

Changing French Military Procurement Policy: The State, Industry and ‘Europe’ in the Case of the A400M

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Numerous sector-specific studies have shown that over the past 20 years different parts of the French state have changed their relationship to national industry and the European Union. However, the defence sector has been both under-studied and the victim of an assumption of ‘military exceptionalism’. Based upon empirical research into the ordering of the Airbus A400M military transporter, this article uses a cognitive approach to policy analysis to unpack the sets of actors and distribution of power which today make French procurement decisions. It shows that many policy preferences have changed considerably but that the key protagonists have remained remarkably stable.

If it is generally accepted that the French state has undergone considerable change over the last 20 years (Chevallier 2003), little attention has thus far been paid to whether and how this trend has affected the making of defence policy. Indeed, public policy analysis has tended to concentrate upon more ‘domestic’ sectors, implicitly considering that policies for the military belong to some timeless category of ‘regal’ state activity that has been untouched by phenomena such as European integration or evolving state–society relations. In common with a small but growing research tradition (Venesson 2000), and based upon a series of empirical research projects,¹ this article refutes the idea of ‘military exceptionalism’ and argues instead in favour of the normalisation of studying defence issues within the framework, and debates, of sociologically informed policy analysis.

More specifically, we analyse here a single case of French military procurement – the acquisition of the A400M military transporter – as a means of shedding light upon both the cause of policy change and the nature of contemporary relations between the military, the state’s administration and politicians.² As a range of social scientists have highlighted

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(Cohen 1994; Hébert 1995; Vaisse 1996, 2002; Dussage and Cornu 1998), at least in the French case, military procurement provides a particularly revealing window upon the relationship between the state, its respective industry and the regulation of highly lucrative markets. Given the challenges to defence policies that have emerged since 1989, our research seeks to update this knowledge. Conducted from a perspective that seeks to grasp the power relationships at the heart of public policy making, it also sets out to investigate a number of questions left largely untouched by historians, economists and specialists in international relations.

Presented more fully in the first part of the article, this research perspective then structures a presentation of our research results in three stages. The first of these retraces the conception, the negotiation and the institutionalisation of the French definition of a 'need' for the A400M. This process is heavily marked by a change in the social representation of 'European co-operation' in the arms field which it is important to underline by looking closely at the invention of a 'commercial approach' to procurement and the political use made of this term. Finally, on the basis of this case study, we conclude with a reflection on the equilibrium and hierarchy of France's contemporary institutional ordering of military procurement.

Studying Military Procurement: Why and How

We are of course aware of the dangers of concentrating upon a sole case study. The fact that at €20 billion the A400M constitutes the most expensive single military acquisition in Europe of all time is of little solace when justifying this case. It would be erroneous as well to claim that the procurement of the A400M is representative of a clearly identifiable transformation of French acquisition practices. Instead, we simply argue that through examining this case closely, one is better able to generate hypotheses which could, and should, be tested when conducting research on military policy making in France. Such a goal can only begin to be realised by setting out our research approach more precisely as well as the concepts we have used as our analytical tools.

The Added Value of a Cognitive Approach to Policy Analysis

Military procurement has of course exercised the minds of social scientists for some decades. The well known concept of the 'military-industrial complex' initiated by the thinking of C. Wright-Mills (1956) has been used and abused in order to grasp the close relations which often characterise dealings between a state, its army and its arms industry (Slater and Nardin 1973). Such an approach has also been extended in order to show how defence policy can become driven by 'engineers that are out of control' (Kaldor 1982). From a slightly different angle, specialists of organisational

sociology using the concept of 'bureaucratic politics' (Holland and Hoover 1985) or the sociology of science (McKenzie 1990) have sought to underline the impact of actors within and without state structures upon procurement outcomes. If these two lines of research continue to provide valuable insights, we take relatively little direct inspiration from them for two reasons. First the concept of a 'military-industrial complex' has too frequently been used from a normative and polemical angle that is inconsistent with objective social science.

The concepts used in the second set of research are certainly more scientific. However, the authors concerned tend strictly to limit their analysis to technical decision-making processes and their tangible outcomes such as technological innovations. More precisely, the authors working in this field have often sought to unveil the role played by scientists in the invention and choice of weapons systems (McNaugher 1984; McKenzie 1990). On the one hand they rightly underline that science is a social activity like any other and thus subject to power relationships. On the other hand they highlight how scientists are not neutral but all have their own interests to defend.

Second and more fundamentally, this type of research generally neglects the role of cognition and shared meaning in policy making as variables which allow one to go beyond the limits of 'rational' interest-centred explanations of the causes and effects of policy outcomes. As Ernst Gellner (1991: 33) underlined, 'for most of their lives humans do not maximise anything but seek above all else to be accepted, or simply to remain part of a play that is going on'. At least in the case of public policy making, not only is rationality disputed, but the very definition of the context in which debate over what is rational and what is not are frequently the cause of different interpretations and political conflict.

