



EXECUTIVE SUMMARY

# From revolving door to open-plan office:

The ever-closer union between the UK government and the arms industry

Dr. Sam Perlo-Freeman

The arms industry in the United Kingdom (UK) enjoys unprecedented access to the highest levels of government and exerts an excessive influence over government, thereby skewing policies to its own interests to the detriment of both the UK public interest and global peace and human rights. While the concept of a “military industrial complex”, and the undue influence this gives the arms industry, has been widely explored in the US, there has been less recent work on the subject in the UK. After providing an overview of the size of the UK arms industry and its key players, this report presents detailed data and analysis to examine the key channels of arms industry influence, the reasons why it has been able to attain such influence, and its resulting impacts.

While many industries and interest groups may legitimately seek to influence government policy, such influence becomes excessive and potentially harmful when:

- It *creates or exploits the private interests of decision-makers*, such as through unconstrained political donations, or a ‘revolving door’ whereby a large proportion of key decision-makers go on to work for the very industry their decisions involve.
- It has *privileged access to decision-makers* not available to other actors, giving the industry or interest a dominant voice that excludes other voices, interests, and ideas.
- It is able to *skew public debate of issues concerning its interests* in a way that excludes contrary ideas and interests.
- *Structures and institutions* are arranged to embed an industry’s influence in government in a way that is very difficult to challenge or change.

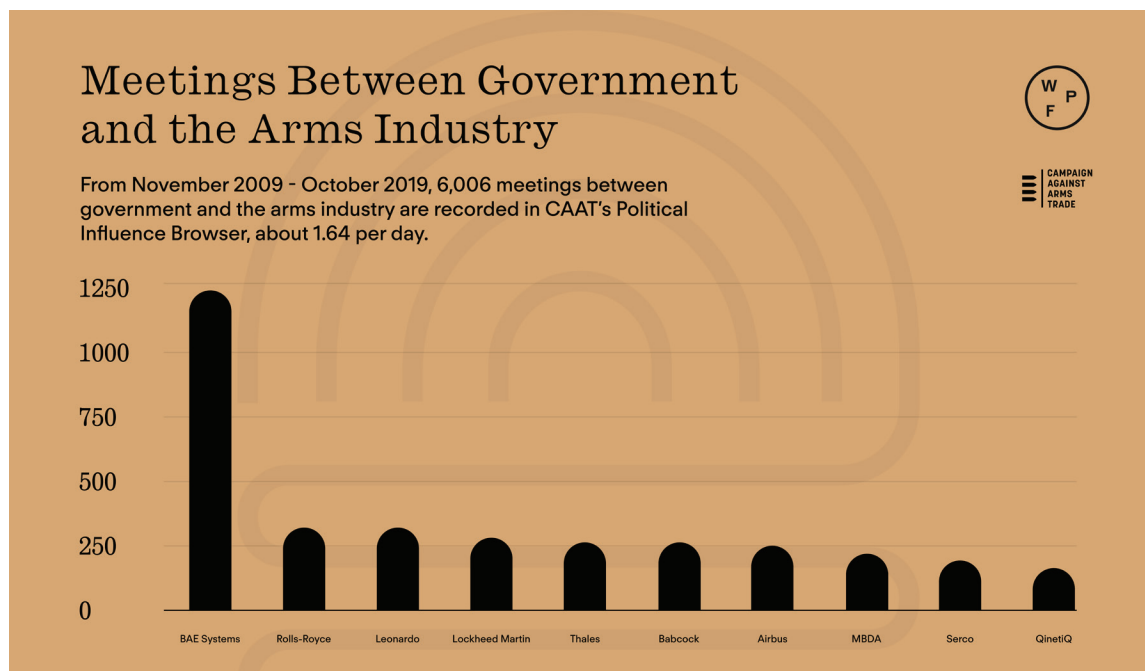
## Channels of influence

### Money

- *Political contributions* by arms companies or individuals closely linked to them are rare and do not constitute a significant means of influence, in contrast with the US.
- Some arms companies make use of *professional lobbying* organisations, although the extent is hard to determine due to weak transparency. It seems to be a less important channel for the larger companies compared to ‘in-house’ lobbying by Government Relations officers or top company management.
- In the UK, Parliament has limited power over defence policy and budgeting. Accordingly, arms industry activities with parliamentarians mostly consist of low-cost *soft influence* through sponsorship of All Party Parliamentary Groups and the Armed Forces Parliamentary Scheme, aimed at creating a favourable climate of opinion for arms companies among MPs and peers.
- Arms companies, as well as branches of the UK Ministry of Defense (MOD), provide significant *funding for think tanks* dealing with military, security, and foreign policy issues. The International Institute for Strategic Studies is particularly dependent on arms industry funding.

