

New Labour's Arms Trade

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The UK is the world's second largest exporter of arms after the US, with a record of shame¹ which soared to unparalleled heights when Margaret Thatcher chose to personally champion the cause during her reign in government. The scandals that rocked her leadership² led to widespread calls for reform in the approach and handling of the UK's arms exporting policy.

So when Labour came to power in 1997 many had high hopes that Robin Cook's declaration of an "ethical foreign policy" would mean radical reform of the corrupt and bloody arms business. Four years later, with Labour triumphantly in government, has anything of substance actually changed in the UK government's arms exporting policy? And if it were to be shown that Robin Cook has merely acted as a convenient fig leaf for a Blairite policy of business-as-usual with the arms trade, is there still scope for useful change?³

The Export Criteria

On May 12th 1997, a few days after New Labour came to office, Robin Cook launched the government's ethical foreign policy with some fanfare and then he reiterated Labour's manifesto pledge that they would not "permit the sale of arms to regimes that might use them for internal repression or international aggression." However when Cook's draft Arms Export Criteria arrived at Downing Street, "John Holmes, Blair's principal private secretary and top civil servant, went through it with officials from Cook's private office for four hours, line by line, telling them to tone down various areas" and "when Cook met Blair to go over it, changes were made." The 'new' export licensing criteria that resulted were sufficiently compromised and flexible to allow for interpretations that would allow business as usual for the arms trade.

The Turnaround

The first test of the government's position in practice was over the sale of Hawk jets to Indonesia. Besides being one of the UK arms industry's biggest customers Indonesia has one of the worst human rights records in the world. In opposition Cook campaigned vigorously against arms sales to the country (writing articles in the *New Statesman* as far back as 1978, raising regular questions in the Commons, etc.). Yet once in government, a remarkable turnaround occurred and he was reduced to being an apologist for continued sales to Indonesia. The government's policy, he explained, "was to pursue economic co-operation without being silenced on human rights."⁴ But the fallacy of this policy of 'constructive engagement' was shockingly demonstrated when militias directed by the British-trained⁵ Indonesian army massacred thousands of East Timorese in a brutal response to their UN-approved vote for Independence in September 1999. Despite pleas from independence leaders and human rights groups, the UK continue to remain complicit in Indonesia's human rights abuses as Indonesia represses independence movements in Aceh and West Papua and (despite a short-lived EC embargo on arms sales to Indonesia) the UK continues to be Indonesia's principle military supplier.

Arms sales also appear to be continuing unhindered to another country with an appalling human rights record, Turkey. The Council of Europe reported last July that it could see "no significant progress of limiting torture, disappearances and extra-judicial killings" (Study Centre on Turkey 5/1/00). Although the US has a virtual monopoly on this market, millions of pounds of

trade in military list goods has been licensed by the UK government which, judging by Turkey's past record, will undoubtedly be used for military aggression and internal repression.

And the pattern seems to be consistent across the board. At the end of Labour's first term in office, Campaign Against The Arms Trade (CAAT)'s Chris Wrigley concluded that "repressive behaviour, denial of human rights and absence of democracy were not accepted as being in themselves reasons for blocking sales. It is clear that intervention against the trade is considered to be marginal and exceptional, and permission is the norm."⁶

The Annual Report, secrecy and parliamentary scrutiny

Monitoring such abuses is difficult because of the secrecy surrounding the arms trade. In their 1997 manifesto Labour pledged to "increase the transparency and accountability of decisions on export licences for arms" and to this end they have instituted the publication of an Annual Report on Strategic Export Controls. Whilst this has been welcomed as a step in the right direction, it has also been criticised for concealing as much as it reveals and for lacking detail. Wrigley, for example, comparing the reports to the government's Defence Statistics publication, suggests that they actually cover "less than a quarter of the real total."⁷ The information in the Annual Report comes in retrospect and CAAT are arguing that details of export licences should be published in advance to enable informed public and parliamentary debate.