Studying Change within Institutional Orders

Rather than adopt either the 'military-industrial complex' or the 'bureaucratic politics' models, we have examined instead the case of the A400M from the angle of change in the configurations of actors and modes of political negotiation in Europe in general, and in France in particular. In order to study and evaluate the extent of this change, we place considerable emphasis upon the role of social representations of reality within the networks of actors who make procurement policy. The emphasis upon these representations provides a means of overcoming a sterile opposition between 'culture' and 'interests' often found in the literature, and this for three reasons. First, we consider that actors construct their preferences for forms of public action on the basis of the way they perceive and define their interests. This twofold process of definition and construction is rarely one of simple rational choice (Jobert and Muller 1987). Second, these actors are generally members of 'institutional orders' which constrain their behaviour through sets of rules, roles and expectations. Made up of a limited number

of organisations and an 'ideational' framework that is cognitive, normative and symbolic, an institutional order strongly influences the thought, discourse and activity of its members in such a way that most of the time they cannot even conceive of breaking with it (March and Olsen 1989). This does not mean that each member shares the same objectives or has the same definition of their interest. Rather the causal impact of an institutional order lies in providing a *frame* within which the strategy of each actor can develop. Put succinctly, what endures are not the 'ends' of an institutional order, 'but the way action is organized' (Swidler 1986).

This said, it is vitally important to recognise the possibility that institutional orders may change radically, or even disappear and be replaced by other configurations of actors and social representations. When the dynamics of an order become too contradictory and/or the relations between its members become too conflictual, a process of disinstitutionalisation and reinstitutionalisation can take place. In short, as historical institutionalists underline (Thelen *et al.* 1992), change is most likely to take place when a gap emerges between an institution and the expectations of it held by policymakers. Indeed, this is precisely what happened in the case of the A400M. Taking its initial form as an extension of the institutional orders which structured procurement in each individual country, a transgovernmental and transnational order has progressively emerged. However, one of the key conditions of this creation has been the loose and ambiguous nature of this order's cognitive, normative and symbolic frame. Indeed, the A400M programme provides a striking example of how such a frame can be interpreted in a variety of ways because the launch of the programme has largely been caused by the confluence of strategies and logics of action developed by a heterogeneous grouping of political, diplomatic, technical, industrial and military actors. Indeed, the contribution of each of these actors to the programme has above all been caused by their desire to preserve their status and power within their respective national institutional orders. As we will show, this goal is often far removed from that of ensuring the success of Europe's future military transporter. In short, the policy preferences and action strategies of many of the actors studied have certainly changed but those of others have remained remarkably stable.

Defining the Military Requirement: Between a New Aeroplane and a New Way of Buying One

Defining the military's need for new equipment is not simply a functional exercise involving the determination of gaps in an arsenal and the best way of filling them. As research has convincingly shown for some time (Kaldor 1982; McNaugher 1984), the quest for the best possible military hardware is not the only possibility. Indeed, such quests can even lead to the procurement of material that does not fit operational needs. In reality,

evaluating the requirement for new equipment most often involves rivalry and conflict between the different members of the institutional order which exists or emerges around the issue in question. The case of the A400M confirms this general trend but also highlights how debates over the technical characteristics of this aircraft are indissociable from more overtly political debate about how it should be bought and built. In particular, two elements from this latter debate have heavily influenced the 'need' for the A400M: a politicised commitment to 'European co-operation' and a growing desire to 'rationalise' the manufacturing methods used in the arms sector.

Yet Another Political Commitment to Co-operate at a European Level

The very idea of the A400M finds its roots in a 'political commitment' to foster co-operation between European armies and defence industries and thereby extend a transgovernmental and transnational logic to the defence sector. More precisely, by politicising the 'needs' for an air transporter expressed by the military and industrialists, symbolic value was attached to this programme at a very early stage. This said, armed with their respective perspectives on procurement, administrative and commercial actors quickly came to the forefront of the institutional ordering of this issue, building upon, but also modifying, the political and technical goals which had initially been set for the aircraft.

The first steps towards what has since become the A400M were indeed taken by members of the defence industry. As long ago as 1983, a group of European (Aérospatiale, MBB, British Aerospace) and American (Lockheed) companies was formed in order to find a solution to a perceived gap in the air transport fleets of a number of different European countries. The next year, the ministries of defence of eight of these (Germany, Belgium, Spain, France, Italy, the UK, Portugal and Turkey) supported this initiative and set up a group themselves with the aim of harmonising their requirements (the Future Large Aircraft Exploratory Group: FLA). Despite pressure from the industrialists' group, however, the actual invention and production of such an aircraft was only one of the options under study. In 1989, the group of industrialists (renamed Euroflag) expanded to take in Italian, Spanish Turkish, Belgian and Portuguese manufacturers, but also lost Lockheed because by then its management had come to see the FLA as a potential threat to their own Hercules C130.

Meanwhile, the needs of each European army and air force were seen as converging to some extent but also remaining marked by two considerable differences. First, the timing of the obsolescence of existing aircraft was particularly important. For example, the UK's fleet of C130s would need replacing before 2000. France and Germany needed to replace their Transall C160s but at very different speeds, the French in 2003–5 and the Germans in 2010. Second, different armed forces forecast different operational needs for

the FLA. The intense involvement of British and French troops in external operations throughout the world meant that these countries required aircraft capable of airlifts over considerable distances. In other cases, it was much less certain what precise use would be made of a new air transporter.

