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## 8. Comparative analysis

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### I. Introduction

The comparison of arms procurement decision making in the countries covered by the first volume published by the SIPRI Arms Procurement Decision Making Project was helpful in focusing on the major aspects of public accountability in arms procurement processes. The research questions asked in the first part of the project and the propositions identified as the basis for comparison have not been changed in the second volume. This has made it possible to extend the sample of countries for which common problems can be examined. In addition, this concluding chapter addresses the motivations for and factors that contribute to secrecy in security bureaucracies, which is the primary barrier to public accountability. The challenge before the international community is to design ways of arriving at a balance between the need for public accountability and the need for confidentiality in military matters.

Of the countries participating in the second phase of the project, four—Chile, Poland, South Africa and Taiwan—have been making the transition to more open and representative forms of government during the 1990s. In developing political systems that are in keeping with the requirements of good governance, they have been able to introduce more genuine, practical public accountability to their arms procurement processes than is to be found in some countries with longer experience of democratic politics. However, Chile is an example of the military ensuring its continued political influence and autonomy. It negotiated itself out of power from a position of strength and succeeded in enshrining provisions in the Chilean constitution to preserve its own position.

Five of the countries covered by the project in both phases—Greece, Japan, South Korea, Taiwan and Thailand (until the mid-1970s)—were part of the US security alliance system. Four of them had political systems which were either led by or under the influence of the military during the cold war. Except in the case of Japan, democratic control of the military was not effectively encouraged by the USA, and this allowed opportunities for the military in the remaining four countries to eschew public accountability norms in their security sectors.

This chapter identifies mainly those relevant elements in the research which have not been included in the country chapters.

### II. Military and politico-security issues

This section highlights the political and military security characteristics of national security planning and arms procurement decision-making structures in

the countries covered by the study. The comparison between the decision-making processes is based on three elements, against which each country's arms procurement decision making is examined in the sections which follow: (a) the quality of definition of threat assessment methods and long-term defence planning, which is necessary if national strategy and arms procurement policies are to be coherent; (b) coordination between foreign and defence policy-making processes and between the armed services; and (c) the influence or autonomy of the military in national security and arms procurement decision making, the military's role in domestic politics, and in some cases the influence of a dominant arms-supplying country or military alliance.

### **Threat assessment and long-term planning**

Among the first initiatives taken by the democratically elected government in *Chile* after 1990 was an attempt to bring coherence into defence planning at the Ministry of Defense level by formulating a five-year defence policy and taking a 'global political strategic approach' which examines the political, military, economic and diplomatic aspects of threats and alternative countermeasures, and indicates military capability needs. It is formulated through an interactive process involving Ministry of Defense officials and the military. The armed forces do not generally carry out such a broadly based assessment. This process places the arms procurement needs in a broader perspective.<sup>1</sup> Notwithstanding these initiatives, the tendency of the three armed services to operate independently of each other preserves a gap between long-term threat assessment, planning and implementation. It adds to the problems of coordinating and defining an explicit defence policy. The three armed services enjoy a fair amount of autonomy in defining their defence policies and decision making, not least in arms procurement.<sup>2</sup> The military, moreover, sees the functions of the ministry as having more to do with the administration of the armed forces than with threat assessment and defence planning. The latter are considered to be outside the purview of the ministry and the congressional defence committees.

Threat assessment in *Greece* has traditionally been concerned with its ally in NATO but long-standing rival, Turkey. It defines equipment needs, priorities and application in the context of the Turkish threat. The US influence on Greece's security decision making and threat assessment was paramount under the military junta and up until the late 1980s, except for a brief absence from the military 'pillar' of NATO. However, since the end of the cold war the US influence has been reduced. Long-term planning has laid greater emphasis on building up the ground forces at the cost of the air and naval forces, as air and naval defence were to be provided by the USA. Since 1974 the role and influ-

<sup>1</sup> Castro, C. S., 'Effects of threat perceptions, security concepts and operational doctrines in the planning of forces', SIPRI Arms Procurement Decision Making Project, Working Paper no. 61 (1997), pp. 2, 6, 7.

<sup>2</sup> Navarro, M., 'The influence of foreign and security policies on arms procurement decision making in Chile', SIPRI Arms Procurement Decision Making Project, Working Paper no. 66 (1997), pp. 6, 9.

ence of the political leadership in arms procurement decisions have increased. However, the political culture of Greece is such that those decisions may be based on personal and political preferences as much as on technical, strategic or economic considerations.<sup>3</sup>

In the absence of an immediate external threat, in *Malaysia* capability building rather than threat assessment is the main criterion in force design. The experiences of the communist insurgency, the race riots of 1969 and ethnic tensions have combined to heighten the priority given to regime building and social cohesion. This has impeded the development of transparency in any kind of security-related decision making and resulted in weak capacities for oversight. The details of the long-term plans of the Malaysian Armed Forces are known only to a few select officials and political leaders in the executive branch and are not verified by the elected representatives of the people. The need for the armed forces to develop their own long-term perspective plans which harmonize with the broader requirements of Malaysian society remains unaddressed.<sup>4</sup>

Integration with NATO has been the key element of *Poland's* national security policy in the post-cold war order. Poland having accepted all the obligations of NATO membership, its defence priorities are aimed at building up the capacities for performing its new missions. Its long-term planning involves contributing to collective defence and modernizing its forces for integration with NATO's military structures and operational missions. The 15-year plan for the modernization and restructuring of the armed forces for 1998–2012 aims to reduce manpower and achieve compatibility with other NATO forces. Poland, in the changes it has made in its defence priorities in preparation for membership of NATO, provides an interesting contrast with Greece, another NATO member. Poland has given priority to its NATO commitments and is raising and equipping special units and formations to be available to NATO and interoperable with the forces of other NATO countries. Greece still maintains that its prime security concern is Turkey (a NATO ally): its defence planning is primarily engaged with the Turkish threat and in this it does not rely on NATO for its homeland defence.

The end of the apartheid regime in *South Africa* gave the new government an opportunity to redefine the strategic assessment and defence planning processes on sound working principles of civil–military relations. Long-term planning was introduced with the White Paper on National Defence of 1996, which identified a set of guiding principles that based the building of a 'core force' on threat-independent considerations in order to maintain a modern military capability.<sup>5</sup> Theoretically this should give a defensive orientation to South Africa's

<sup>3</sup> Meletopoulos, M., 'The sociology of national decision-making behaviour', SIPRI Arms Procurement Decision Making Project, Working Paper no. 74 (1998), p. 14.

<sup>4</sup> Robless, R., 'Harmonizing arms procurement with national socioeconomic imperatives', SIPRI Arms Procurement Decision Making Project, Working Paper no. 83 (1997), p. 16.

<sup>5</sup> Williams, R., 'Effects of threat perceptions, security concepts and operational doctrine on force planning in South Africa', SIPRI Arms Procurement Decision Making Project, Working Paper no. 113 (1997), pp. 18–19.

force design. A major Defence Review followed, carried out through a broadly based consultative process which included elements from the Parliament and civil society and was concluded in December 1997. It laid down clear links between strategic planning and arms procurement priorities, which were later approved by the Cabinet and Parliament.<sup>6</sup> This made possible a coherent sequence of long-term force planning.

Although the three main political parties in *Taiwan* share a common understanding of the threat from the People's Republic of China (PRC), which dominates Taiwan's defence decision making, there are different interpretations of the ways in which it can be met. The existence of dual chains of command contributes to difficulties in coordinating the management of the national defence system and the elaboration of defence policy: threat assessment is made by military intelligence under the General Staff Headquarters (GSH) and considered an aspect of the military command, for which purposes the GSH falls under the presidential chain of command; the establishment of defence policy, however, is the responsibility of the Ministry of National Defense. Apart from the five-year budget programmes and the one-off Ten-Year Plan for Restructuring Defence Organizations and Armed Forces 1993–2003, the research for this project did not identify any long-term planning processes in Taiwan. The absence of detailed long-term force-building plans could be one of the reasons why Taiwan has difficulty in developing indigenous military capacities. The fact that its force building is reactive to the military capacities of the PRC and to relations between the USA and the PRC also complicates long-term defence planning.

### **Coordination between foreign policy and integrated defence policy**

Decision-making powers are concentrated at the level of the three commanders-in-chief of the armed services in *Chile*. Coordination between the three armed services and between them and the foreign policy-making process is not well developed. Except for limited coordination, such as for communications, a lack of integration in operational plans is evident. Procurement plans are developed by the individual armed services and projects are decided not on the basis of comprehensive acquisition of military capabilities but according to accretions needed to enhance the operational capacities of each branch of service.

There has been no tradition of coordination between foreign and defence policy making in Chile. Under military rule before March 1990, when officers of the armed forces staffed the Foreign Ministry, there was some blending of foreign and security policy, but formal processes of coordination between the two were not developed. As the democratic system has not yet matured, the lack of trust between civilian officials and the military reinforces problems in coordination. However, the same two guiding principles define the approach to

<sup>6</sup> Chandler, N., 'Armscor says doors open to "overlooked" arms bidders', *The Star* (Johannesburg), 29 Dec. 1998, p. 6. See also chapter 6, section III, in this volume.

foreign and security polices—the maintenance of military parity in the Southern Cone and the avoidance of dependence on a single source of arms supply.<sup>7</sup>

In *Greece* coordination between foreign and defence policy making is largely carried out at Cabinet level. However, in practice, the overriding concern with the Turkish threat has meant that no coordination process has developed at the functional levels. This has led politicians to articulate nationalistic policies and to emphasize military-related solutions to national defence problems. Diplomatic or other non-military approaches to security are not properly represented. Coordination between foreign and defence policies has been developed more to meet NATO requirements than to develop a coherent Greek security policy.

In *Malaysia*, the research suggests that civilian staff in the Ministry of Defence maintain contact with the Ministry of Foreign Affairs<sup>8</sup> but that organizational coordination between defence and foreign policy making has not been developed, apart from the functional coordination required for the 1971 Five-Power Defence Arrangement.<sup>9</sup> Inter-service cooperation is found mainly at operational levels in the armed forces. Despite the setting up of the Armed Forces Staff Headquarters in 1993, joint defence planning is not integrated at a higher level, as is indicated by the lack of a joint operational doctrine or a policy document.

