The Advisory Committee on Business Appointments advised Davies to wait six months between his departure from the MoD and his appointment with BAE Systems and to avoid discussion of BAE Systems' strategy for the first two years in the post.[54]

- Air Marshal **Sir Colin Terry**, Air Officer Commander-in-Chief at RAF Logistics and Chief Engineer of the RAF until August 1999 became Group Managing Director of Inflite Engineering Ltd, a small company which supplies parts to BAE Systems and other military contractors, in November 1999.[55]

- Admiral **Sir Jock Slater**, First Sea Lord and Chief of the Naval Staff (1995–1998), became a Non-Executive Director of Vosper Thornycroft Holdings plc, owner of warship manufacturer VT Shipbuilding, in July 1999 and a Senior Military Advisor of Lockheed Martin UK Ltd. in January 2000.[56]

- **Mr. M. Bell**, who had been on secondment from the MoD to BAE Systems for two and a half years, left the MoD permanently to became Group Head of Strategic Analysis in April 1999.[57]

- Air Marshal **Graeme Robertson**, Chief of Staff RAF Strike Command until November 1998, became a Military Adviser to British Aerospace in March 1999.[58]

- Air Chief Marshall **Sir Michael Graydon**, Chief of Air Staff until August 1997, became a Non-Executive Director of Thomson CSF-UK/Thales in January 1999.[59]

- Air Marshal **Sir Roger Austin** was Deputy Chief of Defence Procurement (operations) until May 1997. In June 1998 he became a Fellow of Strategic Forum at Serco Defence which provides the MoD with support services.[60]

- Air Chief Marshall **Sir William Wratten**, former Commander-in-Chief, RAF Strike Command until November 1997, became Chief Military Advisor to Rolls Royce Military Aero Engines in May 1998.[61]

- **Lord Inge**, former Chief of Defence Staff (1994–1997),[62] became a Non-Executive Director of Racal Electronics (1997–2000)[63] and a consultant to BAE Systems.[64]

- **Sir Peter Harding**, Graydon's predecessor as Chief of Air Staff, went on to become Deputy Chair of GEC Marconi from 1995–1998.[65]

These are just some examples of the revolving door in action under the present Labour government, but the phenomenon has been characteristic of the relationship between the MoD and military industry.

53 The Cabinet Office, The Advisory Committee on Business Appointments, *Fourth Report 2000-2001*, p. 29.
54 The Cabinet Office, The Advisory Committee on Business Appointments, *Third Report 1999-2000*, pp. 13-14, 31.
55 The Cabinet Office, The Advisory Committee on Business Appointments, *Third Report 1999-2000*, pp. 14, 34.
56 The Cabinet Office, The Advisory Committee on Business Appointments, *Third Report 1999-2000*, p. 34; House of Commons, *Hansard*, 10th July 2000, Written Answers, column 375; *Who's Who 2003*, p. 1995.
57 The Cabinet Office, The Advisory Committee on Business Appointments, *Third Report 1999-2000*, p. 31.
58 The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 29.
59 The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 28; *Who's Who 2003*, p. 861.
60 House of Commons, *Hansard*, 10th July 2000, Written Answers, column 375; The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 27.
61 The Cabinet Office, The Advisory Committee on Business Appointments, *Second Report 1998-1999*, p. 30.
62 Ministry of Defence, *About us* <www.mod.uk/aboutus/staff/f_cds.htm>
63 *Who's Who 2003*, p. 1096.
64 House of Lords, *The Register of Lords' Interests* as at 22nd June 2004.
65 *Who's Who 2003*, p. 930.

Secondments between military industry and the MoD

It is less clear whether the provision of arms company staff to the MoD is a recent phenomenon or standard practice. In June 2002 it was revealed that BAE Systems had eight staff working on secondment at the MoD.[66] These eight were probably part of the MoD-run Interchange Programme through which the department encourages reciprocal secondment and job swaps between the MoD and industry.[67] In May 2003, the government disclosed that at least 38 from of a total of 79 individuals seconded to the department between April 1997 and January 2003 came from arms-producing companies. Of these, 22 were seconded from BAE Systems for periods between six and 37 months.[68] In November 2002 the government disclosed that from the six senior MoD staff seconded to military industry since April 2000, two went to work at BAE Systems, one for six and one for 24 months, two went to Thales for 24 months and one went to Rolls Royce for 24 months.[69]

It is difficult to see how BAE Systems and the other arms companies involved will not gain any advantage from practices such as secondments that blur the institutional boundaries between industry and government.

The overrepresentation of arms companies on military advisory bodies

The traditional revolving door between the MoD and industry is not the only way in which military sector representatives work alongside the state. Top-level industry figures sit on a wide range of advisory groups designed to help shape government policy, from Blair's new breed of "task forces", "policy reviews" and "advisory groups" to both existing and new UK and European-based "councils", "panels", "teams", "forums" and "committees". All are part of the proliferation of advisory bodies that has become a distinctive feature of the Labour government. Their growth was most apparent between May 1997 and December 1998 when at least 295 new advisory groups were created throughout government drawing in some 2,500 members who were neither officials nor ministers.[70]

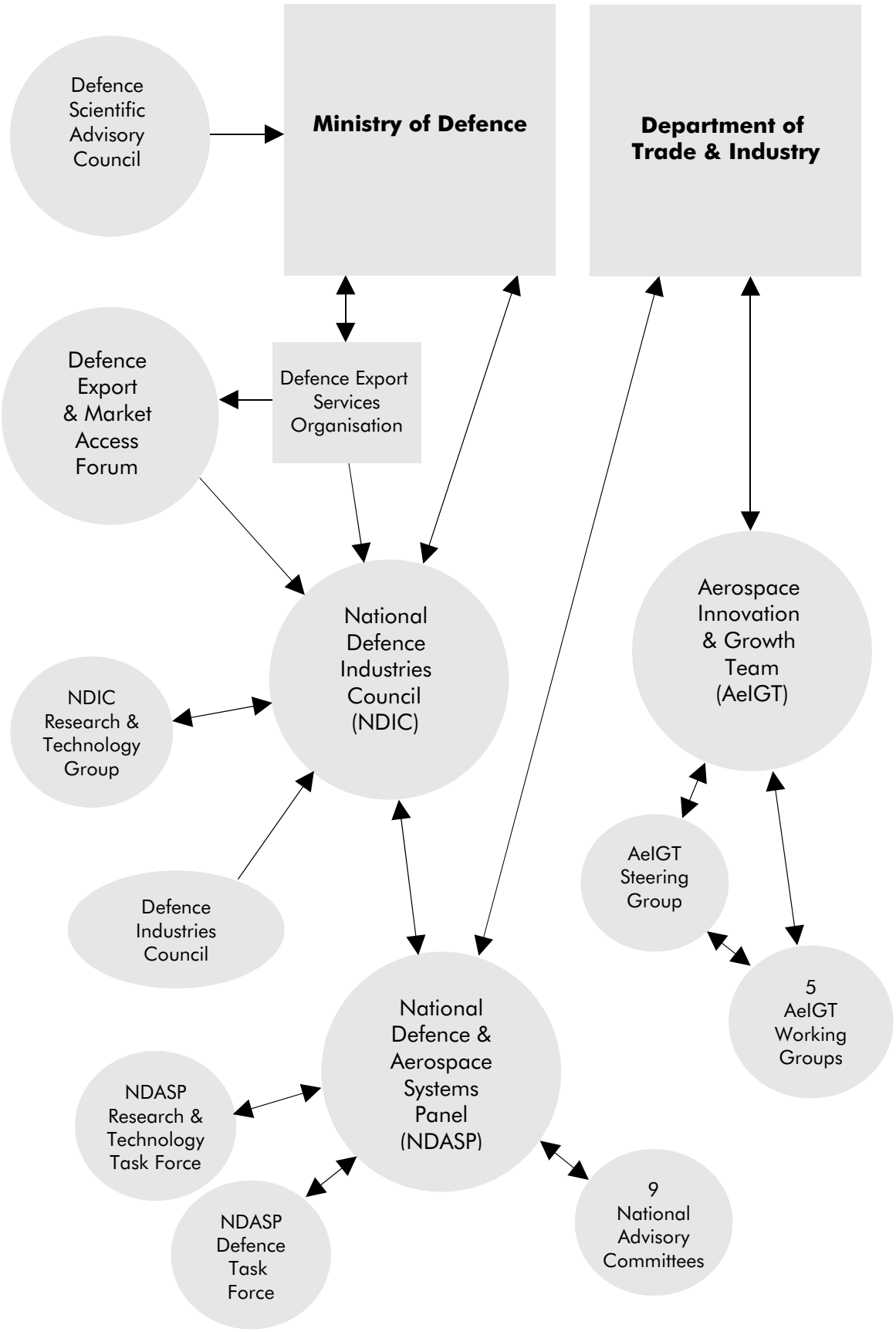
These largely publicly unaccountable bodies have been created to provide a vehicle for those outside government to advise on the formation or implementation of potential Labour government policies as part of a more "inclusive" style of governing. Although they allow the government to claim that it consults widely during the policy-making and policy-implementation process, their deliberations are largely secret and membership information cannot always be obtained. The system is made even more opaque by the apparently ad hoc way in which many of the bodies are established. It appears that the departments that sponsor the system have no overall plan for how the bodies work and relate, or formal guidelines clarifying their purpose.[71]

