Arms export jobs make up 0.2% of the UK workforce and arms exports comprise less than 1.5% of total exports.

Arms export jobs are subsidised by at least £9,000 per job per year.

The Government could choose to support other sectors that will provide long-term benefit and are urgently needed.

The jobs argument dominates the arms debate and is used to brush aside concerns about ethics and wasteful public spending.

Clinging to this argument is a Government necessity – it is the only line the UK public will accept when it comes to selling arms. The argument is used because it is believed rather than because it is true.¹

**Government:** Ministers know the jobs argument is unsound – a report co-written by MoD economists concluded that “the economic costs of reducing defence exports are relatively small and largely one-off” and that “the balance of argument about defence exports should depend mainly on non-economic considerations.”² The MoD acknowledged this in its Defence Industrial Strategy.

However, ministers continue using jobs to justify their otherwise indefensible actions.

**Arms companies:** The use of the argument by the major arms companies is purely tactical. They have little real commitment to UK workers. The location of jobs has become primarily a bargaining chip for obtaining arms contracts, which at the moment puts the impetus on siting production facilities in the US. BAE Systems already has many more workers in the US than in the UK.

Jobs: from headline highs to small-print lows

BAE’s sale of Eurofighters to Saudi Arabia, not to mention the dropping of the corruption investigation relating to previous deals, were sold to the public on the basis of UK jobs. However, not only were the numbers greatly exaggerated (50,000 UK jobs were quoted in many papers, in contrast to a figure of just 5,000 from a study commissioned from Eurofighter itself) but an assembly line is expected to be set up in Saudi Arabia for the production of two-thirds of the aircraft.³

Similarly, 66 Hawk jets were sold to India, but 42 of these are being manufactured under licence in India by Hindustan Aeronautics Ltd.

**Seeing beyond the spin**

**Job figures**

The 55,000 arms export jobs make up less than 0.2% of the UK workforce and less than 2% of manufacturing jobs.⁴ Arms exports comprise only 1.5% of total exports,⁵ and even this is an overestimate of their importance as many of the components of UK arms exports were imported in the first place (approximately 40% of the value of the exports⁶).

A further 155,000 workers are employed to produce equipment for the UK armed forces.⁷ The arms industry total of 210,000 jobs makes up less than 0.7% of the UK workforce and around 7% of manufacturing jobs.
Since the height of the Cold War, employee numbers in the sector have dropped rapidly, levelling out over the past few years as shown by MoD statistics (see chart 8). There is little reason to expect numbers to increase again given the capital-intensive nature of the industry and the setting up of production lines in buyer countries.

**Arms export subsidies**

There are a wide range of Government subsidies for arms exports, ranging from arms promotion by defence attachés, ministers, royalty and the UK Trade and Investment's Defence & Security Organisation (UKTI DSO), to subsidised export insurance and research & development (R&D) support.

It is difficult to establish a figure for the total subsidy due to the limited availability of official information as well as debates around methodologies and assumptions. However, the best available information indicates a subsidy in the range £500 million to £1 billion. Even at the lower end this would mean that each arms export job was subsidised to the tune of £9,000 each year.

There is no question that many arms export jobs exist only because of the subsidies and preferential treatment that arms exports receive.

**A vital sector?**

**Skilled workers in a skills shortage**

The acknowledged shortage of engineers means arms industry workers have skills that are in demand. BAE likes to portray itself as a major provider of high-tech jobs, but these jobs are dependent on R&D funding provided by the taxpayer that could be put to much better use.\(^{11}\)

Due to their skills, there is little question that unemployed arms workers are likely to find new jobs more easily than workers laid off in most other sectors. Beyond this, MoD economists have calculated that if arms exports were halved, a third MORE jobs would be created over the following five years. These would be at lower wages on average, but the calculation does not include any Government intervention or support for alternative work.

**Alternative and useful jobs**

However, the Government could actively create opportunities by redirecting resources into other areas. Probably the most obvious, pressing sectors are those relating to carbon emissions. Climate change is widely acknowledged as the most severe threat to national and international security, but because a military and military-industry mindset dominates within Government, the financial resources allocated to addressing climate change are tiny relative to those wasted on arms production.

Investment in renewable energy and energy efficiency are vital requirements for a meaningful reduction in UK carbon emissions:

- In 2007 Government-funded R&D for renewables was around £42m,\(^{13}\) compared to £2,598m for arms\(^{14}\) and total military expenditure of £34,045m.\(^{15}\) There has been some (unquantified) increase in renewables R&D in the intervening period, but it remains a drop in the ocean of arms spending. Renewable energy technologies require both skilled workers and investment. Both are being wasted on arms production.