### The revolving door

- The *revolving door* is a regular occurrence and represents an important potential channel of influence for the industry. Since the mid-1990s, ‘revolvers’ from government to the arms industry have included 5 Secretaries of State for Defence, 6 junior defence ministers, 4 Chiefs of the Defence Staff, 2 MOD Permanent Secretaries, 3 heads of MOD arms procurement, and 2 National Security Advisors.
- Analysis of the most senior military and civilian personnel leaving the MOD between 2010 and 2021 found that over 40% moved into roles in the arms or security industries, including a narrow majority of top military officers and a clear majority of those personnel working most closely with the arms industry in procurement roles.
- Transparency International’s analysis of data from the Advisory Committee on Business Appointments (ACOPA), which vets moves to the private sector by top officials, shows that those transitioning from government to the arms industry were far more likely to come from roles relevant to their new position than for other industries.
- The regulatory framework for the revolving door is very weak. ACOPA lacks statutory basis, enforcement powers, or even monitoring capabilities. Even when ACOPA’s rules and advice are strictly adhered to they contain huge loopholes.
- Another channel of arms industry influence through the exchange of personnel is a regular and substantial flow of secondments from the industry to the MOD and the Department for Business and Trade.



Source: CAAT political influence browser, [https://caat.org.uk/data/influence/..](https://caat.org.uk/data/influence/) Graphic: playedapixel, 2024

