

Understanding the Emergence of Private Security Companies & Variance in Security Contracting

Melissa Morrison

February 23, 2015

MA Supervisor: Dr. Benjamin Zyla

Reader: Dr. Rita Abrahamsen

Table of Contents:

1. Abstract & Introduction	3
2. What is a Private Security Company & What do they do?	7
3. The History of Contracting	12
4. The Multifaceted Origins of the Private Security Industry	16
4.1 <i>Shifts in the International Security Environment: The Changing Nature of Warfare</i>	17
4.1.a. <i>What has been left behind?</i>	17
4.1.b. <i>Current Conflicts and the Status of the International Security Environment</i>	19
4.1.c. <i>Private Security Companies and New Wars</i>	22
4.2 <i>The 'Market Explanation'</i>	24
4.2.a. <i>The Supply Side</i>	25
4.2.b. <i>The Demand Side</i>	27
4.2.c. <i>The Spread of Neoliberalism and the Popularity of Privatization</i>	28
4.3 <i>The Status of the State</i>	30
4.3.a. <i>A Global Shift from Government to Governance</i>	31
4.3.b. <i>Reconfiguration of the Status of the State</i>	33
5. Variance in Military Contracting	36
5.1 <i>Illustrating Variance in Military Contracting</i>	38
5.2 <i>To Privatize or Not to Privatize? Factors that Influence Security Privatization</i>	42
5.2.a. <i>Norms, Ideas, and Defining Sovereignty</i>	42
5.2.b. <i>Political Costs</i>	45
6. Conclusion	48
7. Appendix	50
8. Bibliography	52

Acronym List:

LOGCAP III – Logistics Civilian Augmentation Program III
MTR – Military Technical Revolution
PMC – Private Military Company
PMF – Private Military Firm
PMSC – Private Military and Security Company
PSC – Private Security Company
RMA – Revolution in Military Affairs
TCN – Third Country National

UNDERSTANDING THE EMERGENCE OF PRIVATE SECURITY COMPANIES AND & VARIANCE IN SECURITY CONTRACTING

This Major Research Paper seeks to provide a comprehensive understanding of the emergence and utilization of the private security industry. Rather than merely providing a detailed account of the multifaceted origins of the private security industry, a topic heavily debated throughout recent security literature, this paper seeks to take one step further, by tacking the puzzle of differing military contracting practices between states. Thus, the purpose of this paper is two-fold. First, to provide a detailed account of the factors that converged to create a massive industry for private security, and second, to understand why there is such variance in military contracting. Through a theoretical analysis of the existing literature, this paper argues that there is no single explanation that sufficiently justifies the significant differences in interstate contracting trends. Thus, this paper suggests that a holistic approach is necessary, where two differing explanations – a political instrumentalist explanation and a norm and idea explanation – are taken as complementary rather than competing. Using a synthetic lens, this paper demonstrates that these two disconnected factors, when taken together, are relevant for analyzing and understanding variance in military contracting.

1. Introduction

Private security contractors have become a prominent fixture of the international security environment. They operate in upwards of 50 countries located on every continent, save Antarctica.¹ The market for commercial private security was valued at over \$165 billion in 2009, with a predicted annual growth rate of 8% for the foreseeable future.² Doug Brooks, President of the International Peace Operations Association (the trade organization for the private security industry) insists that the use of private security companies (PSCs) “is here to stay.”³ However, despite their ubiquity in international conflicts, the employment of private contractors remains a contentious issue amongst scholars, legal specialists, and military professionals. While proponents of the private security industry herald PSCs as cheaper, more flexible, more efficient,

¹ Christopher Kinsey, *Corporate Soldiers and International Security: The Rise of Private Military Companies* (Routledge: New York, 2006) 2.

² Rita Abrahamsen and Michael C Williams, “Security Beyond the State: Global Security Assemblages in International Politics,” *International Political Sociology* 3 (2009): 1.

³ Gary Schaub, Jr and Volker Franke, “Contractors as Military Professionals?” *Parameters* (Winter 2009-10) 88.

and more effective⁴ than national armed forces, critics cite damning incidents such as the widely publicized human rights violations by Blackwater employees,⁵ painting private contractors as unregulated ‘soldiers of fortune.’