In *Poland*, the coordination processes between foreign and security policies pay more attention to the requirements of membership of NATO as the guardian of Poland's security than to purely 'national' security issues. Defence cooperation with NATO members forms an essential part of the strategy of integration with NATO. Among the major elements of coordination with NATO are systems integration; adaptation of military infrastructure; interoperability in areas such as command and control, operations, air management and logistics; adaptation to NATO standards; the modernization of military equipment; and education and training.<sup>10</sup>

The four services of the *South African* armed forces have been integrated in the South African National Defence Force (SANDF), which defines operational requirements and priorities. A well-defined coordination process integrates their input with that of the Department of Defence, which ensures that decisions are made within the framework of national objectives and constraints. Coordination with foreign policy is better developed in arms export control than in arms procurement decision making. Close organic linkages between defence policy and foreign policy-making processes in regard to arms procurement have not been identified in the course of this research. Where arms procurement strategy is concerned, diversification of the sources of weapons is as important as building alliances with new countries by buying armaments from them.

<sup>7</sup> Navarro (note 2), p. 4.

<sup>8</sup> See chapter 4, section III, in this volume.

<sup>9</sup> The FPDA is with Australia, New Zealand, Singapore and the UK—Malaysia's only multilateral defence arrangement with other countries.

<sup>10</sup> Polish Ministry of National Defence, 'Report on Poland's integration with NATO', Feb. 1998, pp. 3, 11, 19, 22–25 (in English).

Coordination between the Ministry of National Defense of *Taiwan* and the Ministry of Foreign Affairs is not adequately developed. This lack of coordination handicaps political initiatives that could help produce a better balance in the country's security policy and arms procurement decision making. However, the operational plans of the three services are integrated by the GSH, so that there is coherence and coordination in arms procurement planning and priorities. This is evident from the changes being made in *Taiwan's* force designs, emphasizing air superiority, naval capabilities and missile defence for defence of the island, even if the army's influence remains strong (as is indicated by a larger army presence at senior levels in the Ministry of National Defense).

### **The political influence of the military and of predominant arms suppliers**

The armed forces of *Chile* are extremely influential in the current political system as they have negotiated a considerable degree of autonomy under the new (1981) Constitution. In order to ensure that democracy did not dilute the military's autonomy in the future, constitutional safeguards to support right-wing political interests were put in place before the military departed from power. The powers of the President in nominating or removing commanders-in-chief are restricted by the constitution.<sup>11</sup> Checks on the military authority are probably not effective: for instance, of the 13 members of the National Defense Superior Council (CONSUDENA), which comes under the Ministry of Defense and whose function is to approve all arms procurement projects, seven are from the military. Where arms procurement is concerned, decision-making power is concentrated in two individuals—the President and the Commander-in-Chief of the service that is buying the equipment.<sup>12</sup>

*Chile's* arms procurement was heavily dependent on the USA in the 1950s and 1960s. US support was conditional on *Chile's* accepting a US military mission and abandoning its non-aligned posture. The military coup in 1973 was followed by US sanctions in 1976,<sup>13</sup> which led the military to follow a policy of avoiding dependence on a single source of arms supply while maintaining logistic compatibility. The return of an elected government resulted in the lifting of the arms embargo in 1990, but the army was reluctant to restore an arms procurement relationship with the USA—unlike the navy and the air force, who were more technology-dependent and pragmatic in making their decisions.

The 1953 agreement between *Greece* and the USA provided the legal basis of defence cooperation between the two countries. Since 1974, when Turkey occupied northern Cyprus and the Greek military junta fell, US influence on the Greek military has declined significantly. In particular, the conditions attached

<sup>11</sup> Robledo, M., 'Domestic considerations and actors involved in the decision-making process of arms acquisition in Chile, 1990–97', SIPRI Arms Procurement Decision Making Project, Working Paper no. 69 (1998), p. 6.

<sup>12</sup> Robledo (note 11), pp. 13, 16.

<sup>13</sup> Meneses, E., 'Chilean defence procurement: achieving balance between suppliers', SIPRI Arms Procurement Decision Making Project, Working Paper no. 65 (1997), p. 3.

to US Foreign Military Sales (FMS) loans are considered burdensome because payments have to be made in hard currency, there are no guaranteed delivery times for materials and there are no penalty clauses.<sup>14</sup> Even with gifts of US military equipment difficulties have been experienced: there is no transfer of technology to the Greek defence industry; the forces are heavily dependent on the USA for spare parts and maintenance; there are problems of interoperability with equipment from other sources; and procurement of US weapons results in operational doctrine being also defined by the USA.<sup>15</sup>

During the period when Greece was under threat from communist forces to its north, the government perceived US military aid as useful. However, the confrontation with Turkey led to the realization that the Turkish threat could not be countered within the framework of NATO. In order to reduce the long-term effects of dependence on the USA, the ratio of arms procured from the USA to those from other sources fell by value from 4 : 1 before 1974 to 0.9 : 1 during the period 1979–83.<sup>16</sup> During the 1990s the shift has been primarily towards buying arms of European origin.

*Malaysia* being a democracy with a strong central, civilian government, its military remains under civilian control. Political influence in matters such as arms procurement is resented by the military because the politicians bring in non-technical considerations. The military has a comparatively narrow professional perspective on security, while the political leadership and the civilian bureaucracy take a comprehensive view of national security requirements. In certain cases this has led to decisions being taken by the Cabinet without reference to even the senior officials in the Ministry of National Defense or the military leaders. For instance, despite the problems of interoperability, maintenance and training resulting from procuring major weapons from different sources, political considerations of avoiding dependence have led to the acquisition of fighter aircraft with very similar roles from the USA and Russia.

In *Poland* the authorities of the President and the Prime Minister over the military overlapped after the interim constitution was brought in in 1992. This led to problems in the accountability of the military as well as in defence policy making, and the military's desire to retain the autonomy it had enjoyed during the cold war also contributed to tensions. The 1997 Constitution established that the President had authority over the armed forces as Supreme Commander in time of war and the Minister of National Defence had authority over the Chief of General Staff in peacetime. The major functions of the integrated General Staff related to planning and not to the command function.<sup>17</sup> Membership of NATO implies that Poland must adjust its legal systems to NATO standards regarding transparency in defence planning and budget processes. It is therefore

<sup>14</sup> Giannias, H. C., 'Arms procurement and foreign dependence', SIPRI Arms Procurement Decision Making Project, Working Paper no. 73 (1998), p. 10.

<sup>15</sup> Giannias (note 14), pp. 11–14.

<sup>16</sup> Giannias (note 14), p. 6.

<sup>17</sup> Radio Free Europe/Radio Liberty, *RFE/RL Newslines*, 15 July 1999.

expected that over time the influence of the military will come to resemble the influence of the militaries in other NATO member countries.

In contrast to its predominant role during the apartheid regime, the new role of the military in *South Africa* is grounded in the principles of civil–military relations in democracies. It does not have political influence. Civil society organizations, notably the Anglican Church, work to promote development priorities and anti-militarism. In the absence of a direct military threat that might compel short-term decisions on procurement, South Africa enjoys something of a buyer's market in arms procurement. The new procurement plans are well diversified, so that no dominant arms supplier can gain influence.

The political influence of the military in *Taiwan* is a consequence of both historical and political factors. Taiwan maintains its independence from the PRC on the basis of military deterrence. Ironically, however, it cannot allow its military power to become strong enough to encourage the advocates of independence for Taiwan because of the reaction this would provoke from the PRC. The need to maintain this sensitive balance gives the Taiwanese military a rationale for maintaining confidentiality in its arms procurement plans and the resulting low level of public debate enhances the military's decision-making autonomy. Taiwan being weak in the foreign policy arena, the role of military strategy and consequently the military's influence domestically are enhanced.

Coordination is well developed between the military representatives of the USA in Taipei and of Taiwan in Washington. The US influence on Taiwan's security will remain as long as the USA remains the only power that can provide Taiwan with the sophisticated weapon systems it needs and withstand pressures from the PRC. Tension in US–Chinese relations tends to facilitate Taiwan's arms import initiatives, as was exemplified by its purchase of combat aircraft from the USA after the 1989 Tiananmen Square incident. Taiwan also retains an important place in the US security strategy for East Asia. However, the USA would not like to arm Taiwan to levels that would provoke China, particularly in view of the difficulties that followed the 1997 Guidelines for US–Japanese Defense Cooperation, interpreted by some as allowing Japan a role in the seas around it, including those north of the Taiwan Strait.

### III. Defence budgets, financial planning and audit

Integrated defence budgets which are designed to indicate the costs of specific military functions, such as air defence, surveillance, logistics and so on, facilitate the evaluation of arms procurement decisions in relation to long-term priorities. On the other hand, defence budgets which divide up allocations by conventional cost heads such as pay and allowances, equipment, and operations and maintenance are less informative and inhibit cost–benefit evaluation.

This section examines aspects of accountability in defence budget making, financial planning for arms procurement, the capacities of legislative oversight bodies to monitor and review budgeting, and the role of statutory audit auth-

orities. The analysis is based on the following elements: (a) defence budget planning and some aspects of financial planning such as life-cycle costs and offset policies; and (b) capacities in departmental and statutory audit functions which facilitate executive and legislative oversight in order to prevent fraud and inefficiencies in the system.

### **Defence budget planning and accountability**

The defence budget in *Chile* is designed in terms of conventional cost heads such as salaries, operations and maintenance, welfare and infrastructure expenditure. It is controlled by the Ministry of Defense and governed by legislation. Funds for arms procurement are, however, separately appropriated through the 'Copper Law' of 1958 (revised in 1985) and not included in the defence budget; they are therefore outside the purview of legislative approval. The system is unique to Chile. The system of distributing the funds obtained under the Copper Law is not transparent because it is not covered by the annual state budget and not part of the general public-sector accounts.<sup>18</sup> This removes the military's decisions on arms procurement from public scrutiny in the political arena and from its logical base of strategic planning. It also makes the three services virtually independent in defining their operational needs and projects.<sup>19</sup>

Each service has tight control over its own money and treats its spending as a jealously guarded preserve. The situation is indicative of a division of assets on the basis of political balance rather than a military professional and political assessment of priorities. Politicians in both government and opposition show their support for the military budget and do not oppose it.<sup>20</sup> The Parliament has neither skills, time nor information to scrutinize the defence budget. Moreover, arms procurement expenditure is outside parliamentary control.<sup>21</sup>

The arms procurement budget in *Greece* is derived from a five-year medium-term plan. However, the servicing costs of long-term debt and the life-cycle costs of major procurement items have not been adequately factored in to the budgeting process. This is indicated by the fact that, of a budget of 4 trillion drachmas (reported elsewhere as \$17 billion) for the arms procurement programme for the five years 1996–2000, half was to be used for repayment of older long-term debts. The bulk of the repayments for this programme will fall due in the years 2003–2007 and the costs of servicing new debts will continue

<sup>18</sup> Pattillo, G., 'The decision-making process in the acquisition of arms systems: an approach', SIPRI Arms Procurement Decision Making Project, Working Paper no. 67 (1997), p. 11. The defence budget for 1997 approved \$1.158 billion (1.38% of gross domestic product (GDP)) and the Copper Law appropriated \$240 million for arms procurement (0.28% of GDP). Additional appropriations are for pensions of retired personnel, police and Carabineros, and some research institutes, adding up to \$2.958 billion (3.48% of GDP). 'Heavy investments in military sector', *El Mercurio* (Santiago), 28 June 1997, p. A1. The total sum available for arms procurement is made public in the CODELCO annual report.

