

**EDITORIAL**

## Arms and the US Imperialism

Facades are created. Hysteria is generated. New words, new definitions and new set of rules are coined to instil a sense of hope among the world community. But beneath this veneer lies the doctrine of self-aggrandisement of the real players of the game i.e. the capitalist mercenaries and their political bosses. Be it globalisation, free trade or 'war against terrorism', all these nomenclatures have shrewdly been used to push forward the business interests of the global corporates and the imperialist-military designs of the United States of America.

In the name of globalisation, we are witnessing the emergence of "Corporate Globalisation" resulting not only in the corporate dominance over governments but also in snatching away the decision making powers of the elected representatives and handing them over to the non-elected officials of the corporate giants, thus allowing them to force the governments to drop those environmental and labour laws which stand in the way of their earning the 'profits'.

This mercenary motive has also been at work behind the creation of war hysteria in the name of "war against terrorism". Be it Central Asia, West Asia or South Asia, wars and war-like situations were created to provide an opportunity to the global corporates trading in war heads and nuclear armaments to push up their business interests. At the same time, the so called 'war against terrorism' was used by US as the pretext to set up its military bases in Central and South Asia and to establish close military ties in South East Asia. In Central Asia, US has set up a new base in Kyrgystan having 3,000 military personnel and combat aircraft. By making Pakistan an ally in its 'war against terrorism', US has also succeeded in setting up its military base in Pakistan. Keen to do the same in India, an Indo-Pak war hysteria was propped up by America, in between not only pushing up the sale of armaments, nuclear heads and surveillance instruments to India but also imparting military training to Indian armed forces and conducting joint military exercise code-named "Balance Iroquois". One can not easily forget the frequent media reports about the possibility of a joint Indo-US patrolling on the LoC. These imperialist and military designs of the US can further be seen in the US acts of providing military aid, armaments, military trainers and advisors to Nepal in the name of counterring Maoist rebellion. The visit of US Secretary of State, Colin Powell to Nepal and the subsequent US announcement of giving an economic aid of 15 billion rupees to Nepal as first instalment to purchase armaments is a clear pointer towards US design to turn the entire South Asia into a fertile ground for its operations.

In this issue of Lok Samvad, we have focussed exclusively on the working of US designs under the shadow of war-clouds and the role played by the global corporates trading in Arms.

- Piyush Pant

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## **Deadly Connections : Corporate Globalisation, Space and War**

*by Carol Brouillet*

The Earth is not dying; it is being killed, not by corporations or institutions, although they certainly play their roles, but by real people, with names, faces and addresses, whose actions and decisions mean “war,” “death,” “starvation,” “illness,” “deforestation,” “flooding,” “drought,” “the expansion of the Ozone Hole,” “climate change,” “violent storms,” “the end of the Cenozoic Era.” ... Fascism and the struggle against fascism shaped the twentieth century. Ostensibly, we have been told, “Democracy triumphed.” But the anti-fascists in Europe, after World War II, were soon labeled “communists” and crushed in country after country, while Nazi’s and their intelligence network were absorbed into the “Central Intelligence Agency.”

The C.I.A. has continually overturned “democracy” in country after country for the benefit of corporation after corporation. According to the dictionary, “Fascism is a system of government that exercises a dictatorship of the extreme right, typically through the merging of state and business leadership, together with a belligerent nationalism.” Mussolini’s Italy and Hitler’s Germany are the classic examples of “fascist countries.” During the “Cold War” the C.I.A. consistently exaggerated the Soviet threat to justify the build-up in nuclear weapons and frighten Americans into supporting the misnamed “Defense Department.”

With the emergence of powerful “transnational corporations” and “transnational institutions”- created by the Bretton Woods Agreement (the International Monetary Fund, the World Bank ...), later the World Trade Organization, (not too mention the less formal Bilderbergers, Trilateral Commission, World Economic Forum ), military alliances such as N.A.T.O. , and the growth of “U.N. peacekeeping forces,” a new “transnational fascism” has come into being. Allegiance to any particular country is superceded by an allegiance to corporate profits, dividing the global elites from the vast majority of the world’s people. The collusion between corrupt elites in Third World countries who sell off their countries’ natural and human resources and the corporate elite in industrialized countries who maximize profits, by taking full advantage of cheap labor in other countries and downsizing their

operations in the United States (or England or Japan or Germany, where “labor costs” are high) show that economic status reveals more about loyalties than nationality.

While economics paints itself as far too complex for most people to fathom, there is a great simplicity to the evolving corporate dominated economic system which places the highest possible value on “profits” or “money” and does not value “human lives” or “the ecosystems” upon which all Life depends. The heart of the global economy remains a “war economy” which is the most lucrative business on the planet; it is in the economic interests of all the major powers to have a war going on. Enemies, particularly “terrorists” justify the “police state” and the construction of more weapons and “defense systems.” Despite the horrific loss of life during all the conflicts in the twentieth century, more people were killed by their own governments than by any wars between nation states. The more “military training” the U.S. offers its’ friends, the greater the human rights’ abuse in those friends’ countries- Colombia is a prime example of this. More and more, war itself is being “privatized,” outsourced to mercenaries. The giant oil companies depend upon the military or private armies to aid in the construction and defense of their operations. Cheney’s, Halliburton, serves the oil industry and the military providing "support services," living off of US wars and "counter-insurgency" operations in Algeria, Angola, Bosnia, Burma, Croatia, Haiti, Kuwait, Nigeria, Russia, Rwanda, and Somalia and elsewhere. Just recently its offshoot, Brown and Root, won the lucrative supply contract for the operations in Afghanistan, hardly a surprise in the revolving door between the government and the major military contractors.

There is little moral qualm to selling arms to both sides in a conflict, particularly in the “Third World” where the understated concern of the “elite” is “over-population”- not “over-consumption.” Subtly the racist nature of institutions encourages the idea that “resources are limited,” “there are too many people,” “fewer of ‘them’ means ‘more for us,’” “wars, while unpleasant, aren’t so bad, if they benefit ‘us.’” Control is paramount, peace, justice, democracy our

luxuries to be sacrificed, if they hinder or threaten the dominant powers.

With the collapse of the Soviet Union, the United States has had to struggle to create the “enemies” necessary to justify its outrageous military budget. The C.I.A. created the ‘monsters’- “Noriega, Hussein, Osama bin Laden,”... In the book, *Dollars for Terror- The United States and Islam*, Richard Labeviere, chronicles the relationship between the U.S. and Saudi Arabia, and their joint effort to create the Al Qaeda network, “Mercenaries for Corporate Globalisation.” Al Qaeda complements corporate control. They are conveniently a target in Afghanistan where we wish to construct bases and control the regions oil and drugs, but Al Qaeda is quietly supported by the U.S. military in Chechnya, Kosovo, Macedonia, Bosnia where their agenda dovetails perfectly with U.S. aims. The Bin Laden family itself has close financial links with the the Bush family and the Carlyle Group (the 9th largest defense contractor in the U.S) illustrates how both families profit financially from the new “War.” Whilst 1600 innocent people of Middle Eastern descent are rounded up for questioning in the wake of 9-11, the supposedly “estranged Bin Laden family” are escorted and flown out of the country on a military plane (when no one else in the country can even fly), and certainly not “questioned by the F.B.I.” despite the finger waving at the supposed “mastermind,” Osama Bin Laden.

Just what role did the C.I.A. play in 9-11? Why was the head of Pakistani Intelligence, Lt. General Mahmoud Ahmad, in the U.S. meeting with the C.I.A. at the time. Bush sent him to Afghanistan to demand “Osama bin Laden.” We know that what Bush really wanted was war, troops were moved into place, the plans had been crafted well before September. When this was printed in the *Times of India*:

The US authorities sought “Ahmad’s” removal after confirming the fact that \$100,000 were wired to WTC hijacker Mohammed Atta from Pakistan by Ahmad Umar Sheikh at the instance of Gen. Mahmoud. Senior government sources have confirmed that India contributed significantly to establishing the link between the money transfer and the role played by the dismissed ISI chief. While they did not provide details, they said that Indian inputs, including Sheikh's mobile phone number, helped the FBI in tracing and establishing the link.

Ahmad lost his job, but he was not apprehended or questioned by U.S. authorities. The mounting evidence, from the fact that no planes were scrambled to intercept the hijacked planes, in complete violation of standard FAA procedures, to the lies of top officials, and the fake evidence used to target selected “culprits” lead me to believe that the U.S. was complicit in the September 11th attacks.

For decades the C.I.A. has waged a relentless propaganda campaign to persuade Americans that “their security lies in an overwhelming technologically superior military force.” For decades the C.I.A. has had “practice” terrorizing and taking over smaller countries. One third of its budget is devoted to “propaganda” and much of that is directed towards influencing the American public. No matter that “Star Wars” isn’t technologically feasible or that it would spur a new arms race, or that it has been designed to overtly allow the “U.S.” to dominate and control the world, the boondoggle means profit to a small global elite, and will allow that global elite to threaten and terrorise the rest of the world.

At this point, the words “us” “them” “we” “U.S.” “transnational elites” become a bit cloudy, just as fascism has evolved from a couple of countries to a phenomena recognised as “Corporate Globalisation” which institutionalizes the dominance of corporations over governments, removes decision making from elected officials to unelected trade bureaucrats, allows corporations to sue governments to wipe out any environmental or pesky labor laws which stand in their way of “profits.” Military pressure is applied to gain local (sometimes state or national) compliance with the transnational corporate agenda. Global elites, such as Henry Kissinger, play dual roles, guiding the hand of the C.I.A. to overthrow “out of line” heads of state, (such as Allende), orchestrating the bombing of Cambodia and other countries (when that seems “necessary”), then putting on a new “hat,” advising Chinese oil companies, in the wake of 9-11. While Clinton was in power, the Bush gang were investing billions and making deals with the countries of Asia. These global statesmen, certainly are not thinking of “America” first... as they create the architecture for a “New World Order” where corporations rule. Despite the rhetoric that demonizes our enemies, including China, on September 17th, China quietly joined the World Trade Organization; the Chinese elite and the American elite have far more in common with each

other (making profits and controlling the masses) than differences.

It is ominous to think of the occult symbolism of 9-11, the anniversary of the Chilean coup, a sacred day for Nazi's, and the U.N. declared "International Day of Peace." Orwell's 1984 is echoed in the rhetoric and behaviour of the White House, and sadly in Congress, who but for a few wonderfully brave examples seem to blithely go along with the "Big Lie" unquestioningly.

On September 11th and the following day, I was more terrified by the media beating the drums for war, than the actual event. It was months before I was able to put the pieces together, to see that the best historical parallel to 9-11 is that of the Reichstag Fire which enabled Hitler to eliminate his opposition, consolidate his power, wipe out democracy in Germany, and install himself as dictator.

The Patriot Act, the Anti-Terrorist Act, the Homeland Security Act are direct assaults upon the Constitution, the Bill of Rights and Democracy. Worse, these pieces of legislation are being mirrored worldwide to criminalize and discourage dissent everywhere. The War on Communism, was replaced by the War on Drugs, and now by the War on Terrorism- broadly defined as any opposition to official power. No matter if the U.S. is the only country to be convicted of Terrorism by the World Court, or that our behaviour as a nation is blatantly illegal and evokes the world's anger; this will not be mentioned by a subservient press. We've lost so much, regressing to before the Magna Carta, to the time of the Inquisition, the times of torture, secret evidence, and secret executions. The heart of the Magna Carta is that no man- even the king- is above the law.

The lies and secrecy which shroud the occupant of the Oval Office, the "National Security Council," violate this fundamental principal, and permit known criminals to wield great power and public office. We have learned that Bush illegally obtained office through a systemic purging of legitimate black voters in Florida, plus the blatantly political ruling of a biased Supreme Court.

The only real visible beneficiaries of 9-11 appear to be the military-industrial-complex/the Bush Administration/multinational oil corporations/drug traffickers, and regimes such as Israel who feel justified in using military force against "dissent/

terrorists" within their borders. The corporate press has swallowed the whole story, hook, line and sinker, refusing to ask hard questions, cheerleading an attack by the wealthiest country in the world against the poorest, silent on the startlingly mercenary motives (installing ex-Unocal representatives to head the Interim government and represent "U.S." interests in the region), and virtually denying access to information that would reveal the magnitude of the suffering, deprivation and death which has befallen the Afghan people, as a result of the war.

Not heartening are the assurances that this is only stage one of a long war which the U.S. wants to expand to countless other countries, Iraq being the favored target, while even more repressive legislation is being pushed through Congress and the States. The politicians assure us that there will be more terrorist attacks and prepare "smallpox vaccines" for every citizen in the U.S.. We are being psychologically prepared for the next assault.

I think the greatest threat to "the Powers that be" are an informed American public. Only an informed American public could rein in the "War on Terrorism," bring to heel an unelected politician whose catastrophic policies threaten all people, everywhere. Granted, I doubt if "W" thought up all this stuff, all by himself, but he is going along with it. Occasionally his dad calls him up to tell him when he messed up, and to get him to remember what he is "supposed to do or say." Those of us, within the U.S., have an especially great responsibility right now, to prevent our government from committing even worse "Crimes Against Humanity."

They are capable of staging "another terrorist attack" in the U.S. to expand the war to Phase Two, both abroad and here. So time is of the essence. Michael Ruppert and Dr. Len Horowitz have warned people about the Model Emergency Health Powers Act, which would allow governors to declare an emergency, force vaccinations, quarantine or isolation upon people, as well as seize of property, and require people to actively "provide services" during an emergency. Are the deaths of fourteen of the world's top microbiologists a warning that designer communicable disease is being prepared for release? The draconian legislature is bad enough, but the companies that are coming up with "smallpox vaccines for the entire U.S. population" bear scrutiny. They are the same that provided poison gas for

Hitler's gas chambers, linked to the contaminated vaccines that spread AIDS in Africa, and linked to the infected blood that killed thousands of hemophiliacs in industrialized countries.

Consider the monopolisation of land, money, food, communications, energy, water by transnational corporations, and the global elite. Are they monopolising the world's resources that human life depend upon for the benefit of humanity or to increase their wealth and power? What does the track record show?

How do the legal, financial, and medical systems mirror the political system?

The companies- BASF, Bayer and Hoechst were responsible for Hitler's dash for power, as well as the main beneficiaries of his conquests, they were the 100% owners of IG Auschwitz, the largest industrial complex outside Germany. The concentration camp Auschwitz was a forced labour camp for this company. IG Farben Board member, Fritz ter Meer testified during the Nuremberg trials that "There was no harm done to the prisoners, because they were to be killed anyway." He was sentenced to 7 years imprisonment for "slavery and looting." He was released in 1952. From 1956-1964 he was the chairman of the board of Bayer AG. In 1962 he was one of the architects of the Codex Alimentarius commission which is sponsored by the United Nations and the World Health Organization, and supported by the U.S. Food and Drug Administration. The Codex Alimentarius Commission wants to BAN all current over the counter sales of herbs, vitamins, amino acids, minerals, and all other supplements. The pharmaceutical companies are planning a global takeover of the vitamin-herb industry, and within a few short years, they will have succeeded by pushing competitors out of the field. They are planning to do it very quietly and carefully through GATT and the Codex Commission. Will our lives and health be sacrificed again for profits, and control?