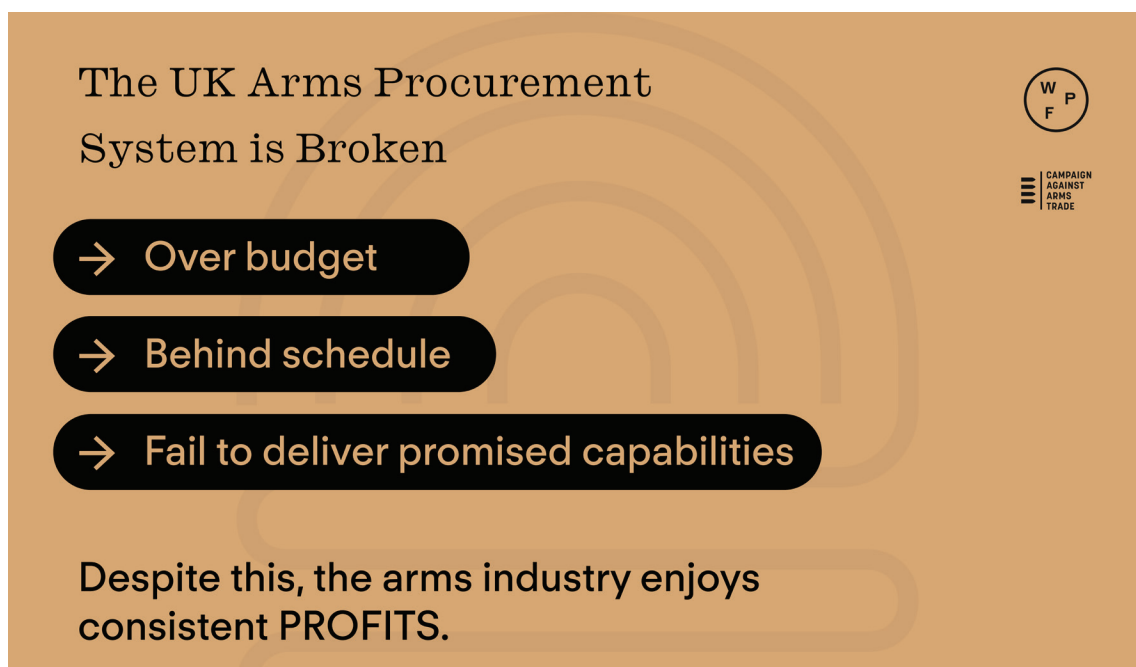
## Access to government

- The arms industry enjoys unparalleled access to the highest levels of government. Ministers and top civil servants from the MOD and other relevant departments **met with arms companies on average 1.64 times a day** from Nov. 2009 - Oct. 2019, according to data collected by CAAT.
- BAE Systems had by far the most meetings with government during this period, totaling 1,238 meetings. Of these, 219 can be characterised as 'lobbying' meetings, where BAE Systems was the only company represented, either their Chair, CEO, and/or a Government Relations officer was present, and the topic of the meeting was general and not related to any specific programme.
- An analysis of ministerial meeting data provided via the Transparency International website shows that BAE Systems had more meetings with ministers, and more with a Prime Minister, than any other private company, with Airbus and Rolls-Royce also holding high positions on the list of top companies by meetings.<sup>1</sup>
- Arms industry influence is also embedded in government through government-industry forums such as the Defence Suppliers Forum and the Defence Growth Partnership (DGP). The DGP is premised on the notion that arms exports are an important instrument for promoting economic growth.
- The arms and security industries have a dedicated agency within the Department of Business and Trade, known as UK Defence & Security Exports, with over 100 employees, whose sole purpose is to promote exports by these industries.

## Defence industrial policy

- Arms industry influence has not arisen by accident, but as the result of deliberate policies of successive governments, as well as broader political and sectoral trends.
- The consolidation of the UK arms industry in the 1990s and 2000s led to the emergence of BAE Systems as a dominant player in multiple sectors of the industry.
- Governments' support for greater private sector involvement in public services led to the outsourcing of many defence functions to the arms industry, as well as several major 'Private Finance Initiatives' whereby key capabilities are provided by private companies operating on long-term contracts.
- Defence Industrial Policy and Strategy documents since 2000 increasingly promoted long-term partnership between the MOD and the arms industry, as opposed to a customer-supplier relationship, seeing the two as part of a combined national effort, in spite of the overriding profit motive on the industry side.

<sup>1</sup> <https://openaccess.transparency.org.uk/>



Graphic: playedpixel, 2024

## Impacts of industry influence

### *MOD Procurement*

- The UK arms procurement system is almost universally acknowledged to be 'broken', with major projects frequently going over budget, behind schedule, and/or failing to deliver the promised capabilities.
- Despite this, the arms industry that supplies the MOD enjoys consistent and comfortable profits, and is rarely held to account for failures in delivery, continuing to win new contracts often in spite of poor performance.
- A clear majority of MOD spending on military equipment and services is made through non-competitively awarded contracts. Some top suppliers, namely BAE Systems, Rolls-Royce, and Leonardo, receive around 90% or more of their MOD revenue through such non-competitive contracts. They thus enjoy effectively guaranteed profits.
- While industry influence is not the only reason for the broken system, there are several ways in which industry interests may lead to the persistence of many of the key problems. Procurement reform, which has often been attempted over the years with little success, is unlikely to bear fruit without tackling these vested interests.

### *Arms exports*

- Despite strong UK support for international arms trade control measures such as the Arms Trade Treaty (ATT), and a set of arms export criteria that the government regularly describes as "rigorous" and "robust", these criteria are interpreted in ways that usually favour arms exports.

- Earlier studies from the World Peace Foundation have shown that between 2000 and 2018, the UK provided military equipment to factions involved in most conflicts that were classified as "War". Moreover, from 1992 to 2018, the UK demonstrated no significant difference in its likelihood to sell arms to nations in conflict compared to those at peace, or to authoritarian regimes versus democracies.
- The UK's ongoing arms supply to Saudi Arabia during the Yemen conflict, despite extensive civilian casualties and evidence of war crimes, underscores a broader pattern. Documents from CAAT's legal challenges reveal consistent biases favoring continued arms exports, notably benefiting BAE Systems.
- This favoritism has allowed controversial sales, including Hawk aircraft to Indonesia in the 1990s and components for US F-16s destined for Israel in the early 2000s.
- The UK's leniency even extended to halting a Serious Fraud Office investigation in 2016 into alleged £6 billion bribes tied to the Al Yamamah arms deals with Saudi Arabia since the 1980s.
- While again there are several factors contributing to this pattern, including the desire of governments to maintain a strong domestic arms industry, the powerful position of the arms industry at the heart of government cannot be ignored as one of them.

