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### Article

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## **‘I think we cannot refuse the order’: Britain, US-UK relations, nuclear non-proliferation, and the Indian Jaguar deal, 1974-1978**

### **Introduction<sup>1</sup>**

After a heated internal debate about the wisdom of selling supposedly ‘nuclear capable’ Jaguar strike aircraft to India, in mid-1975 British Foreign Secretary James Callaghan commented ‘I think we cannot refuse the order.’<sup>2</sup> This was neither the beginning nor the end of an issue that spanned four years and saw domestic economic imperatives collide with global non-proliferation policy. Not only were there lengthy debates within London’s corridors of power, the Jaguar sale also drew in Jimmy Carter’s administration, as unlike its more powerful ally, the British government refused to subordinate economic wellbeing to the cause of nuclear non-proliferation.

The debate originated in British Aircraft Corporation’s (BAC) negotiations with India to sell the Jaguar in a deal worth millions of pounds and thousands of jobs to the teetering British aerospace industry.<sup>3</sup> By 1973, trade counted for nearly 40 per cent of the UK’s GDP.<sup>4</sup> In the fraught economic atmosphere of the 1970s, the revenue from arms sales was more vital than ever. The provision of advanced aircraft to non-aligned (but part of the Commonwealth) India fitted into a long lasting set of US-UK disagreements and disputes regarding trade that primarily focused on the communist,

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<sup>1</sup> I would like to thank all those who have given feedback on various drafts of this article, in particular Fabian Hilfrich, Frances Houghton, Rhodri Jeffreys-Jones, Robert Mason, Mark McLay, Benoit Pelopidas, and Andrew Preston, all of whom offered invaluable comments that helped to revise and strengthen this piece. I have also been very appreciative of the opportunities to gain further feedback from the University of Edinburgh American History Workshop and Centre for the Study of Modern Conflict, the Historians of the Twentieth Century United States conference, and the Scottish Association for the Study of America conference.

<sup>2</sup> Dales to Wright, ‘Sale of Jaguar Aircraft to India,’ 9 June, 1975, The National Archives of the UK (hereafter TNA) Records of the Foreign and Commonwealth Office (hereafter FCO) 37/1627

<sup>3</sup> In 1977, BAC was consolidated with Hawker Siddeley and Scottish Aviation to become British Aerospace (BA) as the government nationalised the aircraft and shipbuilding industries.

<sup>4</sup> Jim Tomlinson, ‘Economic Policy,’ in Roderick Floud and Paul Johnson (eds.), *The Cambridge Economic History of Modern Britain* (Cambridge University Press, 2004), 191; Jeffrey A. Engel, *Cold War at 30,000 Feet: The Anglo-American Fight for Aviation Supremacy* (Harvard University Press, 2007), 11.

rather than non-aligned, world.<sup>5</sup> But as Paul McGarr observes, issues such as Jaguar were not new. During the 1950s and 60s, successive UK governments found themselves attempting to balance diplomatic and financial interests on the subcontinent alongside competing Cold War and regional demands from the US, India, and Pakistan.<sup>6</sup> Indeed, the sale of Hawker Hunter aircraft to India in the 1960s had provoked a similar US-UK confrontation.<sup>7</sup>

The Jaguar deal, however, was complicated by the UK's active engagement in non-proliferation diplomacy on the sub-continent. From the mid-1970s onwards the USA and UK worked together to prevent Pakistan from purchasing a nuclear reprocessing plant (that could produce fissile plutonium) from France. Moreover, from 1978 onwards, there were intertwined efforts to combat Islamabad's clandestine uranium enrichment programme, which Britain had monitored since 1976 and alerted the US government to in 1977.<sup>8</sup> Successive Prime Ministers had positioned the UK as a leading anti-proliferation voice. During the 1960s, Harold Wilson's government had engaged in the debates on many 'nuclear sharing' plans as non-proliferation measures. Although these plans were ultimately fruitless, the end of the 1960s saw the creation of the Treaty on the Non-proliferation of Nuclear Weapons (NPT), of which Britain was one of three depository powers. Further emphasis was given to non-proliferation by Britain's commitment to the Comprehensive Test Ban negotiations, and its key role in the Nuclear Suppliers' Group (NSG).

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<sup>5</sup> See, for example, Frank Cain, *Economic Statecraft During the Cold War* (Routledge, 2007); Alan P. Dobson, *The Politics of the Anglo-American Economic Special Relationship 1940-1987* (Wheatsheaf Books, 1988); Engel, *Cold War at 30,000 Feet*; Christopher Hull, 'Our Arms in Havana: British Military Sales to Batista and Castro, 1958-59,' *Diplomacy and Statecraft*, 18:3 (September 2007), 593-616 and "'Going to War in Buses": The Anglo-American Clash over Leyland Sales to Cuba, 1963-1964,' *Diplomatic History*, 34:5 (November 2010), 793-822.

<sup>6</sup> Paul McGarr, *The Cold War in South Asia: Britain, the United States, and the Indian Subcontinent, 1945-1965* (Cambridge University Press, 2013), 351

<sup>7</sup> Mark Phythian, *The Politics of British Arms Sales Since 1964* (Manchester University Press, 2000), 130-131

<sup>8</sup> See Malcolm Craig, 'The United Kingdom, the United States, and Nuclear Proliferation in South Asia: The Case of Pakistan, 1974-1980,' (University of Edinburgh; PhD Diss., 2014)

Although the Indian nuclear test of May 1974 motivated Henry Kissinger's drive for what became the NSG, it was only during the 1976 US election – when presidential aspirant Jimmy Carter made non-proliferation a key strand of his campaign – that Ford and his advisers started to give non-proliferation a much higher profile.<sup>9</sup> Taking office in January 1977, the Carter administration was especially focused on non-proliferation and conventional arms control, with Carter's anti-reprocessing position creating tension between the US and European nuclear supplier states. Throughout this period, the Ford and Carter administrations used arms sales as a diplomatic tool – to either bribe or coerce – in nuclear negotiations with the governments of Zulfikar Ali Bhutto (Pakistani Prime Minister, 1973-77) and Muhammad Zia ul-Haq (Pakistani President, 1977-88).<sup>10</sup> However, it was only from 1977 onwards that the United States put pressure on the UK's Jaguar negotiations with India.

Britain's position was muddled by the perception that the Jaguar could deliver nuclear weapons. The sale of potentially nuclear capable aircraft to India demonstrated that in times of economic crisis, the British government – despite claims of leading non-proliferation status – was unwilling to prioritise non-proliferation over economic self-interest. While British ministers and officials were fully aware of the non-proliferation arguments, successive Prime Ministers and Foreign Secretaries chose to wilfully ignore the nuclear implications inherent in their arms sales policy. The negotiations and eventual deal were contentious in terms of domestic, inter-departmental relations within the British government, where non-financial opposition to the sale was vested almost solely in the Arms Control and Disarmament Department (ACDD) of the Foreign and Commonwealth Office (FCO).

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<sup>9</sup> William Burr, 'A "Scheme of Control": The United States and the Origins of the Nuclear Suppliers' Group, 1974-76', *The International History Review*, 36:2 (2014), 252-276.

<sup>10</sup> Dennis Kux, *Disenchanted Allies: The United States and Pakistan, 1947-2000* (Woodrow Wilson Center Press, 2001), 215-255.

The arguments used for and against selling the Jaguar to India varied in their strength and deployment but serve to illustrate the collision between domestic and foreign policy. The contention that the deal was vital for a troubled British economy ultimately proved irresistible. Minor arguments for the sale spoke of moving India away from increased cooperation with the USSR, and of not letting French competitors beat British industry. In opposition, the primary argument for internal and external critics (such as the Carter administration) were rooted in what Alan Dobson describes as the sale's 'symbolic meaning.'<sup>11</sup> In the Jaguar's case, this symbolism was twofold. Firstly, opponents of the deal contended that supplying advanced aircraft to India demonstrated to the world that there were few consequences to India's detonation of a nuclear device in May 1974. Secondly, the symbolism of an aircraft that had – in British service – an offensive nuclear role would (and did) alarm Pakistan, the very nation that America and Britain were attempting to dissuade from pursuing the nuclear option. Critics also perceived the aircraft – whether correctly or not – as potentially altering the strategic military balance on the sub-continent. Thus, the major arguments against the sale – within the British government and between Washington and London – focused on the 'symbolic, communicative effects of economic statecraft' rather than economic realities.<sup>12</sup>

This article thus poses three main questions: a) What consideration was given to the issue of non-proliferation during the Jaguar discussions? b) How did the US attempt to influence the British position in favour of non-proliferation objectives? c) Why – when Britain positioned itself as a leading non-proliferation voice – did the Wilson and Callaghan governments pursue the sale with such vigour and risk damaging that standing? There already exists a considerable literature on Cold War Anglo-American

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<sup>11</sup> Alan P. Dobson, *US Economic Statecraft for Survival, 1933-1991* (Routledge, 2002), 1-2

<sup>12</sup> *Ibid*, 3

economic relations and arms sales.<sup>13</sup> There is, however, little consideration within the extant literature of the role played by arms sales in a nuclear non-proliferation context. This article begins to fill this gap in the scholarship by utilising recently released archival information from both sides of the Atlantic. By examining an overlooked incident, this article thus adds to the complexity of nuclear non-proliferation history in the 1970s by offering an example of the interactions between the domestic priorities and the non-proliferation policy of an outwardly ‘leading’ anti-proliferationist state.