The web of military-related advisory bodies provides access and influence that goes beyond that available to other sectors of the economy. While some sectors (for example, information and communications technology) might be able to meet high-level decision-makers through similar bodies, the number of these bodies is low. On the other hand, sectors such as transport have an extensive system of advisory bodies, but these bodies do not operate at such a senior level. Overall, there appears to be a qualitative difference in the influence provided via military and non-military related advisory bodies: whereas the input of most industries using advisory bodies might be characterised as consultation, there is much more of a partnership that exists between industry and government in the setting of military-related policy.[72]

In addition to the number and senior level of military-related advisory bodies, the influence of the industry is increased in that military industry and its trade associations enjoy a virtual monopoly on the bodies, at the expense of non-corporate constituencies. Membership composition raises important questions concerning accountability and favourable access to ministers.

66 House of Commons, *Hansard*, 25th June 2002, column 232.
67 Ministry of Defence Interchange website at <www.mod.uk/business/interchange/>
68 House of Commons, *Hansard*, 7th May 2003, Written Answers, column 722.
69 House of Commons, *Hansard*, 25th November 2002, Written Answers, columns 10-12.
70 Tony Barker with Iain Byrne and Anjuli Veall, *Ruling by Task Force: Politico's Guide to Labour's New Elite* (London: Politico's Publishing, 1999) p. 12.
71 Dan Lewer, *UK Advisory Bodies and Military Industry*, CAAT internal report, June 2004.
72 Lewer, *UK Advisory Bodies and Military Industry*

Chart 1. The main military-related advisory bodies



Note: circles indicate bodies with both government and industry representatives and ovals indicate purely industry bodies.

Chart 1 shows the main military-related advisory bodies related to the MoD and DTI. It consists of four primary bodies: the National Defence Industries Council, the National Defence and Aerospace Systems Panel, the Aerospace Innovation and Growth Team and the Defence Export and Market Access Forum. Linked to these are further task forces, working groups and committees. Finally, there is the Defence Scientific Advisory Council which advises at ministerial level and comprises representatives of government departments and "senior individuals recruited from academia and industry".[73] This body also has a number of Working Parties and Boards, though these are not shown in the Chart.

Of the 19 bodies for which membership information is available, BAE Systems has at least one representative (or Dick Evans, chair of BAE Systems until mid July 2004) on all but two. Rolls Royce and the Society of British Aerospace Companies (SBAC), the trade association representing UK-based aerospace companies, are also extremely well represented, each with representatives on 13 of the 19 bodies. The four primary bodies have a total membership of 81, 46 of whom are from industry (some from civil aerospace companies), 27 from government and eight from elsewhere including two trade union representatives and two academics.[74]

It is not at all clear how alternative views to those put forward by military industry and those associated with it are heard by senior officials and ministers, or why so many groups exist with what appear to be similar purposes.

In summary, the establishment of an extensive network of groups advising on military policy raises important concerns about privileged access to senior policy-makers by industry, about the disproportionate influence of this network compared to other industrial sectors, and about under-representation of non-corporate interests and concerns. The establishment of the Defence Export and Market Access Forum suggests that the growth of advisory bodies will continue if these concerns are not addressed.

The National Defence Industries Council

The National Defence Industries Council has been singled out by the MoD as the most important forum for co-ordinated planning on military industrial policy.[75] Its role is to identify and fund work of importance to military industry. As of December 2003 (the date of the most recent information on industry membership) it was led by Dick Evans, then Chair of BAE Systems, and included eleven other arms company and trade association representatives.[76] They enjoy privileged access to the highest ranking politicians and officials in the MoD. Details available for January 2003 showed that these included: Geoff Hoon, the Secretary of State; Lord Bach, the Minister for Defence Procurement; Adam Ingram, Minister of State for the armed Forces; Sir Kevin Tebbit, Permanent Under-Secretary; Sir Robert Walmsley, then Chief Executive of the Defence Procurement Agency; Alan Garwood, the head of DESO.[77] Late in 2004 it was announced by Adam Ingram that John Wall of Amicus had become the first trade union appointee to the Council.[78]

An important sub-group of the National Defence Industries Council is its Research and Technology Group. Fourteen representatives of arms-producing companies and their trade associations sit with nine government, mainly MoD, representatives. The most recent known Chair is a representative of the Society of British Aerospace Companies.[79]

A separate body, the Defence Industries Council, helps draw up a co-ordinated view from industry in preparation for discussions with government at the National Defence Industries Council. It is comprised solely of military company executives and trade association representatives.[80]

The Defence Export and Market Access Forum

Elsewhere within the MoD, the Defence Export and Market Access Forum was established in early 2003 to improve the access UK-based industry has to foreign markets. In recent meetings, the forum has discussed export control legislation and the contribution of

73 Ministry of Defence, <www.mod.uk/dsac/background.htm>
74 Sources for the figures can be found in the following sections. Due to a lack of publicly available information, the membership of the Defence Export and Market Access Forum is taken from the number of departments, companies and associations represented, rather than the number of individuals.
75 Ministry of Defence, *Defence Industrial Policy*, Paper number 5, October 2002, paragraph 57 <www.dti.gov.uk/pdfs/dip.pdf>
76 House of Commons, *Hansard*, 10th December 2003, Written Answers, Column 467.
77 House of Commons, *Hansard*, 23rd January 2003, Written Answers, Column 446.
78 House of Commons, *Hansard*, 4th November 2004, Column 478
79 House of Commons, *Hansard*, 23rd January 2003, Written Answers, Column 447.
80 Society of British Aerospace Companies, *The Defence Industries Council* <www.sbac.co.uk/Defence.htm>

military exports to the UK economy.[81] It is chaired by Alan Garwood, head of DESO and former Chief Operating Officer of MBDA Missile Systems.[82] Appointed in consultation between government and industry, the forum includes representatives of the Cabinet Office, MoD, DTI, Foreign and Commonwealth Office, Treasury, Society of British Aerospace Companies, Defence Manufacturers Association and Society of Maritime Industries. Company representation appears to be determined on a meeting to meeting basis, with BAE Systems, Rolls Royce, GKN, Cobham and Smiths known to have attended at least one meeting. Apart from Alan Garwood, the names of the individual members have been withheld by the government.[83]

