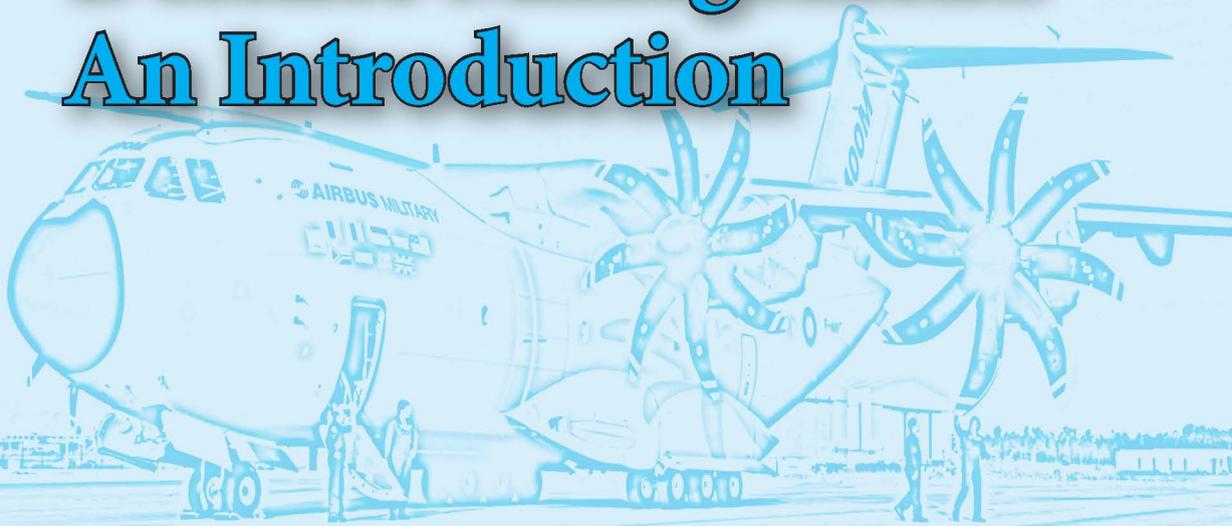


# Defence Management: An Introduction



Hari Bucur-Marcu  
Philipp Fluri  
Todor Tagarev (Eds.)



**Security and Defence Management Series no. 1**

# CONTENTS

<b>Preface .....</b>	<b>1</b>
Philipp Fluri	
<b>Introduction .....</b>	<b>3</b>
Hari Bucur-Marcu	
<b>Governance, Management, Command, Leadership: Setting the Context for Studies of Defence Management .....</b>	<b>15</b>
Valeri Ratchev	
<b>Defence Planning – A Core Process in Defence Management .....</b>	<b>45</b>
Todor Tagarev	
<b>Introduction to Program-based Force Development .....</b>	<b>75</b>
Todor Tagarev	
<b>Managing Finances .....</b>	<b>93</b>
Gerd Frorath	
<b>Manpower Management.....</b>	<b>125</b>
Jack Treddenick	
<b>Acquisition Management.....</b>	<b>155</b>
Anthony Lawrence	
<b>Transparency in Defence Management .....</b>	<b>185</b>
Willem F. van Eekelen	
<b>About the Authors.....</b>	<b>203</b>

## Chapter 7

# Transparency in Defence Management

**Willem Frederik van Eekelen**

### **Introduction**

Transparency in conjunction with accountability is the essence of democracy. Its application, however, varies greatly, especially in the field of defence and security. Defence is different from other areas of government through the monopoly on the use of force and the existence of a trained military establishment, which has its own views on the best way of safeguarding national interests. The primacy of politics over the military has been widely recognised, but harmonious relations require a balance of trust, in which politicians refrain from attempts at micro-management after they have agreed strategic documents and mandates and the military accept to be accountable for the way they implement them. This is particularly important for the conduct of peace support operations, where modern communications tempt the leadership at home to follow every decision of the field commander. But it is also important for the less visible issues of defence management.

Defence is also different from other government departments because of its emphasis on the long haul. Planning should be based on a rolling forward plan for 10 years or more but with sufficient flexibility to take account of unforeseen developments and for delays in the realisation of specific items. Other spending departments do not have the same ratio between investment and running costs as defence, which in many ways resembles a commercial company in its activities. The most difficult area

in civil-military relations is the allocation of resources, which usually are deemed inadequate by the military for the execution of their tasks, but have to be evaluated by the political bodies in the competition for money with other departments. In the end, politics will prevail, but in a way in which the final responsibility for adequate forces will lie with the politicians in Cabinet and Parliament.