### **‘Immense benefit to British industry’**

BAC’s negotiations with India over a ‘deep penetration strike aircraft’ (DPSA) only became a major concern after the ‘Smiling Buddha’ nuclear detonation of 18 May 1974. The Indian test – positioned by Indira Gandhi as a ‘peaceful nuclear explosion’ – was a watershed.<sup>14</sup> The explosion had implications far beyond the sub-continent and, as Michael J. Brenner contends, the test ‘blew a psychological hole in the world’s confident perception of how difficult it was for a marginally proficient state to build a bomb, and how hard it was to evade safeguards against the surreptitious exploitation of a nominally civilian program.’<sup>15</sup> The test was also a turning point that set India’s neighbour Pakistan irrevocably along the nuclear weapons path.<sup>16</sup> Having fought three major wars since partition of the British Raj in 1947, India’s ascent to nuclear status only increased the tensions between Islamabad and New Delhi. In Anglo-American discussions, the test was recognised as a watershed, but neither Henry Kissinger or Jim

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<sup>13</sup> See for example the cited works by Cain, Dobson, Engel, and Phythian..

<sup>14</sup> Michael Hornsby, ‘Critics of India’s ‘peaceful’ atomic device test say it is one step towards a bomb,’ *The Times*, 20 May, 1974, 7.

<sup>15</sup> Michael J. Brenner, *Nuclear Power and Non-proliferation: The Remaking of U.S Policy* (Cambridge University Press, 1981), 64.

<sup>16</sup> Samina Ahmed, ‘Pakistan’s Nuclear Weapons Program: Turning Points and Nuclear Choices,’ *International Security*, 23:4 (Spring, 1999), 183-184.

Callaghan – who maintained warm personal relations – expressed any desire to come down hard on New Delhi.<sup>17</sup>

Conventional arms sales were tied to the nuclear issue in Pakistan from the very instant of the Indian test. Not only did the US government attempt to use weapons sales as a means of discouraging Pakistani nuclear aspirations, Britain also found itself mired in the issue through its long-running efforts to sell advanced aircraft to India (BAC, with the support of the government, had been competing to sell India the Jaguar as early as 1967).<sup>18</sup> However, there were stark differences in the reasons for, and effects of, conventional arms sales to the sub-continental neighbours. American offers of arms to Pakistan aimed to lessen Islamabad's security anxieties regarding India – through their provision or withdrawal – to bribe or coerce Islamabad into abandoning its atomic ambitions. By the 1970s, Britain found itself mired in an 'unparalleled economic crisis', a situation where governments saw the British aircraft industry as an essential revenue generator.<sup>19</sup> Any major sales opportunity was therefore vital, even though British governments had faced the challenging task of balancing sales to the two regional rivals ever since the 1947 partition of the Raj.<sup>20</sup>

After the 18 May test, the FCO's South Asia Department (SAD) – with the concurrence of the ACDD, the Far Eastern Department, and the East European and Soviet Department – realised that the potential British sale of a 'nuclear-capable' strike aircraft such as the Jaguar (which had just entered Royal Air Force service in the tactical nuclear strike role) to India might be regarded by Pakistan with 'great

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<sup>17</sup> 'Memorandum of Conversation, 'Energy; North Sea Oil; Foreign Assistance; Nuclear Non-Proliferation; CSCE; Trade Bill,' 7 July, 1974, Wilson Center Digital Archive, <http://digitalarchive.wilsoncenter.org/document/119774> (accessed on 25 October, 2014)

<sup>18</sup> Prior to 1974, non-proliferation was absent from discussions about the Jaguar deal. None of the relevant files mention nuclear issues.

<sup>19</sup> Harold Wilson, *Final Term: The Labour Government, 1974-1976* (Weidenfeld and Nicholson, 1979), 13. The 1970s were a lean time for Britain's aerospace industry, having been a successful exporter for the previous two decades. Manufacturers found themselves in a position where potential purchasers would not consider replacing their equipment until the 1980s. See Phythian, *The Politics of British Arms Sales Since 1964*, 19.

<sup>20</sup> Phythian, *The Politics of British Arms Sales Since 1964*, 130.



suspicion.<sup>21</sup> Sir Michael Cary, Permanent Under-secretary at the Ministry of Defence (MoD), argued that the Jaguar was *not* a new capability for India, which had a fleet of aging but serviceable Canberra bombers that could be adapted for nuclear delivery.<sup>22</sup> Sir Thomas Brimelow, Cary's opposite number in the FCO, countered that selling the Jaguars to New Delhi was inconceivable in light of the nuclear test. The Indians required subtle notification so as not to wound their pride, but could be mollified by the sale of less controversial equipment such as the Nimrod patrol aircraft.<sup>23</sup> David Summerhayes, ACDD chief, argued that wider knowledge of British intent to potentially sell supposed nuclear delivery systems to India would have a significant, damaging impact on the standing of the UK as a global anti-proliferation voice.<sup>24</sup> Summerhayes' colleague, Assistant Under Secretary of State John Thomson agreed, stating the primacy of non-proliferation policy and arguing, 'if ever there was a moral cause, it is this.'<sup>25</sup> Thus, the battle lines over the symbolism (if not the reality) of Jaguar were drawn.

In the wake of the May test, Wilson's government delayed giving a definitive answer to the Indians over the specifics of their Jaguar offer, blaming a wrangle over credit terms. Internally, non-proliferation considerations played a significant role in arguments over the Jaguar, but in British-Indian discussions, British representatives persistently emphasised the financial obstacles.<sup>26</sup> Indeed, there were genuine economic arguments against the sale. India was judged a poor credit risk and extending assistance to New Delhi would be at the expense of more credit-worthy potential customers. The nuclear test had only complicated this already perplexing situation.<sup>27</sup> Favouring the sale

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<sup>21</sup> Seaward to Wilford, 'Implications of the Indian Nuclear Test,' 29 May, 1974, TNA FCO66/654.

<sup>22</sup> Cary to Brimelow, 'Relations With India,' 10 June, 1974, TNA FCO66/655, 2.

<sup>23</sup> Brimelow to Cary, 'Relations With India,' 13 June, 1974, TNA FCO66/655, 2.

<sup>24</sup> Summerhayes to Thomson et al, 'Indian Nuclear Test,' 13 June, 1974, TNA FCO66/655, 3.

<sup>25</sup> Thomson, attachment to: Summerhayes to Thomson et al, 'Indian Nuclear Test,' 13 June, 1974, TNA FCO66/655..

<sup>26</sup> Walker to Cary, 'Corvettes and Jaguars for India,' 16 August, 1974, TNA FCO66/658, 2-3

<sup>27</sup> Chalmers to Male, 'Sale of Jaguar Aircraft to India,' 20 August 1974, TNA FCO66/658, 1.

were Secretary of State for Industry Tony Benn and Secretary of Defence Roy Mason. Benn recognised that the May test was concerning, but argued that the sale would be a huge boost to the British aircraft industry.<sup>28</sup> On the other side were the Treasury – where Indian demands for generous credit terms prompted objections – and FCO departments such as the ACDD that emphasised nuclear non-proliferation’s significance.<sup>29</sup> Institutionally, the Treasury – despite irritation that the High Commission in New Delhi had been encouraging the Indians – were happy to take a ‘hands off’ approach to the entire affair and let the FCO and MoD handle matters, unless serious demands were made for credit.<sup>30</sup> Eventually, however, Chancellor of the Exchequer Dennis Healy agreed to refer the issue to the high-level Defence and Overseas Policy Committee (OPD) for further consideration.<sup>31</sup> Both sides in the debate, however, highlighted the deal’s ‘immense benefit to British industry.’<sup>32</sup>

ACDD – the department with the greatest institutional commitment to non-proliferation – concentrated on the symbolism of the sale, arguing that selling Jaguars to India would have a negative impact on Britain’s general anti-proliferation efforts. Arms control officials contended that, ‘[A] British decision to supply Jaguar and thus improve India’s nuclear delivery capability would be interpreted on all sides as showing that we are not really serious about containing nuclear proliferation and that we give narrow commercial and industrial interests a higher priority than this major issue of world

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<sup>28</sup> Benn to Callaghan, Letter, 8 August, 1974, TNA FCO66/657.

