



## In the heart of the military-industrial complex...

G2S File No. 25

GCA (2S) Jean-Tristan VERNA

Published on 08/05/2020

Défense & management

**Abstract : Despite the efforts of successive ministers, the relationship between the state power and the defence industry remains more difficult than the comments on their alleged connivance suggest. Officers are involved in these complicated relationships. Working in headquarters, as in industry, they are primarily concerned with meeting operational needs, and they strive to promote realism, moderation and mutual understanding.**

I may have used a deliberately provocative title for this text. In a more politically correct novlanguage, I should have referred to the "synergy of stakeholders in achieving policy autonomy". But the twenty or so years I spent in the "plan-programme chain " were not enough to convert me to the language of the woods!

The name " military-industrial complex" has the merit of clarity. In order to autonomously develop capacities to counter the threats identified in the White Paper, a well-organized and coordinated national system is needed. A complex in the Stalinist sense of the term, even if it was a President of the United States of America who invented the concept, to imagine, design, develop, produce, maintain and develop the physical or digital weapons systems needed to equip the forces. This has just been mentioned in the news about the sale of French defence companies.

Organisation and coordination are moreover materialised by actions and procedures that are duly codified and official:

- Existence of an Industrial Policy Committee chaired by the Minister, sometimes abusively assimilated to the sector committees of the civil domains.

- Responsibility given to the Directorate General for Armaments (DGA) for industrial policy.
- Periodic dissemination of a "science and technology" policy document, which has recently become the "defence innovation policy document", which guides state and private research activities.
- Procedure for the conduct of armaments operations, also recently recast.
- Political will to transfer to private industry an increasing share of operational sustainment activities .

As the subject is strongly rooted in economic activity and societal debates, it does not seem to me to be out of place to attach to this G2S dossier the action of the military within the "complex".

It is a paradox that is ignored by the general public - which is normal - but also by many opinion leaders - which is less so - : The military-industrial complex is by no means homogenous; its solidarity is only episodic and fragile, which, by the way, tempers the character of a lobby that its detractors willingly attribute to it; it functions essentially by the balance of power.

It is by no means homogenous, **for** it brings together two worlds whose problems very rarely converge.

Long-term capability analysis, which is always the subject of a laborious compromise within the armed forces, now meets the requirement for immediate operational effectiveness. The "end customer", i.e. the combatant in the field, places this efficiency at the forefront of his assessment of the system for producing the assets. This priority is increasingly also becoming the priority of the DGA, which has often been criticised in the past for its disconnection from short- and medium-term operational requirements.

The " defence client" therefore wants a production system with the full range of skills, but extremely reactive, as close as possible to its current technical needs, and with controlled prices, a highly subjective term.

For their part, the " defence industrialists "...<sup>37</sup> are the fruit of the evolutions of the last thirty years. They all operate within the framework of the market economy regulated by the European Union, even when their capital is partly or totally owned by the State. They are subject to the pressures and constraints of the present time (corporate social responsibility and raison d'être, environmental impact, export sensitivity) whether they come from public opinion, NGOs, their investors or, more prosaically for the less powerful, their bankers. They are - with rare exceptions - "dual" industrialists, whose defence-related activities may be a minority in their turnover and frequently discussed in their medium and long-term strategic vision.

These suppliers must therefore ensure the overall balance of their dual business model,

always keeping in mind the long-term robustness of this model in the face of technological and societal changes, while facing exacerbated competition, often on the French market, always on the export market. These factors also lead to almost permanent restructuring and mergers, which blur the perception of the "industrial landscape".

### **Solidarity within the military-industrial complex is fragile and often episodic.**

Each of the two parties is certainly structured to assert its interests and, if possible, succeed in bringing them together.

On the "defence client " side, it is the procedures and comitology of the planning and programming exercises, with their final concretisation in the form of the White Paper and the Military Programming Act.

On the industry side, the professional unions play a unifying role and formulate common positions or arguments, often at the pace of the State work mentioned above. But as much as the consensus is relatively acquired on the main principles and long-term visions, the "every man for himself" takes over as soon as we get closer to concrete matters...

As for global cohesion, it remains mostly a pious hope, beyond the opening speeches of conferences or trade fairs.

The " industrial policy committee", whose name varies according to its reappearances, remains very formal, without denying the interest it has in bringing to the ministerial levelThe "industrial policy committee", whose name varies according to its reappearances, remains very formal, without denying the interest it has in bringing to the ministerial level subjects that the administration would gladly keep to itself (such as, recently, the difficulties in obtaining clearances for industrial personnel working on military programmes).