In the U.S., in the early 1960's, Secretary of Defence Robert McNamara introduced a Planning, Programming and Budgeting System (PPBS) to relate budgets to military missions. His attitude boiled down to the principle that if his 'whiz kids' analysts could prove that a particular weapon system was needed, he would provide it. PPBS was intended as a system that would help the Secretary of Defence in making choices about allocating resources among competing programmes for accomplishing specific national defence objectives. Its ultimate goal was to provide operational commanders with the best mix of forces, equipment and support attainable within fiscal constraints.

As a system, PPBS has had its ups and downs but remains a valuable tool for justifying budget proposals by clarifying what they intend to deliver in terms of the quantity and quality of goods and services and by defining resource allocations based on expenditure levels appropriate to achieving the planned objectives. At the end of the planning cycle it will also be possible to determine whether what has been achieved has been worth the cost. In this manner the system provides an important underpinning for transparency and accountability with regard to parliament and public opinion.

McNamara had the advantage of growing defence budgets, which allowed him to honour established priorities. At times of shrinking budgets, however, PPBS tends to produce lists of unfunded priorities, which can be realised only when other programmes are delayed or specific allocations become available. In Europe, countries like Germany and Romania have experience with making defence plans that could not be realised within available and anticipated defence budgets.

A major task of the Chief of Defence Staff is to produce a consolidated plan, incorporating the requirements of the services within the available and forecasted financial resources. He should be the 'corporate planner' who gives everybody in the system a fair share but also does not shy away from tough decisions. That remains one of his most difficult jobs, ever more thankless when cuts have to be made. Then his attention shifts to the 'posteriorities,' the activities which could be abandoned with the least damage to the overall defence effort. Usually, their consideration is subject of considerable bickering, for a posteriority for one might be an unacceptable cut for others.

Defence inherently being a matter of the long haul, planning should be based on consensual documents defining the strategic interests of the country and the means to protect and enhance them. Ideally, these papers—usually in the shape of a White Book or a Defence Note—should be drafted with a period of ten years in view, but allowing for updates at the beginning of a new legislative period. They should establish

the structure of the defence forces and their tasks and include multi-annual budgetary planning, at least in an indicative manner, in order to allow for continuity and consistency. Equally, they should define international commitments and the criteria for participation in peace support operations (PSO).

In principle, accountability in defence and security should resemble general practice throughout the government, particularly by providing an adequate level of budget detail, but there are obvious exceptions. Although it should be possible to indicate budgetary lines for the intelligence services, details of their work will have to be kept confidential. That need is enhanced by the coalescence of internal and external security, largely on account of the emergence of terrorist groups and organised crime. Currently, we are all faced with the dilemma of simultaneously maintaining individual liberty and public security, which has an implication for the administration of justice but also for the application of transparency in the conduct of government business.

Accountability applies politically to the relationship with parliament and financially to the national Court of Auditors (called also National Audit Office or Chamber) and internal accounting procedures within the Ministry of Defence. In many countries we now have Public Information Acts, which allow individuals, but more often the media, to seek information on policy decisions and the way they have been arrived at. These are important supplements to written and oral questions that parliamentarians can ask and round off the basic elements of parliamentary democracy. Governments should reveal, explain and justify their policies and plans. They should reveal what they want to do and explain and justify them publicly in a debate, both in parliament and in the media, where their priorities are assessed and possible alternatives evaluated. The more transparency and accountability, the better the chance of maintaining public support for the military.

A crucial element in civil-military relations are the established procedures also with regard to parliamentary scrutiny. Both sides should be clear as to what information they are entitled to expect and to supply and how parliamentary committees will deal with it. Among NATO member countries, the budgetary and legislative sides are fairly well taken care of but in the field of policy, great differences remain.

## **The Rule of Law**

Application of the rule of law has become a major criterion for judging the democratic character of a state and its eligibility to join organisations like NATO and the European Union. Of course, laws are important but the way they are arrived at is even more important. Autocratic systems also produce laws but they have little or no legitimacy in comparison with the legislation of pluralistic democracies. The 'role' of law is to protect the security, property and human rights of the citizen, to provide a basis for settling

disputes peacefully and to restrain the use of political power by subjugating government authorities to the law. Elements of a complete system of rule of law are:

- An independent judiciary
- Independent human rights institutions
- Government powers that are determined by the Constitution and/or laws
- Free and fair elections
- Transparency and accountable access to political power
- Police and detention systems whose powers are defined precisely by laws
- Military and security systems that function under the law
- Access to justice through competent and affordable lawyers, and no prohibitive levies or delays which discourage seeking justice.<sup>1</sup>

In addition to these elements, Voorhoeve distinguishes eight different functional requirements which have to be met:

- All laws are applied equally to all citizens, without discrimination based on legally irrelevant personal or group differences among the citizens
- The right to fair trial is guaranteed to all
- There is no arbitrary detention, no torture and cruel, inhumane treatment of detainees/ prisoners
- All laws are openly promulgated and can be scrutinised by the citizens and their legal aids
- There is no retrospective application of penal laws
- The judiciary is professional, intellectually independent and impartial
- Authorities derive their powers from laws; their policies, decisions and implementation are also under the law
- All law enforcement agencies are given adequate means to perform their tasks.