<sup>29</sup> ‘Brief for Meeting of PUS With Indian Defence Secretary Mr Govind Narain’, 5 June, 1974, TNA, Records Created or Inherited by HM Treasury (hereafter T) 362/53, 3

<sup>30</sup> Rich to Boothroyd, ‘India: Defence Sales’, 5 June, 1974, TNA T362/53; Rich to Kelley, ‘Sale of Jaguar Aircraft to India’, 13 August, 1974, TNA T362/53.

<sup>31</sup> Healy to Callaghan, ‘Jaguar Sales to India’, 6 September, 1974, TNA T362/53.

<sup>32</sup> Callaghan to Benn, ‘Jaguar Sales to India,’ Letter, 23 August, 1974, TNA FCO66/658, 1; Mason to Benn, Letter, 2 September, 1974, TNA FCO66/658.

security.’<sup>33</sup> The ministerial OPD’s official counterpart – OPD(O) – realised that this could thus lead to prejudice against Britain at the 1975 NPT Review Conference.<sup>34</sup>

There followed a paper analysing Anglo-Indian relations circulated by Brimelow, drafted by the FCO Planning Staff, and approved by Callaghan. The paper made the case that, absent any real chance of significantly moving India away from Soviet arms purchases:

[T]he justification for continued major British arms sales to India must therefore rest on the value of such arms sales to our own economy either through the payments received for them or through the contribution they make to the workload of certain of our own industries.<sup>35</sup>

Furthermore, analysts downplayed the symbolism of selling allegedly nuclear capable aircraft and the impact this might have on Pakistan in favour of stressing the economic benefits. Pakistan was, the Planning Staff argued, much less important than India. Pakistani objections to the deal were better countered with parallel sales rather than restricting supplies to India. Finally, the analysts contended that should India request actual nuclear capable aircraft, the government might need to consider an embargo.<sup>36</sup>

This assessment wilfully ignored the fact that, regardless of the reality, the Jaguar was already seen in Islamabad and other quarters as a nuclear bomber. Here was an explicit recognition – approved at the highest level – that a nuclear capable aircraft was genuinely and symbolically different from other arms, although the FCO, MoD, and other departments repeatedly emphasised that India would not be offered the nuclear capable version of the aircraft. As Jeffrey Engel argues in relation to aircraft sales to the communist world, Britain ‘consistently downplayed security threats’

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<sup>33</sup> ACDD Brief, ‘OPD (Official) Committee Meeting: 2.30pm. 15 October 1974; Defence Sales to India,’ 14 October, 1974, TNA FCO66/659, 1-2.

<sup>34</sup> Defence and Overseas Policy (Official) Committee, Sub-committee on Strategic Exports (hereafter OPDO-SE), ‘Credit for Sale of Defence Equipment to India’, 15 October, 1974, TNA Records of the Cabinet Office (hereafter CAB) 148/152, 2.

<sup>35</sup> Brimelow to Heads of Department et al, ‘British Policy Towards India,’ 4 November, 1974, TNA FCO66/660, 9.

<sup>36</sup> Ibid.

whenever the government saw those threats as imperilling sales.<sup>37</sup> The same pattern can be observed in relation to the Jaguar sale: the impact on Pakistan's security and the symbolism of selling allegedly nuclear-capable aircraft was downplayed in favour of stressing the economic benefits to the UK.

The Jaguar deal was still primarily viewed by the wider government through the lens of economic necessity: bringing in hundreds of millions of pounds to British industry, securing thousands of jobs, boosting the aircraft's further marketability, and providing a counterbalance to creeping Soviet sub-continental influence. At this stage, Pakistan was only really considered as possibly desiring equal treatment.<sup>38</sup> At the higher levels, the British government gave little consideration to the impact on the Pakistani drive for nuclear weapons of the sale of what observers believed was a nuclear strike aircraft to the nation that was the catalyst for Pakistani nuclear ambitions.

This stance ignored a nagging sense that Pakistan was heading towards the bomb. Harold Wilson and the FCO feared that with India having 'gone nuclear', Islamabad might decide to develop a nuclear capability, putting the NPT under increasing strain.<sup>39</sup> As one of the architects of the NPT, a depository power, and the first state to ratify the treaty, this placed Wilson's government in a tricky position. Washington shared the view that Islamabad had committed to the nuclear option, as State Department officials were 'convinced that the Pakistanis would make every endeavour to develop a nuclear capability in as short a time as possible.'<sup>40</sup>

The vexed question of Britain potentially selling arms to Pakistan as a means of heading off the nuclear quest was mired in misperceptions and economic problems. The parlous state of the British and Pakistani economies and Islamabad's continued

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<sup>37</sup> Engel, *Cold War at 30,000 Feet*, 298.

<sup>38</sup> OPDO-SE, 'Credit for Export of Defence Equipment to India', 8 November, 1974, TNA CAB148/152, 2-4.

<sup>39</sup> Bridges to Dales, 'Pakistan,' 18 September, 1974, TNA FCO66/664; Thomson to Edmonds, 'Pakistan,' 25 October, 1974, TNA FCO66/664.

<sup>40</sup> 'Talks In State Department, October 2,' 11 October, 1974, TNA FCO66/660, 3.

defaulting on previous deals meant that Britain preferred to deal in cash, not credit, for arms. It was a misunderstanding by the Pakistanis that there was a UK embargo in place similar to that of the United States, placing London firmly in the same camp as the Washington. However, the British position on arms sales was less to do with high-minded concerns about the sub-continent and everything to do with the brutal economic necessities of the time. As long as Britain could maintain a good relationship with India, there might be commercial opportunities in relaxing the attitude towards Pakistan. As the FCO's Richard Dales argued, Pakistan would get arms somehow and by denying sales, Britain was depriving itself of further revenue.<sup>41</sup> In early December, OPD(O) clarified the arguments: economically, the Indian deal was not financially advantageous to Britain, but was extremely valuable in keeping production lines open and avoiding the loss of upwards of 1500 jobs in the aerospace industry. Politically, the main roadblock was that an early decision on Jaguar could prejudice Britain's position at the May 1975 NPT Review Conference.<sup>42</sup> When ministers came to make a decision in January 1975, they thus had to weigh up a tricky set of conflicting variables.

### **'A running sore'**

In February 1975, Gerald Ford's administration lifted the decade-old embargo on US arms sales to the sub-continent after persistent lobbying by Islamabad.<sup>43</sup> Despite this, the administration knew that Pakistan was engaged in negotiations to obtain a full nuclear fuel cycle from France and hoped that the resumption of US supplies would move Pakistan off the nuclear path.<sup>44</sup> The lifting of the embargo was subject to limitations: the US government would review sales on a case-by-case basis, credit for

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<sup>41</sup> Dales to Bridges, 'Defence Sales to Pakistan,' 11 September, 1974, TNA FCO66/664, 1-2.

<sup>42</sup> OPDO-SE, 'Credit for Export of Defence Equipment to India', 6 December, 1974, TNA CAB148/152, 3.

<sup>43</sup> Kux, *Disenchanted Allies*, 217-219.

<sup>44</sup> 'Pakistan and the Non-proliferation Issue,' 22 January, 1975, The National Security Archive 'Nuclear Vault', Electronic Briefing Book 6, [www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB6/docs/doc20.pdf](http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB6/docs/doc20.pdf) (accessed on September 9, 2014), Doc.20; Kux, *Disenchanted Allies*, 218

arms was unavailable, and (at least in the arrangement's initial stages) all weapons sold must be purely 'defensive.'<sup>45</sup> This was not enough for the Pakistanis. The weapon that they really wanted was the advanced Vought A-7 attack aircraft, a system broadly comparable to the Jaguar in role and capability. Ford and Kissinger would eventually agree to sell Islamabad the A-7, but the aircraft remained a constant in US-Pakistani relations during the 1970s.