The National Defence and Aerospace Systems Panel

Established in 2002, the panel's remit is to "prepare the UK defence and aerospace sectors for the challenges of the future"[84] and will, according to a government website, "continue to have the ear of Government decision makers at the highest levels."[85] It is composed of 13 industry representatives, six government representatives, two academics and one representative of each of the Engineering and Physical Sciences Research Council and the Royal Aeronautical Society.[86]

The panel's Research and Technology Task Force (chaired by Ric Parker of Rolls Royce) has a similar membership distribution,[87] as does its Defence Task Force (chaired by Paul Wrobel of Thales as at January 2003, the date of the most recently available information[88]). The National Defence and Aerospace Panel is also responsible for a series of nine National Advisory Committees which advise the government on the direction of new research funding. Known membership indicates that around half of the places are taken by industry representatives and the rest largely by government and academia.[89]

The Aerospace Innovation and Growth Team

The most recent creation at the DTI has been the Aerospace Innovation and Growth Team, set up in 2002. Its purpose is "to ensure the competitiveness of UK Aerospace over the next twenty years."[90] The team's Executive Board was selected by Patricia Hewitt, Secretary of State for Trade and Industry, with Dick Evans, Chair of BAE Systems until mid-2004, as Chair. Evans is joined by eleven colleagues from the aerospace industry, six from government (including Geoffrey Norris from No. 10 and Sir Kevin Tebbit of the MoD) and three others, including John Wall of Amicus.[91]

In March 2004 the Executive Board agreed to set up a Steering Group for the detailed oversight of the team's five Working Groups. (The Aerospace Committee, a primarily industry body that had previously been established to liaise with the DTI, was merged into this new structure "while retaining existing formal links between industry and Government as far as possible."[92]) The Steering Group is comprised of seven representatives of industry and two from the DTI. In the Working Groups, just over half of the membership consists of industry representatives, with most of the rest drawn from government departments (primarily the DTI and MoD), regional development agencies, academia and the Amicus trade union.[93]

European advisory groups

The high profile within government gained by arms-producing companies from their involvement with domestic advisory groups is complemented by that gained from their involvement with European advisory bodies.

81 House of Commons, *Hansard*, 8th June 2004, Written Answers, Column 825.
82 Ministry of Defence Press Notice <news.mod.uk/news/press/news_press_notice.asp?newsItem_id=2021>
83 House of Commons, *Hansard*, 8th July 2004, Written Answers, Column 825.
84 Department of Trade & Industry <www.dti.gov.uk/aerospace/partnerships.htm>
85 Peter Holtby, 'New Foresight Panel Picks up the Challenge', *Vision: The newsletter of the Foresight and Link initiatives*, Issue 3, Summer 2002 <www.ost.gov.uk/link/news/issue03/story06/index.htm>
86 National Defence and Aerospace Systems Panel <www.ndasp.org.uk>
87 National Defence and Aerospace Systems Panel <www.ndasp.org.uk>
88 House of Commons, *Hansard*, 23rd January 2003, Written Answers, Column 446.
89 National Defence and Aerospace Systems Panel <www.ndasp.org.uk>
90 Aerospace Innovation & Growth Team <www.aeigt.co.uk/>
91 Aerospace Innovation & Growth Team <www.aeigt.co.uk/>
92 Aerospace Innovation & Growth Team <www.aeigt.co.uk/news/newsview.asp?n=1104>
93 Aerospace Innovation & Growth Team <www.aeigt.co.uk/>

The Strategic Aerospace Review for the 21st Century (**STAR 21**), a European advisory group established in 2001 after intense lobbying from the aerospace industry, reported in 2002 to EU member state governments on the future of the industry in Europe. It was comprised of seven chairs of aerospace companies, including BAE Systems' Dick Evans, five European Commissioners, a European Union High Representative and two Members of the European Parliament.[94]

A European advisory group on shipbuilding, "the **LeaderSHIP 2015** High Level Advisory Group" was established in 2003 to address issues relevant to the future of shipbuilding in Europe. It is comprised of seven European Commissioners, two members of the European Parliament, eleven industry representatives and one trade union representative.[95]

The **Group of Personalities**, an advisory body established in 2003 to discuss security research strategy, is comprised of two European Commissioners, four members of the European Parliament and, reportedly, a series of both European think tank and industry representatives.[96]

The high-level and anti-democratic nature of these bodies appears to signify new momentum towards industry influence over European policy making.

Corporate access to government via lobbying companies

The explosion of advisory groups is not the only recent phenomenon to have had an impact on government policy-making. Of particular interest is the growth of the lobbying industry, a relatively new feature of the UK political landscape.

For a monthly fee, lobbying companies aim to present the interests of their clients to government and raise awareness of these interests in the media. However, the lobbyists themselves have sometimes received the media attention. Perhaps most strikingly, in 1998 the Observer alleged that three lobbyists, former aides of Gordon Brown, Tony Blair and Peter Mandelson, had either distributed as yet unpublished government papers or had claimed to be able to arrange meetings with ministers and task force membership for their clients.[97] Despite this episode, lobbyists do not publicly claim that they can gain access for cash and there is no evidence of clients asking or paying for inside information.

Yet the importance of lobbying companies in promoting corporate interests within government cannot be dismissed. The very point of lobbying companies is to create an environment favourable to their corporate clients, an arrangement that works to the disadvantage of the non-corporate community. If lobbying companies did not in some way benefit their fee paying clients the industry would collapse. In reality, the number and size of lobbying companies have increased dramatically over the last 15 years. Most members of the Association of Professional Political Consultants, which represents 80% of the industry, were established after 1990, suggesting a thriving national industry.

A search limited to senior staff whose biographies have been posted on company websites immediately reveals 40 former Labour Party advisors or former advisors to Labour MPs now at work within the lobbying industry. Many are now effectively working to promote the profile and interests of the arms industry.

Bell Pottinger

Labour Party sponsor Bell Pottinger Public Affairs reportedly started work in 2003 on both BAE Systems' corporate reputation and on attracting more R&D funding as well as Export Credit Guarantee support for its client Rolls Royce.[98] Bell was created, in part, by Margaret Thatcher's campaigns manager and Labour Peer Tim Bell. One of Bell's directors, Tim Walker, is a former Special Advisor to then Agriculture Minister Jack Cunningham and another, Rhoda MacDonald, is a

94 STAR 21, *Creating a coherent market and policy framework for a vital European industry* <europa.eu.int/comm/enterprise/aerospace/report_star21_screen.pdf>

95 LeaderSHIP 2015 High Level Advisory Group report <europa.eu.int/comm/enterprise/maritime/maritime_industrial/leadership_2015.htm>

96 EU Business, *Group of Personalities discusses a security research strategy for Europe*, 7th October 2003 <www.eubusiness.com/eunews/EUNews.2003-10-07.3949>

97 Gregory Palast, 'Lobbygate: "There are 17 people that count. To say that I am intimate with every one of them is the understatement of the century" ', *The Observer*, 5th July 1998.