<sup>19</sup> Pattillo (note 18), pp. 4, 6.

<sup>20</sup> Gaspar, G., 'Military expenditures and parliamentary control: the Chilean case', SIPRI Arms Procurement Decision Making Project, Working Paper no. 64 (1997), pp. 4, 5.

<sup>21</sup> Gaspar (note 20), pp. 7, 8.

until 2019. Opposition leaders have criticized the government for lack of transparency and for proceeding as if state decisions were private decisions.<sup>22</sup>

Greece has a well-defined offset policy and the organizational structure and legislation to implement it. The policy aims to increase the international competitiveness of the Greek defence industry by providing access to sophisticated technologies through co-production programmes. However, there have been shortcomings in its implementation. Private corporations have not been able to absorb offsets in a timely and correct fashion. This is mainly due to high investment costs; lack of infrastructure, skilled personnel and quality-control systems; lack of capability to estimate the technology transfer values of offsets; lack of coordination between official bodies and industrial corporations for implementing offsets; and the absence or weakness of penalty clauses in cases of failure to fulfil offset obligations.<sup>23</sup> Greece's approach to offsets has the twin aims of supporting the Greek defence industry and contributing to improvements in the technological infrastructure of the country.

A two-tiered defence budgeting system in *Malaysia* consists of five-year estimates to plan capital expenditure and annual budgetary allocations approved by the Parliament. A mid-term programme analysis and review is also carried out to determine if any revisions to allocations are required. In view of the need to measure technological options in financial terms, a need for financial planning in a 15- to 20-year time frame has been expressed in some quarters.

Inadequate project management, lack of clarity in defining project specifications and poor financial estimating by the military have resulted in some substantial cost overruns and delays<sup>24</sup> which might have been avoided had there been disaggregated budget information allowing scrutiny by the Parliament or independent financial experts.

Malaysia does not have a stated offset policy in arms procurement, but the approach it has taken during the 1990s indicates that, like Greece, it gives priority to industrial and technological benefits. Offsets in arms procurement contracts mainly take the form of joint ventures in the private sector for maintenance, support, the production of accessories, and the acquisition of training and design facilities or production technologies. The practice of seeking offsets has been imaginatively applied in the strategically important defence industries, with government retaining the controlling shares in these joint ventures.<sup>25</sup> The setting up of facilities for rapid prototyping and high-speed machining at the Standards and Industrial Research Institute Malaysia (SIRIM) and at the aerospace engineering school at Mara Institute of Technology are notable examples of the offsets achieved.

To an extent the defence budget of *Poland* can be described as an integrated defence budget. Allocations for arms acquisition are currently 10–11 per cent of

<sup>22</sup> Loukas, D., [Our expensive defence], *Ta Nea* (Athens), 14 Nov. 1996, p. 9.

<sup>23</sup> Antonakis, N., 'Offset benefits in Greek defence procurement policy: developments and some empirical evidence', ed. S. Martin, *The Economics of Offsets: Defence Procurement and Countertrade* (Harwood: Amsterdam, 1996), pp. 169, 173.

<sup>24</sup> Robless (note 4), p. 9.

<sup>25</sup> Robless (note 4), p. 10.

the defence budget, 63 per cent being spent on personnel and salaries and the balance on operations, maintenance and training.<sup>26</sup> The allocation for arms procurement is still well below the average in the NATO member countries that have more equipment-intensive militaries. In the Parliament the defence budget is overseen by the Commission of Public Finances as part of the overall national budget. Although the Parliamentary Defence Commissions are supported in their work by the Sejm Bureau of Research, which has been assertive in demanding a detailed draft defence budget, they still lack expertise or independent staff to scrutinize it.<sup>27</sup>

Poland does not seem to have developed a comprehensive offset policy in terms of priorities or ways of implementing the policy in different sectors of the national defence industry. A parliamentary proposal to seek up to 100 per cent offsets has been adopted.<sup>28</sup> Legislative and practical experience in this field is inadequate. Critics have noted Poland's failure to secure offset deals on various contracts, for example, the purchase of jet airliners from Boeing.<sup>29</sup>

South Africa's defence budget is divided into a General Defence Account and a Special Defence Account. The latter is used for capital costs for procurement of air, naval and ground systems and communications and some running costs for vehicles and weapons, communications, intelligence and research and development (R&D).<sup>30</sup> Experts believe that the current budget process does not take threat assessment as the point of departure, but starts from whatever budget has been allocated by the Finance Ministry.<sup>31</sup> The military is advocating higher expenditure on arms procurement on the grounds that the current allocations for capital expenditures are distorted in comparison with what could be regarded as typical budget allocations, seen in an international perspective.<sup>32</sup> Despite the participatory nature of the Defence Review, there is an opinion among parliamentarians that they are not given sufficient time to review the defence budget or exercise any influence.

<sup>26</sup> [Interview with Roman Musiał, Chairman, Polish Chamber of Manufacturers for National Defense], *Polska Zbrojna*, 4 Apr. 1997, p. 20, in 'Poland: Defense industry fair advertised', Foreign Broadcast Information Service, *Daily Report—East Europe (FBIS-EEU)*, FBIS-EEU-97-079, 4 Apr. 1997.

<sup>27</sup> Stachura, J., 'Arms procurement decision making in Poland', SIPRI Arms Procurement Decision Making Project, Working Paper no. 94 (1998), p. 11.

<sup>28</sup> 'Ustawa o niektórych umowach kompensacyjnych zawieranych w związku z umowami dostaw na potrzeby obronności i bezpieczeństwa państwa' [Regulation on certain compensation agreements concluded as part of agreements concerning supplies for the defence and security needs of the state], 10 Sep. 1999, *Dziennik Ustaw Rzeczypospolitej Polskiej* [Journal of legislation], no. 80 (1999), pos. 903.

<sup>29</sup> 'Polish defence, arms sector seek more money', *Interavia Air Letter*, no. 13943 (5 Mar. 1998), p. 4; and *Rzeczpospolita*, 29 Jan. 1999, p. 11, in 'Poland: US, French plane offers for Poland viewed', Foreign Broadcast Information Service, *Daily Report—Arms Control (FBIS-TAC)*, FBIS-TAC-99-029, 1 Feb. 1999. The Polish airline LOT has been buying Boeings since 1988.

<sup>30</sup> [South African Parliament], 'National defence: Vote 29 1996/97 estimates. Explanatory Memorandum', p. 24.

<sup>31</sup> Sparrius, A., 'Quality in arms procurement', SIPRI Arms Procurement Decision Making Project, Working Paper no. 110 (1997), p. 22.

<sup>32</sup> According to a Department of Defence briefing given to the Parliamentary Joint Standing Committee on Defence, the allocations to personnel (57%), operating expenses (35%) and capital expenditure (8%) should be rationalized in terms of what would be a more typical distribution for countries with equipment-intensive armed forces, e.g., personnel 40%, operating expenses 30% and capital expenditure 30%. South African Department of Defence, *Bulletin*, no. 32/98 (2 June 1998).

Methods of assessing life-cycle costs are more advanced in South Africa than in other countries in this study, particularly with new technologies and costs of components purchased from abroad.<sup>33</sup> The offset package unveiled following the 30 billion rand arms acquisition programme in November 1998 indicates a high level of detail in identifying the industrial participation benefits.<sup>34</sup> However, there is no provision for scrutiny and monitoring of offset packages by experts other than those designated by the Department of Defence.

*Taiwan's* defence budget is developed using a systematic method of linking strategic plans with arms procurement programmes that define medium-term and annual budget plans. The budget breakdown indicates the shares allocated to specific military functions, described as air defence, 'counter landing' (as it is called), readiness support and sea control operations.<sup>35</sup> The method facilitates legislative overview of the country's defence planning. However, there is an unjustifiable lack of transparency in two aspects of budgeting. First, the legislators allow secret debate on special budget plans in the Legislative Yuan for special procurement projects.<sup>36</sup> Second, the Ministry of National Defense does not have oversight of nearly 70 per cent of the defence budget as it does not control the budget of the General Staff<sup>37</sup> and the GSH is not accountable to the ministry.<sup>38</sup> Because of the pressure China exerts on potential supplying countries, Taiwan has political difficulties in importing major weapons and thus in securing offsets. The legislature has, however, been assertive enough to demand offsets against arms imports. The offset policy aims to coordinate with and develop strategic industrial plans in key technology areas.

### Departmental and statutory audit

In *Chile* the Controlaria General de la Republica (Office of the Comptroller General) is an autonomous body responsible for statutory audit of public expenditure.<sup>39</sup> It carries out routine audit of arms procurement in terms of financial probity but does not assess the relevance of projects or ensure that they are carried out. It is not known whether the staff of the Comptroller General includes technical experts and military specialists.

<sup>33</sup> Griffiths, B., 'Arms procurement decision making', SIPRI Arms Procurement Decision Making Project, Working Paper no. 105 (1997), pp. 9–11.

<sup>34</sup> South African Department of Defence, *Bulletin*, no. 85/98 (19 Nov. 1998), and *Bulletin*, no. 90/98 (26 Nov. 1998); and Ross, J. G., 'Beyond South Africa's arms deal', *Armed Forces Journal International*, Feb. 1999, pp. 24, 25.