I used to wonder whether those in power were really stupid or evil. It seems so short-sighted to kill the planet, if you want to live. Someone kindly pointed out to me that "Evil is applied stupidity." Dr. M. Scott Peck wrote "I defined evil as 'the exercise of political power that is the imposition of one's will upon others by overt or covert coercion in order to avoid...spiritual growth'".

I can't agree with Bush's "Axis of Evil" definition. "Racism, Poverty and War" strike me as the real evils on the global scale.

But people are making the decisions, and on a personal level, we need to ask "Why?" How could someone knowingly cause the deaths of hundreds, thousands or millions of other people?

Aung Sung Suu Kyi wrote: "It is not power that corrupts, but fear -- fear of losing power and fear of the scourge of those who wield it."

Those in power live in fear, and the dominant system depends upon Fear and Greed to control humanity.

Much as I abhor the policies of the Bush Administration, I do feel sorry for "Dubya," imagine having Bush Sr. as your father, Director of the C.I.A. . . . , getting initiated into the Skull and Bones at Yale. I fear that the global elite were traumatized as children, and never really bonded with their parents or learned to love. I believe it is our love of life which makes us human, and care so deeply about others, the planet.

Psychologist Erich Fromm defines the struggle between Good and Evil as biophilia (the love of life) vs necrophilia (the love of death). "The necrophilous person is driven by the desire to transform the organic into the inorganic, to approach life mechanically as if all living persons were things," he writes. "The necrophilous person can relate to an object - a flower or a person - only if he possesses it; hence a threat to his possession is a threat to himself... He loves control and in the act of controlling he kills life... 'Law and order' for them are idols..." I believe that it is the inability to love "oneself," the hatred of oneself, which makes someone incapable of loving others, that allows one to condemn "humanity" as evil and rationalize the manipulations, controls or elimination of people perceived to be "uncontrollable" or a "threat."

Our challenge, those who love life and care deeply about the future, humanity, justice, peace is how to transform people, society, and institutions from those which are concentrating wealth and power, destroying the Earth in the process, to those which respect, honor, and value life and nourish peace, freedom, healthy relationships between all Life. Humor, Love, Courage, Truth, Hope and Compassion, are the most powerful tools that we have.

In New York, when we demonstrated against the World Economic Forum, we used humor, song, art to convey our messages. #1- Another World is Possible! #2- They are all Enron; We are all Argentina. The forces of life must rein in the forces of death. The War on Terrorism is a Big Lie; it is truly a War on Democracy, Peace and Freedom everywhere. True national security means healthy relationships between all people, a thriving biosphere, meeting the needs of all, as declared in the International Declaration of Human Rights; secrecy, weapons of mass destruction, designating the bulk of humanity's resources and intellectual ability towards the military is a "threat" to all.

Last February there was a national day of solidarity with the "disappeared in America;" we wore blue triangles to remind people of that time when...

**"In Germany first they came for the Communists, and I didn't speak up because I wasn't a Communist. Then they came for the Jews, and I didn't speak up because I wasn't a Jew. Then they came for the trade unionists, and I didn't speak up because I wasn't a trade unionist. Then they came for the Catholics, and I didn't speak up because I was a Protestant. Then they came for me-and by that time no one was left to speak up." explained Pastor Martin Niemoller (who ended up in a concentration camp.)**

### **NOW IS THE TIME TO SPEAK UP!**

Loudly, clearly, with love, humor, passion, creativity to awaken those living in fear or denial to their connection with the human race, to our responsibility, to our mutual dream and hope for a peaceful, just, joyful, healthy world.

I wear many hats; I am a member of Women's

International League for Peace and Freedom, but I also work with a multitude of groups challenging corporate rule, militarism, injustice. One of these groups hopes to nurture a national movement of solidarity and encourages people to organize events along this theme:

Not In Our Name: The Pledge to Resist

We believe that as people living in the United States it is our responsibility to resist the injustices done by our government, in our names

Not in our name will you wage endless war there can be no more deaths no more transfusions of blood for oil

Not in our name will you invade countries bomb civilians, kill more children letting history take its course over the graves of the nameless

Not in our name will you erode the very freedoms you have claimed to fight for

Not by our hands will we supply weapons and funding for the annihilation of families on foreign soil

Not by our mouths will we let fear silence us

Not by our hearts will we allow whole peoples or countries to be deemed evil

Not by our will and Not in our name

We pledge resistance

We pledge alliance with those who have come under attack for voicing opposition to the war or for their religion or ethnicity

We pledge to make common cause with the people of the world to bring about justice freedom and peace

Another world is possible and we pledge to make it real



### **Boosting Military Aid, Training and Arms**

*By Esther Schrader*

The Bush administration is preparing to provide U. S. military advisors, weapons and special training to governments in Central Asia, the Mideast and Africa over the next six months in an expanded effort to mount proxy fights against terrorists.

The administration has sought a 27% increase in a federal program to bolster foreign militaries. Money, material and U. S. military trainers would go to Indonesia, Uzbekistan, Nepal, Jordan, Pakistan, Kazakhstan, Kyrgyzstan and Uzbekistan.

*Source: L. A. Time, March 5, 2002*

## **U.S. Leads Global Arms Sales' Resurgence in Developing Nations**

*By Inter Press Service News*

Global arms sales have grown for the third consecutive year, according to a new Congressional report. The developing world remains the primary market for conventional weapons and the United States, the chief supplier.

Worldwide arms sales rose to 36.9 billion dollars in 2000, up from 34 billion dollars in 1999. The value of new sales agreements with poor countries - estimated at 25.4 billion dollars - was the highest since 1994.

"Despite global changes since the Cold War's end, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers," writes Richard Grimmett, a specialist in national defense at the Congressional Research Service, in the introduction to the report. Grimmett updates his study every year. The latest edition is entitled 'Conventional Arms Transfers to Developing Nations, 1993- 2000'.

Poor countries bought 68 percent of last year's U.S. weapons output, according to the report. U.S. arms makers signed contracts for some 18.6 billion dollars in 2000, up from around 12.9 billion dollars the previous year. U.S. contracts accounted for 49.7 percent of global sales last year.

Russia chalked up contracts worth 7.7 billion dollars, followed by France with 4.1 billion dollars, Germany with 1.1 billion dollars, Britain with 600 million dollars, China with 400 million dollars, and Italy with 100 million dollars.

U.S. sales were energised by the United Arab Emirates (UAE), which signed a 6.4-billion-dollar contract to buy 80 F-16 fighter jets.

The UAE was the largest buyer in the developing world, purchasing a total of 7.4 billion dollars in weapons. It was followed by India, with 4.8 billion dollars, and South Korea, with 2.3 billion dollars. Pakistan also remained a major buyer.

China's purchases fell to 400 million dollars last year after peaking at 2.7 billion dollars in 1999. But its sales could be poised for an increase, according to the report.

"With a need for hard currency, and some military products (especially missiles) that some developing countries would like to acquire, China can present an important obstacle to efforts to stem proliferation of advanced missile systems to some areas of the

developing world where political and military tensions are significant," it states.

As in much of the 1990s, China and India were Russia's principal clients. As Moscow implements joint production agreements with Beijing and New Delhi, however, the latter could opt increasingly for local production, putting a dent in Russian exports at a time when Moscow needs to generate hard currency.

The report notes that a number of former Soviet clients in the developing world have expressed a desire to update their arsenals but lack the money to buy new Russian weaponry.

Strapped for cash, Russian arms manufacturers have continued to nurture their relatively small business with Iran. According to the study, Russia and Iran signed contracts worth 300 million dollars between 1997 and 2000. Late last year, Moscow announced it would pursue more such deals despite U.S. objections.

Washington has applied both carrot and stick in its attempts to contain that trade while advancing its own military priorities.

On one hand, it has offered to buy Russian interceptors for its national missile defence (NMD) shield and to work on joint development of a number of NMD components - if only Russia would renounce the Antibalistic Missile (ABM) Treaty.

On the other hand, Washington has that any U.S.-Russian venture would be jeopardised by Moscow's weapons relationship with Tehran because this is destabilising and presents a risk that U.S. military and technological secrets shared with the Russians would be compromised.

Arms sales to developing countries have rebounded since 1998, when they fell during the Asian financial crisis.

Despite the economic slowdown, however, developing countries have accounted for nearly 70 percent of worldwide new cross-border arms contracts since 1990, and last year was no exception.

Although the United States has been toppled from the top spot on the supplier's league on a number of occasions, it has consistently dominated the market in terms of actual deliveries, which can follow three to six years after contracts are signed.

It was the early 1990s and then-presidential candidate Bill Clinton was on the campaign trail making promises: "I expect to review our arms sales policy and to take it up with the other major arms sellers of the world as a part of a long-term effort to reduce the proliferation of weapons."

Ah, campaign promises. But the economy was in the doldrums, and the prospect of cutting arms sales -- sugar daddy to one of the nation's largest industries -- didn't thrill either labor or corporate America. What's more, the Gulf War had just ended the previous year, and it was the best extended commercial an arms salesman could ask for. (Indeed, some arms manufacturers incorporated bombing videos into their promotional materials.) Countries were clamoring for the high-tech weapons that made for such good TV.

So, once elected, Bill Clinton did what he does best: He took advantage of the opportunity. Rather than insert human-rights concerns into the arms-sales equation, as did his Democratic predecessor President Carter, Clinton decided to aggressively continue the sales policies of President Bush, himself no slouch when it came to selling U.S. arms.

Early on, Clinton required US diplomats to shill for arms merchants to their host countries. The results were immediate: During Clinton's first year in office, U.S. arms sales more than doubled. From 1993 to 1997, the U.S. government sold, approved, or gave away \$190 billion in weapons to virtually every nation on earth.

The arms industry, meanwhile, has greased the wheels. It filled the Democratic Party coffers to the tune of nearly \$2 million in the 1998 election cycle.

To examine the Clinton administration's eagerness to arm the world, the MoJo Wire has compiled a detailed look at America's top weapons customers during the Clinton years, tallying their total 1993-97 purchases through both the Pentagon (so-called "Foreign Military Sales," or FMS) and U.S. manufacturers ("Direct Commercial Sales," or DCS).

What we found is that while the U.S. obviously sells weapons to NATO countries and relatively democratic allies like Japan and South Korea, it also has a nasty habit of arming both sides in a conflict, as well as countries with blighted democracy or

human-rights records, like Indonesia, Colombia, and Saudi Arabia.

All of this might be justified as a way to maintain a strong manufacturing job-base in the U.S., but some of these sales actually result in jobs being shipped abroad -- while arms manufacturers get tax breaks for merging, resulting in further layoffs here at home.

We examined the top dozen of these arms-exporting corporations, showing which does business where and how each has taken advantage of myriad federal tax breaks, reimbursements, and golden parachutes -- as well as the eagerness of Congress to keep one of the economy's largest employing segments happy.

In a separate story, we detail the arms industry's lobbying strategies in Washington: how it keeps the export pipeline wide open, and easily outmaneuvers Congress' occasional attempt to tie arms sales to human-rights records.

Lastly, we list organizations that you can join or support to help influence U.S. and corporate policies toward arms sales around the world.

Below is a sample of some of our most interesting findings:

### **Shipping Jobs Overseas**

According to the Pentagon, the defense industry laid off 795,000 American workers between 1992 and 1997. At the same time, many of these corporations were sweetening their arms deals to other countries by offering "offsets" -- incentives provided to foreign countries in exchange for the purchase of military goods and services. The programs often include agreements to manufacture some or all of the products in the purchasing country.

Turkey, for example, agreed to buy 160 F-16s from General Dynamics in 1987 (for delivery through 1994) for an estimated \$4 billion -- on the condition that most of the planes be built in Turkey. The offset resulted in 1,500 jobs going to Turkey. In 1992, General Dynamics entered into a similar F-16 offset deal with South Korea and brought 400 Koreans to its Fort Worth, Texas, plant for training, after having laid off 10,000 workers in the previous two years.

Lockheed Martin has continued the trend since it bought General Dynamics' F-16 program in 1993:

In vying for a contract to supply fighters to Poland, it is offering to build an assembly plant there for all future F-16 sales to Central Europe -- so the planes won't be made in the U.S. at all. Makes you feel patriotic, doesn't it?

### **Corporate Pork**

Under a Defense Department policy initiated in 1993, U.S. taxpayers wind up covering a big chunk of the cost of defense-corporation mergers. The tally so far has reached \$856.2 million in perfectly legal write-offs, including \$405 million for the Lockheed/Martin Marietta merger, to name one example. Because of the policy, Lockheed was able to bill the Pentagon up front for \$2.4 million of CEO Norman Augustine's salary.

In 1996, Congress created the Defense Export Loan Guarantee program to finance U.S. weapons sales to foreign countries. Its first beneficiary? A United Industrial sale of pilotless aircraft and training systems to cash-strapped Romania. If Romania defaults on its payments (not a bad bet for a country in economic turmoil), U.S. taxpayers will be left holding the bag:

\$16.7 million. But United Industrial gets paid either way.

### **Arming Both Sides**

The Clinton administration has not been shy about arming potential foes in regional conflicts. For example, two of America's biggest arms customers are Greece and Turkey, which have been threatening to go to war with each other for decades over the tiny Mediterranean island of Cyprus.

Both countries stake a claim to the island, more than a third of which has been occupied by Turkish forces since 1974, and the two have clashed hundreds of times in the 25 years since.

Though barred by Congress from selling offensive weapons to Cyprus itself, in 1997 the U.S. sold (or allowed American corporations to sell) more than \$270 million worth of weapons to Greece and nearly \$750 million worth to Turkey. Now if there's a war, the two NATO allies can blast away at one another with far greater efficiency, thanks to the U.S. defense industry and its cheerleader, Bill Clinton.

*Courtesy: Foundation for National Progress*



### **3 Million May Die in Indo-Pak N-War**

At least three million people would be killed and another 1.4 million seriously injured if even a "limited" nuclear war broke out between India and Pakistan, the British publication *New Scientist* said.

The estimates, it said on its website, come from a new study made by United States' and Asian researchers at Princeton University, New Jersey.

The figure is based on the impact of 10 Hiroshima-force bombs detonated at a height of 600 metres over the five largest cities in India and the five biggest in Pakistan.

The targeted cities used in the scenario are Bangalore, Mumbai, Kolkata, Chennai and New Delhi in India.

The targeted cities used in the scenario in Pakistan were Faisalabad, Islamabad, Karachi, Lahore and Rawalpindi, according to the researchers.