98 Gidon Freeman, 'BAE Systems hires second firm amid media onslaught', *PR Week*, 21st February 2003; Ravi Chandiramani, 'Rolls Royce hires BPPA to step up lobbying', *PR Week*, 10th October 2003; Chime Communications PLC, Biographies <www.chime.plc.uk/who_we_are/biographies.html>; *Labour Party, Annual Report 2000* and *Annual Report 2002*.

former Special Advisor to then Secretary of State for Scotland, Helen Liddell.[99] Bell's Associate Director, Howard Dawber, who specialises in military and aerospace, is a former employee of Labour Party HQ and an unsuccessful Labour parliamentary candidate.[100] Until recently, another of its Associate Directors was Malcolm Gooderham, former Chief Press Secretary to Michael Portillo who is now a BAE Systems Non-Executive Director.[101]

The Director of Bell's sister company, Good Relations, was David Hill, former Chief of Staff to Deputy Labour Leader Roy Hattersley and former Director of Labour Party Communications (1991–1997). During the 2001 election, Hill, along with other lobbyists at Labour headquarters in Millbank, was said to be taking unpaid leave. However, as journalists from the Guardian allege, if lobbyists had been working at Millbank for those weeks then Labour would have benefited from thousands of pounds worth of work which would normally be charged at up to £225 per hour.[102] David Hill replaced Alastair Campbell as Communications Chief in August 2003. His long-term partner is reportedly Hilary Coffman, a Downing Street Press Officer.[103]

GJW Government Relations

Regular Labour Party sponsor GJW Government Relations used to employ Karl Milner, former aide to Gordon Brown.[104] An undercover reporter from the Observer alleged that Milner explained to him "We have many friends in government" who "like to run things past us some days in advance, to get our view to let them know if they have anything to be worried about, maybe suggest some changes." The Observer reporter alleges that Milner also faxed to him an unpublished report by the Select Committee on Trade and Industry.[105] GJW is now a part of PR giant Weber Shandwick Worldwide whose clients have included Northrop Grumman, MBDA and GKN.[106] Chief Executive Officer of Weber Shandwick UK is Colin Byrne who reportedly used to share a house with Peter Mandelson.[107] Mandelson employed him as his Deputy Press Officer but Byrne became Labour's Chief Press Officer (1988–1991). He reportedly took unpaid leave to help with the 1997 general election campaign and is reported to have worked "in a personal capacity and outside working hours" during the 2001 election campaign. It was during this period that the Guardian alleges Byrne was working closely with former BAE Systems Director Lord Hollick to build corporate sector support for the party.[108]

Bergmans

Labour sponsor and specialist military PR company Bergmans claim to have represented Lockheed Martin, Thales, GKN and Babcock International in the last 12 years.[109] Its Managing Partner is Robin Ashby, also founder and head of the UK Defence Forum which organises meetings between industry executives, politicians and civil servants and whose patrons include a Non-Executive Director of Thales, Lord Clark of Windermere.[110]

Bergmans' specialist "red team" which deals with MoD tenders includes Brigadier Bill Kincaid who spent 16 years at the MoD in the Procurement Executive and Operational Requirements before he became Director of Operational Requirements (land systems) responsible for the direction of research and specifying equipment capability. Another is Dr. Alan Fox, Assistant Under Secretary – export policy and finance (1995–1998) who now sits on The Review Board for Government Contracts, the MoD quango which polices

99 Bell Pottinger Public Affairs, *Tim Walker, Director* <www.bppa.co.uk/tw.html>; Bell Pottinger Public Affairs, *Rhona MacDonald* <www.bppa.co.uk/rm.html>
100 Bell Pottinger Public Affairs, *Howard Dawber* <www.bppa.co.uk/hd.html>; BBC News, *Results and Constituencies* <news.bbc.co.uk/hi/english/static/vote2001/results_constituencies/constituencies/136.stm>
101 Bell Pottinger Public Affairs, *Malcolm Gooderham, Associate Director* <www.bppa.co.uk/mg.html>
102 Mark Hollingsworth, 'An Infestation of Lobbyists', *The Guardian*, 6th June 2001.
103 'David Hill: Campbell's replacement', *BBC News Online*, 29th August 2003.
104 Labour Party, *Annual Report 1998*, *Annual Report 1999*, *Annual Report 2000* and *Annual Report 2001*; Nick Cohen, 'So grease and water do mix after all', *The Observer*, 13th September 1998.
105 Gregory Palast, *'Lobbygate: "There are 17 people that count. To say that I am intimate with every one of them is the understatement of the century" '*.
106 Weber Shandwick Worldwide, *Luke Akehurst* <www.webershandwick.co.uk/public/content.cfm?contentid=162&cid=3&sid=68 >
107 Red Star Research, *Former Special Advisors*.
108 Weber Shandwick Worldwide, *Colin Byrne* <www.webershandwick.co.uk/aboutus/colin.cfm>; Hollingsworth, 'An infestation of lobbyists'.
109 Labour Party, *Annual Report 1998*; Bergmans Public Relations, *Portfolio of Clients* <www.north-house.com/html/bergmans/portfolio_clients.htm>
110 UK Defence Forum <www.ukdf.org.uk>

mainly military contracts ensuring companies do not generate excessive profits.[111]

Citigate Public Affairs

Citigate Public Affairs, whose clients have included Rolls Royce, has employed Carole Tongue, former Labour MEP for London East and former Deputy Leader of the European Parliamentary Labour Party (1989–1991).[112] Citigate bought more than £5,000 worth of tickets for Labour Party events in 1999 and 2000 and donated £5,450 to the party in October 2002.[113] Citigate advertises "We will position you with relevant audiences".[114] Its sister company, Citigate Westminster, sponsored Labour Party events or activities in 1997 and 1998[115] and is directed by Rex Osborn, former Deputy Director of Campaigns at the Labour Party.[116]

APCO UK

Simon Crine, a former Director of APCO UK, whose clients include Raytheon, is described as playing a "prominent role in the modernisation of the Labour Party" in his previous job as General Secretary of the Fabian Society and as having maintained "close links with the party in government at a senior level".[117] APCO was linked with Beattie Media, a PR firm that became famous in 1999 when the Observer alleged that during a meeting with an undercover reporter representatives of Beattie claimed to be able to arrange meetings with Ministers. APCO immediately suspended its relationship with the firm pending an investigation.[118]

GPC International

GPC International employs Andrew Lappin, former Special Advisor to Labour Shadow Defence Secretary David Clark and to former Northern Ireland Secretary Mo Mowlem.[119] Its Associate Director who has worked on BAE Systems' PR, Nick Williams, was seconded to Millbank as Senior Political Advisor to the Shadow Cabinet in 1997 and worked in the Prime Minister's private office during the 2001 election campaign.[120] Williams has been a Senior Political Advisor to the Labour Party Defence Department (1993–1997). Until 2001, GPC employed former Labour Party Director of Communications Joy Johnson and Anna Healy, Ministerial Advisor and Senior Labour Parliamentary Press Officer now reportedly a Special Advisor in the Cabinet Office.[121]

Reportedly one of GPC International's subsidiaries, GPC Market Access most famously employed former Chief Aide to Peter Mandelson, Derek Draper. He allegedly told an undercover Observer reporter that "There are 17 people that count ... And to say I am intimate with every one of them is the understatement of the century." Roger Liddle (formerly an advisor to Tony Blair) is later alleged to have assured the journalist that "There is a circle and Derek is part of The Circle ... Derek knows all the right people ... Whenever you are ready, just tell me what you want, who you want to meet and Derek and I will make the call for you."[122]

There is no evidence that any arms industry clients of lobbyists have solicited inside information or privileged access but the arms industry's use of lobbying groups with links to Labour can only raise the industry's profile within the domestic decision making field.

