

Britain's Amoral Exporter

S Y S T E M S

A National Liability
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Introduction

A Lancashire MP, having heard rumours that BAE Systems was likely to transfer work to countries such as Poland, remarked last summer that its "first moral obligation is to the workforce in the United Kingdom" (Hansard, 26.7.00). CAAT could have told him that the company is impervious to ideas of moral obligation. However virtuous its directors may be as individuals, they have repeatedly made it clear that in their corporate capacity they worship only the great god Shareholder Value. And the Chairman gave warning that companies such as BAE Systems could transfer jobs to the Far East, where governments were prepared to make sizeable investments (Times, 31.1.01).

This year, however, the focus of the alternative briefing is not so much on the company's ethics as on its claim to be a 'National Asset' (the title of its Westminster Newsletter). It will be shown that this private, would-be global corporation is, as one commentator has put it (Independent, 11.1.01), "a subsidiary of Her Majesty's Government", without whose help as customer, financier and diplomatic agent it could not make a pound of profit.

Not that the company's business is any more ethical than before. It continues to sell arms to repressive regimes and to regions of conflict at every opportunity. Its chief executive, John Weston, remarked last August that the rise in the oil price was a "boon" (Times, 16.8.00), since the princes of Arabia, being once more flush with money, could probably be persuaded to buy yet more war-planes that they do not need and cannot maintain or fly. The kingdom of Saudi Arabia is, of course, a totally undemocratic system which perpetrates gross abuses of human rights.

Worse still, the company was happy to supply spares for Zimbabwe's antiquated Hawk aircraft, which were sustaining its predatory intervention in the Democratic Republic of Congo. The UK government, in February 2000, granted the

necessary licences, though a few months later Robert Mugabe's behaviour had become so outrageous that the licences had to be rescinded. It is significantly reported that the Foreign Secretary and other ministers had wanted to stop the spares earlier but were overruled by the Prime Minister, with whom, it is said, the chairman of BAE Systems, Sir Richard Evans, "has a close relationship" (Financial Times, 22.12.00). Indeed, according to an anonymous source, Evans "is one of the few businessmen who can see Blair on request" (Observer, 18.3.01).

It may be, however, that this patronage will not be sufficient, for it is clear from the hostile tone of much recent press comment that the company's arrogance and deviousness have made it many enemies, not only in Europe but also within the UK arms industry and in the Ministry of Defence. It may well be imperilling the close relationship with government to which it owes everything.

Recent History

In the early '90s, following the end of the Cold War, the company was on the ropes. It was rescued by the re-activation of the second phase of the Al Yamamah Agreement with Saudi Arabia, negotiated with the help of Lady Thatcher in 1988, but dormant until 1993. The revival of the Saudi programme at that time no doubt owed much to the salesmanship of Sir Richard Evans, but it would not have occurred without the active help of John Major and the special advantages enjoyed by his Minister for Defence Procurement, Jonathan Aitken. For the next six years Saudi purchases of Tornados (a plane that no other country chose to buy) produced a regular cash flow of something like £2bn a year. The last Tornados were delivered in 1998, but after-sales services still yielded an estimated £1.5bn in 2000.

The company used the proceeds of this gusher very astutely to expand by purchase. It bought into French guided-missile technology by setting up a joint subsidiary called Matra BAe Dynamics. By

taking a 35 per cent stake in SAAB it bought into Swedish aircraft design. Its purchase of the military parts of Siemens Plessey and SEMA gave it entry into electronic control systems just as they were becoming the key element in military technology. But the biggest coup was its £7.7bn purchase of Marconi Electronic Systems, the military arm of GEC, in 1999. This gave it a commanding position in the UK arms industry, supplying some two-thirds of the country's military equipment and a similar proportion of its military exports. To its virtual monopoly of aircraft production, and its earlier acquisition of Royal Ordnance, it now added dominance of military electronics and of naval construction.