Over and above these operational issues, the very idea of producing a new and European aircraft has always had its opponents. In the UK, initially the RAF and the Ministry of Defence preferred to buy American equipment 'off the shelf' because a European option was seen as too slow and too risky.³ The French air force was also keen to fill a forthcoming gap in its fleet as soon as possible by buying C130s. Similarly, within the French Direction générale de l'armement (DGA), interest in the FLA was limited and, until the beginning of the 1990s, DGA officials only participated occasionally in the two exploratory groups mentioned above. Finally, if the German government was always very much in favour of a 'European' solution, the procurement wing of its Ministry of Defence preferred to encourage co-operation between domestic industry and the Ukrainian manufacturer Antonov.

As of 1991, the programme began to change status. The FLA group published a broad set of specifications which sought to reach a consensus between the operational desires of the different armed forces. Many questions remained vague, in particular the speed of the aircraft, its number of motors (two or four), and the size of its hold. However, ordering a pre-feasibility study from Euroflag to validate these specifications changed the very nature of the debate. Now each state had to find money for this study, thus bringing into the arena a number of other, more generalist, actors. In France, the air force not only had to modify its budget but also negotiate with the DGA and involve the Ministry of Foreign Affairs. From this moment on, the programme became a recurrent theme of Franco-German summits where it was depicted as an emblematic means of relaunching bilateral co-operation, and even a form of European leadership, in the defence sector.⁴ In short, the politicisation of this object for European co-operation set in motion a systematised approach to the programme within the French institutional order for military procurement.

In turn, this reframing of the European dimension of the aircraft also had considerable implications for the specification of the future aircraft. Set finally in 1996 in the form of a 'European Staff Requirement', until then parameters had remained loose in order to facilitate future compromises. In particular, the choice of jet or propeller engines was only made after the French minister of defence, François Leotard, intervened in order to put an end to pressure from the French motor manufacturer, la SNECMA, in favour of the jet option. More generally, at the basis of the ultimate compromise worked out between the FLA and Euroflag groups lay an agreement not to seek the most high performance specifications for this aircraft. Contrary to what has so frequently occurred in other military programmes, this commitment to stick to 'the basics' was thus also a means

of avoiding endless, and inflationary, arguments between national delegations and profit-seeking industrialists.

In summary, the way the requirement for the A400M was defined stemmed largely from a commitment to compromise that has its roots in the priority given to the political need for a successful European joint venture over industrial or operational goals. In analytical terms, unlike the goals of most European industrialists, the preferences of many French political and administrative actors (particularly within the DGA) had begun to change significantly from seeking to support their own national champions to throwing their weight behind a European industrial champion. Indeed, this reframing of the issue was strongly linked to a growing desire amongst many governmental stakeholders to rationalise the way arms are produced and procured in Europe.

Rationalising Procurement: The End of European Co-operation at all Costs

When the FLA project was first formulated in the 1980s, a number of European joint ventures in the defence field were having considerable difficulties (Guay, 1998; Mörth, 2000). The Franco-German 'Tigre' helicopter, for example, was only relaunched after three successive versions had been defined (Hamel 2000). Meanwhile, this time without the French, the Eurofighter was seriously delayed by a combination of difficulties in defining its specifications, financing its production and sharing out the industrial input. A number of European governments, and not just the British one, had therefore become deeply suspicious of the delays and inflation associated with multinational equipment programmes. In addition, the interest of certain governments in the FLA, in particular those of Germany, Italy and Spain, was seen by many actors as essentially driven by protectionist-type industrial objectives. The German case raised a number of doubts amongst other national actors partly because this state had originally ordered no fewer than 75 aircraft. Moreover, the German air force seemed to be excluded from a decision-making process wherein the procurement department of the Ministry of Defence 'wanted a high technology aircraft, almost a combat aircraft capable of transporting troops and equipment'.⁵ In other words, the Germans were seen as seeking to obtain technology transfer via the programme.

For these reasons, within the FLA group it quickly became essential to find a procedure for ensuring fully committed participation of each national partner in the programme. By adopting an entirely new principle of contractualisation which obliged each state to stick to the number of aircraft ordered, a means was found to provide a stable base for the programme and the remainder of its negotiation, thus reducing uncertainty about certain key partners.

Beyond this international aspect, however, the programme has been influenced by a more general quest to reshape the way arms are

manufactured in Europe. This goal has been particularly clear in France where the programme has been strongly linked to the adoption of new administrative practices and a ground-breaking redistribution of roles between state and industry. In general terms the objectives set have been to give greater autonomy to industrialists in managing the programme, improving the support given by state actors to this process, while inventing original solutions for financing both the development and the buying of the aircraft. Synthesised as a 'commercial approach' to procurement,⁶ this form of 'rationalisation' had even greater impact on the programme because it began at a moment when the management of the DGA was seriously challenged (Cohen 1994: 241). From 1996 onwards, the new hierarchy of the DGA immediately perceived the A400M programme as a symbol for its attempt 'to reform the process of procurement'.⁷ For this reason, the call for tender issued by the FLA in 1997, and which put the proposal for a European aircraft built by Airbus in competition with American and Ukrainian options, was seen in a very positive light within the DGA.⁸