111 Bergmans, *Bergmans Red Team* <www.north-house.com/html/defence/red_1.htm>; MoD, *Review Board for Government Contracts* <www.mod.uk/business/profit_formula/members.htm>
112 The Association of Professional Political Consultants, *Register of Members* 1st December 2001-31st May 2002 <www.appc.org.uk/registers/APPC_register_31_05_02.pdf>; Carole Tongue <www.poptel.org.uk/carole-tongue/index2.html>
113 Labour Party, *Annual Report 2000* and *Annual Report 2001*; Electoral commission, *Register of Donations to Political Parties* <www.electoralcommission.gov.uk>
114 Citigate <www.citigatepa.com/mainPresentation3.swf>
115 Labour Party, *Annual Report 1998* and *Annual Report 1999*.
116 David Osler, *Labour Party plc: New Labour as a Party of Business* (Edinburgh: Mainstream Publishing, 2002) p 106.
117 APCO UK, *People* <www.apcouk.com/pc/our_people.asp>; The Association of Professional Political Consultants, *Register of Members* 1st December 2001-31st May 2002.
118 Dean Nelson and Ben Laurance, 'How Scotland's Lobbygate was Exposed', *The Observer*, 26th September 1999; Dean Nelson and Ben Laurance, 'Exposed: Lobbygate comes to Scotland\, *The Observer*, 26th September 1999.
119 The Association of Professional Political Consultants, *Register of Members* 1st December 2001-31st May 2002; GPC, *Our People-Andrew Lappin* <www.gpcbrochure.com/people/lappin.html>
120 GPC, *Our People-Nick Williams* <www.gpcbrochure.com/people/lappin.html>
121 Julia Day, 'PR Week', *The Guardian*, 3rd May 2001; Red Star Research, *Special advisors, Cabinet Office*.
122 Gregory Palast, *'Lobbygate: "There are 17 people that count. To say that I am intimate with everyone of them is the understatement of the century"'*.

Influential industry-linked Peers

This profile can only have been raised further by industry links to those sitting in the House of Lords. The Lords may be peppered with directors – in 2002 one in three Peers held a directorship – but very few have links to arms-producing companies.[123] Yet what is of significance is that those few have also held influential government jobs and/or have links to some of the highest echelons of the Labour government.

Labour Peer Lord Clive Hollick was particularly close to the heart of BAE Systems. Hollick had been a Director of British Aerospace from 1992 until 1997.[124] His directorship ended just as he became a Special Advisor to Margaret Beckett at the DTI from May 1997 and, after her departure, to Peter Mandelson until October 1998. Robin Cook's unofficial biographer, John Kampfner claims that by this time Hollick was already an "important behind the scenes player in the Labour hierarchy" not just at the DTI but also to Blair.[125] Andrew Rawnsley, associate editor of The Observer, and others, have alleged that Cook privately blames Hollick's influence in Downing Street for his failure to push through tighter regulation of arms exports.[126] Kampfner alleges that Blair's principal private secretary, John Holmes, sat with Cook's officials for four hours toning down, line by line, Cook's new criteria. These criteria, announced to the House on 28th July 1997, were not only watered down but would not apply to licences issued under the Conservatives. This allowed the late 1990s export of 16 BAE Systems Hawk-209s, 50 Alvis armoured vehicles and eight Tactica water canons to Indonesia despite the continuing genocide in East Timor and their potential use in Aceh and West Papua. Hollick became the Director of US military technology company TRW Inc. in February 2000.[127] He retained his links with UK-based industry and was reported to be a contender to take over from Dick Evans as Chair of BAE Systems in July 2004.[128]

Labour Peer Lord Simpson of Dunkeld is best known for reportedly enjoying more than £1 million p.a. between 1998 and 2000 as Chief Executive of GEC (part of which was sold to BAE Systems in 1999 while the rest was renamed Marconi).[129] Shareholders enjoyed a 98% fall in the value of their shares during his reign.[130] Simpson is less well known as having been Deputy Chief Executive of British Aerospace (1992–1994).[131] He had been described as one of the ten most globally influential people in military industry.[132] In June 2004 he was still registering shares in BAE Systems worth £219,220,[133] and up until December 2002 he was also registering half a million shares in Marconi.[134] Called an "impeccable Blairite",[135] Simpson has also been described as a "corporate titan" whose "support was eagerly sought and gladly given to New Labour at the [2001] election."[136] He was one of 58 Chairs/Chief Executive Officers who wrote to The Times in May 2001 urging all business leaders to support the Labour Party.[137]

Another signatory of the Times letter was Labour Peer Lord Swraj Paul. Paul owns the steel manufacturing group Caparo, both a major Labour donor and a supplier of parts to military industry. Caparo reportedly made donations to the party in 1996 (£109,000), 1997 (£76,000), 1998 (£101,000), 2000 (over £5,000), 2001 (over £5,000) and 2002 (£5,500).[138] Lord Paul was ennobled at Blair's request in 1997. He reportedly became an ambassador for UK industry and has since acted as an "unofficial envoy" between the

123 Unnamed, 'Peer Defends having 21 directorships', *The Guardian*, 13th August 2002.
124 Dod, *House of Lords – Lord Hollick*.
125 John Kampfner, *Robin Cook* (London: Phoenix, 1999) p. 145.
126 Andrew Rawnsley, *Servants of the People: The inside story of New Labour* (Suffolk: Penguin Books, 2001), p 170; Nick Cohen, 'Our sky-high arms fiasco', *The Observer*, 22nd September 2002.
127 Dod, *House of Lords – Lord Hollick*.
128 Unnamed, 'Parker takes pole position at BAE', *Daily Mail*, 12th January 2004.
129 Red Star Research, *The 58 Business Supporters*.
130 Andrew Rawnsley, 'Time to bring reckless tycoons to account', *The Observer*, 9th September 2001.
131 Dod, *House of Lords – Lord Simpson* <www.politicallinks.co.uk>
132 Unnamed, 'The defence industry's most influential individuals' *Defence Daily Network*, August 1998 <www.defensedaily.com/defensebusiness/owens.htm>
133 House of Lords, *The Register of Lords' Interests* as at 22nd June 2004.
134 House of Lords, *The Register of Lords' Interests* as at May 2002.
135 Ian Bell 'Proof that the public sector doesn't have a monopoly on basket cases', *Business a.m*, 6th September 2001 <www.businessam.co.uk/BreakingNews/articles/0,1909,48961,00.html>
136 Rawnsley, 'Time to bring reckless tycoons to account'.
137 'Business names support Labour' (letters to the editor), *The Times*, 14th May 2001; Red Star Research, *The 58 Business Supporters*.
138 Red Star Research, *Lord Swraj Paul*; Labour Party, *Annual Report 2001* and *Annual Report 2002*; The Electoral Commission, *Register of donations to political parties* <www.electoralcommission.gov.uk>