The next step was supposed to be the integration of the European aerospace industry. But since that could not be achieved on the company's terms it turned to the United States, where it could exploit the political advantages conferred by the 'special relationship' as well as the financial weakness of the giant US arms companies. It inherited the substantial presence already achieved by GEC in the US and set about adding to it, notably by the \$1.67bn purchase of a major slice of Lockheed Martin, its Aerospace Electronic Systems division. By this deal it edged Lockheed out of the World No.1 position and became itself the largest of all arms businesses, with estimated annual sales worth some \$18bn. The dream of merger with one or other of the big three in US aerospace (Boeing, Lockheed and Northrop Grumman) had to be abandoned for the foreseeable future, as the Pentagon would not permit it (*Financial Times*, 25.9.00). But it has a close relationship with Boeing, and plans a joint venture which would be "less than a merger but more than a project alliance" (*Sunday Times*, 3.9.00). Likewise, though European integration has gone ahead without BAE Systems, it keeps a very influential presence across the Channel; 70 per cent of the output of the merged European aerospace industry (EADS) is in joint ventures with the UK giant.

In spite of this apparently glittering global ascendancy, shareholder value has declined sharply since the Marconi take-over, and especially in the last nine months. In the summer of 2000, shares were standing at 450p and it was reported that the Japanese investment bank Nomura was thinking of paying more than that to acquire the company (*Observer*, 26.9.00). But by mid-January 2001 the price had fallen to 260p. The decline was easily explained by the year's results, which show a fall in profits from £459m in 1999 to £179m in 2000 and an actual loss after tax. Little if any growth is forecast for 2001. The company has tried to appease restless investors by promising jam the year after next (*Jane's Defence Weekly*, 17.1.01), and this has partly mollified them, to the extent that by mid-April the share price had climbed back to around 340p. So it is necessary to take a close look at its achievements and prospects.

Aircraft

In the core domain of aircraft production the company has been reliant for a long time now on collaborative European projects: the Anglo-French Jaguar strike plane, the not very successful Anglo-German-Italian Tornado, its successor the untried Eurofighter, and the very successful civil Airbus, in which it has a 20 per cent stake. The only British solo efforts in recent decades, apart from a few regional jets, have been the Harrier jump-jet fighter, which has ceased production, the Hawk and the Nimrod reconnaissance plane.

The **Hawk** has been a great commercial success. A versatile plane which can double as an advanced trainer and ground-attack fighter, it occupies a niche in the world military aircraft market, the US having no precise equivalent. Sales of some 750 machines have been completed or are in prospect to 17 countries, including Saudi Arabia, Zimbabwe and the Suharto dictatorship in Indonesia, as well as to the RAF, for which, among other things, it equips the Red Arrows display team. However, it first flew in 1974 and is now nearing the end of its marketing

life (*Financial Times*, 5.1.01). The last firm orders, from Australia and Canada, are two years old, and there is an air of desperation about the attempts being made to keep production going. A year ago there were hopes of orders from Brunei, Qatar and the United Arab Emirates, but none have materialised; and in June 2000 the company had to announce the shedding of 850 jobs at the main production plant near Hull (*Flight*, 20-26.6.00).

The main hopes for this plane rest on two highly controversial deals, with South Africa and India. 12 Hawks, with maybe 12 more to follow, are part of a big arms package finally agreed to by the South African government after years of solicitation early in 2000. Many South Africans believe that the weaponry will be a pointless drain on their scarce resources, and the government was won over only by very favourable financial terms and the promise of 'offset' expenditure worth more than double the price of the arms. Even so, there are persistent allegations that the deal was secured only with the help of corrupt payments (*Africa Confidential*, 9.2.01).

For ten years now, the company has been trying to clinch a large order for Hawk trainers from India, and at the end of 2000 it seemed that it had succeeded, even though competitors were offering similar planes at 30 per cent below the BAE Systems price (*Flight*, 13-19.2.01). However, the deal is now in doubt, for the Defence Minister, George Fernandes, who was feted by the company last summer, has had to resign under a cloud of suspicion. Even if it goes through it may be of little benefit to Hull or Lancashire, as much of the work is to be done in India, and Indian finances will allow only a slow trickle of deliveries. But a more fundamental question is why a UK company – or the UK government – should be helping India to build up its military power. A writer in that subversive organ the *Sunday Telegraph* (18.2.01), having seen war-planes roaring over poverty-stricken villages, was moved to comment: "The arms race on the

subcontinent is so barbarously unrelated to resources that one may properly wonder about the role of arms companies in driving it forward". What is more, to help the company clinch the deal, the UK government had to persuade the US to allow the export of helicopter spares, and so to breach the embargo the US had imposed after India's nuclear tests.

It was not only the company that had courted Mr Fernandes. Mr Blair assured the House of Commons (*Hansard*, 7.2.01, col.594W) that during the fallen minister's visit to Britain he had offered his full support for the Hawk proposal. The Prime Minister had also exerted his influence with the South African government in favour of the Hawk/Gripen deal during a visit in January 2000.