In early 1999, the responses to the call for tender were handed in and a process of evaluation began, both within each state and multilaterally. If the American option was rapidly rejected at this stage by France, the UK and Belgium because of the 'gap' between the C17-C130 solution and the military needs of these three countries, the Ukrainian option led to intense debate between French and German representatives. The prototype of the Antonov was very close to the needs expressed by the armed forces of these two countries. Certain reports produced within the DGA even suggested that this aircraft would be more effective than the European option. However, the technical qualities of the Ukrainian option had little weight compared with the industrial and financial dimensions of the proposal formulated by Airbus. During the year 2000, the choice of the A400M was officially announced by the different national governments followed by a joint commitment to buy 225 aircraft in July of that year.⁹ This process was consolidated a year later by the signature of a 'Memorandum of Understanding' between all the governments involved, bar that of Italy.¹⁰

In summary, the requirement for a European air transporter has been the object of a variety of evaluations and interpretations. These debates have gone considerably beyond the technical merits or weaknesses of the various options by encompassing the stated and unstated aims of European co-operation in this field. Rather than just 'plugging an operational gap', the programme was seen as a means of relaunching 'the Franco-German couple', encouraging the integration of the European defence industry or reforming the procedures of military procurement. In other words, the programme was used by different actors motivated by objectives that are often far removed from the question of efficient military transport. Consequently, the first phase of the programme was marked by a playing down of its purely technical aspects in favour of more diplomatic and

industrial justifications for governmental support. However, the power to define the A400M and the rules governing its procurement soon passed to a combination of military personnel, civil servants and the management of Airbus. Indeed, in seeking to redefine the way military aircraft are produced in Europe, this new institutional order emerged alongside a set of cognitive and normative foundations upon which an original method for procurement was progressively worked out and, at least partially, institutionalised. In short, the Europeanisation of a trans-sectoral framework for policy and its political agenda has occurred in parallel with change in the policy responses generated at the level of the design and management of the A400M programme.

The Method Adopted: The ‘Commercial Approach’

Indeed, if this programme is marked by the explicit commitment of many actors to reform the way arms are produced and procured in Europe, defining the precise mechanisms through which to implement a ‘commercial approach’ has transpired to be a more complex process. At least in France, rather than simply applying a predefined method, the ‘commercial approach’ has entailed the reordering of relations between the state and industry on the one hand, and the Ministry of Defence and the Ministry of Finance on the other.

Challenges to the Concept of ‘Juste Retour’

The geographical repartition of the work involved in manufacturing large military equipment is a classic bone of contention within procurement policy in general and European arms programmes in particular. As a form of economic and political distribution, creating or maintaining employment, often in relatively poor cities or regions, sharing out such work is always contentious and arguments in favour of an arithmetic-based *juste retour* are generally made by a range of industrialists and politicians. In the case of the A400M, a formal commitment was made by policymakers to find a way out of a mechanical approach to ‘work-share’ that is so often technically and financially inefficient. The solution eventually found is nevertheless more a compromise between the different actors involved than the direct application of high principles.¹¹

For the management of the part of Airbus created to run the A400M project, Airbus Military Corporation (AMC), freedom to choose sub-contractors on the basis of the quality and cost of their tender constituted a central part of their ‘commercial approach’ to the building of aircraft. In their negotiations with national governments, these managers made this position on ‘work-share’ a prior condition before beginning to discuss prices and timescales. Indeed, they even went so far as to threaten to charge governments for any excess cost due to the non-respect of this principle.¹²

The representatives of national governments have certainly gone along with the rhetoric of a commercial approach to work-share. However, even within states such as the UK and France, major differences persist as to the political feasibility of this principle. In the British case, the MoD and the Treasury are clearly in favour of the complete abandonment of *juste retour*, but this is attenuated by the approach of a DTI that remains in favour of supporting national industry and research.¹³ Similarly, if French actors were at the heart of pushing for a 'commercial approach' within the FLA group, many also underlined that the building of a military aircraft could not simply be approached in the same way as a civil one. The key argument pushed here was that although one ought to seek the most cost-effective sub-contractors, one cannot take the risk of buying aircraft parts from a non-European manufacturer who might stop their supply for political reasons.

Finally, one must also take into account the arguments over work-share made by the industrialists themselves, including those who are integral parts of Airbus. Daimler-Benz Aerospace (DASA), for example, has sought to use the A400M programme in order to reacquire technological know-how that it had previously lost largely as a result of work-share arrangements within the civil wing of Airbus. Despite, or because of, its government's position on *juste retour*, British Aerospace has consistently sought to retain its European monopoly over wing technology. For its part, Aerospatiale remains attached to maintaining its role in manufacturing flight deck instruments, and so on.

