

The Privatization of Security and Change in the Control of Force

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Perhaps the most dramatic incursion of the private sector into public policy is in the realm of security. Though the legitimate use of force is presumed to be the realm of the state, during the 1990s and into the new century the private sector's role in security has mushroomed. When Sierra Leone faced an insurgency in 1995, Valentine Strasser's government hired Executive Outcomes, a South African security firm, to train and support its troops. When the 1995 Dayton Accords required that the Bosnian military be rebuilt, MPRI (Military Professional Resources Incorporated), an American firm, was hired to advise and train the Bosnian military. When the World Wildlife Fund was faced with the possible extinction of the northern white rhino in a park in the Democratic Republic of Congo, it solicited a bid from Saracen, a South African and Angolan security firm to train and protect the guards. And global corporations, like British Petroleum, Exxon, DeBeers, and others, contracted with private security companies for site security and security planning all over the globe.

A burgeoning transnational market for force now exists alongside the system of states. In this essay, I briefly describe this market and argue that it poses tradeoffs to the state control of violence—offering new tools for control even as it erodes others. Furthermore, the changes in the process of controlling violence that privatization brings with it pose tradeoffs to nonstate actors as well. Rather than simply shifting influence from governments to markets and civil society, the privatization of security is likely to engender changes in each, opening the way for new institutional innovations and the intensification of international change.

The Private Security Market

The presence of private companies providing military services is not entirely new. In the period before the rise of the modern state, military contractors were common. Even in the modern period some states, such as the United States, have outsourced many services. What is new is the number of contractors working for states. In the United States, for instance, the ratio of contractors to active-duty personnel during the first Gulf War was 1 to 50; in Operation Iraqi Freedom, it was 1 to 10. Private security contractors (PSCs) now provide more (and more kinds of) services, including some that have been considered core military capabilities in the modern era. This brings contractors closer to the battlefield. In Operation Iraqi Freedom, contractors provided operational support for systems such as JSTARS and Patriot, and were heavily involved in postconflict reconstruction, including in raising and training the Iraqi army and police forces. A small number of firms have provided armed personnel that operate with troops on the battlefield. Much more common, however, are PSCs that support weapons systems, provide logistics, provide advice and training, site security, and policing services to states and non-state actors.

Also new is the transnational nature of the market. Private security is a global phenomenon. In the 1990s every multilateral peace operation conducted by the

UN was accomplished with the presence of private military or security companies. States that contracted for military services ranged from highly capable states like the United States to failing states like Sierra Leone. Global corporations contracted with PSCs for site security and planning and nongovernmental organizations (NGOs) working in conflict zones or unstable territories in Eastern Europe, the Middle East, Africa, Asia, and Latin America did the same.

Changes in the nature of conflicts have played a role in this phenomenon, leading some tasks less central to the core of modern militaries (such as policing and technical support) to be more and more at the front and center of maintaining security, and private security companies provide these services readily. For instance, advances in technology have led unmanned aircraft, such as the Predator, to be a tool with which the United States can fight terrorism. This system is not only supported by PSCs, but contractor personnel fly the plane until it is in the position to launch its missile. Another key tool in the conflicts of the 1990s and into the twenty-first century is international civilian police. The United States, however, does not have an international civilian police force (nor do most states), and thus in the 1990s used PSCs to recruit and deploy international civilian police. The international civilian police the United States sent to Bosnia, Kosovo, and East Timor were all DynCorp employees.

Finally, states are not the only organizations that finance security. Increasingly, nonstate actors (NGOs, multinational corporations, and others) pay for security services—funding PSCs as well as states, militias, and others—to accomplish their goals. Both Shell and Chevron have financed portions of the Nigerian military and police to secure their facilities in Nigeria. BP hired Defense Systems Limited (DSL), a PSC, to train local forces to protect their pipelines in Columbia. Since the 1970s, conservation NGOs have routinely financed portions of states' security apparatuses to help protect endangered species, and relief NGOs have hired PSCs to provide armed escort, site security for their facilities, and security planning.