According to the researchers, casualties on the Indian side would be 1.7 million dead and 9,00,000 injured, while the toll on the Pakistan side would be 1.2 million dead and 600,000 injured.

But this toll only comprises the immediate casualties from blast, fire and radiation.

An unknown number of deaths would occur from cancer in future years.

In addition, if the bombs exploded on the ground instead of in the air, the resulting radioactive dust could kill people across hundreds of square kilometres, the researchers warn.

As the prevailing winds are from the west, India is a likelier victim of fallout than Pakistan, they add.

The 10 bombs are only a 10th of the two countries' estimated nuclear arsenal, according to the researchers.

# Outside Assistance to the Indian and Pakistani Nuclear Programs

*By Steven Dolley*

*Nuclear Control Institute, Washington D.C.*

## INDIA

Supplier	Items	Notes
Canada	Cirus research reactor , Cirus reactor fuel, CANDU reactor heavy water plant	Pu used in '74 test, Rajasthan-1, Kota
China	heavy water, LEU fuel (post-1995)	Tarapur 1 &2
France	LEU fuel (1982-1994), heavy water plant fast breeder technology	Tarapur 1 & 2, Baroda, Tuticorin Kalpakkam
Norway	heavy water	illegal transfer
Romania	heavy water (Norwegian origin)	illegal re-transfer
Russia	power reactors	Koodankulam 1 & 2
Soviet Union	heavy water	Rajasthan reactors
Switzerland	heavy water plant	Baroda, Tuticorin
United Kingdom	research reactor fuel	Apsara
United States	heavy water power reactors LEU fuel for Tarapur (until 1982) reprocessing technology	Cirus research reactor Tarapur 1 & 2 for Tarapur (until 1982) Trombay/BARC
West Germany	heavy water heavy water plant beryllium furnaces	illegal transfer Nangal, Talcher (some US-origin; illegal re-transfer)

## PAKISTAN

Supplier	Items	Notes
Belgium	heavy water plant reprocessing technology	Rawalpindi
Canada	heavy water plant CANDU fuel fabrication plant design	
China	nuclear weapon design PARR-II research reactor Khushab reactor fuel fabrication plant (?) heavy water enrichment assistance (ring magnets) power reactors reprocessing assistance	4th Chinese test device  Khushab  to Kanupp reactor  Kahuta Chasma
France	reprocessing technology and components power reactors	SGN
Netherlands	centrifuge designs	stolen from URENCO
Switzerland	enrichment technology	illegal transfer
United Kingdom	reprocessing facility plans	Rawalpindi
United States	research reactor	PARR-I
West Germany	uranium conversion plant enrichment technology tritium tritium purification plant, plans for tritium production reactor furnaces, milling machines, hot isostatic presses, mass spectrometers uranium shipping containers aluminum for centrifuges	illegal transfer illegal transfer    illegal transfer illegal transfer

## Direct Canadian Military Exports (1990-2000)

Equip't Types	1990	1991	1992	1993	1994	1995	1996	1997	1998	Totals	
PAKISTAN	1	-	-	-	-	-	115	-	-	115	
	2	-	1,960	-	-	-	-	-	-	1,960	
	3	-	-	-	-	-	951,855	357,920	-	1,309,775	
	5	-	-	-	-	-	-	-	1,800	1,800	
	6	4,410,981	4,352	796,483	56,215	235,000	3,498,789	1,617,112	11,776	10,630,708	
	7	7,100	-	-	-	-	-	-	-	7,100	
	8	-	18,829	-	-	-	-	-	-	18,829	
	<b>Totals</b>	<b>4,418,081</b>	<b>25,141</b>	<b>796,483</b>	<b>56,215</b>	<b>235,000</b>	<b>3,498,789</b>	<b>2,569,082</b>	<b>369,696</b>	<b>1,800</b>	<b>11,970,287</b>
INDIA	1	-	-	-	-	-	1,000	-	-	1,000	
	4	-	-	-	-	638,744	1,813,127	-	-	2,451,871	
	6	-	-	-	28,625	-	-	-	-	28,625	
	7	-	487,787	44,800	-	64,460	62,835	606,050	-	1,265,932	
	9	-	-	-	-	-	-	20,000	-	20,000	
	<b>Totals</b>	<b>-</b>	<b>487,787</b>	<b>44,800</b>	<b>28,625</b>	<b>64,460</b>	<b>701,579</b>	<b>2,440,177</b>	<b>-</b>	<b>-</b>	<b>3,767,428</b>

Sources: Tables prepared by COAT using data from the Annual Reports, *Export of Military Goods from Canada, 1990-2000*, published by the Export and Import Controls Bureau, Department of Foreign Affairs and International Trade.

### Military Equipment Types Exported to India and Pakistan

- |   |  |  |
|---|--|--|
| <p>1 Small arms and automatic weapons (pistols, revolvers, rifles, accessories)</p> <p>2 Ammunition for arms covered in 1 as well as ammunition for large-calibre armaments such as projectile launcher systems and components.</p> <p>3 Fire control radars, range-finding sensors, ballistics computers and related alerting and warning equipment specially designed for military use, and parts.</p> <p>4 Military vessels &amp; specially designed</p> | <p>components such as engines, navigation systems &amp; sonar equipment.</p> <p>5 Military aircraft &amp; helicopters, including transport aircraft, aeroengines, parachutes, related parts.</p> <p>6 Electronic equipment for military use such as communications equipment and radar systems.</p> <p>7 Armoured or protective equipment (body armour, military helmets &amp; bomb disposal suits and parts.)</p> <p>8 Specialized equipment for military</p> | <p>training or for simulating military scenarios such as computerized trainers, aircraft &amp; vehicle simulators, components &amp; accessories.</p> <p>9 Misc. equipment, technical databases, diving apparatus, construction and field engineering equipment designed for military use, robotic equipment &amp; components.</p> <p>Source: "Export Control List" <i>Export of Military Goods from Canada Annual Report 2000</i>. . . .</p> |
|---|--|--|

In the front lines of the **pro-war crowd** you will find an assortment of bankers, corporate executives, politicians and generals. If you ask them why they are so fond of going to war they will give you **noble** and **selfless reasons**.



But what really motivates them to go to war are somewhat less lofty aims:



Joel Andreas, Addicted to War: Why the U.S. Can't Kick Militarism

Courtesy : Press for Conversion, Issue # 47, March 2002

## Canadian Military Companies and Exports to India and Pakistan

Company	Location			Military Product Categories
		India	Pakistan	
ACE/Security Laminates Inc.	Ottawa, ON	AP	EE	6
Amphenol Canada Corp.	Scarborough, ON	EE		1, 6, 7, 9
Array Systems Computing Inc.	North York, ON	EE		3, 7
Atlantis Systems Int'l	Brampton, ON	AP	AP	10
Bell Helicopter Textron	Mirabel, QC	EE	EE	1
Bubble Technology Industries	Chalk River, ON	EE		6
Bruin Engineered Parts Inc.	Midland, ON	EE	AP	6, 7
Computing Devices Canada	Nepean, ON		AP	1, 4, 6
Corrigan Canada Ltd.	Georgetown, ON	EE		3
CMC Electronics	Kanata, ON	EE	EE	1
CRS Robotics Corp.	Burlington, ON	EE		3
Dart Aerospace Ltd.	Hawkesbury, ON	EE	EE	1, 5, 7
Delcan International Corp.	Toronto, ON	AP		2
Dew Engineering & Dev.	Gloucester, ON	AP	AP	6
FRE Composites Inc.	St-André-Est, QC	EE		3, 7, 9
Harbour Industries (Cda)	Farnham, QC	EE		1, 7
Honeywell Engines, Systems, Services	Mississauga, ON	EE	EE	1, 3, 4, 6, 7
Indal Technologies Inc.	Mississauga, ON	EE	EE	4, 6
Internav Ltd.	Sydney, NS		AP	1, 10
Litton Systems Canada	Etobicoke, ON	EE		1, 9
Med-Eng Systems Inc.	Ottawa, ON	EE	EE	4, 6
PerkinElmer Optoelectronics	Vaud.-Dorion, QC	EE	EE	10
Pratt & Whitney Canada	Longueuil, QC	EE	EE	1
Primetech Electronics Inc.	Kirkland, QC		AP	6, 9
Securesearch Inc.	Scarborough, ON	EE		10
Securite Auratek Inc.	Hull, QC	AP		3
SED Systems	Saskatoon, SK	EE	AP	2, 4, 6
Spar Aviation Services (Aircraft)	Edmonton, AB		AP	1
Tundra Semiconductor Corp.	Kanata, ON	EE	EE	7
Wescam Inc.	Burlington, ON	EE		3
Western Star Trucks Inc.	Kelowna, BC	EE		8

### Key:

EE: The company reports that it has "Export Experience" to India &/or Pakistan.

AP: The company reports that it is "Actively Pursuing" exports to India &/or Pakistan..

### Military Product Categories:

- 1 Airborne Military
- 2 Business Services
- 3 Defence Security
- 4 Engineering, Research, Development & Technical Services
- 5 Helicopter Handling
- 6 Manufacturing, Testing, Equipment and Systems
- 7 Materials and Standard Components
- 8 Military Vehicles
- 9 Sub-Contract Manufacturing
- 10 Training Services & Equipment

Source: This table was created by the Coalition to Oppose the Arms Trade using data in Industry Canada's online database of military companies called "Canadian Defence Company Capabilities": <strategis.ic.gc.ca/ssg/ad03492e.html>

## Military Deals with India Russia

A \$3.3 billion contract for the licensed manufacture of 140 multirole fighter aircraft in India. India will purchase of 310 main battle tanks from Russia for about US\$600-\$700 million. About 200 will be assembled in India. There are also plans for a US\$1 billion deal to include the "licensed production of 2,000 155mm self-propelled guns."

### Israel

A July 2001 accord allows the transfer of Israeli military technology potentially valued at US\$2 billion.

### France

India and France formed a military "partnership" that includes technology transfer, licensed production and arms purchases, potentially worth US\$2 billion. "France is looking to India as a hub for military exports especially to Indonesia, Taiwan and Malaysia."

### UK

In 2000, the UK issued export licences to India for production equipment &/or technology for: combat aircraft, military aero-engines, frigate, naval radar and electronic warfare equipment. BAE Systems is bidding for a deal to see its Hawk jets produced under licence in India.

Source: Online at: <[www.caat.org.uk/research/LicensedProduction.pdf](http://www.caat.org.uk/research/LicensedProduction.pdf)>



# NOT IN OUR NAME AND WITH OUR MONEY



Courtesy : Press for Conversion, Issue # 47, March 2002

# Carving Away at Conventional Arms Controls in the Name of Fighting Terrorism

By Tamar Gabelnick

The need to build international support for US counter-terrorism activities has provided a heyday for arms makers in this country as the Bush administration quickly turned to arms sales as the easiest way to make and keep friends. Soon after the attacks, when it became clear that Pakistan would be a key player in the counter-terrorism effort, President Bush lifted the nuclear-related sanctions on Pakistan, as well as India (to play fair). But because additional legal restrictions were still blocking arms exports to Pakistan and other states, the administration included a provision in the anti-terrorism bill sent to Congress in mid-September that would have swept aside all arms export controls for the next five years. Ironically, the proposed language would also have allowed counter-terrorism and non-proliferation aid to go to states that had not been cooperating on terrorism or that had particularly egregious human rights records.

After strong opposition was voiced by members of Congress and the arms control community (see below for FAS activities), this proposal was later amended to lift the remaining barriers on arms and aid to Pakistan only for two years. The law that eventually passed exempts Pakistan from a ban on aid to governments that undergo a military coup; allows for greater flexibility for Pakistan on sanctions related to Military Technical Control Regime or Export Administration Act violations; and exempts Pakistan from restrictions on aid relating to loan defaults. The law also shortens the congressional notification period for transfers of weapons of excess US weaponry to any country if the transfers would respond to or prevent international acts of terrorism.

The Arms Sales Monitoring Project (ASMP) helped fight off the Bush administration's original all-encompassing proposal and spoke out against the

waivers for Pakistan and India. Project Director Tamar Gabelnick had a letter printed in the Washington Post opposing a blanket waiver. FAS also wrote a letter to Congress expressing concern about pushing aside long-term foreign policy goals in order to win short-term diplomatic gains. The ASMP and coalition partners put out an action alert to grassroots groups and organized a large "drop" of organizational statements and other information to all congressional offices.

The struggle to preserve export controls is far from over, however. Having lost the first major battle, the administration and some members of Congress seem prepared to pick off future targets one by one. The Senate recently approved an amendment to the Foreign Operations Appropriations bill to remove restrictions on arms and military aid to Azerbaijan, which had been prohibited from receiving aid because of the ongoing conflict in the Armenian-majority enclave of Nagorno-Karabakh. The administration is already talking about lifting restrictions on military aid and arms to Indonesia put in place after the massacres in East Timor. Plans are also underway to increase military aid to the Philippines and to send more excess defense articles to Turkey.

Vigilance will now be key for those who monitor arms exports. From preventing incendiary sales to rivals India and Pakistan to deterring new waivers on critical export controls, we will need to keep a close eye on the administration's activities. FAS seeks to work closely with allies in Congress in this regard. We are planning a meeting with key congressional staff and other arms control NGOs in the near future to discuss a strategy for preventing the administration from winning their "salami tactics," where slice by slice the entire system of export controls are carved away.

## U.S. Expands Global Presence

By Ewen MacAskill

The U.S. is putting a network of military bases across the length of Asia, from the Red Sea to the Pacific. U.S. forces are active in the biggest array of countries since WWII. Yet another base in Central Asia has just been announced, a region where there was no U.S. presence before September 11. The new base in Kyrgyzstan will have 3,000 military personnel and combat aircraft.

The U. S. has also established bases, manned by 3,000 troops, in Uzbekistan and Tajikistan. U. S. troops are also stationed in Pakistan. The U. S. government says publicly it will leave the Central Asian bases after the "war on terrorism" is over but privately officials admit they are there to stay. The U. S. is sending military advisers to a host of countries, including 200 advisers plus Huey helicopters to Georgia. The U. S. is patrolling the waters that encompass Pakistan, Yemen and Somalia and will send 100 military advisers to Yemen. U. S. special forces are believed to be in the Sudan working with opposition groups from Somalia. In the Philippines, 660 U. S. soldiers are helping to train and equip 3,800 Filipino soldiers in the fight against Islamist rebels.