Ultimately, if a logic of *juste retour* is unanimously condemned and blamed on other actors, apart from the management of Airbus itself, there have been few actors prepared to renounce totally their right to intervene in this issue. This explains the compromise finally found: if an arithmetic-based conception of *juste retour* has been abandoned in the contract linking national governments and Airbus, a 'balance' at the level of the programme as a whole, which many participants see as highly delicate, must be maintained between the countries involved. Moreover, the traditional means of dividing work within the civil wing of Airbus was largely transposed to the new military wing: each national industrial partner has been given responsibility for part of the A400M – the wings for British Aerospace, the cockpit for EADS-France, the central part of the fuselage and the tailplane to EADS-Germany, etc. As for the rest of Airbus, further developing these 'poles of excellence' has therefore been a means of avoiding the duplication of production chains. Importantly, however, this part of the work-share agreement only designates the industrialists responsible for each part of the aircraft. So long as they respect the criteria of a 'transparent' system of tendering, each is left free to choose its respective sub-contractors, thus leaving some margin for manoeuvre in balancing the sharing out of work.

Even this solution, however, has not met with total satisfaction within AMC. Airbus holds 60 per cent of its shares, the remainder being held by the different industrials involved in the programme. But this creation occurred at a moment of considerable tension between Europe's aircraft manufacturers.

In particular one must underline the effects of the creation in 1999 of EADS by merging the French company Aérospatiale, the German DASA and the Spanish Construcciones Aeronauticas (CASA) (Hébert 2000). First, the AMC's flexible decision-making procedures that favour the largest shareholders in Airbus provoked the hostility of the Italian company, Alénia. Second, the management of CASA fell out with that of Airbus over whether or not the A400M would indeed be assembled in Spain. The third and deepest conflict, however, concerned the final choice of the aircraft's engines. From the initial tender organised by Airbus, three responses were evaluated: Pratt and Whitney (Canada), Rolls Royce (UK) and a European consortium within which the French company SNECMA played a central role. The Canadian option was rapidly discarded because of its insufficient performance levels. In December 2000, the two other competitors were finally encouraged to combine their proposition, becoming the consortium Aero Propulsion Alliance in order to design and produce a new TP400 engine.¹⁴ However, in late 2001, AMC decided to cancel the agreement with APA, largely in order to evaluate the possibility of a revised offer from Pratt and Whitney. Controversy over the engines dragged on until May 2003, with Airbus now insisting that the Canadian option was the most cost-effective. Faced with this situation, the national governments reiterated in public that Airbus was free to choose its sub-contractors as part of the commercial approach now in operation. Nonetheless, a series of reservations were made known, in particular those of British and German MPs on the one hand and European industrialists on the other. Once again, the final solution was a compromise with Airbus ultimately accepting the bid from the European consortium while making it known that this decision was made only after an undisclosed reduction in the price of the engines had been negotiated.

From the point of view of this article, the result of this controversy is less important than the interpretation of 'work-share' it reveals. First, the national governments remained relatively neutral while the industrialists became the key protagonists. Second, this controversy shows that rather than disappearing, arguments in favour of a *juste retour* can still be legitimate so long as no obviously irrational economic or industrial choice is made. In other words, from a situation where work-share was previously defined and fought over by national governments, its current and softer definition is left for industrialists to thrash out amongst themselves.

'Buying Aeroplanes like any Civil Airline'

If the different partners in this programme all accept that ideally they want to be able to buy military aircraft as any civil airline would, divisions remain about how this goal can be realised in practice. Unlike the divisions of work-share, however, these divergences have been driven less by conflicts of interests than by the profound uncertainty that surrounds the very meaning of 'a commercial approach'. As so often in public policy making, not only

have actor preferences been unstable, but the very manner through which they define their interests highlights the level of uncertainty which marks this activity (Jobert and Muller 1987).

The debate over acquisition methods became more important as of 1996 when a policy group was set up to look in detail at questions of implementation. If the German delegation had made proposals about a commercial approach to the acquisition of the A400M as early as 1994, these remained vague. Indeed, this very vagueness is the key to the success of this expression. In symbolically underlining a break with previous practice, but without leading to clearly identified consequences, the commercial approach brought together a number of actors with very different preferences, each giving particular meaning to the very term itself.

More precisely, at the heart of the debate over implementation of the commercial approach to buying the A400M lay considerable divergence in interpretation between representatives of national governments on the one hand and those of Airbus on the other. In tendering for this project, the management of Airbus underlined that its proposal was indissociable from a commercial approach to payments. For these actors, the principal goal was to protect themselves against any withdrawal from the programme that would have knock-on effects upon the price of each and every aircraft. Within the ministries of defence, however, readings of this part of the Airbus proposition were quite different. In France, and later in Germany, politicians and civil servants, in particular from the respective ministries of finance, only focused upon how this method of payment would end the distinction traditionally made in military procurement between the phases of development and of production. In short, for these actors 'buying a military aircraft like any civil airline' meant paying upon delivery and not participating in the costs of research and development. Driven by this interpretation, France's then Minister of Defence, Charles Millon, even went so far as to cut out all funding for the A400M from the 1996–2002 military budget (*loi de programmation*). Even if the order for 50 aircraft was still verbally confirmed, Millon's intervention was seen by Airbus and other national delegations, in particular Germany's, as a serious threat to France's participation in the programme. As a result, after the reassuring successes achieved over the aircraft's specifications, the programme then entered its most critical phase. Indeed, the Airbus management quickly counter-attacked, arguing that they simply could not solely finance the development of such an aircraft at a time when they were also developing the A380 civil airliner.