- A Greenpeace report using case studies of programmes in other countries demonstrated that “an annual £5 billion investment in domestic energy efficiency would create around 55,000 jobs directly. Hundreds of thousands of jobs would be created indirectly.”\(^{16}\)

There are clearly other socially-useful areas where Government support might be re-directed (such as transport), but climate change is a striking example of where resources wasted on the arms trade could be redirected to increase both security and employment.\(^{17}\)
**Arms-dependent locations**

There are a few locations that might be disproportionately affected by a curtailing of arms exports. So, as well as targeting particular sectors for support, the Government could choose to target resources at the more affected locations.

This would not be a major undertaking. A common misconception is that UK arms industry jobs are primarily in areas of high unemployment. In fact, the largest numbers of military industry jobs are in the South West and South East where employment is relatively high. The North West, where unemployment is higher, is the third largest arms producing area.

**Table: Regional employment from MoD equipment expenditure**

<table>
<thead>
<tr>
<th>Top UK regions</th>
<th>Direct jobs, 2006/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>South West</td>
<td>23,000</td>
</tr>
<tr>
<td>South East</td>
<td>21,000</td>
</tr>
<tr>
<td>North West</td>
<td>15,000</td>
</tr>
<tr>
<td>East of England</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Across the whole of the UK, there are only a handful of localities that could be described as having a residual dependency on arms employment. Of these, only three sites – BAE Warton in Lancashire, BAE Brough in East Yorkshire and AgustaWestland (owned by Finmeccanica of Italy) in Yeovil – have significant export contracts.

**A change of direction**

Arms industry jobs have a political status and a hold on the public that is entirely at odds with their economic importance. This status is used to skew debate and sideline concerns over security priorities and arms policy.

Taking the unsound jobs argument out of the equation and sidelining arms industry vested interests could lead to policies orientated towards genuine human security and economic benefit.

**Responding to the recession**

The response to the ‘credit crunch’ has shown that politically it is entirely possible for the Government to intervene in individual sectors of the economy, and with colossal sums of taxpayer money. A shift in resources from arms to areas that would reduce carbon emissions might be politically monumental, but would be financially small.

How investment is redirected would depend on the outcome desired:

- If the Government wanted to focus on highly skilled jobs in a capital-intensive sector (which arms production is), it could move towards renewable energy technologies. Unlike arms production, an established and supported renewable energy sector could be expected to expand substantially.

- If the Government wanted to create the maximum number of jobs, it could invest in more labour-intensive energy efficiency programmes.

**Security:** a broader security policy that moved away from military solutions and the arms industry’s agenda could mean radically reduced arms exports and the end of military aggression by the UK. Both would result in reduced conflict and instability. Conversely, there could be increased international and national security due to a step-change in the resources available to combat genuine threats, notably climate change.

**Economics:** public resources could promote a vibrant, high-tech renewable energy sector – an area of growing demand – and energy efficiency programmes which would provide a significant immediate boost to the workforce.

Both security and economic requirements point towards a switch from arms production to reduction of carbon emissions.
The jobs argument is effective because: its relentless use has led to common acceptance; there is a belief, partly rooted the Cold War era’s higher arms production, that the industry employs more people than it actually does; the media is largely unquestioning in its use of government and arms company arguments; and we all empathise with individuals who lose jobs.


Jane’s, 5 March 2008. It is also suggested that 10,000 skilled jobs would be created in Saudi Arabia as a result of the deal (Jane’s Defence Weekly, 19 September 2007).


DASA, UK Defence Statistics, 2008, Table 1.10 and previous Defence Statistics

CAAT estimated a subsidy of £888m in May 2004 and in September 2004 BASIC, Oxford Research Group & Saferworld published Escaping the Subsidy Trap, which estimated a subsidy of £483m–£936m. The range is due to whether or not the research and development element is included.

Examples include: the opening paragraph of Royal Academy of Engineering report, Inspiring Women Engineers, January 2009; It has been reported that, in order to recruit engineers, BAE has been ambulance-chasing companies that announced redundancies (Defense News, 8 September 2008).

BAE Systems’ 2008 Annual Report (May 2009) states that the company’s total R&D expenditure was £1,044 million, but that only £211 million was funded by the company. The other 80 per cent was funded by ‘customers’, i.e. Governments.


International Energy Agency online database.