UK and India, unaccountable to Parliament.[139] Since 2002 he has extended his involvement with government by becoming a member of a number of government advisory bodies.[140]

Labour's Lord Clark of Windermere continues to have a considerable interest in military policy. Clark was Shadow Defence Secretary from 1992 to 1997 but has been a Non-Executive Director of the French-based military electronics company Thales since 1999.[141] A member of Blair's first cabinet in 1997 as Chancellor of the Duchy of Lancaster, Clark became a Labour Peer from 2001 and continues to sit as a strong supporter of the government in the House of Lords.[142] In April 2002, Lord Clark voted against an amendment to the Export Control Bill that would have strengthened the requirement that the government take account of sustainable development when making export licence decisions.[143]

Now sitting alongside Lord Clark is Labour Peer Lord Taylor of Blackburn. Lord Taylor, who has been a consultant to BAE Systems since 1994,[144] has strong links to Foreign Secretary Jack Straw (MP for Blackburn), contributing more than 25% of the Foreign Secretary's election expenses incurred during the 2001 general election.[145] Taylor also donated £2,000 to the Labour Party in May 2001.[146]

The contribution of arms companies to the Labour project

While the Labour government has been shifting its ideology towards big business, Labour's fundraisers have also been shifting their focus towards big business and those who run it. In 1987, Affiliation fees of around £5 million made up 87 per cent of the Labour Party's income, with trade unions contributing over 80 per cent of this. As late as 1992, affiliation fees still made up 73 per cent of income but by 1997 they had plummeted to 23 per cent of Labour Party income and had dropped further to 17 per cent by 2001.[147] However, it was not that the trade unions were providing substantially less in absolute terms, just that the party was receiving vastly more from donations (not including membership) and commercial activity. Income from donations grew from £784,000 in 1992 to £15,600,000 in 1997 to £16,822,000 in 2001. Over the same period, commercial activity (including corporate sponsorship and income from stands at party conferences) grew from £279,000 in 1992 to £2,459,000 in 1997 to £6,207,000 in 2001.

Still, at the start of 2002, the party's overdraft was at least £6 million.[148] So serious have Labour's financial problems been that "former Labour Party insider" David Osler is just one of those who make the case that without Lord Sainsbury and his, to date, £12 million worth of donations to Labour since 1996, "the party simply would not be a going concern."[149] This section shows how the situation may have been worse had it not been for Hollick, arms-producing companies and others linked to them. More importantly it illustrates the shift towards the more subtle distortion of the political environment in which parties can feel obliged to remain business friendly.

Any investigation into party funding is restricted by a lack of information. Until the Political Parties, Elections and Referendums Act (2000) required the publication of specific figures, Labour was only voluntarily disclosing all donors giving £5,000 or more without specifying exact amounts. There is no way of knowing whether an individual or company before that time was donating £5,000 or £5 million except in a small number of cases where the size of donations has been reported in the press. This section should be read with this caveat in mind.

One donation for which the press did offer an estimate before the new act came into force came from Lord Hollick. Journalists reported that Hollick donated between £25,000 and £50,000 to the party sometime during 1997, a year which he began as a board member of BAE Systems. More importantly, Hollick became one of the central players in bringing

139 Red Star Research, *Lord Swraj Paul*.
140 House of Lords, *The Register of Lords' Interests* as at 2nd December 2003; Caparo, *Caparo* <www.caparo.co.uk/contactus.asp>
141 *Who's Who 2003: an annual biographical record* (London: A & C Black, 2003), p. 404.
142 The House of Lords, *Attendance and Voting Records for Session 2001-2002*, 18th November 2002.
143 The House of Lords, *Hansard*, 18th April 2002, column 1106.
144 House of Lords, *The Register of Lords' Interests* as at 22nd June 2004; Dod, House of Lords – Lord Taylor <www.politicallinks.co.uk>
145 House of Commons, *The Register of Members' Interests* as at 14th May 2002.
146 The Electoral Commission, *Register of donations to political parties*.
147 Labour Party, *Annual Reports*, various years.
148 Labour Party, *Annual Report 2002*, p. 26.
149 Osler, *Labour Party plc*, p. 33.

corporations closer to Labour.[150] He was running the party's Business Relations Unit at Millbank from 1996[151] and kept corporate money flowing into Labour's current account at a time when the party was faced with an overdraft of £620,000 (1996) increasing to £4.5 million in 1997.

Cash donations

Part of that corporate money came in the form of straight donations from arms-producing companies and those linked to them. Lord Paul's Caparo Group has reportedly donated more than £300,000 since 1996. David Brown, Managing Director of commercial and military vehicle manufacturer Multidrive made donations anywhere in excess of £5,000 in 1997 and 1999.[152] Professor Bhattacharyya, Director of the Warwick Manufacturing group which has long term relationships with BAE Systems and Rolls Royce, donated anywhere in excess of £15,000 between 1998 and 2000.[153] He became a Labour Peer in May 2004.[154]

Corporate sponsorship

Corporate funds have also come in the form of sponsorship of Labour Party events/activities. Those who have sponsored the party in excess of £5,000 since 1997 include: Raytheon Systems Limited, a UK-based subsidiary of America's fourth largest military contractor and the world's largest missile makers;[155] Bergmans, a lobbying company that has represented Lockheed Martin, Thales, Boeing, BAE Systems, GKN and military support company Babcock;[156] GKN Westland representative GJW; BAE Systems representative Bell Pottinger; and military trade association UK Defence Forum.[157] The UK Defence Forum later reportedly explained that donations from Thomson-CSF (now Thales), Lockheed Martin, Boeing, BAE Systems and Babcock International were passed to Labour, much of the money channelled through the Forum with the names of the companies not appearing on Labour's official list of donors. At least one company involved - Thomson – claimed that its contribution to the Labour Party was made "unwittingly".[158] BAE Systems itself spent anywhere in excess of £5,000 "sponsoring Labour Party events/activities or commercial marketing" in 1998, in 1999 and again in 2000.[159]

The party has also benefited from corporations purchasing tickets for Labour Party events and contributing prizes at Labour Party dinners. Those who have made such contributions worth anywhere in excess of £5,000 since 1997 include GKN representative GJW, Rolls Royce representative Citigate Public Affairs and BAE Systems representative Bell Pottinger Public Affairs.[160]

BAE Systems sponsored Labour conference events from 1998 to 2000 including the sponsorship of a question and answer session on employment and education in 1999.[161] BAE Systems was sponsoring similar events at the Conservative Party conference and claim that all involve modest amounts. Despite this, BAE Systems has since decided to end this activity because of the adverse publicity generated. In the face of this kind of publicity, BAE Systems did sponsor the mind zone at the Millennium Dome reportedly at a cost of £12 million (tax deductible) at a time when the Labour Party most needed the project to attract corporate money.[162]

Blind Trusts

A source of funding that has received much less publicity is blind trusts. These were operated by the party until the Political Parties, Elections and Referendums Act banned their use. Used to fund