Eventually a compromise was thrashed out which was in partial contradiction to a market-based approach to procurement. The national governments agreed to contribute 80 per cent of the cost of developing the aircraft but demanded in exchange royalties on any future exports to third countries. More than the 'commercial' approach itself, behind this deal lies a common desire not to block the programme. Once again, the institutional

order within which this negotiation took place provided a framework for actor strategies and trade-offs to be devised. The question of inventing a more commercial mode of financing was certainly new for most actors involved. For the DGA, for example, as of 1996 its *Direction des Systèmes de Forces et de la Prospective* (DSP), was given a mission to evaluate different options which even included leasing and private finance. Ultimately, a report prepared in 1997 by the Court of Auditors (*Cour des comptes*) unblocked the situation by underlining that payment on delivery would actually end up costing the government more money and that national governments must indeed be obliged to stick to their commitments or face financial penalties. Picked up on by Prime Minister Jospin in his speech to the 1997 Bourget air exhibition, the findings of this report were seen by our interviewees as both THE solution to implementing the commercial approach in France and the return of the country to the centre of the programme.¹⁵

As with the issue of work-share, seeking an alternative approach to buying military aircraft has not resulted entirely in a set of political, administrative and industrial practices wherein financial management priorities, so popular with contemporary ministries of finance in particular, have simply been imposed. In a word, programme-level design and management have not been revolutionised. Instead, a redistribution of roles has taken place wherein the industrialists involved in the A400M partnership have moved more towards centre-stage. This redistribution has certainly been accompanied by a new rhetoric on ‘commercial’ methods, but the key shift is from a balance between national governments as buyers to one between industrialists as shareholders and stakeholders in the Airbus conglomerate.

Conclusions: New Times for French Arms Production and Procurement

This article has used a case study of the procurement of the A400M as a means of updating knowledge about the dynamics of arms policies in France, and in turn to give a better grasp of contemporary relations between the state, industry and the European Union (EU) in this sector. Our overall conclusion is that the deepening of the EU has constituted neither the most important cause nor effect of this military programme. In particular, the European Commission has not intervened significantly in favour of the A400M, neither has its role in domestic defence policy been strengthened by the formulation and implementation of this programme. Instead, we have underlined how this programme breaks with European co-operation of the past and, in so doing, provides an example of ‘Europeanisation without the EU’ (Irondelle 2003). By taking an alternative path to that of weakly institutionalised partnerships founded upon mechanical calculations of *juste retour*, our research strongly suggests that the A400M constitutes a new beginning for the European arms sector. Put in more analytical terms,

we appear to have been observing the birth of a new paradigm of military procurement based upon a set of more restrictive inter-state agreements, a new method of involving industrialists in this process and a cognitive, normative and symbolic framework built upon the 'heroisation' of commercial criteria. However, one should also be cautious as to the 'newness' of these developments. The way the A400M has been acquired certainly does appear original from several angles. However, the same actors as before are still essentially in place. If their respective power seems to have undergone some reordering, national industrialists, politicians and senior civil servants do not appear to have been considerably weakened by this exercise. Indeed, the process of Europeanisation observed here has not produced any genuine supranational negotiating arena. At least in the French case, the key power relations at the heart of procurement policy are still heavily dependent upon a renewed set of relationships between the actors who have long dominated these policies. More precisely, the way this particular programme has developed has been caused by a change in the relations between engineers and politicians on the one hand, and between industrialists and representatives of the state on the other.

Engineers, Politicians and French Arms Production

The launch of the A400M programme has been largely the result of the way industrialists have sought to work with the national governments involved in this venture. If the intervention of Airbus itself has had considerable symbolic importance, the defence of, and lobbying for, this programme has essentially been carried out by its different national shareholders. For this reason, and as the French case underlines, making politicians aware of the advantages of the Airbus solution transited essentially via traditional political relationships.

The direct role played by Airbus must of course be recognised. Through setting up an independent company, AMC, its management not only found a way of getting around the reticence of certain national governments, but also broke with the method of fragile consortia which had previously dominated European arms programmes. Through institutionalising the principal body charged with implementing the A400M programme, the viability of this initiative was rendered both more visible and stable. This was particularly so because of Airbus's success in the field of civil aviation.

Notwithstanding the legitimacy of Airbus and its operating procedures, AMC's small team had no direct levers for convincing national ministries of defence of its merits. In many senses, it played the role of a 'letter box' for receiving national military requirements and preferences which were then passed on to its industrial partners. Given the number of governments involved, Airbus's management restricted itself to producing general information and guidelines, leaving each of its shareholders to act as spokesperson with their respective national governments. This strategy paid

off in many if not all cases. For example, British Aerospace managed to convince the MoD and the Treasury to opt for the A400M thanks to the support it received from the DTI. In the French case, the management of Aérospatiale, and later of EADS France, used their specialised 'political affairs' departments to press the A400M case. If national MPs were an important target, in particular for budgetary reasons, convincing the Ministry of Defence, the cabinet of its successive ministers and the prime minister was ultimately more important.