Although private contractors have featured prominently throughout historical conflicts, the creation of national armies under state control and the establishment of Weberian ideals with a state monopolization on the legitimate use of violence rendered mercenaries largely irrelevant.⁶ However, mercenaries continued to find work in international conflicts. It was not until the 1960s and 1970s that the term ‘mercenary’ began to evoke moral condemnation, as the mercenaries engaged in various African conflicts during these decades were charged with having destabilizing effects on the countries and “hindering the self-determination efforts of emerging African states.”⁷ Since then, mercenarism has been widely condemned by international law. However, Michael Scheimer outlines that, “while the international community wrestled with the problems of mercenaries, unregulated [PSCs] emerged on the world stage.”⁸ While today’s PSCs and individual private contractors are keen to distinguish themselves from the mercenaries of the past, some scholars, such as Zoe Salzman, argue that at the end of the day, they are still the same thing:⁹ soldiers for hire. If – when looked at in these simplified, black-and-white terms – modern private contractors bear striking resemblance to the mercenaries of the past, then why are they so

⁴ Ryan Kilty and Alex Bierman, “Ambivalence on the Front Lines: Perceptions of Contractors in Iraq and Afghanistan.” *Armed Forces and Society* 39:1 (2013): 22.

⁵ On September 16, 2007, Blackwater employees allegedly killed 17 unarmed Iraqi civilians in Nisoor Square in Baghdad, an incident which prompted the Iraqi government to deny Blackwater’s license to operate in the country in 2009: Deane-Peter Baker “Introduction.” in *Just Warriors, Inc: The Ethics of Privatized Force* (Continuum International Publishing Group: New York, 2011) 2-3.

⁶ Max Weber wrote, “The state is an association that claims the monopoly of the legitimate use of violence, and cannot be defined in any other manner.” in Max Weber, *From Max Weber: Essays in Sociology* (Routledge, New York: 2009): 334.

⁷ Michael Scheimer “Separating Private Military Companies from Illegal Mercenaries in International Law: Proposing an International Convention for Legitimate Military and Security Support that Reflects Customary International Law” *American University International Law Review* 24:3 (2009): 614.

⁸ Ibid.

⁹ Zoe Salzman, “Private Military Contractors and the Taint of a Mercenary Reputation,” *New York University Journal of International Law* 40 (2007-2008): 874.

widely utilized in current conflicts? Moreover, if private contractors have become a permanent element of warfare,¹⁰ what prompted states to largely discard their monopoly on the legitimate use of violence in favour of privatization and the outsourcing of military campaigns? This paper examines shifts in the international security environment to explain why the use of PSCs has become both a popular and widely accepted phenomenon.

The literature offers several explanations to answer these questions. To start with, the multifaceted origins of the private security industry can be traced back to three phenomenon that occurred following the end of the Cold War and the crumbling of the Soviet Union. Significant shifts in the international security environment ushered in an era of new wars, shaped by a return to low-intensity, asymmetric conflict and a so-called Revolution in Military Affairs (RMA).¹¹ Additionally, the post-Cold War demilitarization and the subsequent spread of globalization and the neoliberal ideology fostered market forces that encouraged an expansion of privatization into military affairs.¹² Finally, a reconfiguration of state responsibilities and shifts from government to governance created a new era of security governance.¹³ These factors, when taken together, created an environment in which private contractors could thrive, resulting in a multi-billion dollar private security industry.

This synthesis and analysis of the factors that led to the emergence of PSCs is undoubtedly valuable, however, it leaves out a critical aspect of the private security story. If the factors outlined above converged to create a market for force, and if military privatization is seen as the “next logical step,”¹⁴ then why do some states rely more heavily on PSCs than others? In addition

¹⁰ Peter-Baker, 1.

¹¹ Michael J Thompson, “Military Revolutions and Revolutions in Military Affairs: Accurate Descriptions of Change or Intellectual Constructs?” *Strata* 3 (2011): 84

¹² Frederik Rosén, “Commercial Security: Conditions of Growth,” *Security Dialogue* 39:1 (February 2008): 78-79.

¹³ Arnold Kammel and Benjamin Zyla, “Practicing Security Governance in the Transatlantic Context: fragmentation of power or networked hegemony?” *Journal of Contemporary European Research* 9:3 (2013): 7.

¹⁴ Singer, quoted in Rosén, 80.

to understanding the multifaceted origins of the private security industry, this paper seeks to explain why some countries, like the United States, employ PSCs to a far greater extent than others.

There is a variety of scholarly literature tackling the origins of the private security industry, however, a dearth exists on the variance of military contracting between states. One prominent scholar in the field of private security, Ulrich Petersohn, suggests that a country's attitude towards outsourcing stems from its core attitude towards the market in general.¹⁵ He argues that countries that are Lockean in nature, and thus exhibit more optimism towards the market are more likely to employ PSCs than states that take a more Rousseauian approach to the market and exhibit more apprehension towards privatization and market fundamentalism.¹⁶ While this approach undoubtedly has merits, it alone is insufficient in explaining variance in military contracting, as it fails to account for the delay in the spread of PSCs and for the stark differences between the US and UK's contracting patterns. However, when considered alongside a political instrumentalist theory, where privatization offers an opportunity for greater political autonomy in foreign policy decisions, it is clear that several disconnected factors impact a state's degree of military privatization.