---

<sup>1</sup> See Joris Voorhoeve, *From War to the Rule of Law. Peace Building after Violent Conflicts*, Scientific Council for Government Policy/WRR/(Amsterdam: Amsterdam University Press, 2007), 91-92.

## Parliaments, Defence Policy and New Missions

### Operations

After the end of the Cold War, collective defence did not remain the overriding priority and the focus of attention shifted to either the new linkage between internal and external security or to the demands of peace support operations. Decision making on participation in peace support operations became more political and the military profession not only became more dangerous but also multi-faceted. Starting with operations in the Balkans, the military had to assume many new functions, ranging from diplomacy and mediation to administration and development, which placed new demands upon their training and coordinating abilities. Both at home and in the field, new management structures had to be created to deal with the multitude of new players, including large numbers of nongovernmental organisations (NGOs).

On an invitation by the European Parliament, DCAF recently conducted a study on the manner in which national parliaments are involved in decision making with regard to peace support operations and distinguished several models and best practices.<sup>2</sup> Among others, the report identifies the establishment of legal provisions for authorising expenditure related to deployments abroad, which might take the form of a financial ceiling, a troop limit (e.g., currently Spain sets a ceiling of 3000 troops, Finland of 2000 and Lithuania of 420 troops) or a geographical restriction as a good practice. Parliaments should also insist on full ex post accountability concerning money spent on the mission and an assessment of its results. This should also be requested from the UN, NATO and the EU.

The military profession has changed as well. It has become more dangerous, more demanding in terms of absence from home and more multi-faceted in having to deal with the whole spectrum of conflict, stabilisation and reconstruction. This means that a Ministry of Defence will have to devote much more time to training for an expanded set of duties but also in explaining the purpose and conduct of an operation, which is taking place far away in unfamiliar lands and likely to be of long duration before tangible results can be achieved. Special care will have to be given to contacts with the home front of the soldiers and to dealing with stress symptoms of returning personnel. The more the military have to act in the role of the 'guardian soldier' in peace support operations, the more they are entitled to maximum attention to their physical safety. On

---

<sup>2</sup> See Hans Born, Alex Dowling, Teodora Fuior, and Suzanna Gavrilescu, *Parliamentary Oversight and Civilian and Military ESDP Missions; The European and National Levels*, EP/EXPOL/B/2006/38 PE 348.610 of October 2007. The report analysed in particular four ESDP missions *EUFOR Althea*, *EUFOR DRC*, *EUPM BiH*, *EUBAM Rafah*. It was discussed by the Sub-committee on Security and Defence (SEDE) of the European Parliament in a workshop on 11 February 2008.

the whole, our populations have accepted that operations in Iraq and Afghanistan will entail casualties but with every dead body they will also want to know more about the purpose and rationale of the action and whether the share their country takes is proportional to the efforts of others.

Defence has also become more political. In collective defence, the military would have taken the lead but peace support operations have a predominant political component. This is also reflected in the new dimension of contacts with the media. During the Iraq operation of 2003, journalists were 'embedded' with the fighting forces but in the subsequent phase of guerrilla warfare and roadside bombs they were able to roam around more freely, sometimes at their peril. In doing so, they obtained stories and impressions of their own concerning the nature of the conflict and the way in which our soldiers are doing their job, which in turn will impact on domestic support for the operation. What happens today will be on our television screens at home in the evening. Consequently, transparency with regard to the media, both at home and to their correspondents abroad, also on negative experiences acquires a new significance for maintaining the credibility of our policies.

### **Privatising Defence Functions**

Transparency has become more diffuse with the increasing tendency to privatise functions within the defence establishment, functions which in the past were regarded as belonging to their core business. The downsizing of the armed forces has led to a concentration on combat capability and the conclusion, sometimes mistaken, that certain functions would not require permanent availability under operational conditions and could more cheaply be delegated to private companies. Examples are to be found in the field of catering and logistics but also in private security companies. The same phenomenon occurs elsewhere in government, where political decisions to reduce the number of officials usually led to the creation of other implementing agencies and consultancy contracts. In defence, privatisation ranges from catering, maintenance and logistics to private security companies performing guard and surveillance duties. DCAF has done important work on this subject and particularly on the question of who is responsible if things go wrong.<sup>3</sup> A rule of thumb should be that the defence organisation remains accountable. In terms of possible corruption there is a double problem: the awarding of the contract might have been subject to preferential treatment and the company selected might resort to corrupt practices in the conduct of its business.