Throughout this process, the DGA has remained the principal body within the state interacting with French industrialists. Indeed, representatives of these companies and the DGA considered that it was in their common interest to launch the A400M programme. Most of our interviewees underlined the good relationship built up between these actors. In particular, this emerged around a long process wherein explanations of points of view took place and gradually produced a number of shared social representations of the optimum aircraft and of the way in which its production and procurement should be implemented. This community of views withstood a number of challenges. The first occurred at the beginning of the 1990s when the Ukrainian Antonov was first touted as a serious alternative to a new European aircraft. The politico-diplomatic constraints of the 'Franco-German couple' encouraged the French government to look seriously at an option pushed strongly for by its German counterpart. The DGA, however, was never in favour of this option and ensured that representatives from Aérospatiale were included in the French team set up to evaluate it. Here the social 'proximity' between members of the DGA and the management of Aérospatiale was of considerable importance. The industrialist was represented by persons who had all been trained as members of the *corps des ingénieurs de l'armement*. Meanwhile, many of their opposite numbers in the DGA had some experience of civil aviation through working at the flight test centre in Toulouse. If such proximity has been shown as common in France in general, and in the aeronautic sector in particular (Muller 1989), it is by no means the only explanation of the emergence of the community of values outlined above. Instead, one needs to take into account the socialising effects of defending not only a programme but also a 'new' method of procurement against sceptical or even hostile policymakers. The force of the DGA-Airbus relationship resides therefore in their capacity to put together an alternative form of military contractualisation, but also in their commitment to honour the conditions of this contract during implementation. In particular, interviewees from Airbus underlined how the DGA has gone out of its way to resist pressure from national sub-contractors to dilute the rules set up in the contract: 'Within the DGA they have really played the game by putting sub-contractors directly in touch with us and refusing to intervene in their favour'.¹⁶

At the level of European nation-states, it has therefore been the national shareholders within Airbus who have played the key role in convincing each

European government to back the A400M programme. In the French case, however, they have done so largely via the DGA. Indeed, the latter has shown itself to be a staunch supporter of the programme, and has even been prepared to translate political decisions in such a way as to keep the initiative firmly on track.

The DGA and the Changing Politico-Administrative Logics of Procurement

Indeed, if this programme has been caused in large part by a political commitment to reinvent and relaunch European co-operation in the arms sector, this development has largely taken place through the modification of administrative methods and, in particular, the way they take into account the demands of politicians. In more concrete terms, this change has involved the emergence of new relationships between the DGA, the Ministry of Defence and some inter-ministerial actors. Even if politicians have certainly left their mark upon these relations, the structures now in place for arms procurement have progressively developed a high degree of autonomy as regards the orientation and the implementation of programmes such as the A400M.

Within the DGA's hierarchy, the relatively low level of technology of this aircraft has contrasted with the political importance of its procurement. More precisely, the A400M has become the flagship of a series of initiatives launched since the mid-1990s which all attempt to recast European co-operation in this field. In November 1996, the creation of *l'Organisation Conjointe de Coopération en matière d'Armement* (OCCAR) played a role in the A400M story, even though OCCAR itself did not intervene directly. In June 2001, the national governments signed an industrialisation contract which gave this new organisation responsibility for managing the programme. If OCCAR currently deals with a number of other contracts (Tigre, Hot, Milan, Cobra, etc.) the A400M has special importance for at least three reasons. First, it is the only contract that it has managed right from the moment of governmental signatures. Second, the A400M will probably allow OCCAR to expand as any new member state must participate in a major programme and this aircraft seems the most likely piece of equipment they will opt for. Finally, and above all, the principles at the heart of OCCAR's mission statement on European co-operation are extremely close to those governing the A400M programme: competitive tendering, abandonment of *le juste retour* in favour of a more globalised approach to work-share, etc. For all these reasons, the A400M is seen by most practitioners as a key test for the existence and future of OCCAR.

This international dimension of the programme has prompted the particularly strong involvement of politicians in its creation and orientation. In the French case, a prime example is the way in which the Ministry of Defence intervened in 1994 in order to prevent SNECMA from imposing an engine type that would probably have upset the balance between the various national governments. But other factors have also encouraged politicians to

involve themselves in the programme, in particular the budgetary decisions it has necessitated. The DGA, for example, has had to work hard and in new ways in order to justify the number of aircraft it has wanted to order. As of 1994, it set up and ran a 'Technico-operational' group of policy experts featuring representatives from its own services and the High Command of the armed forces. Several scenarios were envisaged by this group before it recommended buying 62 aircraft. The figure finally set by the *Conseil de Défense* in 1996 was for only 50 planes, a decision that the DGA considered unjustified and feared to be the beginning of opposition to the programme as a whole. Moreover, several of our interviewees went so far as to see this decision as weakening the position of the DGA's representatives when negotiating with their foreign counterparts.

Notwithstanding the considerable impact of this political decision, the DGA still managed to retain a considerable amount of autonomy when participating in the design of, and fighting for, the A400M programme. As mentioned above, the DGA showed its strength when contesting Charles Million's decision in 1996 not to finance the development costs of this aircraft. The DGA went into battle alongside the industrialists in order to argue that the 'commercial approach' was a means of running the programme but not of financing it. Once the minister's decision was nevertheless confirmed, the DGA continued a rearguard action in order to preserve the position of France within the programme as a whole. Through commissioning a report by the Court of Auditors, the DGA himself, J.-C. Helmer, became directly involved in this strategy. In parallel, his collaborators concluded negotiations with the High Command of the Armed Forces in order to release funding despite a budgetary law (*loi de programmation*) that had not allowed for any such funds.