Industry projections in 1997 suggested that revenues from the global international security market were about \$55.6 billion in 1990 and were expected to rise to \$202 billion in 2010.¹ Private security contractors with publicly traded stocks grew at twice the rate of the Dow Jones Industrial Average in the 1990s and trained militaries in more than 42 countries during that same time. The global market holds well over 150 private security firms, ranging from very small companies (“essentially a retired military guy sitting in a spare bedroom with a fax machine and a Rolodex”²) to large defense systems conglomerates like Computer Service Corporation (CSC)-owned DynCorp. Most firms operate on a contract basis—with a small full-time contingent and a large database.

Privatization's Effect on State Control of Force

Along with this market has come speculation about its consequences for states and global governance. Optimists have argued that privatization is likely to yield benefits for states—PSCs will deliver new security services cheaply and flexibly in ways that will enhance state security—and thus global governance. Pessimists have argued that privatization will be costly to states—eroding accountability and enhancing conflict—and thus challenging global governance.

There is evidence supporting and opposing both positions. Privatization does tend to offer new tools for security. In 1994, for instance, the United States influenced the balance of power in the Balkans without U.S. troops or U.S. funds by

¹Equitable Securities Corporation, August 27, 1997, cited in Vines (1999), p. 47.

²James Wood, former U.S. Deputy Assistant Secretary of Defense for African Affairs, as quoted in Ken Silverstein, *Privatizing War: How Affairs of State are Outsourced to Corporations Beyond Public Control* (*The Nation*, 28 July 1997), p. 11.

licensing a PSC to provide training to the Croatian military. Shortly thereafter, the Croats took back the Krajina region from the Serbs—a military success that changed events on the ground such that strategic bombing by NATO could push the Serbs to the negotiating table—the results of which were the Dayton Accords. The United States was able to quickly field international civilian police in the 1990s through a PSC. And when recent conditions in Iraq proved tumultuous, PSCs have provided “surge strength” deploying to provide site and personal security for those working in the country and to train the Iraqi Army and police force, freeing up regular forces to combat the insurgency.

Cost savings, however, have been elusive. When the U.S. Army outsourced ROTC training to MPRI, for instance, it cost an additional \$10,000 per instructor per year. U. S. General Accounting Office (GAO) reports analyzing the private (Kellogg, Brown, and Root, or KBR) delivery of logistics support in the Balkans have faulted the contracts for their inability to generate effective cost savings. More recent uproars over KBR’s charges for fuel in Iraq also lend support to the argument that cost savings are neither automatic nor guaranteed. Though outsourcing logistics support can save costs, particularly when contractors must face competition and have the flexibility to hire local personnel, there are many situations when the stipulations placed on military contracts preclude competition, flexibility, or both.

Privatization also erodes established tools for accountability. In the United States, outsourcing centralizes power in the hands of executive branch decision makers and reduces both the information available to Congress and the opportunities for Congress to influence policy. For instance, though Congress approves the military budget, it does not approve individual decisions to contract out training and may not even know how to exert such influence because the annual consolidated report on military assistance and sales does not include information on who is conducting the training. Outsourcing also reduces the information available to the public by dampening media coverage of contractor (as opposed to U.S. troop) deployments. For example, three U.S. contractors working for California Microwave Systems were captured by the FARC in Columbia after their plane (running surveillance missions for the United States) was shot down in January 2003. News stories of these contractors’ harrowing (and still ongoing) experience have been few and far between. Contrast this with the nearly round the clock coverage of Army private Jessica Lynch who was captured for a much shorter time during operation Iraqi Freedom.

The impact of private security on global governance is hard to judge. On the one hand, many have pointed to the warlord politics, nonterritorial network war, and new wars of the 1990s, where there is much evidence that the market’s forces have aggravated many of these conflicts (Reno, 1998; Kaldor, 1999; Duffield, 2001). On the other hand, many applaud the deployment of international civilian police to the Balkans as a tool for stability, and many of these were private forces. Similar praise has been accorded to the PSCs operating in Iraq. Indeed, many argue that PSCs can be a tool through which the international community of states can overcome its inability to head off conflict (Shearer, 1998; Gantz, 2003). Finally, of course, activists, governments, and international organizations have increasingly pointed to the private sector as a tool for resolving conflict—even as it is financing security (Hauffer, this issue).

Privatization and Political Change

This debate is not only hard to resolve, it misses the big picture. In different instances private security can both enhance and undermine the security of individual states. It can also enhance or undermine the integration of violence with the values we associate with the international community—democratic principles,

human rights, and the rule of law. In each case, however, it changes the mechanisms by which force is controlled and thereby redistributes power over the control of violence—spreading that power differently within states and often enhancing the influence of persons and groups outside the state. Privatization's clearest effects are to enhance the importance of market mechanisms and diffuse control to a wider variety of actors.