<sup>35</sup> Taiwanese Ministry of National Defense, *1998 National Defense Report, Republic of China* (Li Ming Cultural Enterprise Co.: Taipei, 1998), pp. 130–31.

<sup>36</sup> Yang, A. Nien-dzu, 'Arms procurement decision-making: the case of Taiwan', SIPRI Arms Procurement Decision Making Project, Working Paper no. 123 [1998], p. 11.

<sup>37</sup> Of the defence budget 25% goes towards pensions and only 5% is controlled by the Ministry. Chen, E. I-hsin, 'Security, transparency and accountability: an analysis of ROC's arms acquisition process', SIPRI Arms Procurement Decision Making Project, Working Paper no. 114 (1998), p. 14.

<sup>38</sup> Chen (note 37), pp. 14–15. See also Yann-huei Song, 'Domestic considerations and conflicting pressures in Taiwan's arms procurement decision-making process', SIPRI Arms Procurement Decision Making Project, Working Paper no. 124 (1998), p. 21.

<sup>39</sup> Pattillo (note 18), p. 9.

The role of audit of arms procurement is small in *Greece* and its visibility low. The difficulty experienced by the Greek researchers on this project in identifying the agencies involved in and the functions of statutory and departmental audit of arms procurement decisions reinforces this conclusion.

In *Malaysia* the Federal Audit Department, a statutory organization, is answerable to the Public Accounts Committee of the Parliament, but because of the subservience of members of the ruling party to their political leaders there is neither a practice nor a spirit of executive accountability to the legislature. Consequently the role and capacities of the Federal Audit Department are very weak, as is evidenced by the lack of information on arms procurement audit processes available to the Malaysian experts on this project. The statutory audit staff are accountants in the government service and there are no multi-disciplinary audit teams with military and technical experts. However, internal audit is built in to all government departments, including the Ministry of Defence.

In *Poland* the auditing office is the Najwyższa Izba Kontroli (Highest Chamber of Control, or NIK). It is an autonomous statutory authority which reports to the Parliament on defence budget implementation from the perspectives of legality, financial probity and the appropriateness of arms selected. Audits can be undertaken by the NIK on its own initiative or on request of the Parliament, the President or the Prime Minister. As the scope of its inspection is wide enough to include other military matters, its work is considered by the parliamentarians to be very useful.<sup>40</sup> The audit reports are public to a restricted degree,<sup>41</sup> but it is reasonable to assume that some reports on waste and abuse have been classified as secret.

In *South Africa* remarkable changes have been made in opening up the defence budget to multiparty parliamentary defence and budget committees. However, South African experts maintain that if a substantive parliamentary check on the defence budget is to be possible, then a number of reforms are necessary: (a) forward estimates of defence spending are required one year in advance; (b) there is a need to develop support services necessary for scrutiny of the defence budget; and (c) capacities and methods for post-procurement performance audit need to be developed.<sup>42</sup> South Africa has a statutory audit authority which submits its report to the Parliament, but it does not function under the Parliament as its subordinate body.

The responsibility for audit in *Taiwan* lies with the Ministry of Audit, which is under the Control Yuan and not part of the executive. It is understaffed and lacks personnel with adequate training to evaluate arms procurement decisions and carry out performance audit of weapon systems. Furthermore, the GSH does not provide adequate details of the arms procurement programme, and

<sup>40</sup> Stachura (note 27), pp. 13–14.

<sup>41</sup> Stachura (note 27), p. 13.

<sup>42</sup> Calland, R., 'An examination of the institutionalization of decision-making processes based on principles of good governance', SIPRI Arms Procurement Decision Making Project, Working Paper no. 102 (1997), p. 40; and Sparrius (note 31), pp. 19, 21.

there is no statutory provision to enforce disclosure of classified elements of the budget at the auditing stage.<sup>43</sup> If it is true, as reports suggest, that only the Ministry of National Defense's departmental expenditure is audited and the GSH can avoid submitting the details of its expenditure to the Ministry of Audit, then only about 5 per cent of the defence budget is being audited.<sup>44</sup>

#### IV. Techno-industrial issues

This section focuses on the organizational capacities for defence R&D, arms manufacturing in the public and private sectors, the defence industry in relation to technology assessment and technology absorption, and the obstacles to parliamentary scrutiny, assisted by independent experts, of military technology and policy on the defence industry.

##### **The defence industry, self-reliance and defence R&D**

Despite the arms embargo, in *Chile* the defence industry and defence R&D have been driven by the criteria of cost, quality and availability rather than by objectives of self-reliance. The policy has been to acquire sophisticated weapons rather than strive to manufacture equipment domestically.<sup>45</sup> The government has not invested heavily in military R&D and Chile has consequently not developed the critical scientific industrial base required for independent evaluation of the arms manufactured. The three armed services maintain segregated defence industries to serve their needs, even though the defence policy aims at fostering coordinated R&D between the military, the private sector and specialized technical institutes in the universities.<sup>46</sup> In order to coordinate projects involving joint systems, a Committee on Analysis of Joint Product Development of Ministry of Defence was created in 1996.<sup>47</sup>

*Greece's* participation in the NATO Research and Technology Organization and the Western European Armaments Group (WEAG) Panel II gives it access to West European military R&D, while indigenous defence R&D is conducted at three of the research centres controlled by the General Directorate of Armaments (GDA) Technological R&D Directorate. Outside the government sector, R&D in advanced technologies is not sufficiently developed to support independent technological evaluation of Greece's military R&D.

<sup>43</sup> Chih-cheng Lo, 'Secrecy versus accountability: arms procurement decision making in Taiwan', SIPRI Arms Procurement Decision Making Project, Working Paper no. 116 (1998), p. 11.

<sup>44</sup> See note 37.

<sup>45</sup> See, e.g., Thauby, F., 'The decision making process in arms supply: the Chilean case', SIPRI Arms Procurement Decision Making Project, Working Paper no. 70 (1997).

<sup>46</sup> Thauby (note 45), p. 8.

<sup>47</sup> Porras, L., 'The influence of equipment modernizations, building national arms industry, arms export intentions and capabilities on national arms procurement policies and procedures', SIPRI Arms Procurement Decision Making Project, Working Paper no. 68 (1997), p. 15 and annex.

The GDA aims to transform Greece's technological dependence into technological interdependence between the foreign arms suppliers and Greece.<sup>48</sup> The ideal distribution between the three functions of the long-term R&D budget that is suggested is 40 per cent for upgrading weapon systems, 45 per cent for development of new weapons and 15 per cent for 'breakthrough' research. It is also recommended that allocations to military R&D should be around 80 per cent for research and 20 per cent for development.<sup>49</sup>

Defence R&D in the public sector in *Malaysia* is conducted by the Ministry of Defence's Defence Science and Technology Centre (DSTC). Priority is given to the private sector for military industrial development, and the DSTC is starved of both funds and qualified manpower for carrying out any purposive military R&D. With only 18 researchers in its R&D unit, it is unlikely to carry out any meaningful R&D. Its functions are confined to quality control. Ironically, the DSTC has also been deprived of government funds under the Intensification of Research Priority Areas Programme (IRAP) because it has not been able to monitor security-sensitive defence research. The level of participation by engineers from the armed forces in the DSTC research staff is also very low, which has hindered the development of capacities for systems analysis and equipment development and testing.

Other reasons for the low salience given to R&D in the defence sector are the low probabilities of spin-offs to the civilian sector, the country's small R&D base, and the preference for acquiring technological know-how as opposed to indigenous development. Given the general shortage of skilled R&D personnel, Malaysian institutions are concentrating on the low-value-added segment of the defence industry.

In *Poland*, according to one newspaper, the military coordinates only 70 per cent of defence-related R&D work, and nearly one-third of funds earmarked for military R&D is outside the control of the Ministry of National Defence.<sup>50</sup> This has facilitated conversion in response to the drop in the demand for military goods, and therefore military R&D.<sup>51</sup> Although military R&D engineers have been moving to the civilian job market because of falling demand, broadly based relations between the civilian and military R&D systems have not yet developed.<sup>52</sup> Efforts by the institutes which do military R&D to market their products and services have yielded mixed results. Those which had products or

<sup>48</sup> Narlis, E. O., 'Arms development and defence R&D growth in Hellenic Republic', SIPRI Arms Procurement Decision Making Project, Working Paper no. 75 (1998), p. 2.

<sup>49</sup> Narlis (note 48), p. 4.

<sup>50</sup> Choroszy, R. (Maj.), 'A strategy for survival', *Polska Zbrojna*, 22 May 1998, pp. 20–21, in 'Polish strategic defense programs', FBIS-EEU-98-153, 2 June 1998.

<sup>51</sup> The value of arms procurement by Poland fell by 10% in 1991 and by 80% in 1992. Tarkowski, M., 'Balancing arms procurement with national socio-economic imperatives', SIPRI Arms Procurement Decision Making Project, Working Paper no. 96 (1997), pp. 1.

<sup>52</sup> Mesjasz, C., 'Restructuring of defence industrial, technological and economic bases in Poland, 1990–97', SIPRI Arms Procurement Decision Making Project, Working Paper no. 91 (1998), p. 21.

testing facilities that could be used in the civilian sector had better results in marketing than those with highly developed specialized military R&D.<sup>53</sup>

Military R&D in *South Africa* was formerly carried out largely in the public-sector corporations, while review and evaluation were carried out by Armscor. Opening up to international competition and the simultaneous decline in funding for defence R&D have compelled diversification and privatization. However, certain strategic R&D facilities that could not be commercially profitable have been retained in the public sector, such as testing ranges and laboratories for product evaluation. There is a division of authority in technology management, for instance, between the Armament Acquisition Steering Board and the Defence Research and Development Board.<sup>54</sup> The fact that they are separated from the technology developers in the private sector has prevented the development of a monolithic military R&D interest group. Executive oversight of R&D (in the shape of steering committees for specialist technology areas and Armscor) and some science and technology institutions in the private sector are independent of the end-users (the SANDF). However, experts believe that military R&D expenditure is shrouded in excessive secrecy and that public access to information is restricted.<sup>55</sup>

The primary responsibility for military R&D in *Taiwan* rests with the Chung Shan Institute of Science and Technology (CSIST), which is also responsible for TA. Combining both these functions in one agency works against the principles of checks and balances. However, growth in advanced industrial R&D, especially the high-technology areas required by the military—communications, aerospace, precision machinery, special materials, electronics and automation—will counterbalance the autonomy enjoyed by military R&D. It will also provide capacities outside government to monitor and review military R&D projects. By the year 2010 it is expected that Taiwan will have 75 000 researchers, 60 per cent of them with a master's degree or PhD.<sup>56</sup>

### **The defence industry, technology assessment and technology absorption**

In *Chile* the rules of the market began to be applied to the defence industry in the 1990s in keeping with the broader national industrial policy of reducing state participation in the economy. As defence production was seen as risky by the private-sector engineering industry, certain selected private-sector defence

<sup>53</sup> Transcript of proceedings of the workshop held at the Institute of International Affairs, Warsaw, 26 Nov. 1997, within the framework of the SIPRI Arms Procurement Decision Making Project, p. 35; and Wieczorek, P. and Zukrowska, K., 'The influence of equipment modernization, building a national arms industry, arms export intentions and capabilities on national arms procurement policies and procedures', SIPRI Arms Procurement Decision Making Project, Working Paper no. 98 (1998), p. 10.