Even more explicitly, the DGA contributed strongly to changing the relationship between France and its European partners by preferring a *rapprochement* with the British procurement authorities at the expense of the 'Franco-German couple'. Of course, at a diplomatic and political level, the complicity between Paris and Berlin was never questioned. For example, the heads of state and government of these countries jointly announced their final commitment to the programme in a summit in Mayence in June 2000. However, for the actors more directly involved in this procurement, the return of the British to the programme brought a marked change to its internal balance. First, the German attitude to the A400M was heavily criticised by industrialists, including representatives of Airbus. This opinion was carried forward within the DGA, particularly when tenders were launched in 1998. The manner in which Germany continued to support the Antonov option was an initial motive for this distancing. But the methods adopted for evaluating the tenders by each national procurement system constituted a second, more powerful, reason for growing French discontent with their German ally. In concocting a number of operational scenarios, the DGA worked very closely with the

British Defence Procurement Agency (DPA), even going so far as to exchange the results of this research and write joint technical conclusions. The complicity developed during this process contrasts strongly with the relationship that emerged between French and German colleagues. Given that the latter were incapable, and/or unwilling, to provide a technical and operational justification for their interest in the Air transporter programme, representatives of the DGA began strongly to believe their intuition that the needs expressed by German politicians were artificial and driven solely by industrial and employment considerations.

Even if these relational changes have yet to have a tangible effect upon the programme, they have certainly modified the balance between the different national delegations by fostering a nucleus of partners most committed to the operational and procedural dimensions of the programme. More profoundly, they reveal the upheaval in policy goals and preferences that has taken place within the DGA since the mid-1990s. Despite the resistance to change manifested by most French industrialists in this sector, the DGA's questionable capacity to mediate between politico-diplomatic and sectoral logics suggests that this form of change is likely to have far-reaching consequences in the future. At least for the moment, the extent of this change is so great that for many actors in this policy domain their existing stock of institutionalised representations and practices simply no longer enables them to easily decide how to choose and to act. Indeed, for these actors, formulating their own interests and preferences has become so difficult that even setting out options for action has become a political exercise fraught with tension and uncertainty.

Notes

1. Conducted and published as the work of independent, university-based researchers, these studies have been carried out with a number of colleagues and financed by different parts of the French ministry of defence. An initial report focused upon the 'professionalisation' of the French armed forces in comparison to a much longer established tradition in the UK (Genieys *et al.* 2000). A second report narrowed the focus to the comparative study of resettlement policy (Genieys *et al.* 2001). Finally, in 2002–3 we have studied changes in procurement policy (Joana and Smith 2005a) and begun to look more closely at the trade-offs made between the respective priority given in each country to military personnel and to arms (Joana and Smith 2005b).
2. This case study is based upon a comprehensive review of the specialised press and around 25 semi-structured interviews with practitioners working within the following organisations: Airbus, the French Ministry of Defence, *Délégation générale à l'armement* (DGA), Air Force, *Cours des comptes*. We also conducted interviews with representatives from the British Ministry of Defence, Treasury, Department of Trade and Industry (DTI) and British Aerospace.
3. Interviews, Ministry of Defence and British Aerospace.
4. On this point, see the parliamentary report prepared by the French MP A. Paecht: *Le financement du programme européen d'avion de transport militaire*, Rapport d'information, Assemblée Nationale, 3 February 1994, p. 46.
5. Interview with Airbus management, October 2002.

6. Rapport Paecht, op. cit., p. 69.
7. See the article published by the new Délégué général à l'armement, an industrialist who arrived from Peugeot, J.-Y. Helmer: 'Armement et rénovation du système de défense', *Défense Nationale*, 1996, p. 119.
8. Two other national delegations were in favour of 'rationalising' European procurement in this way. In the case of the Germans, this preference remained relatively general. In the case of the British, however, it was extremely specific because completely in line with the reform of the MoD leading to the creation of a Defence Procurement Agency.
9. Since that date the order has been reduced to 215: Germany (73), Belgium (7), Spain (27), France (50, UK (25), Italy (16), Turkey (26), Luxembourg (1).
10. The Italian government pulled out of the A400M project completely in November 2001. *Air and Cosmos*, 1817, 9 November 2001, 4.
11. At the time of writing (July 2005), apart from the motor and propellers, the choice of the A400M's component parts have yet to be made. Our analysis is therefore limited to the manner work-share has been dealt with at the level of the contract between Airbus and the national governments.
12. Interviews with Airbus management, June 2002.
13. Interviews in the three ministries, February 2003.
14. *Air and Cosmos*, 1760, 1 September 2000, 47; and 1828, 1 February, 2002, 22.
15. A position consistently underlined by heads of state from both France and Germany. 'L'Allemagne et la France optent pour l'A400M', *Air and Cosmos*, 1754, 16 June 2000, 36.
16. Interview, Airbus, October 2002.

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