---

<sup>3</sup> Fred Schreier and Marina Caparini, *Privatising Security: Law, Practice and Governance of Private Military and Security Companies*, Occasional paper No. 6 (Geneva: DCAF, 2005).

## **Implementation Challenges**

A major shortcoming in many parliamentary democracies is the gap between legislation and implementation. Governments draft laws, parliaments amend and approve them, but few pay any attention to the way they are implemented in practice. Did they reach the results intended and, if not, why not? The Netherlands parliament devotes a Wednesday in May to reviewing progress in spending the budget for the purposes earmarked, popularly known as 'minced meat day' because of the many anomalies it reveals. This indicates how difficult it is in a complex economy to plan and budget properly. It is even more difficult to assess the long-term effects of legislation. Much is to be said for sunset-clauses or for periodic reviews to improve or repair weak points. The need for such assessments is increasing on account of the competition between political parties, which after each scandal or accident clamour for new controls, often based on headlines in the morning papers. Some sound thinking seems to be in order, for ultimately the citizen will be more interested in a balanced approach in which bureaucratic controls are kept to a reasonable minimum. Ideally, the solution would be to aim for self-regulation among the professional organisations involved.

## **Parliaments and Procurement**

A particular problem in defence spending is the need for equipment to be sturdy and long lasting, sometimes up to forty years. This means that new purchases have great implications for the future of the armed forces, which militates in favour of equipment having growth potential and being able to be updated in 'mid-life modernisation' programmes. Equally important is the assessment of 'life cycle cost' in comparing alternative equipment solutions. Here transparency becomes particularly important, for the full cost of new equipment should be revealed, including necessary adaptations in infrastructure, spare parts, personnel and training. It is simply not sufficient to count only the cost of the new hardware. But who will be the judge of these calculations? It cannot be left only to the service which requires the new armament but rather in combination with the second opinion of an independent body.

Another consequence of the lengthy life cycle of military equipment is the long-term claim an individual decision places on future defence budgets. This impact is even greater where major purchases are concerned, which are not delivered and paid for in a single year and may be stretched over a decade or more. Then parliamentarians will need to watch closely how much money is available for new spending. In the recent past we have seen examples in Germany and Romania of defence plans which exceeded future budgets.

Defence procurement is never a single decision but involves several stages. Starting with a national strategic concept or similar policy document, military requirements have to be formulated and priorities defined among proposals from the different ser-

vices. A budgetary envelope for the life cycle costs of the project will be defined. Then the market has to be explored to see whether the equipment sought is readily available or will have to be developed or modified. Exploratory contacts with suppliers follow and a short list of possible alternatives will be drawn up. Negotiations will follow regarding price, delivery schedules and compensation arrangements, which will emanate in a preferred choice with whom detailed contract negotiations will be conducted in order to clinch the deal. Each of these steps lends itself to transparency and parliamentary scrutiny.

Military requirements are the outcome of a process in which past experience, new strategic and tactical insights, new technological possibilities and the capacities of potential adversaries are taken into consideration. Operational research and war-gaming have become new tools. The process usually starts with the plans and policy section of the staff of the armed service concerned but the need for integrated force planning tends to increase the role of the Defence Staff. In the past, a weak spot used to be the insufficient contact between the various sectors: operational, research and technology and procurement. It became clear, therefore, that internal transparency was as important as external transparency.

The NATO defence planning process had the great advantage that the Supreme Allied Commander formulated Force Proposals as guidance for national planning with the aim of building a coherent collective defence. Today, that aim remains but has largely been superseded by a selective approach to international crises, leading to the formation of 'coalitions of the willing' within or outside the Alliance. Defence policy not only has become an element of security policy but also lost an important cohesive element by the uncertainty with whom peace support operations would be conducted. As a result, the incentive of multilateral standardisation of equipment did not get the push originally anticipated. At the same time, the new demands of intervention and more recently of asymmetric warfare have made it very difficult to quantify future requirements. Flexibility and mobility became new catchwords, which are difficult to translate into objectively justifiable needs. Much depends on the level of ambition countries set for themselves and their willingness to take responsibility for operations, which were not directly aimed at defending territorial integrity and independence. Moreover, the increased threat of terrorism has had the double effect of linking internal and external security and deflecting the emphasis on high-tech capabilities in a process of transformation. Soldiers on foot had to risk their lives and needed protection against mines and other explosive devices. Several countries had to change their procurement programmes drastically in the light of new experience, which included heavy wear and tear on equipment.

## **A Model Sequence of Defence Procurement**

The degree of parliamentary involvement in procurement decisions varies greatly. Germany excels in a line-by-line examination of the budget. The Netherlands has adopted a model sequence for the entire process, from start to finish. The first communication is sent to parliament when the operational requirement has been defined in general terms: the type of equipment, a general indication of the numbers needed in replacing old equipment, the estimated cost of the project and how the expenditure would be spread over the years.