<sup>54</sup> Buys, A., 'The influence of equipment modernization, building a national arms industry, arms export intentions and capabilities of South Africa's arms procurement policies and procedures', SIPRI Arms Procurement Decision Making Project, Working Paper no. 101 (1997), p. 13.

<sup>55</sup> Cilliers, J., 'Defence research and development in South Africa', SIPRI Arms Procurement Decision Making Project, Working Paper no. 103 (1997), p. 14.

<sup>56</sup> Taiwanese Executive Yuan, National Science Council, *White Paper on Science and Technology*, (National Science Council: Taipei, Dec. 1997), pp. ii, iii.

industries, such as Cardoen, were encouraged by means of assured contracts to meet the military's product development requirements. However, the defence industry has remained comparatively small in scale in terms of weapon development. Its main functions are the manufacture of spare parts and maintenance and repair of equipment. Three large companies, which come under the army, the navy and the air force and are controlled by the respective undersecretaries, are involved in production of selected weapon systems and participate in concept development and determination of technical requirements.

The *Greek* defence industry still relies heavily on imported technology and know-how. Consequently a few technology priority areas have been selected on the basis of technologies available on the international market and existing Greek technological capabilities.<sup>57</sup> As there does not appear to be a quality assurance (QA) organization in the Greek Ministry of National Defence, the defence industry carries out its QA according to the standards of NATO's Alliance Quality Assurance Publications (AQAP) and the International Standards Organization (ISO). There are a large number of small and medium-sized companies in the private sector which allocate 20–80 per cent of their capacities to defence production.<sup>58</sup> The Defence Industry Directorate of the GDA also carries out international market research to improve the Greek defence industries' domestic and international competitiveness and promote exports.

*Malaysia's* defence industry was developed through joint ventures with foreign suppliers selected on the basis of their capacities to develop advanced products. This approach was necessary because demand from the defence sector was low and the techno-industrial base small. The government gave priority to the civil manufacturing sector as the engine of growth of advanced technological capacities in Malaysia, which led to the establishment of the Malaysian Technology Development Corporation (MTDC) in 1992 and Malaysian Industry Government Group of High Technology (MIGHT) in 1993. The objective of the MTDC is to make the R&D potential of Malaysian industry and the Malaysian academic world more visible; MIGHT is tasked with monitoring global technological developments for exploitation in Malaysia.<sup>59</sup>

In *Poland* the optimistic assessment of the potential benefits to the country's defence industry of joining NATO has been criticized by the Polish Chamber of Defence Producers, a voluntary organization of 177 companies. Two aspects have been highlighted: (a) the restructuring programme in the arms industry and modernization of the Polish military to adapt to NATO structures do not necessarily mean new opportunities for the indigenous defence industry—they will mean work on systems integration but imply arms procurement from NATO member countries; and (b) NATO membership will irrecoverably

<sup>57</sup> Narlis (note 48), p. 5. The priority areas selected are electronics, opto-electronics, telecommunications, fluid mechanics, aerodynamics and ballistics, advanced pyrotechnics and materials technologies.

<sup>58</sup> *Greek Defence Directory*, 4th edn (Delos Communications: Athens, 1998), pp. 103, 105.

<sup>59</sup> Supian Ali, 'Harmonizing national security with economic and technology development in Malaysia', SIPRI Arms Procurement Decision Making Project, Working Paper no. 87 (1997), p. 16.

deprive Poland of its military R&D and arms industrial potential.<sup>60</sup> At the end of the cold war, Poland had excess capacity in military production, with 128 companies engaged. Of those nearly 70 per cent were producing either dual-use or civilian equipment in order to maintain industrial capacities.<sup>61</sup> With a decline in demand for military goods and privatization, a highly qualified labour force and R&D engineering skills are likely to filter into the civilian sector. Among the intractable issues facing the old military industries is adaptation to market forces. This is being resisted by well-entrenched interests supported by local politicians and trade unions.<sup>62</sup>

The international competitiveness of the *South African* defence industry is indicated by its export performance. As all companies in the defence industry are commercial businesses, they have developed dynamic diversification strategies in order to survive the decline in defence business. Some significant commercial applications have emerged from defence technologies.<sup>63</sup> The defence industry is being encouraged to promote spin-offs to civilian industry in the National System of Innovation and civilian industry to spin on commercial off-the-shelf technologies. Other defence industrial cooperative initiatives include the National Research and Technology Foresight Programme, which aims to identify technologies and technological trends which will be important for South Africa's economic development; and the National Research and Technology Audit, which aims to assess the strengths and weaknesses of South Africa's science and technology system in order to understand the forces shaping long-term futures.<sup>64</sup> The focus of defence-related work at the Council for Scientific and Industrial Research (CSIR) is on selected core technologies.<sup>65</sup>

The TA capacities available to Armscor in the shape of private consultancies help its decision makers to obtain inputs from diverse specializations. However, post-procurement comparative evaluation, which would identify shortcomings in the weapon systems, track and analyse problems, and then improve weapon systems or procurement processes, is not being done systematically.<sup>66</sup>

Technological skills in both the defence and the civil sector are well developed in *Taiwan*, and this allows cross-fertilization between the two. The R&D organizations have successfully combined military experience with high levels of technology skills in their staff structure. As many as 80 per cent of the CSIST staff are from the military.<sup>67</sup> Taiwan's high-technology exports are developing. During the period 1990–95, Taiwan's technology-intensive exports in its industrial manufacturing sector rose from 25.7 per cent to 35.07 per cent

<sup>60</sup> *Polska Zbrojna*, 26 June 1998, p. 6, in 'Poland: Polish arms makers criticize industry restructuring plan', FBIS-EEU-98-177, 29 June 1998.

<sup>61</sup> Mesjasz (note 52), pp. 3.

<sup>62</sup> Plater-Zyberk, H., *Poland's Defence and Security: The Same Priorities, Different Approaches* (Royal Military Academy, Conflict Studies Research Centre: Sandhurst, May 1998), p. 16.

<sup>63</sup> Hatty, P., 'The South African defence industry', SIPRI Arms Procurement Decision Making Project, Working Paper no. 106 (1997), pp. 25–26; and Buys (note 54), pp. 15, 16.

<sup>64</sup> Buys (note 54), pp. 16, 18.

<sup>65</sup> Cilliers (note 55), pp. 12–13.

<sup>66</sup> Sparrius (note 31), pp. 22–23.

<sup>67</sup> Yang (note 36), p. 13.

and in the high-technology sector rose from 35.8 per cent to 45.5 per cent.<sup>68</sup> The ratio of scientists and engineers to auxiliary staff is also high in Taiwan<sup>69</sup> and there is active collaboration between the military R&D and technology research institutes and university laboratories in the civil sector.

In order to broaden the base of military and advanced industrial technologies in Taiwan, the inter-agency National Defence Technology Development Steering Committee has been strengthened; a specialized weapon development unit along the lines of the French Direction Générale d'Armements (DGA) has been set up; offsets and international joint ventures have been used to access military and maintenance technologies; interaction between the military, the advanced industrial laboratories and university R&D centres has been increased; the CSIST has been partly converted into an advanced centre for developing dual-use military and industrial technologies; and strategic alliances have been promoted with international expertise in advanced dual-use technologies.<sup>70</sup>

## V. Organizational behaviour and public-interest issues

Organizational behaviour and public-interest issues have been the most challenging of the four themes of this analysis. The focus is on the limitations on and opportunities for the improvement of public scrutiny and oversight of defence policies and arms procurement decision making.

Public scrutiny of arms procurement decision making requires constitutional provisions, assertiveness on the part of the legislature and the availability to the public of sufficient information. In some cases, the government's resistance to legislative oversight is indicated by its reluctance even to issue White Papers or policy documents to identify defence policies or arms procurement guidelines. In such circumstances the military's autonomy in arms procurement decision making develops at the cost of the broader priorities of society.

The extent to which the legislative bodies demand security-related information is conditioned by a society's attitudes towards military security, traditional elite behaviour and the nature of a country's political organization. Since attitudes which encourage military autonomy and excessive confidentiality create barriers to public accountability, they can also allow inefficiencies to creep into the arms procurement processes, permitting waste, fraud and abuse.

The analysis in this section is based on: (a) the capacities and quality of legislative oversight of the military's arms procurement policies and decisions; and (b) social and elite attitudes that tend to exclude defence policy making from the purview of public policy oversight.

<sup>68</sup> *White Paper on Science and Technology* (note 56), p. 25. In the USA, high-technology products have been defined as those which have significantly more R&D than other products. Technology-intensive products are defined as those in which R&D expenditures exceed 2.36% of sales. US National Science Foundation, 'Science and technology resources of Japan: a comparison with the United States', Special report, NSF 88-318, Washington, DC, 1988, p. 38.

<sup>69</sup> In the CSIST it is 1 : 0.56 and in the Hsinchu Science-based Industrial Park (SIP) it is 1 : 0.64. Yang (note 36), p. 13; and *White Paper on Science and Technology* (note 56), p. 26.

<sup>70</sup> *White Paper on Science and Technology* (note 56), pp. 44-45.