## Conclusions

- The level of industry influence on governmental decision-making and explicit governmental policies to develop closer relationships with the arms industry have blurred or even erased the boundary between the two. Today, the industry can be considered as a privately-owned facet of the national security state. This is especially true of BAE Systems, which commands a uniquely dominant position within the industry and in its closeness to government.
- The image of a "revolving door" between government and the arms industry might perhaps be replaced with one of an "open plan office" within which both operate, to the exclusion of contrary voices, and with highly detrimental results both for MOD procurement and arms export control.

## Recommendations

### *Fundamental political change*

Disentangling the arms industry from its dominant position in the corridors of power requires not only reforms within the parameters of the current system but also fundamental political change and challenges to the dominant militaristic ideology.

This includes:

- **A fundamental reassessment of the nature of security: what it consists of, who it is for, how it is achieved, and the role of armed force within it.**
- **A re-prioritization of policy and resources away from military power and towards cooperative national and international efforts to tackle the climate crisis and the peaceful resolution of conflicts.**



- **A reassessment of the military forces and weapons systems the UK actually needs to defend against genuine threats requiring military response.**
- **A much more sceptical view of the central and indispensable role attributed to the arms industry in shaping nation and international policies.**

### *Major institutional changes*

Such underlying changes in political thinking could allow more radical measures to disentangle the arms industry from its powerful position in government. Key measures include:

- **Abolish UK Defence & Security Exports, and the Defence Growth Partnership.**
- **Break up BAE Systems into its constituent parts: three UK businesses focusing on submarines, surface ships, and aerospace, with its US businesses becoming a separate US company.**

Other more 'moderate' reforms, many of which have been proposed elsewhere, would nonetheless have a positive impact not only in relation to the arms industry, but also other areas of policy.

### *Lobbying*

- Expand the lobbying register to include lobbying of senior civil servants as well as ministers.
- Likewise, expand the register to include 'in-house' corporate lobbyists.<sup>2</sup>
- Require consultant lobbyists to declare the number of meetings held with each lobbying target on behalf of each client.
- Expand the government's transparency data, which currently publishes broad details of ministers' meetings, to include those of senior civil servants with outside individuals and organisations.
- Provide more detailed disclosure of information on ministerial and senior civil service meetings characterised by a 'lobbying' nature, such as those where policy matters of interest to lobbying organisations are discussed.
- Former ministers, senior civil servants and senior special advisers who perform any lobbying activity should have to register as a consultant lobbyist.<sup>3</sup>

### *Partitioning the office (or jamming the door)*

- Replace ACOBA with a statutory body with powers to impose binding conditions on public servants taking private sector appointments.
- Extend the scope of the Business Appointment Rules to cover all senior civil servants and their military equivalent involving significant policy discretion.

<sup>2</sup> TI UK *ibid.*

<sup>3</sup> TI UK *ibid.*

- Extend the ban on lobbying former colleagues from 2 to 5 years, including a prohibition on working for lobbying firms within a set time limit, including 'consultancy'.<sup>4</sup>
- Extend the scope of the Business Appointment Rules so that they prohibit for two years appointments where the applicant has had significant and direct responsibility for policy, regulation, or the awarding of contracts relevant to the hiring company.<sup>5</sup>
- Government departments should publish anonymised and aggregated data on the total number of applications considered under the Business Appointment Rules, including figures of how many are approved and rejected each year.<sup>6</sup>
- Implement a five-year ban on employees of Defence Equipment & Support, the Defence Infrastructure Organisation, the Submarine Delivery Agency, and other MOD agencies with direct procurement responsibilities from working for major MOD suppliers.

### *Procurement*

- Empower the National Audit Office to carry out advance scrutiny of major government procurement programmes over a certain threshold.
- Likewise, allow the Parliamentary Public Accounts and Defence Committees to conduct advance scrutiny of major programmes over a certain threshold. This should include a power to recommend a cancellation of the programme or a re-tendering.
- The MOD should return to a model of open competition as the default approach to procurement, with a clear national security justification required to override this.
- The MOD should be more willing to consider 'off-the-shelf' purchases, including from other countries, and to cancel failing programmes, so as to create a 'credible threat' to UK arms companies that they cannot expect to automatically win and profit from contracts despite persistent poor performance.
- Increase the powers and scope of the MOD's Sole Source Regulation Office for cases where non-competitive procurement is considered unavoidable.

<sup>4</sup> TI UK *ibid.*

<sup>5</sup> TI UK *ibid.*

<sup>6</sup> TI UK *ibid.*