Once the Defence Committee 'takes note of the document,' which means that it is not rejected, the next phase concerns preparatory studies on a number of subjects. The operational requirements have to be translated into technical specifications. The market has to be explored and an exhaustive list of all possible suppliers drawn up. If there is nothing available in the near future, plans have to be drawn up for a development phase in cooperation with industry and, where possible, with other interested countries.

The third step is a thorough study of the information provided by interested suppliers. Are they able to meet the specifications or do they suggest alternative ways of meeting the requirements? Is their equipment in use by other countries and what is their experience regarding performance? What are the possibilities for co-production and offset arrangements. The study should lead to a short-list of alternative suppliers.

The fourth phase concerns preparations for the acquisition on the basis of negotiated offers, possibly accompanied by field trials. The armaments directorate will compare them on the basis of a range of criteria. If several offers meet the criteria, other elements will be introduced in the comparison, like gradations in military effectiveness and safety of personnel. Concurrently the Ministry of Economic Affairs will negotiate co-production and, when necessary, compensation outside the project concerned. Over time, parliament has become more demanding and insists on compensation contracts with domestic industry for every defence dollar or euro spent and sometimes even more. In this phase some of the information might be classified, especially when it concerns weapon characteristics. The need for secrecy should not be exaggerated, however, as most of the information parliamentarians need can be found in professional journals. If there remains a need to know, confidential briefings will be arranged.

The final phase, the decision, is subject to intense lobbying, involving media, parliamentarians and think-tanks. Decision makers are invited to visit factories or attend demonstrations. This is also the phase in which everybody has to be extremely careful not to accept favours that might be seen as influencing their judgment. Practice varies how authority is obtained to sign the final contract, sometimes preceded by a letter of intent. In the Netherlands, contracts below € 5 million are left to the service concerned. Up to € 25 million, the projects have to be included in the overall defence plan submit-

ted by the Chief of the Defence Forces to parliament in his role of corporate planner. Between € 25 million and € 100 million, the requirement has to be approved by the parliamentary committee, but further execution is mandated to the service, unless the project has been qualified as 'politically sensitive.' Contracts of higher value need parliamentary approval before signature; above € 250 million they require approval by the full Cabinet before they are submitted to parliament.

A model sequence along the above lines is practiced in only a few NATO countries. The record is not bad in terms of scrutinising legislation but less favourable on controlling the executive. Only in Germany, the Netherlands, Norway, Poland and the U.K. the Minister of Defence was obliged to provide information to the Defence Committee on procurement decisions above a certain amount. In all these countries except the U.K. he needed parliamentary consent to conclude the contract. Involvement of the committee in specifying the need for new equipment is provided for in Canada, the Czech Republic, France, Germany and the Netherlands. This extends to the comparison of offers and the selection of a producer in the Czech Republic, the Netherlands and Norway. Only the Czech and Netherlands parliaments reported involvement in the assessment of compensation and offset arrangements.<sup>4</sup>

Closely connected with the quality of parliamentary scrutiny is the availability of qualified professional staff. Rarely do parliaments instigate research of their own to challenge official views, although hearings are organised more frequently. Only the French and German parliaments have people in their research services who work specifically on defence subjects and assist the members of parliament.<sup>5</sup>

### **International Frameworks, Sources of Information and Expertise**

Since often parliaments do not have staffers for defence and security, they will rely heavily on the monitoring work and analysis of independent institutes, think tanks and non-governmental organisations. At the international level, the *SIPRI Yearbook on Armaments, Disarmament and International Security* has established itself over the years as an indispensable tool for following military expenditure, arms production and international arms transfers. The *Military Balance* and the *Strategic Survey*, published by the London-based International Institute for Strategic Studies (IISS), are equally im-

---

<sup>4</sup> See Willem F. van Eekelen, *Democratic Control of Armed Forces – The National and International Parliamentary Dimension*, Occasional Papers No. 2 (Geneva: DCAF, 2002) and Willem F. van Eekelen, *The Parliamentary Dimension of Defence Procurement: Requirements, Production, Cooperation and Acquisition*, Occasional Papers No. 5 (Geneva: DCAF, 2005). Both reports are available for free download at [www.dcaf.ch](http://www.dcaf.ch). The first one presents parliamentary responses to a questionnaire. Other parliamentary procedures might have evolved since.