The story of the **Nimrods** is a long and unhappy one. These maritime reconnaissance planes were originally built in the '60s and '70s, and in 1976 there was a £1bn plan to equip some of them as long-range surveillance aircraft similar to the US AWACS. Ten years later the scheme was abandoned and 6 AWACs were bought instead, as the RAF had always wanted. But in 1997 BAe, as it then was, won a £2.2bn contract to upgrade the original 21 aircraft. The idea was to take 30-year-old Comet fuselages, fill them with gizmos and attach all-new wings (*Financial Times*, 11.1.01). Not surprisingly there were difficulties; in fact Mr Weston, whose candour, or indiscretion, is often a boon to the company's critics, has called the Nimrod "an accident waiting to happen" (*Financial Times*, 11.1.01). At the beginning of this year the company admitted that the fiasco would lose it £300m and that the planes would be delivered two years late. Lockheed's P3 Orions would have been much cheaper and quicker, and the choice of a British scheme has been called "a political fudge" (*Jane's Defence Industry*, February 2001). Mr Weston tells us that the executives responsible are no longer with the company. However, the chief executive at the time of the contract is the present chairman.

*In the near term the company's hopes are mainly fixed on its 38 per cent share of the **Eurofighter** project, which will eventually deliver 620 planes to the air forces of the UK, Germany, Italy and Spain. The first production models are due in 2002 and from then on there should be "a well-insulated income stream" (Independent, 4.3.01). To do more than cover the development costs, however, it will be necessary to sell the Eurofighter, or Typhoon, to countries other than the project partners; and here the plane comes up against fierce US (as well as French) competition. Having been designed for dogfights in the skies of northern Europe, it is not well equipped for attacks on ground forces. So far the only order is for 60 planes from Greece – and even that has now been delayed until 2004. Last summer the company and (be it noted) the UK government were reported to be talking with the Saudis about a possible new Al Yamamah, which would bring the company £3bn from the sale of 48 Typhoons plus another £3bn for spares and services. 40 Hawks were also mentioned. (Sunday Times, 9.7.00; Guardian, 15.9.00; Jane's Defence Industry, Sept. 2000). Mr Weston, however, has damped down this rumour, and any such coup will depend less on Saudi finances than on the outcome of the impending power struggle within the kingdom. The Defence Minister, prince Sultan, has declared that "it is normal to increase the size of the armed forces" (Sunday Times, 9.7.00), but the Regent, prince Abdullah, is thought to want to spend the money on other things, such as railways in Africa (Africa Confidential, 23.2.01). Both men are old, and no-one knows what line their successors may take.*

*To help bridge the gap between the last Tornado and the first Eurofighter, BAE Systems has turned to the Swedish **Gripen** fighter, which it is marketing for SAAB. This is a highly sophisticated plane, and there are hopes that it will find a ready market in the air forces of smaller countries. So far the only customer apart from Sweden is South Africa, which has ordered 9 planes, with maybe 18 to follow, as part of the package deal already described. The*

Gripen is being heavily touted in the countries of eastern Europe which, in return for extension of the NATO umbrella, are expected to exchange their ancient MiGs for fleets of the latest Western war-planes. But even if they can find the money, the bait of heavy 'offset' investment by UK and Swedish companies may not prevail against the political clout wielded by US suppliers.

*In the somewhat longer term the company's eyes are turned across the Atlantic, to the **Joint Strike Fighter** project, probably "the largest military procurement programme ever" (Jane's International Defense Review, March 2001). The Pentagon plans to buy nearly 3,000 of these planes, which will come in land-based and carrier-based variants, and the UK will buy at least 60 and perhaps 150 of the naval version. It is hoped that a further 2000 planes will be sold to other countries. The US expects its allies to contribute largely to this project, which is intended to ensure the West's military domination for at least the next quarter-century, and the UK government put up £200m towards the early development costs. BAE Systems has been involved in the project from the beginning, collaborating with both the rival bidders, Boeing and Lockheed. In return it expects to win at least ten per cent of the work for the UK, which could be worth as much as £25bn.*

In January 2001 the UK government raised its stake by a further £1.3bn. The decision had been delayed until after the US presidential election at the request of BAE Systems, which wanted to use the money as a bargaining counter (Financial Times, 10.11.00; 22.12.00). It was demanding a larger work-share, joint design authority with the prime contractor, access to software codes, the right to install UK weapons without US consent. It is not clear how much of this ambitious programme has actually been conceded.