Source: *The Guardian*, March 8, 2002

## Major Conventional Weapons Imported by India (1980-2000)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Totals
France	20	23	31	32	50	493	541	219	168	114	117	37	34	27	27	27	26	23	4	19	19	2051
Germany							357	19	14	12	12	12	166	7	169	22	11	22	26	22	33	904
Israel																		4	9	14	12	39
Italy																			5			5
Japan				17	30	5																52
South Korea										40	44	48		4			4	4	4			148
Kyrgyzstan																57						57
Netherlands	15	15		15		12			28	262	71	71	71	71	71	74	71	83	88	53	5	1076
Poland						27	27													1	9	64
Russia													453	276	192	562	629	1095	355	855	352	4769
South Africa																				6		6
Singapore								38		4	4		8	2				38	19			113
Slovakia																39	43	43				125
Sweden							15	70	140	130	45	10										410
Switzerland	38																					38
UK	137	312	382	126	140	78	122	544	182	227	173	182	78	5	5	86	20	49	20	37	8	2913
Ukraine																		55	17	17		89
USA									38				18									56
USSR	1176	1397	1664	1925	1205	1297	2335	2838	3153	2818	1437	821										22066
<b>Totals</b>	<b>1386</b>	<b>1747</b>	<b>2077</b>	<b>2115</b>	<b>1425</b>	<b>1912</b>	<b>3397</b>	<b>3728</b>	<b>3723</b>	<b>3607</b>	<b>1903</b>	<b>1181</b>	<b>828</b>	<b>392</b>	<b>464</b>	<b>867</b>	<b>804</b>	<b>1416</b>	<b>548</b>	<b>1032</b>	<b>429</b>	<b>34981</b>

## Major Conventional Weapons Imported by Pakistan (1980-2000)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Totals	
Australia											134	67										201	
Belarus																			38	38	38	114	
Canada						3			5													8	
China	274	225	103	540	256	153	97	412	153	457	506	284	101	531	194	154	69	25	23	5	16	4562	
France	217	117	139	44		11	18	5	30	0	0	0	59	7	8	3	57	3	62	302	187	1082	
Italy				48					17	79	72	64	64	64	64	64	64					1	536
Netherlands															44	1		19	19			83	
New Zealand													3		3							6	
Romania									28													28	
Russia																36	86					122	
Sweden	2	1	0	0	0	0	37	50	16	3	3	3	3	19	3	3	3	3	3	3	3	3	155
UAE								1														1	
UK			205						138	4	1	1		169	338	3						859	
Ukraine																		399	418	399		1216	
USA	168	29	91	261	515	572	92	85	85	564	52	37	16	16	16	16	197	126	16	5	2959		
USSR					30	36																66	
<b>Totals</b>	<b>661</b>	<b>372</b>	<b>538</b>	<b>893</b>	<b>801</b>	<b>775</b>	<b>244</b>	<b>553</b>	<b>455</b>	<b>1045</b>	<b>775</b>	<b>464</b>	<b>246</b>	<b>806</b>	<b>670</b>	<b>280</b>	<b>476</b>	<b>613</b>	<b>579</b>	<b>752</b>	<b>207</b>	<b>12004</b>	



Courtesy : Press for Conversion, Issue # 47, March 2002

## **US-Indian Military Ties : An Incendiary Factor in an Unstable Region**

*By Aruna Wickramasinghe*

Even as India and Pakistan have moved to the brink of war, Washington has been quietly strengthening its strategic ties with New Delhi in a range of areas—including military training, intelligence and the sale of sophisticated hardware. The Bush administration's promotion of the Indian government, led by the Hindu chauvinist Bharatiya Janatha Party (BJP), as a "strategic partner" has added a further profoundly destabilising factor to relations on the Indian subcontinent.

Although barely reported in the international press, the US and India last month held their first joint military exercises in more than four decades. The two-week war games, which were held in the Indian city of Agra and concluded on May 28, were code-named "Balance Iroquois" and involved Indian para-commandos and US Special Forces, along with military aircraft from both countries.

Exact details of the exercise have been kept secret but its basic object was training in air-borne assault and closer collaboration. US Embassy spokesman Gordon Duguid said it was "the largest army exercise ever to take place between US and India and reflected a growing military cooperation. It is taking place in the framework of our ongoing military-to-military relationship and it will be the first of a regular series of exercise."

The most significant aspect of "Balance Iroquois" was that it took place at all. With India poised for war against Pakistan, the decision not to cancel the exercise could only encourage the BJP-led government to take a more belligerent stance. It was a clear indication of Washington's determination to consolidate close ties with New Delhi, regardless of the consequences.

Further combined exercises are planned later in the year. In October, joint naval manoeuvres will take place in the Arabian Sea for the first time involving a cruiser-destroyer group of three or four warships and maritime reconnaissance aircraft. Indian soldiers will train with American Special Forces from the US Pacific Command in Alaska. The site of the exercise is worth noting—the cold, mountainous terrain in Alaska being similar to that of India's borders with its two regional rivals Pakistan and China.

The developing US ties with India mark a sharp shift from the relations that prevailed on the Indian subcontinent during the Cold War. India maintained a

close economic and strategic relationship with the Soviet Union from where it obtained the bulk of its military hardware. For decades, Washington used its alliance with Pakistan and a succession of military juntas as a counterweight to New Delhi and Moscow in the region. In the 1980s, the CIA used Pakistan as its base to train, fund and arm anti-communist Mujaheddin groups in Afghanistan to the tune of billions of dollars as a means of undermining the USSR.

But with the collapse of the Soviet Union in 1991, the whole strategic equation began to shift as Washington sought to establish its domination over the huge oil and gas reserves in former Soviet Central Asia. The Clinton administration imposed sanctions on both Pakistan and India following a series of rival nuclear tests in 1998. But in 1999, Washington exploited clashes between Indian troops and Pakistan-backed Islamic militants in the Kargil region of Kashmir to open up new relations with New Delhi.

Defence and intelligence links developed by Clinton received a further boost under the Bush administration, especially after the September 11 terrorist attacks in US. The US lifted the remaining sanctions on India over the nuclear tests and accelerated its intelligence sharing with the Indian military establishment, in particular over Islamic extremist groups in Pakistan and Afghanistan. The US "global war on terrorism" and its invasion of Afghanistan tied in with India's branding of all Islamic fundamentalist groups, including those opposed to Indian rule in Kashmir, as "terrorists".

Over the past year around 50 high-level defence and state visits have taken place between the US and India, including by Indian Prime Minister Atal Behari Vajpayee and Foreign Minister Jaswant Singh. Reciprocal visits by US Defence Secretary Rumsfeld to India and Indian Defence Minister George Fernandes to Washington took place last November and January respectively. The US top brass—including General Myers, Chairman of the US Joint Chiefs of Staff, his predecessor, General Henry Shelton, and Admiral Dennis Blair, Commander of US forces in the Pacific—have all visited India.

### **Top-Level Ties**

**The cornerstone of US-Indian military relations is the Defence Policy Group (DPG), formed last year to consolidate previous attempts to coordinate military policies. Joint executive**

**steering groups have also been established between the two countries for each of the three services—army, navy and air force. Like the training exercise in Agra, the DPG has continued to function throughout the current standoff with Pakistan, even amid the acute tensions that followed the attack on an Indian army base in Kashmir on May 14.**

**An Indian team was invited to Colorado Springs, ahead of the DPG meeting, for a US presentation on its missile defence project. As one Indian official noted with satisfaction: “Ordinarily, at any other time, the tense border situation would have simply sidelined the DPG meeting. But it is a measure of how far we have come that discussions moved ahead even during this crisis.”**

The formal DPG meeting took place in Washington on May 21-24 in Washington, with Indian Army Chief and chairman of the Chiefs of Staff Committee General S Padmanabhan in attendance. The joint statement following the meeting boasted that the two countries had charted a “new course” in past year, which “entails rapid growth in cooperation on defence and security matters. In a matter of months, the US and India defence establishments have translated the broad vision for the relationship into action.”

While New Delhi previously relied on the Soviet Union, then Russia, for military supplies, US arms sales to India are accelerating rapidly.

**In April the Indian army acquired eight AN/TPQ-37 Firefighters, an artillery-locating radar system, at a cost of \$US146 million. The AN/TPQ-37 can pinpoint mortar, rocket launchers and artillery at a range of up to 300 km after tracking a shell for just a few seconds. A US Defence Security Co-operation Agency spokesman commented with delight: “We have no one here who can recall our ever having sold a major weapons system to India.”**

**The US Defence Department underscored the key role of India in US strategic planning, declaring: “This sale of the radar system] will contribute to the foreign policy and national security interests of the US by helping to improve the security of a country that has been and continues to be a force for political stability and economic progress in South Asia.” As far as “stability” and “progress” are concerned, it should be noted that the sale took place as around a million Indian and Pakistani troops, backed by artillery, tanks, missiles and warplanes, confronted each other on high alert**

**along the border.**

The Bush administration has already cleared the sale of engines and avionics for the long-delayed Indian Light Combat Aircraft (LCA) project. Senior Indian defence officials are expected to hold talks in the near future with their US counterparts to explore possibilities for joint research, development and production of military weapons systems. On May 13, a joint US-India defence industry seminar was held in Washington to discuss India’s acquisition and procurement policies, the opportunities for private sector investment in the Indian defence market and the streamlining of technology and export licensing to speed up military sales.

US-Indian military collaboration is not confined to the Indian subcontinent but extends to naval cooperation in a swathe of ocean from the Middle East to South East Asia. In February 2001, the US Navy participated for the first time in an international fleet review organised by the Indian Navy in Bombay. Last December the two countries reached an agreement on naval cooperation to secure the maritime routes between the Suez Canal and the Malacca Strait. In March, the two navies conducted a combined training exercise in the Malacca Strait.

**While the joint patrols are taking place under the banner of “the war against terrorism,” the real aims are to ensure US control over key naval routes such as the Malacca Strait, through which a substantial portion of world trade, including in oil and gas, pass. Known as “chokepoints,” these sea-lanes provide Washington with a means for exerting pressure, direct and indirect, on its rivals in the region.**

Yossef Bodansky, the Director of the US Congressional Task Force on Terrorism and Unconventional Warfare, recently pointed to the strategic significance of the Malacca Strait, saying: “The global strategic growth and expansion of aspiring powers can be contained and regulated through the mere control over the movement of their naval forces through the Strait of Malacca.”

**Bodansky also identified the primary US target, declaring: “For Beijing, this reality is increasingly a vital interest. Any Chinese naval and military surge into the Indian Ocean—a major strategic priority of Beijing—must pass through the Strait of Malacca. Beijing considers its surge into the Indian Ocean as part of a strategic surge of global proportions... in a strategic grand design that anticipates the possibility of a major military clash with the US in the foreseeable future.”**

**His comments are in line with Bush's aggressive stance toward China. In the course of the 2000 election campaign, Bush declared Beijing "a strategic competitor". The "war against terrorism" has been used as the pretext to set up US military bases in Central Asia, provide military aid to Nepal, establish close military ties in South East Asia, particularly in the Philippines and strengthen relations with Taiwan, Japan and South Korea. Control over the Malacca Strait is a key element in this strategy of encirclement and the choice of India as a partner in this exercise is not accidental.**

New Delhi's willingness to participate is bound up with the ambitions of the Hindu chauvinist BJP and more broadly of the political establishment to transform India into a world power. Jasjit Singh, director of New Delhi's Institute of Defence Analysis, gave voice to these sentiments when he bluntly declared China to be "our central strategic competitor

economically, technologically, politically and militarily".

**The BJP's advocacy of an alliance with the US stretches back to the 1962 war with China in which the Indian military suffered a humiliating defeat. The first-ever joint Indian-US war games took place in the aftermath of the conflict. The Jana Sangh, the forerunner to the BJP, called for the establishment of permanent military ties with the US, arguing that India would have defeated China if it had had American backing.**

Four decades later, substantial sections of the ruling elite are backing the BJP's position as a means of advancing Indian interests on the subcontinent and more broadly. The combination of a Hindu chauvinist government in New Delhi and a US administration, which demonstrated its willingness to recklessly engage in military adventures, is an explosive mixture in an already unstable region.

*Courtesy : World Socialist Web Site, June 10, 2002*



## **World Struck Gold in Indo-Pak Chill**

*# Amitav Ranjan*

Battle cries lend glitter to gold. Or so it appears from the pendulous swing of prices - irrespective of economic factors-during the one month when India and Pakistan adopted aggressive postures.

The metal, once described by renowned economist John Maynard Keynes as a "barbarous relic", struck back when the hysteria between the two arch-rival neighbours reached a crescendo. The hype-induced price touched a 75-month high of \$327.8 per troy ounce on June 3 compared to \$307.4 on May 14, the day terrorists struck the Kaluchak army camp.

Now that the two have been put on leash and have announced de-escalation measures, prices have subdued and were down to \$316.5 per ounce on June 12. And all this time, India, the world's largest consumer, remained a mute spectator to the price-pumping as the country's falling demand failed to douse the skyrocketing prices.

Ahmedabad's Girish Choksi says the demand has been on the decline since the start of the year registering a drop of 100 tonnes in January-March to 87 tonnes. Local sales were initially affected by the Gujarat violence and later on by the impact of high prices, he added.

Raju Bhai of Jaipur-based Kiran Jewellers said most new purchases were against old ornaments and there was no extra buying for war hoarding. Instead, people sold off old jewels to take advantage of high prices.

Most of the lustre was added abroad by speculators who jacked up prices on the back of the West Asia crisis and a falling dollar.

"As the dollar lost value against the Australian dollar, sterling pound, yen and the euro, investors shifted to gold. But that impact was not enough to give the swings," says Raju Bhai. Most of it was linked to the global scare of a bloodbath and even a small incident of the arrest of an Al Qaeda operative in the United States rallied the gold, he adds.

Earlier this year, gold prices inched up on the hope that supply will soon start trailing demand as goldminers in South Africa and the United States cut output. But this too is not seen as a strong reason for a surge as sceptics expect central banks in Germany and the U.S. - which hold 32,000 tonnes of gold in their reserves-to caputre the glitter with small releases.

*Courtesy : The Indian Express, June 12, 2002*

## **War Hysteria : The Road to Ruin**

*C. Rammanohar Reddy*

Those who speak out against a war must be prepared for accusations of being soft in brain and brawn. But this should not be surprising when war hysteria seems to be the national mood. Strangely though, the hysteria is restricted to the members of the political, chattering and middle classes who are ready to offer others' blood to play out their notions of patriotism. The larger public mood, however, is one of resignation. People only wish to find ways of lightening their daily load. The one difference this time is perhaps that the services have been much more vocal in expressing their opinion in favour of an open conflict with Pakistan.

The twin notions of an 'affordable war' and a 'limited war' are oxymorons which, to rephrase the words of the American black leader, Martin Luther King Jr., together threaten to take the two countries down a descending spiral of destruction. An affordable war is just one of the many absurd arguments now being offered to stifle opposition to a war with Pakistan. It has been said before and it must be said again that the case against war always rests on the human, social and political suffering it causes. This argument cannot be made on the ground that it will impose financial costs on the country. However, since the economic argument is now increasingly being cited to justify a war it has to be contested.