<sup>5</sup> See Van Eekelen, *The Parliamentary Dimension of Defence Procurement*, 13-14.

portant. The EU Institute for Security Studies in Paris publishes an impressive array of *Chaillot Papers* and *Occasional Papers* on issues connected with the Common Foreign Foreign and Security Police (CFSP) and brings together the directors of the many national institutes in an annual 'State of the Union' meeting with Javier Solana.<sup>6</sup> DCAF has extended its original scope of democratic control of armed forces to the wider issues of security sector reform and good governance. Its handbook for parliamentarians and the sourcebook on defence institution-building devote considerable attention to transparency and accountability in the processes of arms procurement. Among the NGOs, Transparency International and SaferWorld should be mentioned.

The European Council established the European Defence Agency (EDA) in 2003 with the following objectives:

- To contribute to identifying member states' capability objectives and evaluating observance of their commitments
- To promote harmonisation of operational needs and the adoption of effective, compatible procurement methods
- To propose multilateral projects, ensure coordination and manage specific programmes
- To support defence technology research and coordinate and plan joint activities and the study of technical solutions meeting future operational needs
- To contribute to identifying and, if necessary, implementing any useful measure for strengthening the industrial and technological base of the defence sector and for improving the effectiveness of military expenditure.<sup>7</sup>

In the three years of its existence EDA has produced some positive results. The European defence market has been facilitated by the publication of a bulletin of national plans and tenders but trans-border tendering remains very limited. A voluntary code of conduct aims at reducing the impact of Article 296 of the Treaty on European Union which excludes defence material from the EU internal market. Unfortunately, on research EDA was a near-failure. Before the end of its activities, the precursor of EDA, the Western European Armaments Group, had joint projects for € 300 million running but these have not been continued. The joint investment programme only amounted to

---

<sup>6</sup> See Burkard Scmitt, *European Arms Cooperation, Core Documents*, Chaillot Papers No. 59 (Paris: ISS, April 2003) and Burkard Scmitt, *The European Union and Armaments. Getting a Bigger Bang for the Euro*, Chaillot Papers No. 63 (Paris: ISS, August 2003).

<sup>7</sup> See Willem F. van Eekelen, *From Words to Deeds. The Continuing Debate on European Security* (Brussels/Geneva: CEPS/DCAF, 2006), and in particular Chapter 7 "Towards an EU Armaments Agency."

€ 54 million and gave rise to discontent over the rules of the game as far as intellectual property was concerned.

The European Commission—Commissioners Verheugen and McCreevy—announced two directives: one to regulate the rest of the market, which did not fall under a limited interpretation of Art. 296, and one to facilitate transport from one EU member country to another. The Commission repeated that restructuring of the European Defence Equipment Market was essential if it was to survive in a globalising world. It will be interesting to see how the European parliament will deal with these directives. Several countries, including France and the U.K., dispute the competence of the European parliament (and of the European Commission) to deal with intergovernmental issues like the Common Foreign and Security Policy and the European Security and Defence Policy. High Representative Javier Solana regularly keeps the Parliament informed but debating these issues remains a delicate matter. Draft directives from the Commission will be another matter. The Assembly of the Western European Union (WEU) remains the only functioning body of the WEU since the Treaty of Amsterdam transferred its functions to the EU. Its reports continue to be of high quality but the absence of a dialogue with a Council has placed the Assembly in limbo. Consequently, parliamentary scrutiny of the CFSP and the European Security and Defence Policy (ESDP) is rudimentary, which poses the question: who controls them?

## Corruption

The American scholar Joseph Nye defines corruption as:

Behaviour which deviates from the normal duties of a public role because of private pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behaviour as bribery, nepotism and misappropriation.<sup>8</sup>

Corruption concerns both the breach of rules governing public office and the infringement of non-codified, widely accepted ethical norms. Some of these norms develop over time, such as the illegality of party financing. Alternatively, it is possible to give a more market-oriented definition as an exchange of money for decisions (the asset), which private actors seek to acquire (demand) and public agents are willing to sell (supply) by avoiding being caught (liability). A third approach focuses on the public interest and sees corruption as deviant behaviour which subjugates public interests to private gain. Corruption grows where public ethics have degenerated, where there are

---

<sup>8</sup> Joseph S. Nye, "Corruption and Political Development: A Cost-Benefit Analysis," *The American Political Science Review* 61, no. 2 (June 1967): 417-427.

no clear rules through which the public interest is pursued and where public or private activities lack proper modes of regulation guaranteeing due process and fairness.<sup>9</sup>

Corruption is a transnational and global phenomenon, which poses a latent threat against orderly government and the rule of law. It channels resources intended for public purposes into private pockets and seriously distorts decisions and daily actions by government officials. Corruption is often associated with the buyers of equipment and the recipients of development aid but it also is a serious weakness among many suppliers and donors. The prevention of corruption has been recognised as a responsibility of all states, non-governmental institutions and private companies. The UN Convention against corruption of 2003 was signed by 140 states and entered into force after ratification by 30 of its signatories. It regulates recovery and restitution of assets which have been acquired through corruption, but obviously the proof of the pudding remains in the eating, i.e., the vigorous application by the signatories and their legal systems.