### Content and quality of legislative oversight

In *Chile* the Congress is not an actor either in the making or in the monitoring of arms procurement decisions: the decision-making autonomy of the military in this area is well established and is considered sensitive. The military, while negotiating the new constitution, ensured that the Congress does not have constitutional authority to check and monitor arms procurement decisions or the procurement budget. The Organic Law on the armed forces specifies that spending on military equipment and spare parts must be carried out in a confidential manner.<sup>71</sup> Apart from occasional departmental leaks, there is no way in which society can find out about waste and abuse in arms procurement by the military. Indeed, the level of interest shown by the Congress in arms procurement issues is low. Among the reasons for this are that it is not a major electoral issue; that the legislature does not have independent experts to assist its oversight of the military; and that in general the Congress does not receive adequate information.

The *Greek* arms procurement processes are rarely monitored or scrutinized either by the Parliament or by other mechanisms of democratic oversight. The processes are slow and marked by the procrastination, indecisiveness and inertia that characterize the Greek bureaucracy and political system in general.<sup>72</sup> The Parliamentary Committee on Foreign Affairs and Defence has limited importance. The executive branch gives it a largely symbolic role; it does not have specialized research staff; it does not receive the required information; and it does not examine financial details in its deliberations.<sup>73</sup>

The Greek experience illustrates one point that goes against the original assumptions of this study regarding the restraining effect of legislative oversight on arms procurement. Where public perceptions of military threat are heightened by a traditionally hostile relationship with another country, partisan politics willingly subordinates broader social interests to the resource requirements expressed by the military. In Greece, moreover, important security decisions are made by a small political elite led by the Prime Minister and his close personal advisers. This group has considerable autonomy and tends to promote personal political agendas.<sup>74</sup>

Despite the general belief among the *Malaysian* opinion formers and security experts in the region that transparency in arms procurement decision-making processes would help reduce insecurity in the South-East Asian region, in Malaysia this kind of transparency is seen by the ruling elite as a threat to inter-

<sup>71</sup> 'Ley no. 18.948 Orgánica constitucional de las fuerzas armadas' [Organic law on the armed forces], *Diario Oficial* [Official gazette], 27 Feb. 1990, Article 99; and Robledo (note 11), p. 14.

<sup>72</sup> Meletopoulos (note 3), p. 14.

<sup>73</sup> Valtadoros, C., 'The influence of foreign and security policies on Greek arms procurement decision making', SIPRI Arms Procurement Decision Making Project, Working Paper no. 76 (1998), p. 8; and Dokos, T. and Tsakonas, P., 'Perspectives of different actors in the Greek procurement process', SIPRI Arms Procurement Decision Making Project, Working Paper no. 72 (1998), pp. 3, 8.

<sup>74</sup> Meletopoulos (note 3), p. 7.

nal security.<sup>75</sup> Members of Parliament are not prevented from asking ministers questions on arms procurement, but the parliamentary rules indicate that such questions shall not seek information about any matter that is of its nature secret. However, analysis of the content of parliamentary questions on defence management and the executive's responses to them indicates that both the capacity and systematic methods for scrutiny and monitoring are lacking. The type of questions asked on security indicates that arms procurement is not a major issue either for the legislature or among non-governmental organizations (NGOs).

In *Poland* the redefined oversight powers of the Parliament, the Sejm, over the defence policy-making processes are both wide-ranging in scope and intrusive. The Sejm defines the powers of the various executive authorities in this respect, controls defence expenditure and exercises important control functions such as the decision to declare war and delegate powers in national emergencies.<sup>76</sup> Even so, it does not have the expert staff it requires if it is to exercise its oversight functions.<sup>77</sup> Both formal and informal contacts between the Ministry of National Defence and the Parliament have been developed. A post of Undersecretary of State for Parliamentary Affairs in the ministry was established in 1994. Officials from the ministry and the General Staff are invited to the meetings of the Parliamentary Defence Commissions as experts and advisers. Periodically, depending on the issue, the Minister for National Defence, Vice-Ministers and Chief of the General Staff also participate in discussions on new aspects of security issues or report on the work of the MoND.

On defence budgeting, security and foreign policy issues which are overseen by the Parliament and the parts of the defence industry that still come under the state, MPs are allowed access to confidential and classified documents and materials of the Ministry of National Defence and its subordinate institutions and to buildings where classified information is kept without special authorization.<sup>78</sup> A special parliamentary commission was set up in 1997 to monitor defence tendering and arms procurement decisions. A parliamentary deputy with special interest in the defence industry is allowed to attend the commission's meetings but has no vote.<sup>79</sup>

In terms of the accountability of the armed forces to elected representatives, Poland again provides an interesting to Greece. The organizational and constitutional changes made by Poland are far-reaching and have been made in a much shorter timeframe than is the case in Greece. Legislative oversight and

<sup>75</sup> Sharifah Munirah Alatas, 'Government-military relations and the role of civil society in arms procurement decision-making processes in Malaysia', SIPRI Arms Procurement Decision Making Project, Working Paper no. 84 (1998), pp. 3, 26.

<sup>76</sup> Response of the Mission of Republic of Poland to the OSCE to the Questionnaire on the Code of Conduct on Politico-Military Aspects of Security, Letter to all Delegations and Missions to the OSCE Forum for Security Co-operation and Conflict Prevention Centre, Vienna, 22 Sep. 1997, p. 2.

<sup>77</sup> *Congressional Quarterly*, vol. 56, no. 6 (7 Feb. 1998), p. 276.

<sup>78</sup> Kowalewski, M., 'The role of the Parliament in shaping civilian and democratic control of the armed forces', eds P. Talas and R. Szemerkenyi, *Behind Declarations: Civil-Military Relations in Central Europe* (Institute for Strategic and Defence Studies: Budapest, 1996), pp. 14-15.

<sup>79</sup> Stachura (note 27), p. 16.

statutory audit structures for monitoring and scrutinizing arms procurement decisions are being actively developed in Poland but remain weak in Greece.

In terms of constitutional change and introducing the processes and public capacities to monitor the military and the executive, the pace of change in *South Africa* has been faster in the five years since 1994 than it has in many of the countries participating in this project in the past 50. The establishment of the Joint Standing Committee on Defence (JSCD), which holds public hearings, and of the Special Parliamentary Committee on Intelligence is indicative of the development of the potential for legislative oversight.<sup>80</sup> However, South African experts have criticized: (a) the lack of an ombudsman to adjudicate in cases where the executive withholds documents from scrutiny; (b) the absence of specialized committees to focus on questions of finance, foreign affairs and the defence industry; (c) the rapid turnover of membership of the parliamentary committees, which makes it difficult for the legislature to develop interest in these matters; (d) the absence of official records of parliamentary committee meetings; and (e) the shortage of expert research staff, particularly technical experts. They have even recommended that the agreement of the JSCD should be required before Cabinet approval is given for major arms procurement contracts.<sup>81</sup>

In *Taiwan* the GSH is outside the purview of Legislative Yuan hearings. Although democratization in the past decade has led to an increase in legislative assertiveness and to more details of defence expenditure being published, legislative oversight is still weak. Barriers to oversight have been created by the argument for secrecy in the interests of national security. It is quite probable that the opportunities for corruption in Taiwan's arms procurement processes are one of the motivations for secrecy in its arms procurement decision making, besides the military threat from the Chinese mainland.

### **Social and elite attitudes and exclusivity of defence policy making**

One of the notable characteristics of the *Chilean* political culture is the emphasis on consensus and avoiding issues that could cause disagreements.<sup>82</sup> Secrecy relating to arms procurement decisions has become a norm as there is no need for the armed forces to lobby the Congress for funds and no requirement to bring issues to public debate or legislative scrutiny. Even under the democratically elected regime that has been in place since 1990, no legislative checks exist on the military's decision-making power in arms procurement. The auton-

<sup>80</sup> The Special Parliamentary Committee on Intelligence in South Africa has a mandate to scrutinize the intelligence services: (a) to oversee their expenditure; (b) to consider and make recommendations on security legislation; (c) to order the investigation of allegations by a member of the public of abuse by the intelligence services; (d) to refer any abuse of rights to the Human Rights Commission; and (e) to report every year to the Parliament. Calland (note 42), p. 17.

<sup>81</sup> Batchelor, P., 'Balancing arms procurement with national socio-economic imperatives', SIPRI Arms Procurement Decision Making Project, Working Paper no. 100 (1997), p. 17; and Sparrus (note 31), p. 18. On the role of the South African Parliament and the JSCD, see Calland (note 42), pp. 19–27.

<sup>82</sup> Davila, M., 'Some aspects of the decision-making process in Chile', SIPRI Arms Procurement Decision Making Project, Working Paper no. 62 (1998), p. 8.

omy of the military in managing the defence of the state has been traditionally accepted. Tensions over that autonomy have surfaced on occasions, as during the investigations in 1990 into payments made to the son of General Pinochet,<sup>83</sup> but the elected government has avoided introducing legislation which would destabilize the delicate equilibrium in Chilean civil–military relations.

While the media have played a passive role in bringing issues to public attention, the academic world has over the years contributed to building up a mass of critical knowledge on security issues.

Two kinds of politician have been noticeable in the Chilean political system—the ‘traditionals’, whose activities are concentrated on political negotiations and bargaining, and the ‘technocrats’, professional experts on various issues, mostly younger people and by and large trained in engineering. There is friction between the two types, which also represent a generation difference. It is possible that with the number of technocrats increasing in the Chilean political system calls for military accountability will become stronger.

In *Greece*, society still places great importance on personal rather than institutionalized relationships and modern political practices often clash with traditional forms of patron–client relationships. Many features of traditional society persist to a greater extent than they do in West European countries,<sup>84</sup> including the influence of extra-institutional actors such as friends, relatives, middlemen and political advisers. Meletopoulos argues that the Greek social and political system has been conditioned by the experience of the Byzantine world followed by long rule by the Ottoman Turks. Professional and organizational behaviour is characterized by a powerful communal tradition, the influence of the Orthodox Church, patron–client relations between the leaders and the public, and a ‘Byzantine–Oriental conscience’.<sup>85</sup> It is highly unlikely that abuse of public funds will draw overt public criticism. It is not uncommon even for civil servants to have a second profession. A large number of middlemen representing foreign-owned defence firms operate,<sup>86</sup> and there have been cases of fraud relating to arms procurement in the past.