The idea of an affordable war sees 'costs' in narrow terms. It estimates the incremental costs of mobilisation over the past few months and concludes that it will add up to only a few hundred crores, a trifling amount in comparison to the Defence budget for 2002-03 which is placed at Rs. 65,000 crores. A 'surgical strike operation' may not cost much more, although the assumption here must be that the reaction from Pakistan will be of quiet acquiescence. A full-fledged war, even in financial terms, will cost much more. The costs of lost military equipment and the civilian infrastructure that will be destroyed will have to be factored in. And, as has been argued in these columns by P.R. Chari, once costs of replacement at current and not historical rates are taken into account, the picture will be very different. But the financial accounting that underlies notions of an affordable war is a self-serving exercise. There are the larger costs which are conveniently excluded. These include the costs of displacement of the civilians on the border, who are usually fobbed off with token compensation, and of the military wish-list which follows war and is always a long one. In the ultimate analysis it is not these rupees and paise which make up the cost of war but the social and economic burden it imposes

on the country. First, the social cost is the one caused by the pushing of all other issues off the domestic political agenda. For instance, after the drama in Parliament and the charade played out by the NDA allies, we are now witnessing the gradual disappearance of the Gujarat pogrom from all public discourse. The refugees can continue to swelter in the camps, the camps can even be closed down, justice can be denied... the demands of war come first. Second, the larger economic cost arises from the short and medium-term dislocation and uncertainty a war will cause to the economy. Both private and public investment will be badly affected — public because of fiscal considerations and because governance will grind to a halt, and private because entrepreneurs have more sense than to invest when two nuclear powers go to war. What is now happening on the bourses and the movement of gold prices is only a sampling of what will come if the Government does opt for open retaliation. Any hopes of an economic recovery can then be forgotten altogether.

Of course, the basic premise of an affordable war is both insidious and dangerous. It is part of what has been referred to as the 'Smash Pakistan' school in India. The argument in essence is that as India can afford an arms race and Pakistan cannot, Pakistan can be financially crippled by forcing it to keep up with India. A war today will therefore be affordable for India, but not for Pakistan for whom this will be a step in the road to ruin. This approach is the reverse of the policy of the Pakistan military and intelligence towards India in the 1980s and 1990s: 'Bleed India with a 1,000 cuts' in Kashmir, Punjab and elsewhere. But if Pakistan has not succeeded with that policy, there is no reason why India will either, if it attempts to economically cripple Pakistan. As the more astute of the strategists have pointed out, a Pakistan that is unable to afford a conventional arms race will increasingly see its nuclear weapons as its only hope for defence.

This lowering of the nuclear threshold by Pakistan could result in the so-called limited war turning into the nightmare of an ultimate war in South Asia. If nuclear wars can be won, as some of our hare-brained leaders claim is possible, India may well indeed emerge the victor. But the victor will preside over a swathe of destruction cutting across the two countries. It is amazing that our leaders have to be told that it will take decades if not centuries before India (or Pakistan) can ever hope to rise from the ashes of such an Armageddon. If not war (whatever

its objectives, which no one knows for sure) what option do we have? The super patriots make it out as if the travails of Kashmir are all of Pakistan's making and our hands are lily white. Pakistan has only been able to fish in waters that have been muddied for over half a century by Governments of all hues at the Centre and by State Governments which have been put in office by rigged polls, or have been quick to lose their legitimacy by plundering the exchequer or have had Chief Ministers more interested in holidaying in Europe. Pakistan has aided, abetted and financed terror in the Valley. Simplistic it may sound, but the truth is that Pakistan has been able to interfere only because of our basic failures. A war only puts a lid on these political failures.

The only significant victors in the current game of war hysteria are the BJP and the members of its rag-tag coalition who watched in silence as the Gujarat pogrom was orchestrated. A Government that had lost all moral legitimacy has found the recent spurt

in terrorist violence in Jammu and Kashmir a ready tool to recover lost ground. A nation shamed in the eyes of the world is falling back on the oldest and most cynical of policies to assert itself. It is significant (or some coincidence) that the drumbeats of war are beginning to sound louder just when we finally have names and faces to the victims of the unthinkable horrors of Gujarat. While the blinkered will deny that Gujarat saw the depths of humanity in the crimes against women, we now have the testimony of Khaliq Noor Mohammad Sheikh who, insane in his grief, just about manages to carry his life from day to day. It was Mr. Sheikh's pregnant daughter, Kausar Bano, who was burnt alive by the mad men of Ahmedabad. But her stomach was first slit, the foetus pulled out and thrown into the fire before her eyes.

It is Kausar Bano's India that is readying for its dharm yudh.

*(Courtesy : Macro Scan)*



## **A Convergence of Globalisation and Militarisation**

*By Theresa Wolfwood*

For decades, people the world over have been victims of the military might of the U.S. and other minority world bullies. From Cuba to Angola, from the Mayan jungles to the streets of Jakarta, from Iraq to Columbia, peaceful people have been the object of the brutal force of U.S. power, the bomb and the buck working together. Now we know a little of what millions of others have learned from the school of hard punishment for all those who challenge the global hegemony of corporate power. Governments and their media talk about "democracy" but when the people demand it - out come the guns, the tear gas, the bombs and the poison.

Finally, the analysis and experience of majority world workers for peace and social justice has come home to America. We learned from millions of people who have risked their lives and freedom to resist military and corporate domination during the last fifty years. We learned to form small democratic groups with solid bases in community, rather than big hierarchical groups who lose touch with grassroots and soon become co-opted and charmed by the corporate elite who manipulate them and call them "responsible." As our social movements grow in numbers, sophistication, communication and effectiveness, we will have to anticipate the attempts to weaken us. We can expect

campaigns against us based on denial, smear tactics, lies, divide and conquer, co-option, pay-offs, infiltration and flattery with the bestowal of a few crumbs. In Seattle, the "good NGOs" were given official observer status, while grassroots groups met and demonstrated in public. Watch out!

The military industry has a special status in every trade agreement. In NAFTA the military corporations are exempt from any rules that forbid special national treatment of industries. Canada and the U.S.A continue to subsidize and promote military production. Our government just started a new \$30M program to help arms sales abroad. We continue to subsidize companies that contribute handsomely to political parties, like Bombardier, a major donor to the Liberal Party. If any level of government in Canada wants to encourage development and fund local employment, they can't do it - unless they develop a military industry. That NAFTA condition was built into the MAI. In all WTO plans for "free market trade," military industries are excluded.

Military equipment made in Canada ends up in Mexico, Indonesia, Chile and many other countries directly and through our export of parts and equipment to the U.S. and is used against our friends in their struggle

for dignity and independence. We must unplug our nuclear power and related war and toxic industries, we can support new renewable energy technologies and conservation and disempower the military. Nuclear energy has always been the benign "respectable" front for nuclear weaponry, but they are inseparable. We have to stop all nuclear development. As we continue to be threatened by nuclear war preparations, we have to integrate our work for the environment and peace. War preparations leach our social programs, let our government off the hook of its responsibilities to citizens and divert our resources to death industries. And if our land and water is contaminated by nuclear poison, organic foods won't save us. While the holiday season was upon us, the Canadian government signed another 10 year contract with the U.S. military for the use of Nanoose Bay as a maritime weapons testing range. So U.S. nuclear armed and powered ships will continue to use Canadian waters and threaten our lives. The government says we need that agreement for our "security." But our government also sold the CNR to a U.S. rail company. It would seem that having our major transport system in the power of a foreign company is not a threat to our security.

We know we live in a society that worships consumerism but what about our love affair with violence and militarism? It is not just our biased trade agreements but the forces of Globalisation and our immersion in a culture of war that we must confront and change.

While our civil services cut back and have hiring freezes, the armoury in downtown Victoria has a permanent "Now Hiring" sign. As rural peoples in the majority world are driven from their land - because of failing cash crops, cheap imports and landlords who convert to mechanized farming - women are forced to support their families in globalized employment - in sweatshops, domestic servitude and the sex trade. Young men, unemployed and angry, are ripe for militarization.

Modern warfare is based on the greed of the increasingly rich defending their privilege from the poor - increasing in number as complicit governments support corporate rule. When national governments fight their neighbours or their own people who demand justice, it is this growing disposable population of desperate young men who are brainwashed and forced into the killing business, for the sake of salary and status, and do the dirty work of killing and dying

for the elites.

So-called "rogue states" are not oppressive dictatorships like Burma and Indonesia, but countries that will not obey global corporations. These are the states, like Serbia and Cuba, that are punished by embargos and military intervention. Watch Columbia and Venezuela where indigenous peoples' land claims threaten oil companies.

Globalisation and militarization are inseparable mutant twins. NATO bombed Yugoslavia into being a permissive environment for the global drug trade of foreign armed thugs; and for access to oil pipelines and the once state-owned mines by big powerful corporations. After a war that destroyed Iraq's social infrastructure and killed thousands of civilians, nine years of economic sanctions have killed a million and a half people, mainly children. Many are suffering the results of poisoning by depleted uranium used in bombs and missiles. The Canadian military enforces the U.S./UN trade embargo that prevents our farmers from selling grain to Iraq - once a major customer.

The WTO and its buddies like NATO and OECD won't go away after a week of spectacular demonstrations and speeches. What these events do is alert the world to the dangers of Globalisation while the bureaucrats and executives retreat to their fortresses to plan their next assaults on our freedoms. As we saw the failed MAI incorporated into the WTO, the failed WTO plans will be incorporated into the newest scheme -the Transatlantic Economic Partnership. This TAP will combine NAFTA, the EU and Free Trade of Americas Agreement into a new form of corporate rule.

More than anything we need to create a culture of peace and justice at home in solidarity with those who struggle in much worse conditions than we have in Canada.

We need to root out the culture of violence in our own society. Let's stop the glamourization of violence in media, entertainment, toys and video games. We can stop the takeover of education, starting at the elementary level, by corporations who present a bland, passive, consumption -orientated version of teaching and learning. Let's expose our government's complicity in war preparations and corporate domination. We can take over governments, starting at the local level. We have to see that creating a culture of peace, justice, ecology and cooperation is our real work as we resist Globalisation and militarization. As the Zapatistas say, "We Want a World with Room for Many Worlds."



## Arms Makers' Cozy Relationship with the Government

*By Aaron Rothenburger*

Samuel Colt was not only America's first major arms exporter, but also its first arms lobbyist. In the mid-19th century Colt (manufacturer of the .45-caliber "peacemaker") gained lucrative contracts by giving ornately engraved firearms to U.S. Gens. Zachary Taylor and Franklin Pierce. Later, Presidents Taylor and Pierce each remembered Colt's gifts when it came time to award military contracts. Today the arms industry gives cash to politicians' war chests and fills the halls of government with lobbyists who are often former Pentagon employees.

During the Clinton administration there's been heavy action on the federal campaign front: The political action committees (PACs) of the biggest defense companies gave \$14.2 million directly to federal candidates since Clinton's first presidential bid, according to the Center for Responsive Politics (CRP). And the recent frenzy of defense-industry mergers may increase the firepower of these corporate PACs because, as Jen Schechter of the CRP says, "Merging companies is merging clout."

The arms makers give money indirectly, too. In 1997 alone the defense industry spent \$49.5 million to lobby the nation's decision-makers -- nearly 10 times what they handed out for campaign contributions in the last congressional elections.

It's money well spent. During the Clinton years this cash flow has helped arms exporters win tax breaks, guaranteed loans for arms-importing countries, ended the ban on arms exports to Latin America, expanded NATO to include former Warsaw Pact enemies, and defeated bills that would have conditioned arms exports on buyers' human-rights records.

While the arms industry successfully uses traditional methods like lobbyists and campaign contributions, it may wield the most influence through elite units within the government. For example, the Defense Trade Advisory Group (DTAG) is a semiofficial body appointed by the State Department to advise on arms exports. Its 40 current members represent the most powerful arms exporters and industry trade groups in the U.S.: Boeing, United Technologies, Lockheed Martin, Hughes, Allied Signal, Litton Industries, Raytheon, General Dynamics, Loral Space Systems, the Electronic Industries Association, and the Aerospace Industries Association.

At DTAG's first meeting in 1994, Chairman William Schneider Jr. outlined the group's policy goals -- a virtual wish list for the arms industry. Schneider, who

was also an adviser to President Reagan on arms control and disarmament, advocated an end to export credits and tax rates that treated arms sales more harshly than other exports. In the post-Cold War world, Schneider also favored lifting restrictions on high-tech weapons exports to Latin America and former Soviet-bloc countries. The policies, Schneider said, were "fettered by old perceptions and Cold War thinking."

In 1995 Lockheed Martin Chairman and CEO Daniel Tellep took up Schneider's call to arms. In a letter to a former U.S. senator, Tellep urged an end to arms-export policies that "jeopardize our ability to compete." This refers to the fact that, currently, profits from arms exports get only half the tax exemptions that most nonmilitary exports get. Arms exporters claim that these lower exemptions (read "tax breaks") make U.S. "products" less competitive in Europe, whose exporters are not similarly "handicapped." And the exporters are gunning for a change in this 20-year-old tax policy.

Another government group that advises the Pentagon on overseas arms sales took up the tax-break cry. In 1998. The Defense Policy Advisory Committee on Trade (like DTAG, an organization comprised mostly of executives for major arms exporters) asked the Clinton administration to lobby Congress to change this "unfair" taxation. In fact, bills were introduced in the House and Senate in 1998 to give the defense industry the break it sought; according to Defense News, the reprieve would have amounted to \$340 million over the next five years. The bills' sponsors, Sen. Orrin Hatch (R-Utah) and Rep. Amory Houghton (R-N.Y.), are longtime recipients of campaign contributions from arms exporters. Neither bill made it out of committee in the House or Senate -- a rare defeat for the defense industry.

The lower exemptions for military equipment could have gone the way of the "recoupment fees," which had allowed the federal government to reclaim taxpayer-funded costs of developing new weapons. Congress effectively ended that policy in 1995 after industry representatives lobbied the government. In effect, Congress rewarded arms exporters with a new \$200 million tax break every year -- at the expense of taxpaying citizens.

But the arms lobby's greatest victory in the Clinton years was its battle for government-backed loans to countries importing U.S. weapons -- in other words, the government would start guaranteeing sales to fiscally unsound nations. In 1995 Congress established the Defense Export Loan Guarantee program to the tune

of \$15 billion. The bill's sponsor, Sen. Dirk Kempthorne (R-Idaho), is a former vice president for governmental affairs for FMC Corp. (now part of United Defense, a leading exporter of armored vehicles).

The Pentagon-administered loan program charges buyers an administrative fee up front and an exposure fee (reflecting the risk of default) at the time the loan is made; the Pentagon has approved \$4.5 billion in potential loans since DELG's inception. The problem is that DELG's most likely borrowers are nations that are high credit risks, such as former Warsaw Pact countries with shaky, newborn market economies and poor credit histories.