Around the time of the US election a shadow fell over the Joint Strike Fighter. It was rumoured that

Bush's advisers were thinking of cancelling it – not of course for pacific reasons, but because they thought it better to skip this technological stage altogether (Independent, 16.11.00; Jane's International Defense Review, January 2001). The news provoked a slump in the share price of BAE Systems, but John Weston shrugged it off, saying that the company could always fall back on the Gripen and the Eurofighter (Jane's Defence Weekly, 14.2.01). But by the same token, if the JSF goes ahead it must be at the expense of the Eurofighter and the Gripen. Weston claims that the company is light on the balls of its feet, and it certainly needs to be, because its whole existence depends on walking a precarious transatlantic bridge.

*For the first time, commercial aircraft made a substantial contribution to the company's performance in 2000, supplying 22 per cent of sales and 16 per cent of gross profit. British Aerospace inherited a 20 per cent stake in the European **Airbus** project from the old Hawker company, and is a little surprised to find that this rather despised enterprise now looks likely to be a financial as well as a technological and marketing success. It thus faces something of a dilemma: how can it remain a partner in Airbus and at the same time cultivate close links with Boeing, its only competitor? At one time last year it seemed likely to pull out of the Airbus, but the UK government changed its mind by lending it £500m as launch aid for the most ambitious Airbus project yet, the "super-jumbo" now known as the A380. Even so, it still seems possible that the company will exercise its option to quit the Airbus Company in 2004. The Europeans could manage without it, for the German component of Airbus, DASA, is able and eager to take on the manufacture of wings, which is the UK contribution.*

The decision will pose in a stark form the need to choose between Europe and the USA, and also between mixed military and civil production and an exclusive focus on 'defence'. The choice is a matter

not only of business calculation but also of corporate culture. BAE Systems thinks of itself as the heir of the people who made Spitfires and Hurricanes and Wellingtons. It is also accustomed to dealing solely with governments and would be less at home in truly commercial markets.

Ships

BAE Systems is now the UK's premier shipbuilder. It owns the old Vickers submarine yard at Barrow-in-Furness and the two surviving yards on the Clyde, Scotstoun and Govan. Outside its control there are only the warship-builder Vosper Thornycroft on the Solent and the remains of three once-great shipyards, which now live from hand to mouth: Harland and Woolf at Belfast, Cammell Laird on the Mersey and Swan Hunter on the Tyne. It is likely that the company did not really want the loss-making Scottish yards but had to accept them as part of the Marconi package. (Weston again: "two yards are one too many and I've now got three", Observer, 18.3.01). At any rate, it is demanding that the government should keep them going and in the process is seeking virtual monopoly of the industry. In this aim it is helped by government policy. Though the Ministry of Defence is committed to the principle of a global market in arms it "ring-fences" warships (Geoff Hoon to the Royal United Services Institution, 24.1.01), on the grounds that it would be unthinkable for the Royal Navy to be dependent on foreign builders. It thus places itself at the mercy of the dominant company.

BAES is very cross that an order for six maritime transports ("ro-ros") was divided between Harland and Woolf and a German yard, and that two landing-ships were ordered from Swan Hunter; and in the latter case it has forced the government to order two additional and unwanted vessels from Govan (Spectator, 9.12.00). The ending of the Trident programme at Barrow was followed by orders for three nuclear-powered conventional submarines, and the company is pressing for three more of these to be built. There was an intention that 12

new Type 45 destroyers should be divided between BAES and Vosper, but the first three have gone to BAES, which is trying to relegate Vosper to the building of small ships (Financial Times, 19.2.01). It threatens that if it does not get the whole £6bn contract it will withhold its planned investment of £150m at Scotstoun, and so effectively pull out of warship building altogether (Guardian, 2.3.01).

This is a ploy it has used successfully before. In 1999 the MoD placed an order for propellant in South Africa, at the expense of the BAES subsidiary, Royal Ordnance. The company then proposed to sell the whole operation to the Germans, leaving the government without a domestic supplier of ammunition. As a result, Royal Ordnance won a ten-year guarantee of orders sufficient to keep it in profitable business. The shipbuilding threat, however, has led to a state of what has been called “open feud” between the MoD, BAES and other contractors (Observer, 18.3.01). The chairman of Vosper has called the company’s behaviour “outrageous”, and a probably inspired article in the Spectator (9.12.00), by an MP with MoD connections, has commented on the “all-too-comfortable relationship between a public-sector customer and one giant UK provider.”