While the United States was lifting the arms embargo in an effort to restrain Islamabad, potential warplane sales to India and their symbolic impact on the global non-proliferation environment remained a major factor for the British government. Notwithstanding the fact that Wilson's governments had – as John Thomson had argued in 1974 – taken a 'strong and consistent stand' on non-proliferation, the Jaguar and its place within non-proliferation diplomacy remained a complicating factor.<sup>46</sup> Minister of State for Defence William Rodgers glossed over the non-proliferation implications of selling the aircraft when quizzed in Parliament on 23 January, preferring to concentrate on the benefits to British industry and the ability of the Indians to meet British credit terms.<sup>47</sup> The Indian government was seeking generous terms of 2.5 per cent over 15-20 years, when repayments over five years were the norm.<sup>48</sup> The non-proliferation associations were recognised from Wilson on down, with Cabinet Secretary Sir John Hunt noting that 'the sale of Jaguar could upset Pakistan and would need careful handling...because of the Jaguar's nuclear associations.' Hunt suggested it might be wise to delay any offer to India until after the 1975 NPT Review Conference, so as to

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<sup>45</sup> National Security Decision Memorandum 289, 'US Military Supply Policy to Pakistan and India,' 24 March, 1975, GRFPL, NSAF, Study Memoranda and Decision Memoranda, Box 1, 1.

<sup>46</sup> Thomson to Walker, 'Non-proliferation and the Indian Nuclear Explosion,' 6 August, 1974, TNA FCO66/657, 1.

<sup>47</sup> William Rodgers, House of Commons Debate, 'Jaguar Aircraft,' 23 January, 1975, *Hansard Online* <http://hansard.millbanksystems.com/commons/1975/jan/23/jaguar-aircraft> (accessed on 7 March, 2013).

<sup>48</sup> Hunt to Wilson, 'Credit for Export of Defence Equipment to India,' 27 January, 1975, TNA PREM16/1556.

‘avoid upsetting countries who might accuse us of providing India with the means of delivering a nuclear bomb.’<sup>49</sup>

In the ministerial OPD, Wilson officially decided that while commercial credit terms would be offered for other defence sales (such as naval corvettes), if the Indians wished to purchase a Jaguar force, they would have to pay cash.<sup>50</sup> The decision was, according to FCO minister David Ennals, not just about India’s financial position, but about Britain’s precarious situation, where offering lavish credit terms was simply infeasible.<sup>51</sup> The British government hoped that the Indians would – in light of the US now being willing to arm Pakistan – still agree to meet their DPSA needs from a British source, despite the denial of credit. Whitehall informed the Indians that this decision was on economic grounds, even though media reporting suggested that non-proliferation concerns were behind it.<sup>52</sup> Once the Treasury had acquiesced to demands that a small number of aircraft be sold for cash (as long as there was no change to the position on credit), the Indian government expressed a willingness to procure a limited number of Jaguars with the expectation that they would – eventually – be allowed to purchase a much larger number.<sup>53</sup>

The arguments made in favour of the deal were overwhelmingly economic: improving Britain’s balance of payments; keeping aircraft production lines open; maintaining employment; and improving prospects for further sales.<sup>54</sup> Moreover, if Britain did not sell Jaguar, other competitors such as France or Sweden would sell an equivalent (although the Ford administration eventually persuaded Sweden to withdraw

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<sup>49</sup> Ibid. Wilson approved Hunt’s recommendations in a marginal note.

<sup>50</sup> Defence and Overseas Policy Committee (hereafter OPD), ‘Minutes of a Meeting’, 28 January, 1975, TNA CAB148/154, 3

<sup>51</sup> Ennals to Rodgers, Letter, 11 March, 1975, TNA FCO37/1626.

<sup>52</sup> United Kingdom High Commission (hereafter UKHC) New Delhi to MoD, ‘Jaguar Sales,’ 24 February, 1975, TNA FCO37/1626; FCO to UKHC New Delhi, ‘Jaguar,’ 17 February, 1975, TNA FCO37/1626; Henry Stanhope, ‘Indian jet deal founders,’ *The Times*, 7 March, 1975, 8.

<sup>53</sup> O’Neill to Wilford, ‘Sale of Jaguar Aircraft to India,’ 5 June, 1975, TNA FCO37/1627; Export Guarantees Committee, ‘Minutes of a Meeting of the Committee,’ 13 June, 1975, TNA T362/54, 1; France to Wright, Letter, 17 June 1975, TNA T362/54.

<sup>54</sup> O’Neill to Wilford, ‘Sale of Jaguar Aircraft to India, Annex A’ 5 June, 1975, TNA FCO37/1627.

from the negotiations by refusing Stockholm permission to export aircraft powered by an American-designed engine, Washington arguing that it violated SAAB's license production agreement).<sup>55</sup> In a minor key, there were political arguments made in favour of the transaction, such as maintaining the relationship between the Labour Party and the aircraft industry trade unions (who were lobbying for the sale) and making sure that India retained some reliance on Britain in the face of increasing Soviet arms sales.<sup>56</sup>

Opposition to the sale coalesced around the nuclear implications, even after the potential embarrassment of the May NPT Review Conference had passed. The ACDD persistently argued that the non-proliferation implications of even a limited number of aircraft were hugely significant. During intense early June 1975 debates, ACDD fought on alone and contended that the sale – even if it was on a cash basis for a small number of aircraft – was incompatible with Britain's overall stance supporting the goals of global non-proliferation. Even though the version of the Jaguar that the UK proposed for India was not – without substantial modification – able to deliver nuclear weapons, the Pakistanis would *think* that the aircraft was adding to Indian nuclear capabilities.<sup>57</sup> ACDD contended that if the sale went ahead the government would be criticised domestically and internationally as symbolically validating India's nuclear status.<sup>58</sup> Moreover, the Jaguar sale could be perceived by non-signatories of the NPT as legitimising their status: currently non-nuclear states (and here Pakistan was explicitly referenced) could go nuclear if they wished, and Britain would still sell them weapons.<sup>59</sup> Despite the hard line taken by the arms control officials, those on the other side of the debate argued that 'we need more compelling reasons for turning down an order on cash

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<sup>55</sup> O'Neill to Richards, 'Sale of Jaguar to India,' May 28, 1975, TNA FCO37/1626, 2. USE Stockholm to State, 'Implications of SAAB-Scania Request to For U.S. Permission to Export Viggen to India,' August 6, 1976, US National Archives and Records Administration (hereafter NARA) Access to Archival Databases system (hereafter AAD), Diplomatic Records; Eric Arnett, 'Nuclear Stability and Arms Sales to India: Implications for U.S. Policy,' *Arms Control Today*, 27:5 (August 1997), 10.

<sup>56</sup> O'Neill to Wilford, 5 June, 1975.

<sup>57</sup> Dean to Seaward & O'Neill, 'Indian Air Force Capabilities,' 2 June, 1975, TNA FCO37/1626.

<sup>58</sup> O'Neill to Wilford, 'Sale of Jaguar Aircraft to India, Annex B' 5 June, 1975, TNA FCO37/1627.

<sup>59</sup> *Ibid.*



terms.<sup>60</sup> Regardless of ACDD's objections, the FCO's South Asian, Science, and Defence departments all agreed – with varying degrees of reservation – that the sale should go ahead.<sup>61</sup> The SAD contended that it was possible for the aircraft to form the core of a small nuclear strike-force, but that India was too far away from producing a workable bomb for that to be a concern.<sup>62</sup>

After this debate, senior ministers had to make the final decision. The response from Foreign Secretary James Callaghan came quickly: 'Arms Control are right to put their case, but I think we cannot refuse the order.'<sup>63</sup> On Callaghan's behalf, his Assistant Private Secretary Richard Dales expanded upon the decision for Patrick Wright, Wilson's Private Secretary for Overseas Affairs. Callaghan judged that although criticism on non-proliferation grounds could not be ruled out, Indian assurances of peaceful nuclear intentions should be taken into account and the effects on Britain's balance of payments would be extremely welcome.<sup>64</sup> Wilson was the final arbiter of any decision and, despite misgivings about the non-proliferation implications, approved pursuing the deal.<sup>65</sup> Whitehall informed the British Embassy in Islamabad of the decision but asked diplomatic staff to keep quiet, as the FCO was well aware of Pakistan's interest in the case.<sup>66</sup> Further demonstration of the fact that – despite official hand wringing – preventing job losses, keeping the aerospace industry on a sound footing, and improving the balance of payments situation trumped non-proliferation came in a letter to Oliver Forster, Britain's High Commissioner in New Delhi. Ministers had agreed that, even if India conducted another 'peaceful nuclear explosion,' the sale

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<sup>60</sup> Maitland to Wilford, 'Sale of Jaguar Aircraft to India,' 5 June, 1975, TNA FCO37/1627.