It's too soon to judge DELG's financial soundness, but Pentagon documents show that previous programs to finance foreign military sales resulted in defaults by 34 nations on loans worth \$14 billion, according to the Seattle Times. The Pentagon, for its part, will recommend that Congress terminate DELG since it shows no signs of becoming self-sustaining.

### **It's the Arms Sales, Stupid**

Before the Clinton administration came along, the executive branch had made occasional attempts to restrict arms exports -- or at least exporters from selling to questionable customers. President Carter enacted some fairly restrictive policies on arms exports -- in one notorious cable the State Department told its diplomats to shun arms exporters (the cable later became known as the "leprosy letter"). But the pendulum soon started swinging back; during the Reagan and Bush administrations, the State Department began telling its diplomats to assist arms exporters as matters of foreign and trade policy.

Just as Carter's must have in the 1970s, Clinton's campaign-trail rhetoric on arms exports initially jolted the defense industry. The industry feared new restrictions on diplomatic efforts to sell U.S. weapons.

They needn't have worried

In May 1993, Secretary of State Warren Christopher (a former director of Lockheed) instructed U.S. embassies to help American arms companies promote trade. "We are delighted to see that the administration is serious about exporting American-made goods, including defense goods," said Anna Stout of the American League for Exports and Security Assistance. "The officials that deal with this have been very open to requests from [the defense] industry for consultation and discussion."

Clinton's policies repudiated the leprosy letter in no uncertain terms. While Clinton lauded the goal of arms control, U.S. embassy staff were directed "to support overseas marketing efforts of American companies bidding on defense contracts."

Shortly thereafter, Assistant Secretary of State Thomas E. McNamara detailed the new sales team's successes -- to DTAG. McNamara said the new policy had helped McDonnell Douglas sell 30 Apache helicopters to the Netherlands. And in another U.S. sales coup, the U.S. embassy in Great Britain teamed up with U.S. arms makers to tout the benefits of buying American -- rather than European -- aircraft. The sale netted McDonnell Douglas a \$4 billion deal. It was a coup for McDonnell Douglas -- except that the terms of the deal promised 3,000 of the new jobs the deal would create to British workers, rather than Americans.

### **The Arms Export Tango: Sales to Latin America**

Clinton also eliminated Carter's restriction on sales of advanced weapons to Latin America. Carter's policy was based on preventing arms races between the military dictatorships that ran most South American countries at the time. But as Clinton's administration saw the region slowly become more democratic, the defense industry and the Pentagon lobbied to make this no man's land a new sales territory.

In 1996, according to Time, aerospace lobbyists got 78 representatives and 38 senators to sign letters asking Secretary of State Christopher to end the Latin America restrictions. During this election year, these legislators received a total of \$1 million in PAC contributions from manufacturers of jet fighters and their subcontractors. Under further pressure from Defense Secretary William Perry, Christopher recommended the president lift the ban (provided some safeguards on sales remained). It was one of Christopher's last official acts as secretary of state.

A prospective sale of F-16 and F/A-18 jets to Chile in early 1997 increased the pressure on the president to lift the ban, as did aerospace executives' warning to the Clinton administration that losing the sale could cost jobs in states that would be key in any future presidential bid by Vice President Al Gore.

In August 1997, Clinton announced the end of the ban. The Chilean sale fell through -- yet another victim of the global economic crisis. But arms exporters had gained license to sell state-of-the-art weapons systems throughout the Western Hemisphere.

### **New Allies Mean New Markets**

The end of the Cold War was a huge marketing opportunity for U.S. arms exporters, best exemplified by the drive to have Poland, Hungary, and the Czech Republic admitted to NATO. Since any new NATO country would have to upgrade its weapons systems to NATO standards, U.S. arms exporters launched a lobbying offensive in Washington, D.C., and abroad to press for the expansion.

Leading the charge was the U.S. Committee to Expand

NATO (later renamed the U.S. Committee on NATO), a lobbying group. "If a senator is wavering," a spokeswoman told *The Nation*, "we arrange for a meeting between that senator and a member of our committee." Committee President Bruce Jackson also happens to be the director of strategic planning for Lockheed Martin -- although when he meets with senators, Jackson says he doesn't mention who his employer is. (Both Jackson and Lockheed Martin claim there is no connection, financial or otherwise, between the committee and the company.)

The committee ran a series of ads in *Roll Call* proclaiming that "Americans Agree" on expanding NATO. And what Americans they were: Stormin' Norman Schwarzkopf and three former secretaries of state, including Henry Kissinger. (The committee also contacted ethnic Polish and Hungarian lobbying groups in the U.S. who support NATO expansion, according to *The Nation*.) Ultimately, the committee got what it wanted: Hungary, Poland, and the Czech Republic will formally join NATO this April.

If U.S. arms makers have their way, Romania will be next. In 1997, former Lockheed Martin CEO Norman Augustine toured prospective NATO countries (including Romania). Augustine vocally supported Romania's bid for NATO membership; his company had already sold the country \$82 million in radar equipment.

In March of that year, Rep. Gerald Solomon (R-N.Y.) sponsored a resolution promoting speedy NATO membership for Romania. Solomon had received a combined \$5,000 from Lockheed Martin and Textron between 1997 and 1998 (Textron's contribution came after a seven-year absence from Solomon's coffers); he also received \$1,500 of in-kind contributions from AAI Corporation, makers of Shadow 600 pilotless surveillance planes that Romania had bought from it in 1998. Solomon praised Romania, claiming that its rapid shift to a free market and its "increasingly mature and functioning democracy" made it a good candidate for NATO inclusion. (This contradicts the State Department's own assessment of Romania.)

Despite this boosterism, the Clinton administration said Romania's undemocratic practices made it an unlikely candidate for NATO. Not to mention that its economy is in shambles and its human-rights record is poor.

### **Code of Conduct**

Occasionally legislators have the gall to introduce bills that might actually limit U.S. sales of weapons to countries that have human-rights problems. Not that they've been able to beat the arms industry's lobbyists.

In 1993 Sen. Russ Feingold (D-Wis.) proposed that arms sales to Indonesia be linked to that country's human-rights record. Lobbyists immediately went to work opposing Feingold's proposal. As one complained to the *Legal Times*, "Every time a human-rights issue comes up, they [Congress] jump on it and say, 'Let's cut off arms sales to Bongo Bongo.'"

The lobbyist then became defiant: "We'll fight Feingold; we'll fight each senator if we have to. The defense industry has to fight each one of these battles."

The Indonesian government's "registered foreign agents" -- its lobbyists in the U.S. -- disengaged from the fray and let American arms exporters do the fighting. The arms makers impressed upon legislators that tying arms exports to human rights meant the loss of jobs to foreign competitors. The State and Defense Departments phoned Feingold to let him know of the Clinton administration's opposition to the bill. The Feingold bill went down in flames.

In 1995 Rep. Cynthia McKinney (D-Ga.) and Sen. Mark Hatfield (R-Ore.) introduced the Code of Conduct bill, which would have tied all U.S. arms exports to the customer's democracy record, human-rights record, and its willingness to report arms imports and exports to the United Nations.

At a 1995 defense trade seminar, three influential arms export lobby groups recommended the bill "should be allowed to die in [House and Senate] committees." Both the Senate and House versions of the bill were soundly defeated, with the 65 senators and 262 representatives who voted against it collecting some \$4 million in contributions from defense PACs.

The undaunted McKinney, who in 1997 had said the U.S. "ought not to be in the business of supplying weapons to dictators," introduced yet another Code of Conduct bill in the House last September, with John Kerry (D-Mass.) doing so in the Senate. The bill passed in the House, but was not taken up in the Senate. McKinney plans to re-introduce the bill for debate by the 106th Congress.

And so it goes. The arms lobby pushes its interests. Occasionally a principled legislator comes along and tries to introduce some responsibility into the arms export process. The reformer quickly gets squashed, with the Clinton administration's help.

It seems likely that the arms lobby will continue marching through the halls of government, urging the expansion of arms sales to repressive or poor regimes around the world -- unless something like the Code of Conduct bill becomes law and finally links arms exports to buyers' human-rights records.

*Courtesy: Foundation for National Progress*



## Bush Administration's Nuclear Policy Look, Who is Benefitted!

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*Despite President George W. Bush's pledge to reduce the number of operational U.S. nuclear weapons by more than two thirds a decade from now, the Bush administration's Nuclear Posture Review is good news for companies involved in the production of nuclear weapons and nuclear delivery vehicles. It is even better news for companies involved in missile defence research.*

*A surge of new businesses for nuclear arms makers in the midst of a policy of nuclear reduction is, in fact, rooted in the Pentagon's commitment to develop a 'New Triad' in place of the 'Old Triad'. The 'Old Triad' is the combination of land, sea, and air-based nuclear delivery vehicles while the 'New Triad' includes - i) offensive strike systems (nuclear and non-nuclear); ii) strategic defences; and iii) a revitalised defence infrastructure. Each element of the 'New Triad' entails major new investments in weapons, research, production and infrastructure. Besides, under the assumption that "nuclear weapons will be part of U.S. nuclear forces for the next 50 years", Bush administration is "planning an extensive and expensive series of programmes to modernise the existing force and begin studies for a new ICBM (Intercontinental Ballistic Missile) to be operational in 2020, a new SLBM (Submarine Launched Ballistic Missile) and SSBN (Ballistic Missile launched submarine) by 2030 and a new heavy bomb in 2040 as well as new warheads for all of them.*

*The World Policy Institute estimates that the Pentagon has already added 8.3 billion dollars to the 2002 and 2003 budgets for projects related to the New Triad, with at least 33 billion dollars in additional expenditures likely between 2004 and 2008. In the Fiscal Year 2002 and Fiscal Year 2003 budgets alone, the Pentagon has already allocated over 3.1 billion dollars for offensive strike element of the new Triad. Moreover, spending on long-range systems for the period from 2004 through 2008 is likely to reach at least \$8 billion, with the biggest expenditures going towards additional Trident II missiles (\$3 billion); modifications of Trident submarines to carry Tomahawk cruise missiles (\$3 billion), \$ 1.2 billion for approximately 450 additional cruise missiles to outfit the modified subs; and \$ 250 million each for additional JASSM missiles, small diameter bombs, and UCAVs (for a total of \$ 750 million).*

### **Major Beneficiaries of the Modernization of the Offensive Leg of the New Triad:**

*Trident II (D-5) SLBM:* Lockheed Martin's Sunnyvale, California facility will produce at least 115 additional Trident II (D-5) missiles at a total estimated cost of \$4.2 billion as part of a plan to extend the service life of existing Trident submarines from 30 to 44 years while replacing Trident I missiles in the older subs with Trident II missiles. The Navy has included funds for 24 missiles in the 2002 and 2003 budgets.

*Trident Submarine modifications:* General Dynamics' Electric Boat shipyard in Groton, Connecticut is the likely beneficiary of a significant portion of the \$4 billion in planned expenditures for converting four Trident ballistic missile subs to carry 154 Tactical Tomahawk cruise missiles each. Initial funding of \$1 billion has been requested in the Bush administration's FY 2003 budget.

*Unmanned Combat Aerial Vehicles:* Boeing is in the last few months of a 42-month, \$131 million project to "design, fabricate, and flight test" a UCAV demonstrator system, with work being performed at its Phantom Works in Seattle, Washington as well as

its St. Louis, Missouri facilities. In June of 2000, Boeing and Northrop Grumman each received \$2 million projects for the study and preliminary design of the Naval Unmanned Combat Aerial Vehicle (UCAV-N). If, as planned, UCAVs evolve into a major platform for delivering precision weapons over long distances against both conventional targets and weapons of mass destruction, Boeing and Northrop Grumman will have a head start towards dominating a lucrative new line of business.

*Other Conventional Strike Systems:* Raytheon is the prime contractor for the Tactical Tomahawk cruise missile, which is produced at its Tucson, Arizona plant. The company should garner orders for at least 600 additional missiles (at roughly \$2 million per copy) as part of the plan to outfit four Trident submarines with Tactical Tomahawks: the budgets for 2002 and 2003 already include orders for 138 of the new missiles. Lockheed Martin's Integrated Systems division in Orlando, Florida is the prime contractor for the Joint-Air-to-Surface-Standoff Missile (JASSM), a joint Air Force/Navy program to "provide a conventional precision guided long-range standoff cruise missile that can be delivered from both fighters and bombers."

The Bush administration has increased the production run of the JASSM by more than 50%, from 2,400 to 3,700, at an estimated cost of \$712 million. The Pentagon will purchase 176 of these missiles in the 2002 and 2003 budgets. In late September of 2001, Lockheed Martin Orlando and the McDonnell Douglas Corporation of St. Louis, Missouri (a division of Boeing) received \$11.6 million each for advanced development work on the small diameter bomb system, which involves development of "a 250-pound class weapon and carriage systems for integration on various aircraft platforms." The FY 2003 budget calls for an additional \$54 million for the system, which is described as "a smaller, lighter weapon that will allow fighters and bombers to carry more ordnance and thus provide more kills per sortie."

#### **Primary Corporate Beneficiaries of an Expanded Missile Defense Program:**

**Systems Integration:** In February 2002, Boeing and Lockheed Martin each received a sole-source contract worth \$23 million for integration work in support of the "Missile Defense National Team." Boeing will focus on overall system integration and engineering work, while Lockheed Martin will focus on integrating "battle management, command, control and communications capabilities." The awards represented an attempt to spread the responsibility for systems integration in light of the Bush administration's decision to move on all fronts towards a multi-tiered system, rather than focusing first on development of a ground-based system, as the Clinton administration had done. These small initial contracts are likely to be just the tip of the iceberg: in December 2000, in the waning days of the Clinton administration, Boeing received a contract worth up to \$6 billion to continue as its work as Lead Systems Integrator on the National Missile Defense system from January 2001 through September 30, 2007. The contract announcement noted that "the contract has a full potential value of \$13 billion, if all future options are exercised." Now that the Pentagon is moving towards rapid deployment of major elements of the Bush administration's multi-tiered system, this earlier Boeing contract is likely to be restructured, but the amounts involved give some sense of the potential value of the systems integration work to Boeing and Lockheed Martin over the next decade.