Strategic Export Controls

The current legislation on regulation of the arms trade dates back to an emergency measure introduced at the start of WWII which gives the Department of Trade the role of granting authorisation of arms exports (though the DTI consults with the Ministry of Defence, the Foreign & Commonwealth Office and the Department of International Development) and leaves parliament out of the picture. New legislation has been expected for some time but has been delayed by the Blair government. However a draft bill was finally published in March and is now under discussion which would give power back to parliament to enact export controls.⁸ This bill has huge potential and charities such as Oxfam, Saferworld and Amnesty International under the umbrella of the UK Working Group on Arms have been making representations to government on how this could be made most useful. The industry lobbyists, of course, are making their own approaches to government and the outcome of the bill and how it is enforced if it becomes law remains to be seen.

Europeanisation and the EC code of conduct

As the arms trade becomes increasingly internationalised and more adept at avoiding local legislation, the need for co-operation to establish controls at the international level increases. Many arms deals now often involve companies from two or more countries coming together to manufacture goods⁹ and companies such as BAe Systems¹⁰ have become multinational. Licensed production—with the goods being made in the purchasing country—is on the increase.

Whilst the UK government kept its manifesto pledge and pressed for a European Code of Conduct on arms sales which was agreed by EU foreign ministers in 1998, this too is essentially

toothless having been watered down to allow for flexibility of interpretation. To be effective the code needs to be tightened up and be made legally binding (in line with the EU's own internal recommendations).¹¹ Tellingly, in its present form, the code has not been objected to by the 'defence' industry.¹²

In July 2000 in a disturbing counter move which received comparatively little publicity, the UK government along with France, Germany, Sweden, Spain and Italy signed the clumsily entitled Framework Agreement Concerning Measures to Facilitate the Restructuring and Operation of the European Defence Industry.¹³ According to Wrigley, this agreement represents a "leap forward" in the "Europeanisation" of the arms industry. "Reducing licensing and obscuring exports from outside scrutiny, the main object of the agreement appears to be to promote the export of European weaponry around the world (in competition with the US) and to keep restrictions to an agreed minimum." The EU assessment of the operation of the EU code also notes concern "at the risk posed by the current process of liberalisation of the European defence industries."¹⁴

Even if effective controls were to be established by the EU it's possible that the US, Russia or China might step in and pick up the order. So, ultimately, binding global agreements are required. Since the five permanent members of the UN security council—US, UK, France, Russia & China—also happen to be the five largest arms-exporting countries in the world¹⁵ perhaps the UNSC is not the best forum for tackling this issue. The UN itself, is starting to take an interest and is holding a major conference on the critical issue of small arms in New York in July this year.¹⁶

Land mines and Torture equipment

Early successes claimed by Cook included bans on land mines and torture equipment. On the ban of "the use, production, transfer and stockpiling" of land-mines Wrigley says that "public opinion was strongly in favour of a ban."¹⁷ Moreover, the UK had not been making these weapons for a considerable time. There was thus some military interest to be overridden, but not an industrial one." And according to Pilger, the ban on electric-shock batons, leg-irons and other 'torture equipment' "merely enshrined in law a de facto ban that was already in force".¹⁸

Government Support for the Arms Trade

The difficulty the government now has in regulating arms exports is due in part to the fact that it has become a central part of UK foreign policy to actively promote them. And this is due substantially to The Defence Export Services Organisation (DESO) which was set up by Harold Wilson's Labour Government in 1966 under pressure from the arms industry and with the specific



Above & next page: Some examples of modern art

brief of ensuring “that, within the limits of government policy, as much British equipment as possible is sold overseas.”¹⁹

From modest beginnings with seven staff, DESO had grown by 1998 to an organisation employing 660 people²⁰ and maintaining twelve overseas offices.²¹ The department provides marketing assistance and military advice to exporters, organises promotional tours and arms exhibitions including the biannual Farnborough air show to which the government invites buyers from over 90 countries.