The control of the United Malay National Organization (UMNO), the ruling party in *Malaysia*, has remained unchallenged since Malaysia became independent. The dominant political behaviour is characterized by feudal or patriarchal relationships, with the political elite expecting loyalty and a culture of deference resulting in deification of the political leadership.<sup>87</sup> Even more strongly entrenched in the military is the habit of avoiding questioning the political authority for fear of repercussions, which has led to an attitude of unquestioning obedience. A belief has gained currency that public accountability in arms procurement or defence issues undermines national security, and there is no political or professional motivation to improve oversight of and

<sup>83</sup> Robledo (note 11), p. 10.

<sup>84</sup> Meletopoulos (note 3), pp. 4–6, 14.

<sup>85</sup> Meletopoulos (note 3), pp. 5–7.

<sup>86</sup> Dokos and Tsakonas (note 73), p. 4.

<sup>87</sup> Sharifah Munirah Alatas (note 75), pp. 43–44, 45.

legislative checks on the decision-making process. Accountability and transparency in decision-making processes are seen as being at variance with the national preference for quiet, almost secretive, behind-the-scenes dealings. Such working norms do not allow the development of public accountability.

In *Poland* the military has traditionally been a prestigious institution with no tradition of control by democratically elected representatives. During the first half of the 1990s the military resisted increasing (civilian) executive and legislative control on the argument that it had the best and final judgement on military matters, and the new political elite did not have the practical skills in public policy and defence management to exercise control over the military. The second half of the 1990s saw developing confidence in managing security policy and the enactment of legislation on the dissemination of information.<sup>88</sup> The Ministry of National Defence still has a large number of departmental heads recruited from the military.<sup>89</sup> Of late, the Polish press has been active in bringing defence issues to public notice,<sup>90</sup> but it is still rather under-informed on technical issues, apart from sensational reports by the Sejm Commission on National Defence or from personal contacts in the military. It is believed that in order to eliminate extra-constitutional influences a comprehensive analysis of the entire arms procurement process is required, and that a system should be designed by systems analysts and legal experts working for the Parliamentary Defence Commissions before appropriate legislation was drafted.<sup>91</sup>

The *South African* political and bureaucratic elite still bears the legacy of the centralized decision making and authoritarianism of the apartheid regime. An 'affirmative' culture of accountability has not yet developed: prevalent norms, such as the idea that accountability in security decision making undermines secrecy and that military leaders are always right, still influence defence thinking.<sup>92</sup> A tendency to 'overdo' confidentiality remains, despite the remarkable progress that has been made in opening up the defence budget and decision-making processes to legislative scrutiny. The Department of Defence engaged in an unprecedented broadly-based consultative process in the drafting of the Defence Review in 1996–97, acknowledging the principle that control of the military by civil society, especially budget control, is fundamental to democracy.<sup>93</sup> Public criticism of the 30 billion rand arms acquisition programme of 1998, initially directed against it as an unnecessary burden on society, has of late also developed into criticism of its potential to fuel a regional arms race.<sup>94</sup>

<sup>88</sup> Private communication with Dr Andrzej Karkoszka, former Deputy Minister of Defence, Poland.

<sup>89</sup> Trejnis, Z., 'The sociology of national decision-making behaviour', SIPRI Arms Procurement Decision Making Project, Working Paper no. 97 (1998), p. 12.

<sup>90</sup> Tarkowski (note 51), p. 6.

<sup>91</sup> Miszalski, W., 'Characteristics of acquisition procedures in terms of the organizational structures involved', SIPRI Arms Procurement Decision Making Project, Working Paper no. 93 (1997), p. 10.

<sup>92</sup> Liebenberg, I., 'A socio-historical analysis of national decision-making behaviour', SIPRI Arms Procurement Decision Making Project, Working Paper no. 107 (1997), p. 7.

<sup>93</sup> Crawford-Browne, T., 'Arms procurement decision making during the transition from authoritarian to democratic modes of government', SIPRI Arms Procurement Decision Making Project, Working Paper no. 104 (1997), p. 22.

<sup>94</sup> 'Cancel arms purchase, says De Lille, MP, Pan Africanist Congress', URL <gopher://.anc.org.za/OO/anc/newsbrief/1999/news 1122>.

Increasing democratization in *Taiwan* may also in the long term challenge the paternalistic style of political leadership there, but a strong relationship orientation and the sense of obedience to superiors ingrained in the society tends to work against transparency. The military has been able to maintain relative autonomy because of the security threat from China. Secrecy in arms procurement planning is also considered essential because disclosure invariably results in a reaction by the leaders of the PRC against the probable supplying countries. The need for secrecy has allowed official abuse and corruption, and even allowed organized crime to influence arms procurement decision making. Mere structural changes in the interests of greater accountability will not help to address a grave problem such as this.<sup>95</sup>

## VI. Good governance, public accountability and secrecy

In the course of this project various approaches could have been taken to examining the national arms procurement decision-making processes: for instance, technical and organizational efficiencies or value for money could have been the criteria against which the decision-making processes were examined. The project chose instead to examine whether national arms procurement decision-making processes enable balanced decisions to be made from the perspective of broader societal interests. It investigated the decision-making process in the context of public accountability, the assumption being that building up capacities for democratic oversight of security decision making will in the long run contribute to building checks and balances in the security sector and could lead to developing restraints on arms procurement. Such oversight will be more durable if it is institutionalized in a transparent system of checks and balances.

Among the basic characteristics of good governance and public accountability are: (a) a clear separation of powers and capacities to exercise those powers between the executive, the legislature and the judiciary—the principle of checks and balance; (b) a clearly expressed written constitution defining the separation of powers, framing rules and regulations which define the methods of scrutiny by the legislature, and specifying how the constitution can be amended and its misuse prevented or punished; (c) a transparent system of public financial accounting and legislative capacities to influence, monitor and review the budget-making process; (d) a political culture which acknowledges the public accountability of the executive, based on qualified access to information; and (e) a system of government which acknowledges the public right to information through instruments such as freedom of information legislation.

At a minimum, these require independent sources of information and the availability of expertise publicly so that legislatures and statutory audit authorities can objectively evaluate the executive policy-making process and

<sup>95</sup> On the successive scandals in arms procurement in Taiwan, see Chen (note 37), pp. 12–13; and *Free China Journal*, vol. 15, no. 12 (12 Mar. 1998), p. 1. The alleged bribe of \$500 million paid to senior French officials for dropping objections to Taiwan's buying 6 La Fayette frigates from France is a strange case of a reverse bribe in the scandal-ridden arms procurement practices in Taiwan.

decisions made. The principles of good governance must guide every aspect of public policy making, including those relating to arms sales or procurement.

There is, therefore, a need to consider in what circumstances defence decision making can be treated as an exception and the use of secrecy be justified.

### **Security bureaucracies and secrecy in their decision making**

The argument for secrecy is not unique to arms procurement. A range of motivations for secrecy in the public sector in general can be identified. However, military roles and functions cannot be excepted from the requirements of good governance mentioned above. Secrecy in arms procurement must be justified on grounds of (a) national security or (b) commercial confidentiality.

In the case of the former, secrecy can broadly be justified for the following reasons: (a) a need for secrecy of military holdings and stocks; (b) a need to withhold technical information which reveals the strengths and weaknesses of a weapon system; (c) a need to withhold operational information related to the employment and deployment of weapons; and (d) urgency, if rapid procurement is needed. Among the indicators given by the Chief of Defence Intelligence in the British Ministry of Defence are: (a) imminent aggressive action against or threat to the state; (b) activities of near neighbours pursuing a course prejudicial to the state's independence or security; (c) disruptive forces within the society; (d) terrorism; and (e) 'exceptional circumstances'.<sup>96</sup>

Arguments based on commercial sensitivity need to be handled with care. Companies must be fairly treated, but the argument of commercial sensitivity can be abused. A catch-all determination that no commercial information can be disclosed without companies' consent could also open up opportunities for lobbying and corruption.

In many countries, particularly in the developing world, the roots of secrecy are to be found in the vulnerability of the regime and lack of consistency in state policies on fundamental political, economic, social or ethnic issues. States may also perceive themselves as vulnerable because their borders are ill defined or not recognized, or because their state institutions are weak or are not legally established, or because of competing social interests. Such problems create tensions not only within the country concerned but also in the surrounding region and can lead to the development of an assertive national security policy.

Among the reasons why countries maintain secrecy in routine arms procurement decision making are the following.

1. *Lack of a clear information policy and a weak information dissemination process.* Particularly in developing countries, information collection and dissemination are underdeveloped, even between government departments. Policies on and procedures for handling or releasing information for the purposes of legislative oversight are in many cases unclear. Information policy and infor-

<sup>96</sup> Elworthy, S., 'Balancing the need for secrecy with the need for accountability', *RUSI Journal*, Feb. 1998, p. 5.

mation management receive very little attention. There is a lack of clarity in methods for releasing information or deciding on the classification of information. Classification can be used routinely for administrative convenience as well as to avoid accountability. The working papers and the workshop discussions in Chile, Greece, Malaysia, Taiwan and South Africa highlighted this.

2. *Lack of a legal obligation to disclose information.* There are countries with laws that forbid disclosure of any information related to military security. These laws are often cited by the military and bureaucracies to deny information even of a trivial nature to the elected representatives of the public. Adequate legal provisions have not been framed that can be used by legislators to gain access to and handle classified information. There is a need for legislative initiative to enact freedom of information provisions and address the constraints imposed by legislation enacted to enforce public respect for secrecy. The working papers and the workshop discussions in Chile, Malaysia and Taiwan highlighted this problem.

3. *A high degree of autonomy of the military.* The military in many developing countries enjoys a high degree of political influence and autonomy in many respects. On the other hand the military is reluctant to admit that any serious contribution can be made in defence matters by outside expertise and it distrusts civilians. As a result it rarely participates in public debate or is questioned on security matters. Public indifference on defence issues is encouraged by a common assumption that military professionals have the best and final judgment on security questions. This is a question of lack of political development, which is a long-term process. The working papers and the workshop discussions in Chile and Taiwan highlighted this problem.

4. *Lack of a tradition of transparency.* In many countries the norms of public access to information are underdeveloped because of a traditional lack of transparency in the society, which serves the purposes of the governing elite. Such countries and societies tend to have strong paternalistic belief systems. The public is not seen as being competent to understand or interpret decisions, there is a likelihood of misinterpretation, or there is simply no need or reason to inform the public. Countries that do not have strong democratic foundations are unable to produce a civil society that is assertive enough in expressing its right to information. Transparency is avoided by political elites which are concerned with consolidating their hold on the instruments of power. The working papers and the workshop discussions in Chile, Greece, Malaysia, Poland and Taiwan highlighted this problem.