**Boost Phase Defenses -- Airborne Laser (ABL), Space-Based Laser (SBL), and Sea-Based Options:** Boeing is the lead contractor for the ABL program, which seeks to mount a laser on a Boeing 747-F freighter aircraft that will be capable of "tracking and killing ballistic missiles while they are

in the boost phase of flight." The Pentagon has allocated nearly \$1.1 billion for the ABL program in the 2002 and 2003 budgets. Other members of "Team ABL" are Lockheed Martin, which is responsible for the "fire control/beam control" system, and TRW, which is producing the Chemical Oxygen Iodine Laser (COIL) that will be mounted in the ABL aircraft. Boeing, Lockheed Martin, and TRW are also the constituent companies of "Team SBL," which is charged with developing the necessary components to conduct an initial test of a Space-Based Laser by 2012. Sea-based boost phase options are at a very early stage at this point, but once an interceptor missile is designed, it will likely create a market for new ships to carry the missiles. Since boost phase interceptors will need to be large and fast to intercept an adversary's ballistic missile in its beginning stage of flight, they will require a different kind of ship that is more stable and has a capacity for much larger launch tubes than the Aegis cruiser, which is being used as the platform for the first phase deployment of the Sea-Based midcourse system (see discussion, below). Competitors for any new vessels required for the Sea-based boost phase system would likely include General Dynamics' Bath Iron Works yard in Bath, Maine, and Northrop Grumman's Litton/Ingalls Shipyard in Pascagoula, Mississippi, both of which have produced Aegis cruisers in the past.

**Midcourse Interceptor "Test Bed":** As part of its expansion and reorganization of the missile defense program, the Bush administration has allocated funds according to what tier of the defensive system specific projects are involved with. The "midcourse defense" category which includes ground-based and sea-based elements, is the largest element of the Bush administration's missile defense program, and is slated to receive \$6.9 billion in funding during 2002 and 2003. Boeing is in charge of organizing tests of the ground-based midcourse system, which cost roughly \$100 million each. As part of the effort to accelerate development and deployment of a system, the Pentagon's Missile Defense Agency has decided to establish a "test bed" based at Fort Greeley, Alaska and at Eareckson Air Force Station on Shemya Island, Alaska. The test bed will include an upgraded Cobra Dane radar, five to six missile silos with prototype interceptors, communications links to other missile defense test sites, and equipment to conduct flight simulation and missile defense intercept tests. Missile Defense Agency chief Lt. General Ronald Kadish has also suggested that the "test bed" "will have an inherent, though rudimentary operational capability." In other words, the construction of the test infrastructure in Alaska is tantamount to the

deployment of the initial phase of a ground-based system. In late April of 2002, Fluor Alaska Inc., a division of the Fluor Corporation, received a three year, \$250 million contract to build roads, perimeter fencing, water and power supply facilities, separate assembly buildings for interceptor missiles and kill vehicles, and an interceptor storage building at the Fort Greeley and Shemya Island sites as part of the test bed project. Construction of the missile silos and installation of the interceptor missiles will be handled by Boeing, either acting on its own or through a subcontractor.

**"Terminal" Systems:** Systems designed to intercept incoming ballistic missiles in their final, "terminal" phase of flight include the Army's Patriot PAC-3 missile and the Theater High Altitude Area Defense system (THAAD), both of which have received substantial funding increases as part of the Bush administration's plan to deploy an "emergency" missile defense capability within the next few years. Lockheed Martin is the prime contractor for the THAAD program, which is slated to receive \$1.8 billion in funding in 2002 and 2003. In October of 1999, the company received an \$4 billion, eight year contract for engineering and manufacturing development of the system, with initial deployment scheduled for 2007. Funding under the contract is likely to be accelerated as part of the Bush administration's missile defense plan. Lockheed Martin's Missiles and Fire Control division, based in Dallas, Texas, is the prime contractor for the Patriot PAC-3 program as well. Funding for the PAC-3 program has increased by an average of 50% in the first two Bush administration budgets, with \$1.5 billion allocated for the program in 2002 and 2003 combined compared with an allocation of \$453 million in 2001.

**SBIRS-Low:** As part of its effort to accelerate deployment of a missile defense system, the Bush administration has revived the troubled Space-Based Infrared System Low (SBIRS-Low), a missile tracking satellite system which had been stalled in Congress due to cost overruns and performance problems. SBIRS-Low is budgeted at \$3.63 billion for fiscal years 2003 through 2007. TRW will be the lead contractor, with subcontractors Spectrum Astro developing the spacecraft and Northrop Grumman and Raytheon developing the sensor systems.

### **Through the Revolving Door: Defense Industry Executives in the Bush Administration**

More than any administration in recent memory, the Bush administration has relied on corporate officials to staff key policymaking positions in the White House and major federal agencies. The role of former energy

industry executives, consultants, and shareholders in the administration has received considerable scrutiny in connection with the Enron scandal and the operations of Vice President Dick Cheney's energy task force, but it is not widely known that the administration has even more extensive ties to the arms industry. A World Policy Institute review of major Bush appointees found that 32 major policy makers had significant financial ties to the arms industry prior to joining the administration, as compared with 21 appointees with ties to the energy industry (see Appendix A for the full listing).

The companies that will benefit from the Bush nuclear policy are particularly well-connected within the administration, with numerous former executives, consultants, and shareholders in key positions involved in the implementation of nuclear weapons and missile defense policies.

Take Lockheed Martin, for example. The company has a greater stake in nuclear weapons and missile defense work than any other U.S. arms maker. On the nuclear weapons side of the business, the firm receives more than \$1 billion per year from the Department of Energy to operate the Sandia National Laboratories in Albuquerque, New Mexico and to help run the Nevada Test Site. Sandia produces non-nuclear parts for nuclear weapons, and is also involved in design work and preliminary experiments aimed at producing a more effective "bunker busting" nuclear weapon. As noted above, Lockheed Martin is also one of the "big four" missile defense contractors, along with Raytheon, Boeing, and TRW. The company has a \$4 billion long-term contract for the Theater-High Altitude Area Defense system (THAAD), and has recently been named (along with Boeing) as one of the "systems integrators" that will help the Pentagon's Missile Defense Agency figure out how to design the multi-tiered system. The company also has billions at stake in its ongoing production of the Trident II (D-5) submarine-launched ballistic missile, which will receive additional funding as part of the administration's decision to rely more heavily on submarine-based missiles than on land-based ICBMs.

As befits the country's largest defense contractor -- with Pentagon prime contracts worth a total of nearly \$30 billion in FY 2000 and FY 2001 alone -- Lockheed Martin also has more connections to the Bush administration than any other U.S. weapons manufacturer. In all, eight current policymakers had direct or indirect ties to the firm before joining the administration. Officials with indirect connections to the company include Vice President Dick Cheney, whose wife Lynne Cheney served on the Lockheed

Martin board from 1994 through January 2001, accumulating more than \$500,000 in deferred director's fees in the process; and Deputy National Security Advisor Stephen Hadley, who worked at Shea and Gardner, the powerhouse DC law firm that represents Lockheed Martin (along with numerous other corporate clients). Bush appointees with more direct links to the firm include Assistant Secretary of State for Latin American Affairs Otto Reich, who worked as a paid lobbyist for Lockheed Martin when the company was seeking a reversal of the U.S. ban on the sale of high tech weapons to Latin America; and Transportation Secretary Norman Mineta and Deputy Transportation Secretary Michael Jackson, both of whom served as Vice Presidents at Lockheed Martin prior to joining the administration.

The ex-Lockheed Martin employees with the most direct connections to nuclear and missile defense policy are former company Chief Operating Officer Peter B. Teets, who is now Under Secretary of the Air Force and Director of the National Reconnaissance Office (NRO), a post that includes making decisions on the acquisition of everything from reconnaissance satellites to space-based elements of missile defense; and Everet Beckner, who served as the chief executive of Lockheed Martin's division that helped run the United Kingdom's Atomic Weapons Establishment, and is now Deputy Administrator for Defense Programs at the Department of Energy's National Nuclear Security Administration, charged with oversight of maintenance, development, and production of nuclear warheads. In their new positions, both Teets and Beckner will be well-positioned to make decisions on procurement and research programs that will directly or indirectly create major new business opportunities for their former employer, which has major portfolios in nuclear weapons, missile defense, and military space systems.

Northrop Grumman, which is now the nation's third largest defense contractor as the result of its acquisitions of Newport News Shipbuilding and Litton defense, follows closely behind Lockheed Martin with seven former officials, consultants, or shareholders in the Bush administration. As a major contractor in the fields of defense electronics, precision strike systems, shipbuilding, and combat aircraft (prime contractor on the B-2 bomber, major subcontractor on the F-18E/F, and part of Lockheed Martin's winning team in the Joint Strike Fighter competition), the company is well-positioned to benefit from increases in spending on either conventional or nuclear systems. Northrop Grumman's most important interests in the fields of nuclear weapons

and missile defense are long-range strike systems (UCAVs), the B-2 bomber, and a range of missile defense programs.

To a greater degree than other firms profiled in this report, Northrop Grumman's ability to profit from the new Bush nuclear policy depends on significant policy decisions or policy changes which have yet to be made. For example, while there has been much discussion of the importance of long-range bombers that don't rely on access to overseas bases, the company's B-2 bomber program has not been revived by the Pentagon, despite pressure from program boosters like Rep. Norman Dicks, (D-WA), the ranking Democrat on the House Armed Services Committee and a longtime friend of Seattle-based Boeing, which is a major subcontractor on the B-2. The FY 2003 budget includes \$297 million for the "continued modification and development of the B-2," and the Pentagon explicitly notes that in addition to conventional bombing missions "The B-2 will also retain its capability as a nuclear bomber, reinforcing the deterrence of nuclear conflict." Similarly, if Northrop Grumman can put together the financing to carry out its hostile takeover of TRW, it will need to get sign-off from the Justice Department and the Pentagon indicating that the acquisition will not undermine what is left of "competitiveness" in the highly concentrated defense sector. Given these uncertainties, Northrop Grumman may actually be even more active, and possibly more open, in its lobbying efforts than a company like Lockheed Martin, which has a firm hold on numerous programs that are already in the pipeline to receive funding as a result of increased nuclear and missile defense expenditures.

Northrop Grumman's most important link to the administration is Secretary of the Air Force James Roche, a former company Vice President who will have much to say about the kinds of long-range aircraft, missiles, and unmanned combat vehicles the Air Force will be purchasing in support of the "offensive strike" element of the New Triad. The company's influence within the Air Force is reinforced by the presence of Assistant Secretary of the Air Force for Installations, Environment, and Logistics Nelson F. Gibbs, who served as Corporate Comptroller at Northrop Grumman from 1991 to 1999. Other key company connections include Deputy Secretary of Defense Paul Wolfowitz, Pentagon Comptroller Dov Zakheim, and Undersecretary of Defense for Policy Douglas Feith, all of whom had consulting contracts or served on paid advisory boards for Northrop Grumman prior to joining the

administration. Last but not least, I. Lewis Libby, Vice President Cheney's Chief of Staff, and Sean O'Keefe, the director of the National Aeronautics and Space Administration, served as a paid consultant and a paid advisory board member, respectively, to Northrop Grumman.

General Dynamics will benefit from initiatives to extend the life of the Trident submarine by utilizing it both to carry submarine-launched ballistic missiles and new "conventional strike" munitions. Gordon England, the Bush administration's Secretary of the Navy, was a General Dynamics Vice President prior to taking his current post. Other administration officials with ties to the company include Secretary of State Colin Powell, who owned more than \$1 million in General Dynamics stock before joining the administration, and Undersecretary of Defense Michael Wynne, who was a Senior Vice President for International Planning and Development at General Dynamics before joining the administration.

Other major weapons contractors with ties to the administration (with relevant areas of business in parentheses) include Raytheon (missile defense), General Electric (aircraft engines and naval nuclear reactors), United Industrial (UCAVs), Hughes Electronics, Coleman Research (missile defense), Boeing (missile defense), Loral Space and Communications (command, control, and communications), and Motorola (defense electronics, communications). See appendix A for details on the connections between these firms and key administration personnel.

Finally, California construction giant Bechtel, which has longstanding ties to the Republican party and has had such Republican luminaries as former Reagan Defense Secretary Caspar Weinberger and former Reagan Secretary of State George Shultz on its board of directors, will benefit directly from efforts to expand capabilities to for the testing and production of nuclear weapons. Bechtel is part of partnership (along with Lockheed Martin) that runs the Nevada Test Site for the U.S. government; it runs the Y-12 plant in Oak Ridge Tennessee, which makes critical components for nuclear warheads; and it is involved in the management of the Pantex nuclear weapons plant in Amarillo, Texas. Bechtel's \$1 billion-plus in annual contracts for "atomic energy defense activities" is likely to grow substantially under the Bush nuclear plan.

### **Political Contributions by Missile Defense and Nuclear Weapons Contractors:**

In keeping with their interests in the Bush administration's approach to nuclear and defense

policies, arms makers like Lockheed Martin, Northrop Grumman, and General Dynamics have heavily favored President Bush and Republican candidates in their campaign contributions, both prior to and after the 2000 elections. Defense contractor contributions of \$13.5 million in the last election cycle favored Republican candidates by a margin of almost 2 to 1 (65% to 35%), and by more than 2 to 1 for the 2001/2002 cycle, when 68% of the industry's \$6.1 million in contributions has gone to Republican candidates or committees. And although the industry's \$190,000 in contributions to George W. Bush were a "drop in the bucket" compared to the tens of millions of dollars he raised in his drive for the presidency, the fact that Bush received more than four and one-half times as much defense industry money as Al Gore suggests that the industry had a clear preference for the Republican standard bearer.

On paper at least, candidate Gore was pledging to seek a greater increase in Pentagon spending than candidate Bush -- a \$100 billion increase beyond existing plans over 10 years versus a \$50 billion, ten year increase proposed by the Bush team. This suggests that the industry's preference for Bush was either related to areas where strong differences between the two candidates might favor their interests -- as in the case of Bush's repeated pledges to pursue the construction of a multi-tiered missile defense system -- or that there was a presumption that Bush would ultimately spend far more on the Pentagon than he was suggesting on the campaign trail.

Companies with a specific stake in missile defense and nuclear weapons projects also demonstrated a preference for Republican candidates. A World Policy Institute analysis of campaign contributions by ten major nuclear weapons and missile defense contractors revealed that these firms made \$8.6 million in political contributions in 1999/2000, with 61% of the funds going to Republican candidates; and \$4.2 million in contributions so far in 2001/2002, with 64% going to Republican candidates (see Appendix B for data on each of the ten companies). Lockheed Martin was by far the most active campaign donor, making \$4 million in political donations to federal candidates during the 1999/2000 and 2001/2002 cycles combined, which accounted for almost one-third of the \$12.8 million donated by the ten major missile defense and nuclear weapons contractors during the two cycles.

Like many major campaign contributors, major nuclear weapons and missile defense contractors give donations to candidates who are in a position to do them the most good. Five of the top six donors to members of the House Armed Services Committee

during the 1999/2000 election cycle were major nuclear weapons and missile defense contractors: Lockheed Martin, \$212,834 (1st); General Dynamics, \$201,707 (2nd); Raytheon, \$129,150 (4th); Boeing, \$122,753 (5th); and Northrop Grumman, \$108,350 (6th). A similar pattern emerged in the Senate Armed Services Committee, where five of the top seven donors were major nuclear or missile defense contractors: Lockheed Martin, \$203,388 (1st); General Dynamics, \$120,700 (2nd); Raytheon, \$115,401 (3rd); Boeing, \$93,255 (5th); and Northrop Grumman, \$68,100 (7th).