These changes, though, do not erode states' control of violence so much as pose new tradeoffs to states. Those states that most effectively harness PSCs to pursue their security also open themselves up to the greatest changes in their political processes for controlling violence. The United States, for instance, has used market mechanisms to its advantage. The purchasing power of the United States in security services causes PSCs with which the U.S. contracts to attend to U.S. wishes in their other contracting decisions and generally follow U.S. regulatory regimes. The private provision of security services, however, causes the foreign policy process to work differently in the United States, enhances the power of the executive over the legislative branch, and opens new avenues for PSCs to affect foreign policy decisions. South Africa has stood on principle against the outsourcing of security services in its military, but has effectively ceded influence over PSCs—even those that draw from retired South African soldiers in return. South Africa has been unable to put its firms out of business, but PSCs have ignored its regulatory structure, moving underground or offshore to meet the demand of those states and nonstate actors with purchasing power. The South African decision, though, has preserved its political processes, providing little opening for the interests of the private security industry to affect foreign policy decisions.

Those who are familiar with debates about globalization and the choices it poses to states may not be surprised by this conclusion (Palan and Abbott, 1996). Private involvement in financing and delivering security, however, also poses new tradeoffs to *nonstate actors*: international institutions, nongovernmental organizations (NGOs), and private firms. The privatization of security does not transfer influence from one institution to another so much as pose challenges to the functioning of the whole range of global institutions.

The dilemmas faced by nonstate actors have been most apparent in debates about the proper role of NGOs and oil companies in conflict zones. Though their commitment to remain in weakly governed territories may tempt them to finance security, doing so often complicates the control of force in the country (leading to forces that are less functional and no more likely to abide by international norms for professional behavior) and simultaneously opens up NGOs or firms to claims about the consequences of their actions. Though nonstate actors could solve this problem by becoming much more involved in training and overseeing forces or tying funding to proper behavior, the assumption of "governmental" roles by these entities may compete with their future profitability or fundraising and legitimacy (Ottoway, 2001; Avant, forthcoming 2004).

Issues have also arisen with respect to the functioning of international organizations. For instance, though some have suggested that PSCs could help make the United Nations (UN)—UN peacekeeping, in particular—function more effectively (Shearer, 1998; Brooks, 2002), there are hints that private security could just as easily provide a platform that competes with the UN as a tool for "international" force. In the stabilization portion of Operation Iraqi Freedom, for instance, estimates suggest that 20,000 PSC employees have been deployed to provide a wide variety of security-related functions—making private security the second largest portion of the "coalition of the willing." Given the general antipathy with which the "international community" viewed the operation, one could view private security as an alternative mechanism to the UN for gaining additional personnel. Indeed, one American army staff sergeant claimed, "we're trying to get more international participation here and the contractors can hire internationally"

(Daragahi, 2003). Rather than being a tool for enhancing UN operations, then, PSCs may offer tools to individual states or other actors that can accomplish goals abroad without the involvement of the UN. This could be seen as avoiding sticky political debates or taking quick action when that is required. By offering a tool that works in an array of different forums, private security may reduce the need to work through the political processes that states have set up through multilateral institutions.

The fact that market mechanisms for controlling violence suggest different routes of action and the diffusion of control pulls actors in different directions has complicated the operation of existing institutions. This need not, however, portend the unraveling of control. New innovations may spring up. One could point to the Chad/Cameroon Pipeline deal as one of these—rather than facing their dilemmas alone, oil companies enlisted the aid of activists and international financial organizations to avoid channeling oil money into the corrupt governments of Chad and Cameroon. The result is an unprecedented intervention in the politics of Chad and Cameroon not by other states, but by a variety of transnational actors allied with functionally based international institutions.

Conclusion

The privatization of security has enhanced the importance of market mechanisms and diffused control over violence. The fact that market mechanisms suggest various routes of action and the diffusion of control pulls actors in different directions has complicated the operation of existing institutions—not only of states, but also of international organizations, NGOs, and the market itself. The privatization of security promises change in the practice of sovereignty. We should expect this change to affect not only states, but also the markets and societies that have built themselves around the state system.

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