5. *Ambiguity in the law.* The civil and military bureaucracies consider it safer from their career perspectives to interpret confidentiality, if the law makes this possible, broadly rather than narrowly. Officials may hesitate to make public policies or decision-making processes which are inadequately documented or internally contested, for which the rationale may be publicly criticized or which could cause embarrassment to the government. The working papers and the workshop discussions in Greece, Malaysia and Taiwan highlighted this problem.

6. *Commercial interests and lobbying.* Processes which are opaque or at best ambiguous can be manipulated by industrial lobbies. Commercial confidentiality creates opportunities for the defence industry to subsidize loss-making civil production lines, which are open to commercial competition and thus operate on tight profit margins, from the profits gained from the defence production line.<sup>97</sup> Confidentiality is promoted as a part of industrial lobbying because of the opportunities for gain that it creates. Discussions in Greece, Poland, South Africa and Taiwan indicated the presence of such attitudes.

7. *Bureaucratic behaviour.* Bureaucracies are often characterized by a culture of caution, secrecy and privilege in access to information. This attitude is habit-forming and leads to work methods that accept inertia and discourage information exchange with the public. Under-resourced public offices are often overwhelmed by the workload of processing information, and this can become a barrier in itself. Among the mutually reinforcing characteristics of bureaucratic tribalism are: (a) the assumption that control is exercised through a perception of competence, and therefore public criticism must be avoided by protecting information; and (b) the fact that in most countries absolute discretion is given to the executive to handle the secret affairs of the state. Such discretionary powers often lead to the misuse of official and legal provisions by bureaucrats in order to avoid accountability by classifying documents and discouraging public access even to low-level information. The working papers and the workshop discussions in Greece, Malaysia, Poland and Taiwan highlighted this problem.

8. *Weak democratic norms.* Legislators have the duty to monitor defence decisions on behalf of their electorates. However, they may be more concerned with their own careers or commercially lucrative issues. Politicians do not wish to be seen as overly critical of the military, particularly in countries under international sanctions or where a heightened sense of national security is embedded in the country's culture and history. In particular, politicians have a strong resistance to improvements to the legal framework for public accountability. The working papers and the workshop discussions in Chile, Greece, Malaysia, Poland and Taiwan highlighted this problem.

The effects of secrecy on a decision-making process can be twofold: first, it can lead to apprehensions on the part of other countries in the region, leading to an action–reaction spiral of arms procurement; and, second, it can allow corruption, fraud and abuse to creep into the system, which can encourage corporate interests to promote secrecy even further, thus leading to a vicious circle. The argument that public accountability in arms procurement is detrimental to national security because it implies transparency neglects the need to prevent abuse of power in policy making.

The negative effects of lack of accountability are equally important. It can, for instance, lead to unverified threat assessments being generated and conse-

<sup>97</sup> Author's discussions with Shazia Rafi, Secretary General, Parliamentarians for Global Action, New York, Apr. 1999.

quently needs for military equipment being exaggerated, which in turn can generate apprehensions and insecurity in neighbouring countries. Public understanding of the decision-making processes will enhance public confidence, and professional scrutiny by agencies other than those which have an interest in the decisions will benefit the military's decision-making capabilities in the ultimate analysis.

Democratic oversight of the military sector would, however, address only a small element of the larger problem—building up awareness in the society of citizens' fundamental right to know how the state is planning and applying policies for their security.

## VII. Recommendations for the future

This project has revealed that questions still remain to be investigated, such as whether public accountability in security policy making serves the interests of consolidating peace; whether the requirements of public accountability only involve broadening public and parliamentary debate on arms procurement decision making; and how the public interest can effectively influence security policy making. It has suggested a method for developing restraint in arms procurement which could be more acceptable to the national defence opinion makers in various arms-procuring countries than conventional arms control initiatives, which are seen as being driven by the West. Arms procurement restraints combined with diplomatic initiatives for regional peace-building frameworks would also have greater durability against the criticism that military capability is the only guarantee of national security.

Among the elements that ensure that the military plays its proper role in a democratic society are: (a) the existence of proper constitutional and legislative structures with clearly defined responsibilities for the executive and legislative branches and a system of checks and balances; (b) coordination between foreign and security policy-making structures and processes, the primary role being played by the former in formulating a country's external policies; (c) a clear primacy of civilians in the ministry of defence, the military being ultimately accountable to the democratically elected representatives of the public; (d) substantive parliamentary oversight involving members of parliament trained in the techniques for and the responsibilities of holding the military authority accountable; (e) the presence of expert professional staff in national parliaments to keep the members fully informed on key security issues and related data; (f) the development of a cadre of security policy experts in the public domain, specializing in a range of security issues in order to generate public debate; (g) statutory audit structures to prevent corruption, fraud, abuse and neglect of public resources by the military, which remain unknown to the public because of military confidentiality; (h) transparency in the defence budget-making process in order to prevent the military's threat perceptions being driven by interest groups; (i) training and education in the armed forces

about the role of the military in democratic society, including respect for human and civil rights; (*j*) a fair and effective military justice system that enforces established standards of conduct and discipline; and (*k*) an open and informed national debate preceding major decisions on national security and military matters. The commitment of armed force outside national borders should require broader endorsement by elected representatives.

The critical task, therefore, is to harness the opportunities presented by the present wave of democratization in order to address shortcomings in the public accountability of security policy decision making. Countries in all regions of the world have a role in managing domestic security and encouraging regional security in a democratic manner.

Quite often the criticism made by the military that civilian elected representatives do not sufficiently understand security rationales and technical requirements overlooks one essential element. Democratic control of the military does not imply that the elected representatives are necessarily better decision makers in security matters than the military, but they represent the popular will expressed through due constitutional process. The responsibility of the military has to be exercised through the elected representatives of the public.

### **A future research agenda**

What can and should the international research community do to address such shortcomings in national security policy-making processes? Security must be seen in regional, international and human terms and in terms broader than conventional military security. The institutionalization of democratic oversight of security policy making would give an enduring quality to diplomatic and political alternatives to reliance on the military for security.

Structures of governance that should be examined in terms of the relationship with and accountability of armed forces are: the executive branch; the legislative branch; statutory audit bodies; the judicial system; and special constitutional authorities or commissions set up to carry out other public oversight functions.

Issues of democratic control and oversight that should be studied include: defence and security policy-making processes; the formulation of threat perceptions; public information; the intelligence and security services; financial planning and budget questions; defence industrial questions (where applicable); arms procurement processes; and human rights and juridical questions.

Each of these issues should be examined in the context of: (*a*) constitutional provisions; (*b*) organizational aspects; and (*c*) functional methods.

#### *Constitutional provisions*

Four essential aspects are: (*a*) the existence of a proper constitutional and legislative framework with clearly defined responsibilities for the executive and legislative branches and a transparent system of checks and balances applied by

the legislature and statutory bodies; (b) the primacy of civilians in staffing the ministries of defence and constitutional provisions to ensure that senior military leaders are accountable to the elected representatives of the public; (c) a legislative review process to examine the legitimacy of military secrecy provisions in order to prevent misuse of confidentiality; and (d) ways of promoting informed national debate about the requirement for the elected representatives to monitor and scrutinize the major decisions on national security issues and the country's armed forces.

### *Organizational aspects*

Barriers need to be identified in the following areas: (a) mechanisms for coordination between the foreign and security policy-making structures, the primary role being played by the former in formulating a country's external security policy; (b) methods of parliamentary oversight and the information available to members of parliament who are able and prepared to exercise the responsibility of holding the military authority accountable; (c) the availability of independent expert professional staff in parliaments or access to expertise; (d) the training and development of a cadre of defence policy experts in-country specializing in a range of defence-related issues, generating public interest in oversight functions and providing the multidisciplinary expertise needed to facilitate statutory audit functions; and (e) the availability of statutory audit structures to prevent corruption, fraud or abuse of public resources by the military.

### *Functional methods*

Barriers and opportunities need to be identified in the following areas: (a) ways of encouraging transparency in defence budgets and accountability in budget-making processes to help the public judge the military's threat perceptions and financial demands; (b) ways of encouraging confidence-building measures such as regional codes of conduct on major conventional arms procurement decisions and arms procurement expenditures; (c) ways of encouraging accountability in arms procurement decision making and the responsiveness of the military to the information requirements of democratic oversight; and (d) the functions of agents and brokers in the arms procurement process, the methods used by them to exert influence, and the legal framework for checking extra-legal methods of marketing.

Research is going on or about to begin in some of the areas defined above. Independent research needs to be started in other areas as soon as possible. It is important for developing stable security structures as well as for good governance that governments, parliamentarians, the military, industrialists and the public be informed of important shortcomings and ways of overcoming them.

## VIII. Conclusions

The public has a right as well as an obligation to participate in the security debate on major decisions made on its behalf if democracy is to work. Public accountability is facilitated if the legislature has access to independent experts. This will help to avoid conflicts of interest and organizational bias from being reflected in the executive's recommendations. Such expertise cannot develop if the public is denied essential information relating to defence management and policy making. A dynamic process of public accountability is not only cost-effective; it will produce better decisions.

This project has thrown light on some aspects of the question of civil–military relations. In the course of the research for the project and in the discussions at the workshops on which the results are based it has been assumed that popularly elected civilian leaders and civilian bureaucracies in national ministries of defence would promote democratic governance and that civilian officials in defence ministries are better able to harmonize the broader interests of society with those of national security than officials recruited from the military. These assumptions need to be validated.

The research in most of the countries in the course of this project indicates that only a small number of persons and institutions are prepared politically and intellectually to take on the responsibilities of national security planning that balances arms procurement requirements with broader public priorities. Decision making in the security area is by and large in the hands of the few and the decisions of the military are usually insulated from public scrutiny and accountability. Threat perceptions are manipulated to emphasize the military's decision-making autonomy in its areas of responsibility.

Even in functioning democracies some basic lacunae remain in the administration of security policy, and this is reflected in a country's external security relations. The concept of good governance when applied to the security sector at a minimum requires that the elected representatives of the public who are not in the executive branch have the possibility to scrutinize national security policies, defence budgets and arms procurement decisions in the context of comprehensive security and broader societal priorities.