150 Labour Party, *Annual Report 1998*, p 55; Osler, Labour Party plc, p. 239.
151 Kampfner, *Robin Cook* p 145; Hollingsworth, 'An Infestation of Lobbyists'.
152 Multidrive Limited, *Welcome to Multidrive* <www.multidrive.co.uk>; Labour Party, *Annual Report 1998*, p. 55 and *Annual Report 2000*.
153 Warwick Manufacturing Group, *WMG overview* <www.wmg.warwick.ac.uk/page-13.phtml>; Labour Party, *Annual Report 1999*, *Annual Report 2000* and *Annual Report 2001*.
154 Unnamed, 'Labour dominates new Peers list', *BBC News Online*, 1st May 2004 <news.bbc.co.uk/1/hi/uk_politics/3674543.stm>
155 Labour Party, *Annual Report 1998*, p. 56.
156 Labour Party, *Annual Report 1998*, p. 56; Bergmans, *Bergmans Defence Consultancy* <www.north-house.com/html/defence/home.htm>
157 Labour Party, *Annual Report 1998* and *Annual Report 2000*.
158 Chris Hastings, David Leppard and Jason Burke, 'Foreign arms firms gave cash to Labour', *The Sunday Times*, 23rd April 1997.
159 Labour Party, Annual Report 1999, Annual Report 2000 and Annual Report 2001.
160 GJW, *Public Affairs in Wales* <www.webershandwick.co.uk/public/content.cfm?cid=3&sid=106>; Labour Party, *Annual Report 1998*, *Annual Report 1999*, *Annual Report 2000* and *Annual Report 2001*; The Association of Professional Political Consultants, *Register of Members 1st December 2001–31st May 2002*, p. 6; Gidon Freeman, 'BAE Systems hires second firm amid media onslaught', *PR Week*, 21st February 2003.
161 Red Star Research, *British Aerospace/BAE Systems*.

specific projects or people, such as Tony Blair, Gordon Brown and John Prescott, blind trusts referred to an arrangement whereby donations would be made to politicians via an independent trustee without the politicians knowing the identity of their backers to avoid any potential conflict of interest. They did not have to be disclosed in Labour Party annual reports nor in company reports if the donation was made from a corporate source. Yet, as Conservative MP David Shaw pointed out in the House in February 1997, newspapers were already revealing the identity of some of the donors to Blair's trust, a reflection of the widely held understanding that "the donors rarely remain silent; sooner or later, they seek recognition for their donations".[163]

One of the seven Labour trusts listed by Shaw in his Commons attack was the Industrial Research Trust. This trust was listed in the register of members' interests in January 1995 as providing funding to the offices of Tony Blair and "office research help" to Gordon Brown.[164] The trust, which began in 1993, was established for the benefit of John Smith. Lord Gregson was reportedly the Chair of the Trustees alongside his other role as President of the Defence Manufacturers Association (1984–2000), the central arms industry trade association in the UK.[165] At least £47,000 of the money collected by the trustees allegedly came from the military supplier Caparo.[166]

Central to much of the funds flowing into this and other blind trusts, about which less is known, was the Labour Finance and Industry Group. This is a group of business leaders who had encouraged links between the party and business since it began in 1972. The group claims to have established "close working relationships with a number of Secretaries of State and senior ministers" via regular behind the scenes meetings.[167] One of its Honorary Life Presidents and reportedly the group's Deputy Chair for over twenty years (1972–1993) is Sir Sigmund Sternberg.[168] Sternberg is also Chair of ISYS, a software company whose clients include BAE Systems.[169] He donated £100,000 to the party in May 2001, £110,000 during 2002 and £91,664 in 2003.[170] These can be added to other large donations allegedly made in 1977 and 1979[171] and the sum in excess of £5,000 that Sternberg spent on "tickets for dinners" in 1998 according to the 1999 Labour Party Annual Report.[172] Lord Gregson, President of the Defence Manufacturers Association, is another Honorary Life President of the group.[173] The group reportedly lost much of its influence after Blair took power and negotiated directly with large corporations as the party's financial problems escalated.

Though the actual amounts donated by arms-producing companies to the Labour Party might be substantial, they are not by any means the main source of the party's funding. Their financial contributions need to be considered in the wider context of the Labour Party's increasing dependence on big business, and the resulting incentive for the party to promote commerical interests.

Arms company involvement in the provision of public services

Similarly powerful incentives flow from the government's Public-Private Partnerships revolution. One of the defining features of corporate-state relations in the UK is the transfer of services from the public to the private sector, and this wave of change is increasing in scale and in reach. Areas previously considered core government-run sectors, like those linked to the armed forces, are now being considered candidates for Public-Private Partnerships.

This selling off of core services raises issues of democratic accountability. Once in the private sector there is less transparency and fewer means of overseeing activities. It is the worst of all worlds as, in addition to having reduced control, the government has to retain much of the financial risk because allowing a corporation responsible for core services to

162 Red-Star-Research, *British Aerospace/BAE*; House of Commons, *Hansard*, 25th June 2002, column 232.
163 House of Commons, *Hansard*, 12th February 1997, column 344.
164 House of Commons, *The Register of Members' Interests* as at 31st January 1995.
165 Osler, *Labour Party plc* p 61; *Who's Who 2003*, pp. 874–875.
166 Red-Star-Research, *Lord Swraj Paul*; Osler, *Labour Party plc*, p. 61.
167 Labour Finance and Industry Group, *LFIG History* <www.lfig.org/history.htm>
168 Labour Finance and Industry Group, *Executive Committee* <www.lfig.org/executive.htm>; Red Star Research, *Sir Sigmund Sternberg*.
169 ISYS, *Company Overview* <www.isysplc.com/>; Red Star Research, *Sir Sigmund Sternberg*.
170 The Electoral Commission, *Register of Donations to Political Parties*.
171 Red Star Research, *Sir Sigmund Sternberg*.
172 Labour Party, *Annual Report 1999*.
173 *Who's Who 2003*, pp. 874–875; Labour Finance and Industry Group, *Executive Committee*.

fail would be politically damaging. This is particularly relevant when contracts involve services or equipment of potential strategic importance. The whole environment provides an incentive for the Labour government to remain corporate-friendly. And it is an area where arms-producing companies have been eager to participate.

At the MoD, private contractors are being considered as possible contenders to run all but a few of the department's core duties despite warnings from unions that the "anticipated benefits of public-private partnerships are at best questionable and at worst disastrous."[174] The MoD's most favoured form of Public-Private Partnerships are Private Finance Initiatives (PFIs) in which the private sector owns the assets, often buildings, and provides the services required, for which they are compensated from the public purse. As of June 2004 the MoD had signed 46 Private Finance deals which between them involved more than £2.3 billion in private sector investment. They cover the redevelopment of accommodation, logistics, equipment, training and communication. Companies involved include Thales, Flagship, Serco and Bombardier whose Aerospace division is involved in military aviation training. A further 40 to 50 projects worth £12 billion are either underway or are being considered.[175] Reported examples include: the "heavy equipment transporter" PFI, under which Halliburton-owned tank-transporting lorries and crews are leased to the army and could conceivably see service in Iraq;[176] and the "future strategic tanker aircraft" PFI, under which the EADS-led AirTanker consortium is the preferred bidder to provide the key military capability of air-to-air refuelling services.[177] Unions have found it difficult to identify an area that is not a potential candidate for privatisation.[178]

This represents an advanced encroachment of the private sector into what was the preserve of the state, and private companies have openly played a role in forming these plans. A recent government report found at least 900 reviews being conducted within the MoD. Many form part of an initiative to examine the prospects for extensive privatisation. The Partnered Defence Supply Chain Initiative even involved bringing 24 military companies into the department. In response, unions have expressed concerns about the prevalence of industry representatives at the heart of MoD review groups whose findings may open up new business opportunities which those representatives will be in an advantageous position to pursue.[179]