<sup>61</sup> O'Neill to Wilford, 'Sale of Jaguar Aircraft to India,' 5 June, 1975, TNA FCO37/1627, 2.

<sup>62</sup> O'Neill to Richards, 'Sale of Jaguar to India,' May 28, 1975, TNA FCO37/1626, 2.

<sup>63</sup> Dales to Private Secretary (Minister of State), 'Sale of Jaguar Aircraft to India,' 9 June, 1975, TNA FCO37/1627.

<sup>64</sup> Dales to Wright, 'Sale of Jaguar Aircraft to India,' 12 June 1975, TNA PREM 16/1556.

<sup>65</sup> Wright to Dales, 'Sale of Jaguar Aircraft to India,' 16 June, 1975, TNA FCO37/1627.

<sup>66</sup> O'Neill to Imray, 'Sale of Jaguar to India,' 20 June, 1975, TNA FCO37/1627.

would still go ahead. The only thing to potentially halt the sale would be an Indian admission that they had developed a nuclear weapon.<sup>67</sup>

During the winter of 1975, arms control proponents within the FCO still argued that warplane sales to India would undermine non-proliferation efforts. John Thomson – highlighting Pakistan – contended that the impact on domestic and foreign opinion would be considerable, arguing that:

The potential effect on opinion in this country, on opinion amongst the committed non-proliferation countries, e.g. the US, USSR, Japan, and on opinion in the potential exploders, e.g. Pakistan, Argentina, etc. It is this effect on opinion in these areas rather than in India itself which is the core of the non-proliferation argument.<sup>68</sup>

Furthermore, the problems of selling a very limited number of aircraft resurfaced. Thomson argued that, although paradoxical, it would be easier to justify – in non-proliferation terms – the sale of 200 aircraft rather than 10 aircraft. Such a small number could only be conceived by India's opponents as having an elite nuclear strike role.<sup>69</sup>

The protestations of the non-proliferationists notwithstanding, the scale of the deal began to increase. The Treasury remained opposed to providing extensive credit – indeed, one civil servant pungently described the entire issue as having been ‘a running sore for 3 years’ – but would eventually have to agree to £35 million of credit allocated to a cancelled corvette order being assigned to Jaguar.<sup>70</sup> For OPD(O) meetings, the Ministry of Defence rehashed the arguments for the sale: avoiding the loss of over 1500 jobs and keeping the production lines running.<sup>71</sup> Even though some non-proliferation objections were acknowledged, Indian assurances to the Canadian government of peaceful intentions removed – at least in part – nuclear objections to the deal, which

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<sup>67</sup> O'Neill to Forster, 'Sale of Jaguar Aircraft to India,' 18 June, 1975, TNA FCO37/1627, 1.

<sup>68</sup> Thomson to Mason, 'Credit for Export of Jaguars to India,' 8 October, 1975, TNA FCO37/1628.

<sup>69</sup> Thomson to Mason, 'Credit for Export of Jaguars to India,' 8 October, 1975, TNA FCO37/1628

<sup>70</sup> Rich to Burgner, 'Credit for Export of Jaguar to India', 30 September, 1975, TNA T362/54.

<sup>71</sup> OPDO, 'Credit for Export of Jaguar to India', 25 September, 1975, TNA CAB148/152.

assumed an even greater importance as the recession of the 1970s hit even harder.<sup>72</sup> In OPD meetings on 9 and 28 October, ministers approved the transfer of £35 million of credit to the Jaguar deal. Twelve aircraft would be subsidised, while the Indians would be allowed to purchase an additional twenty-eight for cash.<sup>73</sup> Non-proliferation was not even mentioned.

In early 1976, it became apparent that in order to land the Jaguar contract, the offer needed sweetening. Secretary of State for Trade Peter Shore noted that France was a serious competitor, and Paris was offering a better deal to New Delhi.<sup>74</sup> Shore suspected that the French Prime Minister, Jacques Chirac, was preparing to ‘outflank’ Britain on a visit to India, hoping to sell the Mirage fighter-bomber. Consequently, Shore argued that the UK would need to increase the number of aircraft on offer and – potentially – offer credit terms, contending that there was no point in approaching the issue ‘in a half-hearted manner.’ In order to land the contract, the British government needed to offer serious terms and a serious number of aircraft.<sup>75</sup> However, in the FCO, David Ennals saw little evidence for this French ‘outflanking’ suspecting that it might be an Indian tactic to get a better deal.<sup>76</sup> By late spring, the Indians had asked BAC to submit proposals to provide 18-24 aircraft plus manufacturing facilities for domestic production of a much larger number.<sup>77</sup> From the low point of the ‘10 Jaguars for cash’ plan, the number of aircraft involved in (and the revenue potentially generated by) the DPSA deal increased as the years passed.

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<sup>72</sup> OPDO-SE, ‘Minutes of a Meeting’, 30 September, 1975, TNA CAB148/152

<sup>73</sup> OPD, ‘Minutes of a Meeting’, 9 October, 1975, TNA CAB148/154, 3-4; OPD, ‘Minutes of a Meeting’, 28 October, 1975, TNA CAB148/154, 1-2.

<sup>74</sup> Shore to Wilson, ‘Jaguars for India,’ 7 January, 1976, TNA PREM16/1556.

<sup>75</sup> Shore to Wilson, ‘Jaguars for India,’ 12 January, 1976, TNA Records of the Board of Trade (hereafter BT) 333/86, 1.

<sup>76</sup> Ennals to Wilson, ‘Jaguars for India,’ 16 January, 1976, TNA PREM16/1556. Throughout the 1960s and 70s, arms buyers had discovered the benefits of playing the British and French off against each other. See Phythian, *The Politics of British Arms Sales*, 134, 238.

<sup>77</sup> FCO to UKE Islamabad, ‘Jaguars and India,’ 6 May, 1976, TNA FCO37/1791.

The debates from 1974 to 1976 laid the foundations for arguments – internal and external – that continued for the next two years. During this time, there was little external criticism of the negotiations. When 1977 dawned, however, the United States were led by a president for whom nuclear and conventional arms control was an article of faith, and the British government would find that their potentially lucrative deal with New Delhi opposed by their most powerful ally.

### **‘Push ahead with this sale’**

Jimmy Carter had a deep-seated desire to address the spread of conventional and nuclear arms. A devout Southern Baptist, the new President sought to bring morality and humanitarianism – qualities notably lacking during the Nixon-Ford-Kissinger years – back to the centre of US foreign policy.<sup>78</sup> In his inaugural address, Carter vouchsafed that his ultimate goal was ‘the elimination of all nuclear weapons from this Earth.’<sup>79</sup> As Andrew Preston has pointed out, Carter attempted to govern as *both* a moralist *and* a realist.<sup>80</sup> Carter identified, as Betty Glad argues, US national interests with moral righteousness.<sup>81</sup> Unlike late-period Ford, driven towards non-proliferation by public, Congressional, and electoral pressure, Carter – the only US president trained in nuclear physics – founded his passion for nuclear and conventional arms control in visions of a moral foreign policy driven by his personal commitment to human rights. Human rights, conventional arms sales, and non-proliferation were thus tied together. Buying weapons and warheads meant less for nations to spend on curing social ills such as poverty, thus

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<sup>78</sup> See Scott Kaufman, *Plans Unravelled: The Foreign Policy of the Carter Administration* (Northern Illinois University Press, 2008), 11-17 for a sketch of Carter’s ideals as he prepared for the presidency. Carter also initiated the Conventional Arms Transfer (CAT) talks with the USSR, aimed at curbing advanced weapon sales to the developing world.

<sup>79</sup> Carter, ‘Inaugural Address,’ January 20, 1977, *The American Presidency Project*, Public Papers of the Presidents: Jimmy Carter, [www.presidency.ucsb.edu/ws/?pid=6575](http://www.presidency.ucsb.edu/ws/?pid=6575) (accessed on 16 July, 2013).

<sup>80</sup> Andrew Preston, *Sword of the Spirit, Shield of Faith: Religion in American War and Diplomacy* (Anchor Books, 2012), 575.