Transatlantic Systems

The name “BAE Systems” proclaims that the company no longer sees itself exclusively as a manufacturer of ‘platforms’, such as planes and ships, but as a designer and integrator of the electronic circuits that are the key to the functioning of modern weaponry. There is even a suggestion that it may get out of platform-building altogether. This trend is linked with the other major shift in its orientation, which is towards the immense US market. Already some 30 per cent of its sales are to the US Department of Defense, as against only 16 per cent to the MoD, and its North American work-force is variously stated as 18,500 and 25,000. It has been said that “the hinge of the company’s destiny is in the United States” (Jane’s Defence

Weekly, 26.7.00).

Its penetration of this market owes everything to the ‘special relationship’ which enabled the UK government to negotiate an agreement in 1999, whereby BAES would be allowed to bid for US military contracts as though it were a US firm and was given the green light to make US acquisitions, provided it did not attempt to take over or merge with one of the major companies. However, it is not likely to be allowed the role of prime contractor for a major programme. Instead, it functions in the US as a prolific “second-tier” supplier of subsystems – radar, communications equipment, fire-control mechanisms and the like. These are made by US subsidiaries and contribute little or nothing to UK employment.

The US government and the big US companies, however, expect reciprocity, and at present they are not getting it. Both Boeing and Washington were annoyed by the assistance given to the new Airbus project, and by two other UK government decisions in the first part of 2000: to order a military version of the Airbus, the A400M, to meet the need for military transport planes that had been felt for a long time and was cruelly exposed in the Kosovo campaign; and to arm the UK’s Eurofighters with Meteor missiles to be developed by a European consortium led by Matra BAe Dynamics. In the first case the RAF would certainly have preferred a mix of Lockheed 130Js and Boeing C17s. In the second case the US company Raytheon was pushing its own missiles with the public backing of President Clinton. In both cases interim US purchases will have to be made because the Anglo-European offering is years away from being ready.

The Company and the State

These highly political decisions expose a whole raft of contradictions, which have been searchingly discussed by the Economist (23.12.00) in an article that portrays the chairman as ‘Sir Janus’ (that is, ‘Mr Facing-Both-Ways’). On the part of the company

there is the urge to gain entry to the massive and growing US market, but at the same time to preserve its near-monopoly of the UK market from both internal and external competition. On the part of the government there is the urgent need to get value for money, which usually means buying US equipment, and on the other hand the equal or perhaps overriding desire to protect UK jobs and the "defence industrial base" without which, it assumes, Britain would not be a power in the world. John Weston has recently expressed interesting thoughts on this dilemma (Jane's Defence Weekly, 14.2.01). Ideally, he says, there would be two or three transatlantic arms companies competing against one another. The government could then, he claims, enjoy cheap hardware and also keep British jobs, because the UK component of each company would be able to insist on 'work-share'. He points out that his own company is already transatlantic, and will be more so as its alliance with Boeing develops. Lockheed has a presence in the UK and may possibly ally itself with EADS, while the French electronics company Thales (formerly Thomson-CSF) has a joint venture with Raytheon.

Indeed, this kind of global competition is already happening. For the two new aircraft carriers planned by the UK, two companies have been invited to bid for the role of prime contractor: BAE Systems and Thales, and both will have US partners. For the "Future Air Tanker" requirement, estimated to be worth £9bn, two teams are in competition: BAE Systems plus Boeing, and EADS in alliance with Thales, Rolls-Royce, the UK company Cobham and the US firm of Brown and Root, part of the Halliburton empire controlled by Vice-President Cheney. However, real competition needs more than two or three players. Also, the whole transatlantic concept assumes the continuing political and economic solidarity of "the West"; and that is now clearly under strain, especially with the accession of President Bush and his aggressive pursuit of purely US interests.