One new business opportunity is in military training. A consortium including BAE Systems, VT Group and construction/support services company Carillion has reportedly expressed an interest in taking over one of seven major MoD-run military training schools. They could be competing against a consortium including Babcock as well as QinetiQ. Other key military training schools which the government is ready to privatise include those involved in Logistics, Aeronautical Engineering and Communication, Information Systems and those training MoD Police. These contracts would be worth hundreds of millions of pounds.[180]

Carlyle has already fought off competition from 40 other venture capitalist companies to buy a 33.8% share in QinetiQ from the government in a hugely controversial PPP agreement carried out against the advice of the Select Committee on Defence.[181] The Guardian reported that Carlyle paid £42 million for the stake in QinetiQ, which incorporates most of the MoD's non-nuclear equipment testing and evaluation establishments, even though QinetiQ had assets valued at £342m net of its liabilities.[182] Carlyle's ownership of US giant United Defense until April 2004 effectively made it the 11th largest military contractor to the US government. It includes on its payroll former US Secretary of Defence (1987–1989) Frank Carlucci, former White House Chief of Staff (1981–1985,

174 AMICUS, GMB, PCS, Prospect, T&G, UCATT, *Still Daft, Damaging and Demoralising: The trade union response to the MoD revolution in military support and logistics capability*, February 2003 <www.prospect.org.uk/doclib/download/198_0611676223.pdf/as/mod+strat.pdf>

175 MoD, *Public Private Partnerships in the MoD* <www.mod.uk/business/ppp/intro.htm>

176 'Privatisation on parade', *Private Eye*, 8th August 2003.

177 Peter Spiegel, 'AirTanker reprieve as EADS told to revise plan', *Financial Times*, 8th July 2004; House of Commons, *Hansard*, 19th July 2004, Written Answers, column 13.

178 AMICUS et al, *Still Daft, Damaging and Demoralising*, p. 4.

179 AMICUS et al, *Still Daft, Damaging and Demoralising*, pp. 3–4.

180 Nick Mathiason, 'School for Spies to be Privatised', *The Guardian*, 30th March 2003.

181 House of Commons Select Committee on Defence, *Sixth Report: The Defence Evaluation and Research Agency*, 6th July 1998, HC 621, summary of recommendations <www.parliament.the-stationery-office.co.uk/pa/cm199798/cmselect/cmdfence/621/62107.htm>

182 Jamie Doward, 'QinetiQ stake was sold on the cheap' claim MPs', *The Guardian*, 26th January 2003.

1992–1993) James Baker and former UK Prime Minister John Major.[183]

BAE Systems, not to be outdone in squeezing money from the government's coffers, has recently introduced a new service dedicated to loaning the MoD and other government departments the cash they need to pay for long-term equipment and service acquisitions from the arms-producing giant. BAE Systems Capital Ltd. launched in January 2002 also exists to co-ordinate BAE Systems' entry into public private partnership projects as a whole.[184] A BAE Systems spokesperson told Jane's Defence Weekly that BAE Systems Capital would allow the MoD to "approach procurement differently" in a move away from "traditional" spending patterns whereby the department received funding before buying systems or services. Commenting on the launch of BAE Systems Capital Ltd. in January 2002 Keith Hayward of SBAC said "The customer is increasingly strapped for cash ... it's an evolution as systems integrators become service providers."[185] It is perhaps the most militant form of PFI yet, but city analysts have suggested that other arms manufacturers will follow suit.

183 Oliver Burkeman and Julian Borger, 'The ex-presidents' club', *The Guardian*, 31st October 2001; Carlyle Group *Advisory Boards* <www.thecarlylegroup.com/eng/company/l3-company738.html>

184 BAE Systems, *BAE Systems Capital* <production.investis.com/BAEsystemscapital/mediacoverage/>

185 David Mulholland, 'BAE establishes financing arm', *Jane's Defence Weekly*, 30th January 2002.

Conclusion

The government claims that its support for arms exports is based on economic, strategic and political rationales. Some of the rationales used are extremely weak and plainly produced purely for public consumption. However, even the claims that may have some validity are insufficient to explain the enthusiasm of the government's support for arms exports. A number of alternative explanations exist but, while these are useful, they cannot provide the whole picture without taking into account the importance of the relationship between arms companies and the government.

This report has attempted to outline the arms industry's connections to government departments and advisory bodies, lobbying companies, Labour Peers, Labour Party donations and privatisation schemes. Each individual connection is not necessarily in itself objectionable, and there is no suggestion that any individual or company named here has acted illegally, but what seems inevitable is that there is a cumulative impact of all this activity.

Military industry has attracted a constant stream of top ex MoD and armed forces staff and has offered numerous members of its own staff to the MoD as secondees, blurring the boundaries between the industry and government. It is an industry that is extremely heavily represented in a network of bodies advising the government on military policy. The access to high-level civil servants and politicians via these bodies appears to go far beyond that available to other sectors of industry. The lack of clarity and transparency surrounding these bodies means that the electorate simply do not know who is involved in the formation of government policy and, in many cases, which industry participants might be enjoying privileged access to government. This contributes further to blurred state-corporate boundaries and works to the exclusion of non-corporate voices, voices which are further marginalised by the use of lobbying companies.

It is an industry in which a number of the most senior former executives now enjoy influential government positions as Labour Peers and/or have links to some of the highest echelons of the government. It is an industry that has contributed largely undisclosed amounts of cash to the Labour Party and to one of its major projects, the Dome. The contributions have formed part of a wider Labour Party trend towards financial dependence on companies and wealthy individuals which, in turn, provides the party with a material incentive to pursue business-friendly policies. The transfer of core services from the public to the private sector further motivates the government to place corporations first.

Although much of the detail can never be known, a picture emerges of both an overly-close arms industry-government relationship and an overly-high political profile for the arms industry. This relationship is particularly open to suspicion not only because the arms companies receive huge levels of political and financial support from government but also because this support is based on a set of highly suspect rationales which claim that arms exports are crucial to the UK.

Taken together, the evidence suggests that there is a momentum towards forging and reinforcing links between arms-producing companies and government. Support for arms companies may well have been at a similar level under previous governments, but there have been striking developments in the areas of advisory bodies, lobbying companies and the privatisation of core military services under the present government. Though it is difficult to unpick the extent to which these might have occurred under a different government (the consequences of the end of the Cold War and the privatisation and accelerating globalisation of the arms industry were all panning out as Labour came to power) it is clear that the current Labour government has enthusiastically provided access and influence for arms companies where it could, and should, have chosen not to.

In addition to the role of the current Labour government, the particular impact of Tony Blair needs to be borne in mind, not least his unwavering support for BAE Systems. It may be that the company's dominance within UK military industry would have wooed any Prime Minister who was big business-friendly and military-solution minded. However, Tony Blair has gone out of his way to support BAE Systems. He has given the company privileged access, lobbied

other heads of state on their behalf and overruled members of his cabinet for them. He has been unshakeable in his support for BAE Systems, as he has been for arms exports more generally.

Tony Blair's support may have allowed the wider relationship between the Labour government and arms industry to flourish, or his support may be a product of the persisting relationship between governments and the arms industry. Regardless, the influence of arms companies appears to reach into each relevant part of government and party, and the continuation of arms export support must be understood in the context of the cumulative impact this has. Any attempt to make significant progress towards the reduction of arms exports has little chance of success while the government and the arms companies are so closely entwined and are the co-determinants of military policy. Understanding, highlighting and ending this relationship must be a central aim of those who

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