<sup>81</sup> Betty Glad, *An Outsider in the White House: Jimmy Carter, His Advisors, and the Making of American Foreign Policy* (Cornell University Press, 2009), 281.

causing frustration and instability. Reducing expenditure on arms and preventing the spread of nuclear weapons would result in a safer, more peaceful world with money to spend on combatting societal problems.<sup>82</sup> Reflecting on the 1974 Indian nuclear test, Carter noted in his memoirs that he ‘wanted to do everything possible to prevent this capability from spreading to any additional nations.’<sup>83</sup>

In the sub-continental context, a concrete outcome of Carter’s platform was the decision – made public during the summer of 1977 – to reverse Kissinger’s to supply A-7’s to Pakistan. Now, the new administration would use consent to sell arms as a coercive, rather than persuasive, tool to encourage Pakistan to behave acceptably. The withdrawal of Kissinger’s offer came about because of Carter’s evolving policies on conventional arms sales and (most importantly for the sub-continent) mounting evidence that Pakistan was purchasing the French reprocessing plant as part of a nuclear weapons programme.<sup>84</sup>

Domestic pressures in India had caused a slackening of the pace of the Jaguar negotiations in 1976. This was a critical year for the British economy, one that had a lasting impact on the then ruling Labour Party’s view of the United States. Not only had Harold Wilson resigned the premiership – with the ‘sturdy Atlanticist’ Jim Callaghan taking his place – in order to stave off a looming crisis that threatened to further destabilise Britain’s financial position, the government was required to ask for massive loans from the International Monetary Fund (IMF).<sup>85</sup> The Labour Party held the United States responsible for the punishing strictures of the IMF agreement, which damaged

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<sup>82</sup> Kaufman, *Plans Unraveled*, 14-15.

<sup>83</sup> Jimmy Carter, *Keeping Faith: Memoirs of a President* (Collins, 1982), 215-216.

<sup>84</sup> Presidential Directive 13 (PD-13) established a policy of conventional arms sales restraint, stating, ‘[T]he United States will not be the first supplier to introduce into a region an advanced weapons system which creates a new or significantly higher combat capability.’ See Presidential Directive/NSC-13, ‘Conventional Arms Transfer Policy,’ 13 May, 1977, Jimmy Carter Presidential Library (hereafter JCPL), Presidential Directives-Presidential Review Memoranda, [www.jimmycarterlibrary.gov/documents/pddirectives/pd13.pdf](http://www.jimmycarterlibrary.gov/documents/pddirectives/pd13.pdf) (accessed on 21 July, 2013), 2

<sup>85</sup> John Dumbrell, *A Special Relationship: Anglo-American relations from the Cold War to Iraq*, 2<sup>nd</sup> edition (Palgrave MacMillan, 2006), 98; Dobson, *The Politics of the Anglo-American Economic Special Relationship 1940-1987*, 236-237.

Labour's vital relationship with the trade unions and finally contributed to the 'economic and social disarray' of 1978/79's 'Winter of Discontent.'<sup>86</sup> It was in this atmosphere of narrowly deflected crisis that Callaghan's government continued its attempts to juggle economic and non-proliferation priorities when reinvigorated negotiations with India came under pressure from the US government.

During 1977, British-Indian discussions underscored the possibility of a Jaguar sale to India *and* Pakistan. Although the Indians had repeatedly delayed negotiations, Callaghan's government saw sales to New Delhi as the better commercial prospect. Indian representatives had made clear to the new Foreign Secretary David Owen that theirs was an entirely peaceful nuclear programme, and that there was no political obstacle to correcting the Indo-UK trade imbalance.<sup>87</sup> Owen felt that the Jaguar sale would have 'great symbolic importance', while the FCO's PUS Sir Michael Palliser commented that it would be a 'shot in the arm for British trade.'<sup>88</sup> This came at a point when Callaghan's government sought to review their entire policy towards India. OPD reflected on the dual significance of reducing Britain's trade deficit with India and the political importance of providing an alternative to the Soviet Union.<sup>89</sup> Owen's continued enthusiasm for the deal was at odds with his professed commitment to arms control and non-proliferation. Christopher Mallaby, ACDD chief during Owen's time at the FCO, recalled that his superior displayed great enthusiasm for arms control and non-proliferation matters, issues that the Foreign Secretary saw as vote winners for Labour

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<sup>86</sup> Joe McKinney and Alan P. Dobson, 'The Anglo-American economic relationship: Special or not?', in Alan P. Dobson and Steve Marsh (eds.), *Anglo-American Relations: Contemporary Perspectives* (London, 2013), 138-139

<sup>87</sup> 'Record of Conversation Between the Secretary of State for Foreign and Commonwealth Affairs and the Indian Foreign Secretary', 16 May, 1977, TNA FCO73/272, 2.

<sup>88</sup> 'Record of a Conversation Between the Secretary of State for Foreign and Commonwealth Secretary and the Foreign Minister of India', 10 June, 1977, TNA FCO73/272, 3.

<sup>89</sup> OPD, 'Minutes of a Meeting', 4 July, 1977, TNA CAB148/167/1, 9-13.

and a means of increasing his own popularity and standing.<sup>90</sup> In particular, Owen was – according to his own recollection – deeply concerned about proliferation, particularly in the cases of Pakistan and South Africa.<sup>91</sup> Indeed, in one of his early meetings with Vance, Owen emphasised that ‘the British government were taking the non-proliferation issue very seriously indeed.’<sup>92</sup>

British diplomats argued that the effort to stimulate Pakistani interest, limited as it was, must be concealed from the Indians.<sup>93</sup> During US-UK discussions that covered arms sales and the nuclear issue, US ambassador to Pakistan Arthur Hummel attempted to pressure his counterparts into not selling the Jaguar to any sub-continental state. The British side, knowing the stipulations of Carter’s position on conventional arms sales, argued that the Jaguars were not an ‘improvement’ on weapons already in the region.<sup>94</sup> When Cyrus Vance briefed Carter for an upcoming visit to India, British arms sales loomed large on the agenda. Following on from the US policy of restraint in arms sales to South Asia – typified by the A-7 decision – Vance urged Carter to request that India show similar restraint in its own arms purchases. Tacitly, this meant not purchasing Jaguar.<sup>95</sup>

The issues of the Pakistani nuclear programme and British arms sales collided in Washington on 2 December when American officials strongly implied to their UK colleagues that a British deal to sell Jaguars to India would push Pakistan even further down the nuclear path.<sup>96</sup> This came on the back of summertime hints to the FCO’s Deputy Under-secretary Hugh Cortazzi that the Carter administration disapproved of

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<sup>90</sup> Christopher Mallaby, interview by John Hutson, December 17, 1997, *British Diplomatic Oral History Project*, [www.chu.cam.ac.uk/archives/collections/BDOHP/Mallaby.pdf](http://www.chu.cam.ac.uk/archives/collections/BDOHP/Mallaby.pdf) (accessed on July 10, 2013), 11-12.

<sup>91</sup> David Owen, *Time To Declare* (Penguin, 1992), 336.

<sup>92</sup> ‘Record of Conversation Between the Foreign and Commonwealth Secretary and Mr Cyrus Vance’, 1 April, 1977, TNA FCO73/270, 3.

<sup>93</sup> Pakenham to O’Neill, ‘Jaguars for India and Pakistan,’ 6 October, 1977, TNA FCO37/1971.

<sup>94</sup> Cortazzi to O’Neill, ‘Call on US Ambassador in Islamabad,’ 12 October, 1977, TNA FCO96/728, 1.

<sup>95</sup> Vance to Carter, ‘Your Visit to India, November 27-29,’ November 1977 (exact date unknown), JCPL, Remote Archives Capture system (hereafter RAC) NLC-10-16-5-24-2, 13-14.

<sup>96</sup> ‘Record of a Meeting Held at the State Department at 11.30 on 2 December 1977,’ 6 December, 1977, TNA FCO96/728, 3.

the sale.<sup>97</sup> Richard Ericsson (of the State Department's Bureau of Politico-Military Affairs) outlined the 'difficult' American decision to halt the A-7 sale and the serious domestic consequences this entailed for the administration and the manufacturer. The Jaguar, the Americans argued, was qualitatively superior to any other aircraft in the region and an Indian purchase could provoke Pakistan to 'escalation and an arms race.'<sup>98</sup> Donald Murray, the British delegation's leader, questioned 'the validity of American fears that selling Jaguars to India would encourage the Pakistanis towards a nuclear capability' and characterised American opposition as being founded in an 'outmoded' view of the sub-continent and because of US manufacturers' fury at Carter's A-7 decision. Furthermore, there was also a European dimension. Murray contended that if Britain withdrew from competition, 'the unscrupulous French' would pick up the contract with their Mirage aircraft.<sup>99</sup> Callaghan's government would therefore be depriving the country of valuable export earnings while doing nothing to alter the situation on the sub-continent.<sup>100</sup> Murray's contentions were, at the very least, disingenuous given the British government's knowledge of the non-proliferation implications.