Foreign competition, then, is unlikely to do much to weaken the grip of BAE Systems on the United Kingdom's military procurement, and it is trying to extract even more profit from the taxpayer. During the 1980s there was a radical reform of the system, away from the infamous cost-plus arrangement, which had made arms contracts a licence to print money. "Smart procurement" was designed to force the companies into cost-cutting and insure against excessive profit margins. Latterly, however, there has been a partial regression. Once the military have decided a requirement, a supplier is selected, sometimes without competition, and an Integrated Project Team sees the scheme through from initial design to full production. This inevitably creates a cosy relationship between purchaser and provider. But the company now wants to go further. It has set up a "Futures" division, which will "work with the MoD on affordable, technically compliant solutions for emerging UK requirements". The implication is that in future the company will tell the military what they are going to need. It will not rest, in fact, until 'UK plc' has become a subsidiary of BAE Systems.

That is of course an exaggeration, but not as wild as might be thought, for the company has very great political clout; threats to transfer work abroad, while belying its pretension to patriotism, send shivers down the spine of tens of thousands of UK voters, not least in marginal constituencies such as those of central Lancashire. Its tentacles are now stretching beyond manufacture. It is planning to take over most of the servicing of the UK's military machine, as more and more MoD activities succumb to the doctrine of the Private Finance Initiative. Its research contracts give it power over grant-hungry universities. Its patronage increasingly dominates the engineering profession. In fact, one of the chief counts against the company is that its Arabian money is enabling it to hire far too large a proportion of the country's scientific and engineering talent, which is thereby diverted from more useful employment.

The Future

What then should be done about this behemoth? Could it be civil-ised? Not long ago the answer would have had to be a definite No. Commercial aircraft production was unprofitable and more drastic kinds of conversion were hard to envisage. But the success of Airbus has begun to change the climate. "For the worse", some would say; not everyone welcomes the growth of environmentally-hostile air transport. But there are other possibilities. A writer in Jane's Defence Industry, no less, (January, 2001) has wondered whether the company might "be able to unburden itself of a lot of defence-related baggage". He asked, for instance, where its communications business would go after the conclusion of current MoD contracts, and suggested the answer: "without civil telecoms, into a decline." That was unfortunately written just before the bottom dropped out of the telecoms market; but in the longer term the prediction is likely to be true. The company has itself set up a "Ventures" division to explore civil applications for its expertise. This, however, does not mean that it intends to reduce its weapons-trading business. Rather, it seeks to widen its empire, the new activities being seen as an addition to, not as a substitute for arms production. But the move does suggest a possible, though unintended, way ahead. Any such change of direction, however, as already noted, would be difficult to achieve under present management, which is deeply committed to the making and selling of weapons of war.

Should the company be taken back into public ownership, and thus brought under the control of a government that professes to have a moral vision? The disadvantage is that the state would have an even more direct interest in the promotion of the arms trade, and this might overrule its moral inclinations. So nationalisation would need to be accompanied by a firm decision that in future military production would be solely for UK and European military needs. The UK should cease arming oppressive regimes or countries involved in an

armed conflict or in a region of tension. In addition, there is no reason why the UK should help to arm the United States, as BAE Systems is now doing, and its transatlantic holdings should be disposed of. Incidentally, it is reported to be collaborating with Lockheed on a radar project "focussed on theatre ballistic missile defence" (Jane's Defence Weekly, 16.8.00) – that is, it is assisting in the 'Son of Star Wars' scheme, which most people in this country think is a very bad idea.

Two things at least are clear. First, the company cannot go on being allowed to have things every way at once: to be simultaneously global and British, European and American; to press for a world free market and keep the UK market as its own preserve; to move work to places where labour is cheaper and pose as champion of the British worker; to ally itself with Boeing and keep a share in the Airbus.

Secondly, the government must stop treating this private company as its favourite nephew. In awarding contracts it should seek value for money, and it should abstain from helping it to sell its products overseas, whether through the MoD's Defence Export Services Organisation, by export credit guarantees or by diplomatic pressure. For not only are the objectives of the arms export business unethical, but its processes are inherently corrupt.

A financial journalist remarked in January that shares in BAE Systems were "not for faint hearts, bunny-huggers or believers in world peace" (Daily Telegraph, 11.1.01). "Faint hearts" belong to those who realise that the company's prospects are to say the least uncertain. "Bunny-huggers" are of course meant to be CAAT supporters. The phrase "believers in world peace" no doubt had a similar sarcastic intention, but it contains a profound truth: this company's interest is that the world should never be at peace.



Campaign Against Arms Trade (CAAT)
11 Goodwin Street, London N4 3HQ
Tel: 020 7281 0297
Fax: 020 7281 4369
Email: enquiries@caat.demon.co.uk
Web: www.caat.org.uk