At the Doha ministerial conference of the World Trade Organisation in November 2001, ministers recognised the case for a multilateral agreement on transparency in government procurement and agreed that negotiations would take place after the Cancun conference of 2003 “on the basis of a decision to be taken, by explicit consensus, on modalities of negotiations.” The developing countries made clear that these negotiations should not restrict the scope for countries to give preference to domestic supplies and suppliers. At Cancun, no agreement was reached on the start of the negotiations and the matter was referred to the General Council, which in August 2004 agreed that this issue would not form part of the Doha Work Programme and therefore no negotiations would take place during the Doha Round. Since this decision the Working Group on Transparency in Government Procurement, formed in 1996 at the Singapore conference, has been inactive.

Good governance implies transparency in decision making and a minimum of corruption. The two go hand in hand but the two are not synonyms. Before the start of the European Economic Community there was a common saying in the north of Europe that south of the ‘olive border’—the line south of which olives were grown—different morals applied in terms of applying rules and paying taxes. Corruption is more engrained in some societies than in others. In some it is quite normal to pay for services rendered even if they concern the regular task of the person involved. Those differences became evident in the processes of enlargement of NATO and the EU. Shortly before their entry into the EU, the European Commission concluded that corruption was engrained in Poland and was a serious problem in Latvia and the Czech Republic.

---

<sup>9</sup> See Yves Mény and Luís de Souza, “Corruption: Political and Public Aspects,” in *International Encyclopedia of the Social & Behavioral Sciences*, ed. Neil J. Smelser and Paul B. Baltes (Oxford: Elsevier, 2001), 2824–30.

The accession of Romania was very nearly held up altogether because of deficiencies in the administration of justice. Bribes to poorly paid policemen in an attempt to avoid being fined are common practice in many countries.

Any institution, governmental or otherwise, with substantial outlays for goods and services is liable to corruption. It might take the form of kickbacks on the contractual payments, 'commissions,' payments under the table that do not figure on the bills, favours outside the contract like holiday trips or other services, payments to political parties and outright payments to sway the decision of influential individuals. Large scale corruption often takes place indirectly, through agents or other intermediaries, thus avoiding direct contact between supplier and buyer. There is no limit to human inventiveness and brinkmanship in finding ways to influence acquisition processes without being in outright conflict with the law. Therefore, clear rules are necessary on what is allowed and what is not and where officials should draw the line in their contacts with suppliers.

There is no indication that people working in the field of defence are more prone to corruption than those in other government departments but the defence budget is so large and involves so many people that corruption is common. Petty corruption seems to be more a problem for the police than for those working in defence as the police are in closer contact with the general public. One area where officials and citizens meet in the area of defence is conscription and consequently corruption occurs in obtaining exemptions or deferrals or more attractive assignments. Similarly, defence officials might engage in commercial activities on the side by selling military goods for personal gain. But, unlike some colleagues in other governmental acquisition departments, defence personnel will not easily cheat on quality and durability of equipment, which might become a matter of life and death for their colleagues. Moreover, accountability has been regulated carefully, often in excruciating detail, and most defence departments have a special office within their procurement division to screen acquisition processes. To work effectively and without pressure on the career perspectives of their personnel, those offices will need to have an independent position outside the line of command.

The problem of corruption lies more in the lobbying by defence industries, which depend on obtaining major contracts for their very existence. Such contracts are few and far between, sometimes claimed to constitute the 'buy of the century,' but always the result of innovative and costly research and development. Much is at stake and sales campaigns are aggressive, both at the technical and political levels. Competition

is particularly fierce when several offers meet the requirements and the decision will be swung by additional elements, including foreign policy considerations.<sup>10</sup>

How should the political leadership and parliamentarians position themselves in this battle for honesty? Parliamentarians and leaders need as much information as possible but they should avoid being unduly influenced by any of the competitors. In a tendering process, all potential suppliers should get equal treatment, at least initially. The political leadership of the department should avoid direct contact with their agents but a minister or state secretary in charge of procurement should be allowed to visit a factory provided he visits all of the serious competitors. Parliamentarians are more free in their contacts but it would still not be wise to visit production facilities on their own. In order to avoid any improper approaches, it would be better to organise visits by Defence Committees or at least for an individual to be in the company of defence spokesmen from other political parties.

Under a district system parliamentarians lobby for their constituency and important industrial activities located therein. In the U.S. this results in riders being attached to Defence appropriation bills, in other cases the pressure might be more discreet. To withstand such lobbying, which always concerns the preservation of jobs, ministers and their senior advisers will have to make a thorough analysis of quality and cost of their preferred solution if they have a chance of persuading parliament.