In London, the SAD outlined the compelling (and overwhelmingly economic) reasons for ignoring the US protestations: if the sale did not go ahead, aircraft production lines may have to close and Britain's overall aircraft sales strategy would suffer a setback. In terms of foreign affairs, India would perceive this as a judgement on them and more widely, it would appear as if the British government had capitulated in the face of American demands.<sup>101</sup> Despite awareness of the nuclear and strategic implications, Foreign Secretary David Owen accepted the arguments in favour of the

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<sup>97</sup> Cortazzi to FCO, 'Arms Sales to Pakistan', 31 May, 1977, TNA Records of the Ministry of Defence (hereafter DEFE) 68/212; Cortazzi to FCO, 'Arms Sales to South Asia', 1 June, 1977, TNA DEFE68/212.

<sup>98</sup> 'Record of a Meeting', 6 December, 1977, 7-9.

<sup>99</sup> Murray to O'Neill, 'Sales of Jaguar Aircraft to India,' 20 December, 1977, TNA FCO37/1971.

<sup>100</sup> Luard to Owen, 'Sale of Jaguar Aircraft to India,' 20 December, 1977, TNA FCO37/1971.

<sup>101</sup> O'Neill to Murray, 'Sales of Jaguar Aircraft to India,' 19 December, 1977, TNA FCO37/1971, 2-4.



sale and on 21 December, he dispatched a note to his subordinates: 'I agree completely. Push ahead with this sale. If we can land it, I will be pleased.'<sup>102</sup>

Unlike Owen, the US State Department was most certainly not pleased. Even though the US Ambassador in London had acknowledged the primacy of commercial interests in British decision-making and Arthur Hummel in Islamabad concluded that the costs to US-UK relations of further pressure over the Jaguar deal were unacceptable, on the very last day of December 1977, the State Department continued to argue that the Indian Jaguar purchase would 'cause considerable alarm in Pakistan and could set off an arms race in South Asia.'<sup>103</sup> Such was the American concern regarding Jaguar, senior figures within the administration recommended that Carter put pressure on Indian Prime Minister Morarji Desai, as further demands on the UK might seriously damage the trans-Atlantic relationship.<sup>104</sup> Moreover, the National Security Council (NSC) recommended that the US should do everything it could to prevent the sale.<sup>105</sup> Given the mounting evidence of Pakistani nuclear intentions, there was clearly a fear that this 'arms race' would further alter the strategic balance and eventually involve a further push towards atomic capability on Islamabad's part.

Into 1978, bilateral US-UK discussions demonstrated that the Carter administration saw arms sales as a coercive or persuasive non-proliferation tool. This was in contrast to a British government that wilfully deprioritised the non-proliferation implications of the Jaguar deal. London saw no problem in continuing to market the Jaguar to India, selling a warplane known to have a tactical nuclear role to the nation whose conventional *and*

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<sup>102</sup> Wall to O'Neill, 'Sale of Jaguar Aircraft to India,' 21 December, 1977, TNA FCO37/1971.

<sup>103</sup> USE London to State, 'Indian Acquisition of Strike Aircraft,' 22 December, 1977, NARA AAD, Wars/International Relations: Diplomatic Records (hereafter Diplomatic Records), 3; USE Islamabad to State, 'Indian Acquisition of the Jaguar: Suggested Action,' 22 December, 1977, NARA AAD, Diplomatic Records, 1; State Department Bureau of Intelligence and Research, 'Analysis,' 31 December, 1977, JCPL, RAC NLC-4-7-1-16-2, 1.

<sup>104</sup> USE Islamabad to State, 22 December, 1977, 3.

<sup>105</sup> State to USE Cairo, 'Material on President's Trip', 28 December, 1977, NARA AAD, Diplomatic Records, 3.

nuclear superiority to Pakistan was *the* major motivating factor for Islamabad's atomic programme.

In January 1978, Jim Callaghan made an official visit to the sub-continent. A major objective was to reduce the trade imbalance, with Jaguar forming a significant part of this.<sup>106</sup> Even though the Jaguar deal and non-proliferation matters would be significant areas of discussion, the two were to be kept quite separate.<sup>107</sup> In New Delhi, Desai equivocated, suggesting that – although a team from the UK would shortly be invited to India for discussions – the aircraft might not be entirely suitable for Indian needs. Callaghan argued that India's Soviet MiG-21 fighters in combination with Jaguar would provide for an impressive defensive and offensive air force.<sup>108</sup> At no point did non-proliferation and the Jaguar deal cross paths.

In July 1978, Joseph Nye – chair of the NSC's group on nuclear non-proliferation – called on the FCO's Joint Nuclear Unit chief Robert Alston to discuss Pakistan's nuclear ambitions and security anxieties. The Pakistanis had become increasingly nervous about their security situation, as the communist coup in neighbouring Afghanistan at the end of April had installed the pro-Soviet government of Nur Muhammad Taraki. Nye and his colleagues worried that Pakistan might make moves away from the West, towards non-aligned status by leaving the crumbling Central Treaty Organisation (CENTO), and go all out for the nuclear weapons option if not suitably reassured by its allies. The State Department remained concerned about the still unresolved Jaguar arrangement with India. Nye wondered if, given Pakistan's sensitivity, the UK might not consider delaying or halting the deal.<sup>109</sup> Here, the US

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<sup>106</sup> Vile to Cartledge, 'Prime Minister's Visit to Bangladesh, India, and Pakistan, Annex A', 19 December, 1977, TNA PREM16/1308, 1.

<sup>107</sup> Hunt to Cartledge, Confidential Memo, 9 December, 1977, TNA PREM16/1308.

<sup>108</sup> 'Note of a Conversation Between the Prime Minister and Mr Morrarji Desai', 7 January, 1978, TNA PREM16/1692, 2; 'Record of a Meeting Between the Prime Minister and the Prime Minister of India', 7 January, 1978, TNA PREM16/1692, 4-5

<sup>109</sup> Alston to White, 'Pakistan Reprocessing Plant,' 3 July, 1978, TNA FCO96/823.

explicitly attempted to pressure the UK government into abandoning the Jaguar deal on non-proliferation grounds.

FCO officials thought the American attitude hypocritical given that the US was considering the sale of F-5 fighter aircraft to Pakistan in an attempt to assuage security concerns and ameliorate Pakistani annoyance at the various non-proliferation efforts.<sup>110</sup> British intransigence regarding the Jaguar's sale – a sale that was still in competition with French aircraft manufacturers – went all the way to the top. Owen, despite his trans-Atlantic inclinations and warm personal relationship with Vance, had forcefully committed himself to the deal in 1977 and saw no reason to delay or halt the proposed sale.<sup>111</sup> Owen angrily commented that, 'We should look after our relations with the Pakistanis, the Americans can look after theirs.'<sup>112</sup> Although British ambassador John Bushell in Islamabad appreciated that the Jaguar negotiations were a complicating factor in British-Pakistani relations, he did not expect it to cause particular problems.<sup>113</sup> Word from New Delhi indicating that British procrastination might result in India making this valuable purchase from France was a further factor accounting for British determination.<sup>114</sup> A contract worth hundreds of millions of pounds would be a fillip to the ailing (and now nationalised) British aerospace industry and a feather in the cap of a government under serious economic pressure.

Much to Owen's annoyance, Carter took on board the advice he had been given in late 1977 by personally attempting to discourage the Indian purchase. Anglo-Indian discussions had resulted in a much larger potential order, to the tune of 40 UK manufactured aircraft and upwards of 150 examples produced in India using British

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<sup>110</sup> Ibid. The F-5 was a lightweight fighter aircraft, the offer of which the Pakistanis declined, still desiring the more capable A-7.

<sup>111</sup> Cyrus Vance, *Hard Choices: Critical Years In American Foreign Policy* (Simon & Schuster, 1983), 262; UKHC New Delhi to FCO, 'French Nuclear Reprocessing Plant in Pakistan,' 17 July, 1978, TNA FCO96/823.