The heads of DESO are seconded from the arms industry—effectively giving the industry a voice in government.²²

The twin pillar of government support is the Export Credit Guarantee Department (ECGD) part of the Department of Trade and Industry. Because many arms sales are to countries who are too poor and/or too unstable to guarantee payment, many UK arms exports could not take place without the credit facilities and guarantees against default provided by the secretive, unaccountable, and scandal-ridden ECGD. In 1998/99 arms exports accounted for 52% of total ECGD

credits, which, as CAAT pointed out, is an extraordinary proportion considering arms exports generally comprise less than 3% of the total visible exports. When a default occurs (not infrequently), the UK taxpayer picks up the bill.²³

In January 2000 Gordon Brown announced that he was adding 22 additional poor countries to a list of 41 already banned from export credits for arms sales.²⁴ This has been criticised as tinkering since the majority of arms sales are not to these countries.

CAAT has been campaigning for an end to all Export Credit Guarantees for military purchases and 118 MPs have signed an Early Day Motion which calls on the government “to end export credit guarantees for military equipment and to negotiate a European Union-wide ban on the availability of export credit for military exports.”

Regulation of the trade will never be successful when the government’s own policy is to promote arms exports and the machinery to do this remains in place. So why does the government continue to promote arms exports?

Knee Deep in Foreign Policy

The fact that the arms exports trade sustains jobs is usually the government’s first argument. How important this is to them can be seen from the fact that, since 1980/81, cuts in government defence spending and the policy of opening contracts to international competition has meant that some 320,000 jobs have been lost in the UK ‘defence’ industry. This is twice the total number of jobs sustained by the exports industry.²⁵

The economic arguments given for maintaining an unregulated export trade²⁶ are also looking to be increasingly bogus. Financial Times journalist Sir Samuel Brittan, for example, has been busy recently exploding these myths.

A study produced by the Centre for Defence Economics at University of York has concluded that the benefits to the UK economy from arms sales totalling £203m a year are far outweighed by the subsidies which amount to £431m²⁸ and Mark Phythian predicts that in

the future “ever greater governmental support will be required to maintain a diminishing share of the market.”²⁹ The fact that the unprofitability of the trade has gone unnoticed is due in large part to the massive arms exporting apparatus (principally DESO) now sitting inside the government which dovetails so neatly with the arms industry.

Yet for Blair and his cabinet, like governments before them, there is a much bigger prize. As a characteristically forthright Alan Clark declared in 1997, “the objective of the Foreign and Commonwealth Office is that our military capability should carry sufficient weight to merit our place on the Security Council and, deriving from that, our place on the various other bodies that determine world policy, such as the Group of Seven.”³⁰ Or in Phythian’s authoritative thesis, “in the post-Cold War world, a healthy arms export industry is still a leading currency of international influence, a passport to a leadership role within NATO, influence over European Union defence and foreign policies, and the route by which the UK seeks to retain global influence.”³¹

To some extent this idea is a delusion. “Rather than bringing influence (over purchasing states),” Phythian concludes, “arms sales have made Britain dependent apologists for insecure governments. Britain’s most enthusiastic clients are corrupt and/or undemocratic, often with problematic human rights records—which Britain has been constrained from speaking out over because of its stake in the arms sales relationship. All too often (arms sales) have served to diminish its authority internationally and corrode values at home.”³²

This is perhaps the most unprincipled trade of them all—a trade that stimulates demand and thereby increases the likelihood of war and internal repression, that is happy to sell to both sides in a conflict, a trade which uses sanitised language to separate itself from its real-life effects and where bribery and corruption are endemic.

Of all New Labour’s Faustian pacts with big business, its warm relationship with the arms trade perhaps represents the greatest threat, and for the government itself, its greatest liability. For the time being little has changed in the grand scheme of things and much greater action is needed to curb this deadly business.