Fighting corruption has to focus on both the individual and the organisational level. Individual morality can be influenced by education, which should instil a sense of values at an early age. Organisations and corporations should establish codes of conduct and clarify what they could accept from a supplier: a cup of coffee, a luncheon, a Christmas present, or nothing? Important progress has been made through the development of a code of police ethics.<sup>11</sup> It should become a major item of the curricula of police academies, so that each individual officer internalises value judgments. In training, they should be confronted with concrete cases of moral dilemmas. An inter-

---

<sup>10</sup> Transparency International makes the point that more than half of defence contracts are placed without competition, which usually means that the buyer does not get the best possible deal. Competition certainly will enhance transparency but it is doubtful whether it will reduce corruption. Moreover, several countries support their 'national champions' in a process of consolidation deemed necessary for their survival.

<sup>11</sup> Appended to Recommendation (2001)10 of the Committee of Ministers of the Council of Europe, adopted on 19 September 2001. Paragraph 19 of the Code reads: "Police organisations shall be ready to give objective information on their activities to the public, without disclosing confidential information. Professional guidelines for media contacts shall be established." Paragraph 20 says: "The police organisation shall contain efficient measures to ensure the integrity and proper performance of police staff, etc." The Code does not define integrity, nor does it mention corruption. Such elaboration is left to the individual police corps.

esting case is the following: a commissioner of police is engaged in building an extension to his office. At the same time, his wife wants a new kitchen. Would it be proper to have the same contractor do both jobs? Most people would answer no, because they would be suspicious of the price asked for the kitchen. But then a new element is introduced in the setting: both jobs have to be done by a contractor with security clearance and unfortunately there is only one contractor in the area who possesses such a certificate. Would this change your opinion and, if so, what safeguards could be applied to avoid any semblance of inappropriate connections? Of course, under normal circumstances, tendering for the jobs would be an established procedure. The point of such a case-based approach is that most people only become aware of complexities when they are taken through a logical process on the margins of good and bad practices. This approach is also applicable to training defence professionals.

## **Concluding Remarks**

The shift from collective defence to peace support operations has had a great impact on attitudes towards defence and security. Two factors militate in a positive sense: firstly, the increased link between internal and external security as a result of terrorism, organised crime and illegal immigration and, secondly, recognition of the need for a minimum security before development or reconstruction can be undertaken successfully. More problematical is the inherently selective character of the national decision-making processes concerning participation in peace support operations. As a result of low preparedness to participate in risky operations, there are currently insufficient forces available for the International Security Assistance Force (ISAF) operation in Afghanistan. Still worse, the varying conditions under which forces are contributed makes 'constraint management' a continuing headache for the commanders. Although it will not be necessary for all members of NATO or the EU to join in every operation, some scenario planning should be necessary in order to be able to react quickly to a crisis. The treaty of Lisbon might do that on the EU side and after the Bucharest summit of NATO a new strategic concept for the Alliance might be forthcoming under the new U.S. administration. At the national level, the decision to join an operation will require ever more careful preparation of public and parliaments. Adequate information and briefings of the relevant parliamentary committees is called for. On this point, many European countries still have a long way to go. Most of them have adequate procedures for the budgetary and legislative processes but many parliaments lack involvement in policy decisions. Yet, adequate information by way of frequent situation reports and briefings will be essential to prepare public opinion for the likelihood that most operations will take longer than originally anticipated and will be more costly in human lives and resources.

Finally, the international community will have to do better in coordinating the multi-

tude of governmental and non-governmental organisations involved in crisis management. Our current way is not the most cost-effective and is bound to lead to criticism of wasted resources. Both NATO and the EU will have to update their strategic concepts, which date from 1999 and 2003 respectively. The EU has concepts for Security Sector Reform but neither NATO nor the UN has one. The lessons from Iraq and Afghanistan are that right from the start of a military operation plans have to be ready for the subsequent phases of post conflict stabilisation, reconstruction, development and security sector reform.<sup>12</sup> These should not be seen as consecutive activities but integrated in a comprehensive approach from the beginning. Otherwise, our efforts are doomed to have temporary effects only and crises are bound to flare up again. This comprehensive approach should be reflected in the work of our governments and parliaments, bringing together the strands of security – military and police, justice, reconstruction and development. Thus we have a chance to muster continuing support for our defence establishments.

---

<sup>12</sup> Another notion obtaining currency is that of the 3 D's, standing for 'Defence, Diplomacy and Development,' which needs some further explanation. In this context 'Defence' should stand for the military role in the conflict phase and 'Diplomacy' for the wider area of negotiations, stabilisation and laying the foundations for good governance. Interested readers may find details in Robbert Gabriëlse, "A 3D Approach to Security and Development," *Connections: The Quarterly Journal* 6, no. 2 (Summer 2007): 67-73.