<sup>112</sup> 'French Nuclear Reprocessing Plant in Pakistan,' 17 July, 1978, TNA FCO96/823.

<sup>113</sup> United Kingdom Embassy (hereafter UKE) Islamabad to FCO, 'French Nuclear Reprocessing Plant,' 17 July, 1978, TNA FCO96/823, 1.

<sup>114</sup> UKHC New Delhi to FCO, 17 July, 1978, 1.

components.<sup>115</sup> Carter, in correspondence with Desai, emphasised his policy of restricting the supply of advanced weapons to the sub-continent, arguing that such supplies could precipitate an arms race and disrupt the delicate regional balance.<sup>116</sup> In addition to this intervention, Vance also warned Indian Minister of External Affairs Atal Bihari Vajpayee that the acquisition of Jaguar could only have a harmful and destabilising effect on the region and potentially cause a rift in US-Indian relations.<sup>117</sup> The mood in Whitehall was not lightened when word filtered through that senior State Department official Eric David Newsom had approached the British High Commission in New Delhi seeking to measure Indian tolerance for the sale of American combat aircraft to Pakistan.<sup>118</sup>

British officials appreciated that there was genuine alarm in Islamabad regarding the Afghan situation, a circumstance not helped by perceptions of a relatively relaxed American attitude towards Afghanistan and the ever-present worries about India.<sup>119</sup> The British Embassy in Islamabad suggested that a way around the problem posed by Indian rearmament might be to resurrect the old idea of offering the aircraft for sale to India and Pakistan, thereby putting both sides on an equal footing.<sup>120</sup> Owen, angered by American interference in what could be a lucrative commercial transaction, became increasingly intransigent and argued that the Pakistanis had been aware of the negotiations for some time now and he had even recently mentioned it to the Pakistani Foreign Minister.<sup>121</sup>

Owen took the opportunity to plead the British case to a wider audience at the G-7 summit in Bonn. At a quadripartite foreign ministers' meeting involving Owen,

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<sup>115</sup> 'Brief For Call by Indian Finance Minister on Prime Minister: 16/17 September, 1978,' Undated, TNA PREM16/1556, 1.

<sup>116</sup> Carter to Desai, Letter, 14 August, 1978, JCPL, RAC NLC 128-3-2-9-5, 4.

<sup>117</sup> Christopher to Carter, Memorandum, 3 October, 1978, JCPL, RAC NLC 7-20-8-1-3, 2.

<sup>118</sup> UKHC New Delhi to FCO, 17 July, 2.

<sup>119</sup> UKE Islamabad to FCO, 'Your Telegram Number 654: Visit En Newsom,' 19 July, 1978, TNA FCO96/823, 1; Kux, *Disenchanted Allies*, 237.

<sup>120</sup> UKE Islamabad to FCO, 19 July, 1978, 2.

<sup>121</sup> 'French Nuclear Reprocessing Plant in Pakistan,' 17 July, 1978, TNA FCO96/823.

Vance, Louis de Guiringaud of France, and Hans-Dietrich Genscher of West Germany, the Foreign Secretary admitted that, yes, the situation had contributed to regional concerns, but that Britain had offered to sell the aircraft to India *and* Pakistan. The British government could not help it, Owen contended, if Pakistan was not interested in, or lacked the money for, the Jaguar. According to the Foreign Secretary, the UK had taken a measured attitude, kept the Pakistanis informed, and believed that in the final analysis, the sale would not be taken as a ‘tilt’ against Pakistan.<sup>122</sup>

In the end, American protestations came to naught. Despite persistent delays and extensions to the decision deadline, on October 1978, Indian Prime Minister Moraji Desai’s government – having visited Britain during the summer and deliberately excluded Jaguar from discussions – made the decision to buy the warplane to fulfil the DPSA role for the Indian Air Force (IAF).<sup>123</sup> The IAF would purchase 40 complete aircraft – worth £260 million – from Britain and license produce upwards of 150 more.<sup>124</sup> Callaghan was ‘naturally delighted’ and hoped for a ‘deepening and widening’ of Britain’s collaboration with India.<sup>125</sup> By July 1979, the first aircraft had landed at Jamnagar airbase and the IAF entered a new era of sophistication.<sup>126</sup>

## Conclusion

From 1974 to 1978, British efforts to sell the nominally nuclear capable Jaguar strike aircraft to India were plagued by debates over the non-proliferation implications. In pursuing this sale, the Wilson and Callaghan governments chose to gloss over the

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<sup>122</sup> ‘Record of Meeting of Foreign Ministers,’ 17 July, 1978, Thatcher MSS (Digital Collection), [www.margarethatcher.org/document/111458](http://www.margarethatcher.org/document/111458) (accessed on December 10, 2013), 4.

<sup>123</sup> Prendergast to Cartledge, ‘Mr Desai’s Visit: UK/Indian Agreements’, 26 April 1978. TNA PREM 16/1694, 2; Beswick to Callaghan, Letter, 25 October, 1978, TNA DEFE13/1318; Anon., ‘Britain wins big Delhi order for jet planes,’ *The Times*, 7 October, 1978, 5.

<sup>124</sup> ‘Brief for the Call by the Indian Finance Minister on the Prime Minister’, 16/17 September, 1978, TNA PREM16/1556, 1.

<sup>125</sup> Callaghan to Desai, Letter, 13 November, 1978, TNA PREM16/1556..

<sup>126</sup> Kapil Bhargava, ‘Quarter Century of the Jaguar in India,’ [www.bharat-rakshak.com/IAF/Aircraft/Current/607-Jaguar-25.html](http://www.bharat-rakshak.com/IAF/Aircraft/Current/607-Jaguar-25.html) (accessed on 10 December, 2013).

complications, indicating that, although India had joined the ‘nuclear club’, the consequences would be slight. This brings into question the Wilson and Callaghan government’s commitment to non-proliferation when British economic interests were on the line. Indeed, there was very little genuine opposition to the sale on non-proliferation grounds within the government, other than that emanating from the ACDD, the one department institutionally committed to non-proliferation. Britain’s dire economic situation in the 1970s was the main concern. Without massive external deals, the teetering British aerospace industry would collapse, sending thousands more workers into the unemployment lines. Additionally, British officials could not countenance withdrawing from the bidding process and gifting ‘the unscrupulous French’ a lucrative contract. For Jimmy Carter’s administration, the consequence of this was frustration at British intransigence over the Jaguar.

While Jaguars did not represent a significant increase in Indian capability, it was the symbolism of Pakistan’s rivals being equipped with modern weapons that could potentially act as nuclear delivery systems (while the United States was using similar weapon systems as ‘carrots and sticks’ in its dealings with Islamabad) that was the underlying problem. The British government – faced with the potential loss of a hugely lucrative arms deal – thus wilfully ignored the non-proliferation complications and the symbolism of the aircraft. The sheer commitment to the Jaguar deal demonstrates that, in the face of an economic crisis, the British government – despite being fully aware of the non-proliferation implications and the symbolism of the Jaguar, and having a long-standing commitment to non-proliferation goals – was quite willing to subordinate non-proliferation to economic necessity.

Interestingly, Anglo-American nuclear non-proliferation cooperation on the sub-continent was not destroyed by the Jaguar deal. After the resolution of the affair, US-UK cooperation became, if anything, even closer. Both states worked together to end the Franco-Pakistani reprocessing plant imbroglio. Furthermore, Washington and

London formed a strong and lasting partnership in their efforts to halt the clandestine element of Islamabad's nuclear programme, the uranium enrichment project.<sup>127</sup>

In the case of South Asia in the 1970s, Britain did have a commitment to non-proliferation goals. The UK fought alongside the USA to prevent Pakistani acquisition of 'the bomb' in the late 1970s, even when it looked like the prospects of persuading Islamabad to give up any nuclear aspirations were slim. Nevertheless, the Jaguar affair is highly significant, as it reveals a different dimension to British pursuit of non-proliferation. The fiscal deterioration of the 1970s placed Wilson and Callaghan in a situation where they could either pursue non-proliferation at all times and deepen Britain's financial misery, or they could deliberately ignore the possible ramifications of the Jaguar sale and alleviate some of their monetary problems. When it came to a contest between symbolism and hard economic reality, the two Labour Prime Ministers simply 'could not refuse the order.'

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<sup>127</sup> Craig, 'The United Kingdom, the United States, and Nuclear Proliferation in South Asia,' 157-247.