notes

- 1 Providing the armoured cars that took part in the Sharpeville massacre in South Africa in 1960 and the communications equipment which Ugandan mass murderer Idi Amin used to track down his victims (see John Pilger “Flying the Flag: Arming the World” in *Hidden Agendas*, Vintage, 1998, p. 124); and supplying torture equipment to the Rwandan Hutu militia that helped them carry out the genocide of 800,000 Tutsi’s in 1994 (*Guardian* 10/2/00), for example.
- 2 Using up to 50% of the overseas aid budget to secure arms deals—an issue that came to light with the Malaysian Pergau Dam scandal; arming both Iran and Iraq during their decade-long war in the 1980s in which a million people died - even after Iraq’s gassing of 5,000 Kurds in Halabja—and lying about this repeatedly in parliament as revealed by the Scott enquiry; the arming of Indonesia and Pinochet’s Chile; allegations that Mark Thatcher personally benefited from commissions on arms sales including £12m on the Al-Yamamah arms deal with Saudi Arabia, (Pilger, pp. 131-132).
- 3 Mark Phythian, “The Politics of British Arms Sales Since 1964”, Manchester University Press, 2000, pp. 291-292. In the run up to the election Blair was privately assuring the arms industry that a Labour government would not interfere with its trade—see Pilger, p. 142.
- 4 Phythian, p. 297.
- 5 Amnesty International, “Power & Impunity: Human Rights under the New Order”, London, 1994.
- 6 Chris Wrigley, “Labour Pains”, CAAT News Apr-May 2001. In 1998 CAAT calculated that “the UK

licensed military exports to 30 of the 40 most oppressive regimes in the world. Licenses were granted for arms exports to over three quarters of all war zones and regions of tension.”

- 7 *Ibid.*
- 8 <http://www.dti.gov.uk/export.control/legislation/draftbill.htm>
- 9 See the Western European Industry Ownership Jigsaw at <http://defence-data.com/current/pagerip1.htm>.
- 10 BAe Systems are now the largest arms company in the world.
- 11 See the Report on the Council’s Annual Report on the Implementation of the EU Code of Conduct on Arms Exports, by rapporteur Gary Titley MEP for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, 18/7/00.
- 12 Phythian, p. 293.
- 13 <http://www.caat.org.uk/lobbying/Framework%20Agreement.htm>.
- 14 See note 12.
- 15 Pilger, p. 123.
- 16 See “Running Guns - The Global Black Market in Small Arms”, edited by Lora Lumpe, Zed Books, London, 2000 for a definitive analysis of this issue.
- 17 See note 7.
- 18 Pilger, p. 146.
- 19 The department was originally called The Defence Sales Organisation. Its name was changed to DESO in 1985.
- 20 Defence Select Committee, The Appointment of the New Head of Defence Export Services, Second Report, Session 1998-99, para 13
- 21 One each in Australia, Brunei, Germany, India, Indonesia, Kuwait, Malaysia, Philippines, Saudi Arabia, South Korea, Thailand and Turkey.
- 22 In addition to DESO, the government employs 127 military attachés and 239 support staff stationed in 70 embassies and High Commissions around the world at a cost of £30.8 million a year. It is estimated that one third of an attachés time is spent promoting arms sales. An Army Sales Team help show off the goods and oversee the military training of the purchasing country’s personnel that frequently comes as part of the UK sales package. Phythian, pp. 75-76.
- 23 In between 95/96 & 97/98 the ECGD paid out £196 million in claims for defaults on arms exports. “As of February 1999 the ECGD had paid out but failed to recover, the value of arms purchases by a number of leading purchasers: in respect of Indonesia, £11 million; Kenya £16 million; Egypt, £46 million; Algeria, £98 million; Jordan, £253 million. Many of Jordan’s purchases, of course, were in reality destined for Iraq. In addition, there is the Iraqi default itself, the total cost of which to the British taxpayer has been estimated at £652 million.” Phythian, pp. 78-79.
- 24 *The Guardian*, 12/1/00.
- 25 Phythian, p. 30.
- 26 The arguments given include: the cost of the government’s own arms purchases produced by the extended runs necessary for exports; increased exports help keep up our balance of payments; and the industry is a major driver of high-tech research.
- 27 Sir Samuel Brittan, “Why arms sales are bad for Britain”, *New Statesman*, 31/1/00. Brittan also gave this year’s CAAT Annual Lecture the text of which can be found at http://www.caat.org.uk/research/2001Lecture_Body.html.
- 28 See note 7.
- 29 Phythian, p. 322.
- 30 Quoted in Phythian, pp. 32-33.
- 31 Phythian, p. 33.
- 32 Phythian, pp. 323-324.