At the other end of the responsibility spectrum, the much-vaunted "plateau work" often remains even more a last resort for dealing with bottlenecks than a prior practice for avoiding them, as the new weapons operations training seeks to do.

### **This can be explained by the pre-eminence of the balance of power in the operation of the complex!**

There is indeed no connivance between the two parties. Business relations are exclusively based on contracts concluded within the framework of the public procurement code and its specific provisions for defence contracts, framed by the European directive concerning them.

This public procurement law gives the client complete freedom to determine the form of

the contracts, the way in which they are negotiated and the way in which they will be executed.

The client thus chooses whether or not to have recourse to national or European competition, whether it prefers competitive dialogue, or even whether it opts for a State partnership ("public-private partnership"). It also chooses the scope of the contract on the spectrum "development, industrialization, production, maintenance in operational conditions" as it sees fit. And it rarely gives up a firm "fixed-price" price, which it willingly bases on cost surveys that are rarely consensual with the suppliers.

The criminal liability of the buyer, the contracting authority, finally gives him a pre-eminent weight in the state team.

Opposite him, in industry, the technical-commercial teams of the "business-lines", which conduct the initial discussions with the operational staff of the armed forces, quickly give way to evaluation committees (estimates, contracts, etc.), where the financial dimension is from the outset predominant: Some will be reluctant to enter a competition whose form, duration and uncertainties impose a high competition budget, others will refuse to mobilise significant capital for a return on investment at In the long term, some will only accept a contract that generates "cash" from the first day of execution, all of them will impose an impressive list of risks, with a devastating effect on prices!

Already coldly sensitive during discussions on the methodology of cost surveys, margin calculations or penalty formulas, or on the drafting of generic directories of administrative and technical clauses, the balance of power is systematically hot on the heels of each contract. At the end of 2019, the Minister of the Armed Forces informed Parliament that she had managed to return 70 million euros to the general budget from "negotiation gains and penalties to manufacturers". Less than the amount - which is less than the annual capital budget - it is the publicity given to this fact that demonstrates the nature of the relationship on which the defence client builds its relationship with its suppliers.

On the balance sheet, everything is in place - rising production costs, the vagaries of cooperation, foreign competition, tensions and arbitrations over budgets, new needs - to ensure that the stakeholders in the military-industrial complex, each following in good faith a perfectly balanced approach, will be able to meet their needs. The only way to ensure that the stakeholders in the military-industrial complex, each following in good faith an approach that is perfectly legitimate in its context, but forced to move forward together, is to do so only through delays, blockages and trials of intent, under the watchful eye of outside observers and commentators who are quick to put extra entropy into the system!

Surprisingly enough, it is up to the military, the real ones, the "practitioners" as the arms engineers ironically call them, to breathe fluidity into the complicated workings of relations between the "defence client" and its private suppliers.

Whether they are active in what is referred to as the "plan-programme" chain of the Parisian staffs or as defence industry advisers, a number of senior officers or general managers are involved in the defence industry. The role of conciliator is often performed

unconsciously (and therefore somewhat naively) at the beginning, and then knowingly when their mastery of the "complex" has been confirmed.

Concerned, by nature and experience, with the operational requirements of the forces, clear-sighted about the limits of the means that the armies can be allocated, even in the face of difficulties. The officers in the "plan-programme" chain must find and obtain approval for the martingale that will make it possible to meet those requirements within those limits. However, the choice of a complete model of armies, based on nuclear deterrence and playing the double partition of autonomous far-off engagement and the capacity to integrate and lead a coalition quickly makes the budget counter explode!

Deterrence aside (and again!), it is the versatility of the equipment and systems, the ability to use them intensively and therefore to support them very effectively, the ability to make them available to the public, the ability to make them available to the public and the ability to use them in the most efficient ways. Activities must be geared to the rapid development and - in a context of permanent use - the concern to supply them with the right ammunition.

Within the "officer, public purchaser, industrial" trinomial, only the officer has an overall vision of the constraints, or at least a vision of the weight that operational needs have on the constraints of his partners. He alone can argue for adapting a particular technical requirement of an equipment, for balancing the volume of equipment purchased with the capacity to support it properly, for not losing sight of the fact that shell-less guns are or quickly become useless... Only he also knows how to measure the capacity of the manpower system that is the armies, to appropriate this or that technological evolution, and to conceive the way to make it evolve at the slow pace of all human resources processes.