The larger contractors also lavished generous donations on other key committees with decision making power over the Pentagon and military aid budgets. For example, Lockheed Martin (5th, with \$238,849) and Boeing (14th, with \$199,200) were major contributors to the House Appropriations Committee; this committee's Defense Appropriations Subcommittee plays an important role in determining the size and content of the Pentagon budget. Lockheed Martin apparently wanted to leave no stone unturned in the drive for influence: the company was the number one donor to both the Senate Appropriations and Senate Governmental Affairs committees in 1999/2000, with contributions of \$339,546 and \$214,110 to committee members, respectively.

Lockheed Martin also led the defense industry in lobbying expenditures for the year 2000, the most recent year for which full statistics are available, doubling its spending to \$9.7 million, up from \$4.2 million in 1999. Other big spenders with interests in nuclear weapons and missile defense projects included Boeing (\$7.8 million), Northrop Grumman (\$6.9 million), General Dynamics (\$4.7 million), Raytheon (\$2.3 million), and TRW (\$1.1 million). In all, companies with major stakes in missile defense and nuclear weapons work spent more than \$58.9 million on lobbying during 1999 and 2000, which accounted for 45% of all lobbying expenditures by weapons contractors during that time period.

In one of the more outrageous lobbying stunts of recent years, Weldon created a "Congressional Village" at the Philadelphia Navy Yard during the summer 2000 Republican convention, at which 100 Republican House members and their families stayed for the duration of the meeting. The site included a weapons display that was transported, set up, and maintained at Pentagon expense. Weapons on display included a Boeing V-22 Osprey, a Lockheed Martin Theater High-Altitude Area Defense (THAAD) missile, and a Northrop Grumman Predator unmanned aerial vehicle. The "village" was financed in part by – you

guessed it -- defense contractors Boeing, Lockheed Martin, and Litton. To top off the week's activities, Weldon held a fundraiser to benefit "CurtPAC," his leadership Political Action Committee.

Weldon's exploits on behalf of missile defense contractors have not gone unrewarded. During both the year 2000 and 2002 election cycles, Lockheed Martin, Boeing, and Raytheon were among Weldon's top 20 donors. In all, Rep. Weldon received donations totaling \$46,000 from eight of the top ten missile defense and nuclear weapons contractors during the 1999/2000 and 2001/2002 election cycles. These contributions represented roughly one out of every eight dollars received by Weldon during these two election cycles. Weldon also received substantial funding from missile defense contractors and their employees working on missile defense projects near the Army's missile defense command in Huntsville, Alabama. Whereas most House members raise the majority of their money in their home states, Weldon's second most lucrative source of funds in the 1999/2000 election cycle was Huntsville, Alabama, which generated \$31,925 in donations for his campaign from executives and employees of missile defense contractors. Many of these donations were from employees of smaller missile defense firms like Colsa, Inc., which depend on missile defense spending for a much larger share of their overall revenue than defense behemoths like Lockheed Martin or Boeing do.

Senate Minority Leader Trent Lott offers a case study in how pork barrel politics can be a "win-win" situation for contractors and influential members of Congress, whether or not the weapons system in question is ready for prime time. One of the projects that Lott took on when he was still majority leader in the Senate was pressing the Pentagon to build a test facility for the Space-Based Laser project at the Stennis Space Center on Mississippi's Gulf Coast. In a May 1997 letter to incoming Clinton Defense Secretary William Cohen -- his former Republican colleague on the Senate Armed Services Committee -- Lott complained that the Pentagon needed to stop playing in the "technology sandbox" and "select a production site and build a demonstrator." After Lott pushed through a proposal to quadruple the funding for the SBL program to \$120 million in the Fiscal Year 1998 budget, an Air Force acquisition official met with a Lott staffer to review options for the test center, noting that "I'm sure he [Lott] would like to see that site bedded down in Stennis." In February 2001, after four years of intensive lobbying, Lott got his wish: the Pentagon agreed to build a \$115 million Space-Based

Laser Performance Test facility at Stennis, where "Team SBL" – Boeing, Lockheed Martin, and TRW – will construct an experimental laser that will attempt to hit mock-ups of ballistic missiles.

As a result of his efforts on behalf of Mississippi-based defense and space projects, Lott has developed a particularly strong relationship with Lockheed Martin, which ranked 6th on his list of "career donors" compiled by the Center for Public Integrity for their 1998 book, *The Buying of the Congress*. Lott has been helpful with a host of Lockheed Martin projects, from promoting regular add-ons of the company's C-130 transport plane to the Pentagon budget, many of which are then based at Mississippi's Keesler Air Force base; to going to bat for the company's embattled F-22 fighter plane project; to helping clear the way for Lockheed Martin's controversial purchase of Comsat Corp., a U.S.-government chartered global satellite company.

A number of other major congressional advocates for nuclear weapons and missile defense projects have been on the receiving end of major donations from key contractors. Lott's Mississippi colleague Sen. Thad Cochran, the key sponsor of the pro-missile defense "Defend America Act" which passed Congress in modified form in the latter part of the Clinton administration, numbers Northrop Grumman (\$7,500), Lockheed Martin (\$6,500), and the Defend America PAC (\$10,000) among his top donors for the period from 1997 through 2002. Defend America PAC is the leadership Political Action Committee of Cochran's Senate colleague Senator Richard Shelby (R-AL) and it draws its donations largely from missile defense contractors centered around the Army's missile and space command in Huntsville, Alabama. Shelby has received more than \$85,000 in donations from PACs and individuals linked to missile defense and nuclear weapons related-firms in the 1997-2002 election cycle, and has garnered more than 12% of his PAC receipts in 2001/2002 from major nuclear weapons or missile defense contractors. Other major recipients of money from Shelby's "Defend America" PAC in the last two election cycles have included Sen. Ted Stevens (R-Alaska), the ranking Republican on the Senate Appropriations Committee and a staunch advocate of missile defense projects in his home state (\$10,000); Sen. Jon Kyl (R-AZ), a major missile defense advocate and the leader of the successful Senate effort to block the Comprehensive Test Ban Treaty (\$5,000); and George W. Bush, who received a \$5,000 contribution from the PAC towards

his 2000 election campaign.

Although defense industry contributions have tilted Republican since Republicans took control of the House of Representatives in 1994, key Democrats are also on the receiving end of contributions from major contractors. Current Assistant Senate Majority Leader Harry Reid (D-NV) received generous contributions from Lockheed Martin (\$7,000) and Bechtel (\$6,000) in the 1999/2000 election cycle. The companies are both part of the partnership that runs the Nevada Test Site. As chairman of the Energy and Water Subcommittee of the Senate Appropriations Committee, Reid has jurisdiction over Department of Energy expenditures, including spending on the nuclear weapons complex. During consideration of the supplemental to the 2002 budget, Reid added 50 Nevada-specific items to the original request, including \$1 million for an Atomic Testing History Institute based at the Nevada Test Site. Sen. Joseph Lieberman, a vocal supporter of increased military spending and one of the first Democrats to co-sponsor the "Defend America Act," received \$36,000 from Lockheed Martin, General Dynamics, Northrop Grumman, Boeing, and other major nuclear and missile defense contractors in the 1999/2000 election cycle.

While arms companies devote much of their lobbying to specific projects, there are occasions when company officials press the larger case for expanded military budgets. For example, Lockheed Martin Vice President Bruce Jackson signed onto the founding letter for the conservative Project for a New American Century, which called for major increases in the Pentagon budget and a return to the unilateralist, "peace through strength" policies of the early Reagan era. Jackson now serves on the Project for a New American Century's advisory board. Co-signers of the letter included current Bush administration Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld, along with a host of other individuals who have gone on to serve in the Bush administration. Jackson's leverage as an advocate for his company is further enhanced by the fact that he served as a chief fundraiser for the 1996 Dole for President campaign and helped write the foreign policy platform for the Republican Party for the year 2000 elections. The next section will go into more detail on how weapons makers can parley support for conservative think tanks into major policy shifts that will help not just specific weapons systems, but will open up whole new areas of business for these firms.

*(Source : US Based World Policy Institute's Special Report, May, 2002)*

### **Asia**

#### **Retrenched Oil Workers Demonstrate in China**

More than 1,000 laid-off oil workers reportedly blocked roads leading into China's Shengli oilfields in Shandong province last weekend, demanding higher unemployment payments and more assistance in finding new jobs. Shengli is China's second largest oilfield, after the major Daqing field in Heilongjiang province. Tens of thousands of laid-off workers in Daqing have taken part in large-scale demonstrations since March against oil company's attempts to slash compensation and unemployment benefits.

#### **Indonesian Textile Workers Demand Welfare**

About 1,500 women workers employed by the garment manufacturer PT Indorama, in Tangerang, camped outside the municipal administration office on June 17 and held a rally there the next day. The women were demanding that the company improve their welfare scheme.

A spokesman for the Tangerang Independent Association of Workers said that the union had repeatedly discussed the demand with company management and reached several agreements, but they were never implemented. The company refused to honour its promises, even after being instructed to do so by the municipal manpower agency. One worker at the rally said: "We have now come to this office because the administration has the power to make the company directors approve our demands."

#### **Sri Lankan Ceramic Workers' Fight to Re-open Factory**

About 1,000 Lanka Ceramic workers have been picketing their plant after it was closed suddenly on June 5. Management imposed the lockout at the former state-owned company after workers took industrial action against the suspension of four union activists.

The locked-out employees, who have begun putting up posters about the closure, also picketed the company's main outlet in Colombo on June 6 and 7. Employees at the company's show rooms and auxiliary plants have supported the locked-out workers by holding two-day pickets outside their own work places.

#### **Indian Tyre Workers Demand Back Pay**

A total of 5,800 workers at Dunlop tyre factories in Kolkatta and Chennai began a hunger strike on June 20 to force the company to pay unpaid wages. Both

factories suspended operations last September, owing workers about eight months wages. Workers are now facing grave economic difficulties and several have committed suicide.

Union sources said management has laid down conditions for resuming operations at the Chennai plant. Under the company plan, a minimum of 500 employees would have to accept compulsory retirement with only meagre compensation. Those remaining would have to agree to a 25 percent pay cut and the abolition of canteen facilities and transportation benefits.

### **Australia**

#### **Thousands of Australian Nurses Walk Off the Job**

More than 16,000 nurses at 80 public hospitals across Queensland struck for between one and 24 hours on June 20 and voted to close one in every four beds in the state to reduce patient-to-nurse ratios. Nurses from the Royal Brisbane and Princess Alexandra hospitals in Brisbane held rallies outside their workplaces while nurses in Cairns marched through the city's streets.

#### **Airline Workers Strike for Improved Severance Pay**

Workers at the Qantas-owned regional carrier Southern Australia Airlines went on strike for 24 hours on June 20 demanding improved severance packages for 25 workers due to be retrenched in September. A spokeswoman for the Australian Services Union said Southern's workers were seeking the same redundancy entitlements paid to other Qantas employees

### **Latin America**

#### **Mass Opposition to Privatization in Peru**

Mass protests rocked Arequipa, Peru after the government announced the sale of two state electric utilities to a Belgian firm. The demonstrations began on June 15 and intensified the following day. Thousands of demonstrators rallied in Arequipa's main square, chanting slogans against Peruvian President Alejandro Toledo. During the recent campaign for president, Toledo had promised in writing not to privatize the electric utilities in Arequipa and in Tacna, a city on the border with Chile. Protesters blocked access to government buildings and occupied the airport in an attempt to prevent the landing of special government troops being sent to quell the protests.

### **One-Day National Strike in Uruguay**

On June 12 Uruguay was paralysed by a 24-hour general strike organised by the national trade union federation (PIT-CUT) to protest austerity measures imposed by President Jorge Batlle under orders from the International Monetary Fund.

### **Auto Layoffs in Mexico**

Volkswagen is laying off workers from its Puebla plant, south of Mexico City. Since the beginning of the year, some 400 temporary workers have been laid off. Another 53 are to be laid off in the next few days, eliminating all temps from the plant. In addition, the jobs of 150 permanent workers are to be slashed.

Workers at the plant struck for 18 days last September before the Independent Union of Volkswagen Workers (SITVW) climbed down on its wage demands, accepting a 14 percent increase, despite the fact that inflation has risen by 352 percent since 1994. Average wages are 226 pesos a day—about \$26 US—about one seventh of what a US auto worker makes and one tenth the wage of a German VW worker.

## **Europe**

### **Air Traffic Controllers Strike Throughout Europe**

On June 19, air traffic controllers throughout Europe took co-ordinated strike action against new European Union proposals on deregulation.

The action in France, Italy, Portugal, Greece and Hungary resulted in cancellations and delays of hundreds of flights.

The air traffic controllers are campaigning against the implementation of a plan to restructure air traffic control on the basis of a new proposal known as the Single Skies plan. The central tenet of the plan is to replace national air spaces with new zones of control based on international air corridors.

Many air traffic workers are opposed to the plan on the ground that it will inaugurate the privatisation of the service, leading to job losses and undermining safety standards. The European Commission stated that an important factor in the new plan was to cut

costs in the air traffic control industry. It estimates that the current system of air routings costs Europe 5 billion euros (\$4.7 billion) annually in extra fuel, staff costs, and lost passenger time.

France was the worst affected by the dispute, with just 10 percent of short and medium-haul Air France services able to fly during the strike. Charles de Gaulle airport flew just 264 flights out of the normal 2,000 per day. At Orly airport near Paris, only 77 out of 660 flights were operating.

In Italy 50 Alitalia flights were cancelled and Air France was forced to cancel 22 of 23 flights from Rome.

### **German Construction Workers Begin Strike**

Construction workers in Germany began their first major national strike for more than 50 years on June 17. The building workers, members of the IG BAU union, are calling for a pay increase of 4.5 percent per year. There are 950,000 construction workers in Germany and many are located in the eastern part of the country and paid lower wages than workers in the west a decade after re-unification.

Union leaders and representatives of the employers had been involved in talks over a new pay deal up until June 1. The industrial action follows the result of a strike ballot announced last week, which was near unanimous in favour of taking action.

### **Public Service Workers Strike in Greece to Oppose Anti-Welfare Legislation**

The largest civil servants' union in Greece called a 24-hour strike on June 18 to protest anti-welfare measures by the Socialist Party led government.

During the day of action, some 5,000 striking workers protested in front of the parliament building. The national economy ministry was also a target for protest and a large banner was placed in front of it, demanding that parliament stop the "anti-labour" bill.

Among the proposals being put forward by the government are cuts in pensions and an increase in the minimum retirement age to 65.

Among the demands put forward by the union are full pension rights after 35 years of work, regardless of age.

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**APPEAL**

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