This is why the "plan-programme" chain is often perceived as a demanding "watchdog", sometimes thwarting strategies that are not always in line with the needs of the military. This is why the programme plan chain is often perceived as a demanding "watchdog", sometimes thwarting industrial strategies, sometimes technological ambitions, and almost always emphasizing the completeness of capabilities to the detriment of the mere acquisition of equipment. It must also be noted that it is very often the source of incentives to improve current practices, as recently demonstrated by the work on forecasting military requirements and the overhaul of training in armaments operations.

To fulfil this role, its officers must have a dual legitimacy.

Operational legitimacy, which their partners in the "complex" expect of them, but which also establishes their position with their comrades in the forces, "on the other side of the ring road"!

Technical legitimacy, acquired first during their training course, in the specific fields of armament techniques, complex project management, operational research or public and corporate finance, and then in the succession of "programme plan" positions alternating

with their operational commitments.

This dual legitimacy is a challenge for the human resources departments of each army, as it is so much easier to "manufacture" a colonel as chief of staff of an operational command. This dual legitimacy is a challenge for the human resources departments of each army, as it is easier to "manufacture" a colonel chief of staff of a rational operational command than a head of the "plans" office recognised by his peers, the DGA and industrialists, to "find" a brigade commander than a deputy chief of staff for "programme plans" who is just as recognised, and therefore effective.

Another atmosphere, another life, but the same purpose for the officers who, once the kepi or cap is put in the cupboard of memories, will continue on their way for a few years in this industry for which they have waited so long and often weighed so much in their working life.

I am not talking about the officers who, fairly quickly, come to realize in the industry the career they did not have or did not want to have in the armies. These people quickly blend into the operational activity of their company. They pass through the other side of the mirror and become "industrialists" in their own right, even if their qualities, their interpersonal skills and their sense of human relations make them valuable ambassadors of their original "corporation".

I am referring here to operational experts, most often colonels, and military advisers, most of whom are more or less starred generals. The former are part of the teams responsible for identifying and responding to the needs of armies. The latter, who are closer to, or even attached to, higher hierarchical levels in companies, are a link between two worlds. I am happy to add those who join the professional unions of which they are in fact the linchpin. All of them must combine the demands of two loyalties.

Loyalty to the armies, which have fulfilled them professionally and in which they have had responsibilities and taken decisions that make them stand shoulder to shoulder with their comrades who are still active and "in command".

Loyalty to the company that recruited them, pays them and expects them to adhere to its objectives, constraints and economic logic.

It is up to each individual to know how to find the right balance between these two loyalties, to draw the personal red lines that they will not cross so as not to betray one or the other.

At an often very technical level for operational experts, and with a political vision for advisers, their mission is above all to maintain a fluid and humanised link between these two worlds, whose common objectives follow paths and logics that are naturally different and easily antagonised.

Another contribution to this dossier describes perfectly how a general officer, a military adviser, integrates himself into his company and brings to it what only he can bring to it. But this role also applies to the armed forces, which need to know how their "old-timer" in dark suits can help them in a relationship with industry that is often challenged by the Ministry's civil administration and the DGA.

The military adviser can speak two languages. He has, along with his comrades in active service, an ease of understanding and a perception of the global issues facing the armed forces that IHEDN will never give to a civilian manager in industry. Either way, he facilitates perceptions, and without encroaching on the responsibilities of military and industrial decision-makers, he makes it possible to anticipate misunderstandings, misinterpretations, or even simple errors of taste which, more often than one might think, disrupt relations that one would like to see rational and balanced.

I hope to have convinced that, within the armed forces as well as in industry, officers bring to the military-industrial complex the share of realism, measure and mutual understanding that budgetary, procedural or economic imperatives often overshadow in the relations between the "defence client" and its suppliers. I stressed above the interest that armies have in building harmonious career paths for these officers. I would also like to stress the risk that a restrictive vision of ethics - on the side of the State - or of compliance - on the side of the industry - would pose to transfers from the armed forces to industry. The recent G2S dossier on ethics in the arms trade of March 2019 can serve as a reference for the most timid....

The main thing is that these officers are and must continue to be recognised as seasoned operational personnel, spokespersons for the soldiers they have commanded in operations, and concerned above all with the general interest, in order to succeed in their work. The main thing is that these officers are and must remain recognised as seasoned operational personnel who speak for the soldiers they have commanded in operations and who are above all concerned about the general interest, for the success of France's weapons and the success of its defence industry, at a time in our history when the imperative of European cooperation extends the problem beyond the national "military-industrial complex" alone.

-----  
371 A generic term that covers multiple productive positions.

---

**Title :** GCA (2S) Jean-Tristan VERNA  
**Author (s) :** GCA (2S) Jean-Tristan VERNA  
**Release date** 27/04/2020

---

FIND OUT MORE

---