This paper's exploration of the emergence of the private security industry and variance in military contracting is divided into six sections. Section two – the section following – outlines what constitutes a PSC. Scholars and military experts alike differ on their definitions of these corporate entities, and thus, clarification is needed. Furthermore, this section distinguishes between PSCs and the aforementioned mercenaries of the past. The third section of this paper briefly traces the history of private contractors, outlining their evolution from individual

¹⁵ Ulrich Petersohn, "Sovereignty and Privatizing the Military: An Institutional Explanation." *Contemporary Security Policy* 31:3 (2010) 539.

¹⁶ *Ibid.*

mercenaries to PSCs. Section four explains why PSCs are so widely utilized in contemporary conflicts through an examination of the multifaceted origins of the private security industry. Through an analysis of existing literature, this paper argues that changes in the international security environment, the post-Cold War demilitarization and the subsequent spread of neoliberal ideals, and a reconfiguration of the status of the state were the three major drivers of the emergence of the private security industry. Therefore, section four examines the emergence of ‘new wars,’ how the supply and demand features of the market system paved the way for the PSC industry, and how the status of the state has evolved under a new system of security governance. The fifth section of this paper seeks to add to Petersohn’s work, arguing that while a state’s perspective of the market will undoubtedly shape its relationship with military contractors, it is not the only factor involved in the decision to contract out military functions. A cost-benefit analysis of the risks of private security contracting also factors in, as states must balance their desires to implement foreign policy decisions against the wishes of their constituents.

2. What is a Private Security Company & What do they do?

The exact definition of a PSC will vary according to which scholar or military expert is consulted. Kateri Carmola, in her book *Private Security Contractors and New Wars*, describes this complexity best, articulating that these private enterprises are “ambiguous and polymorphous entities – a mix of old and new, public and private; slippery, and hard to pin down analytically.”¹⁷ A debate exists within the academic literature over the correct use of varying terms for private firms specializing in military or security services. The terms ‘private security company’ (PSC), ‘private military company’ (PMC), ‘private military firm’ (PMF), and ‘private military and security company’ (PMSC) are often used interchangeably, however, several scholars have

¹⁷ Kateri Carmola, *Private Security Contractors and New Wars* (Routledge: New York: 2010): 9.

differentiated between the functions of each separate name. According to Carmola, these corporate enterprises were originally referred to as PMFs or private military companies (PMCs), highlighting “their use of former soldiers and their connection to the military.”¹⁸ However, in an effort to de-emphasize their militaristic capabilities, these firms later referred to themselves as PSCs. In the more recent literature the two names have been combined and they are now routinely referred to as PMSCs. However recently, in a further attempt to distance themselves from negative opinions towards all of the titles outlined above, many firms have begun referring to themselves as “peace and stability operators.”¹⁹

While Carmola suggests that, regardless of which acronym is preferred, they all refer to the same idea, other scholars have insisted that the title of the enterprise emphasizes their specializations. Peter Singer, for example, noted that PSCs can be broken down into three categories: military provider firms, who provide support and engage in actual fighting on the battlefield; military consulting firms, who perform more advisory and training roles; and military support firms, who provide “logistical, technical, supply, and support services.”²⁰ Brooks also distinguishes between the varying titles, suggesting that PSCs perform a more passive security function, and would thus be more likely to specialize in demining and logistical support to military operations. On the other hand, PMCs would provide more active services to military operations and thus, would be more likely to be involved in offensive combat operations, armed security services, and military surveillance. Brooks recognizes that many firms will provide a variety of services that may fall under both categories, and therefore the distinction between whether a firm should be titled a PSC or a PMC may at times be difficult.

¹⁸ Carmola, 11.

¹⁹ Ibid.

²⁰ Salzman, 857.

Despite differing definitions, for the sake of consistency and clarity, this paper refers to all private enterprises providing military services, security services, or both, as PSCs. By this definition, a PSC may offer any of the following services: “offensive combat operation; armed security services in unstable states; humanitarian protection, operations, and support; military surveillance, strategic advice, and intelligence; demining; military and police training; logistics and supply for military operations; hostage situation advice and/or rescue operations.”²¹ The composition of a PSC will vary based on its size and services offered. Personnel are often composed of military professionals from national armies,²² former mercenaries,²³ former police personnel,²⁴ and/or specialists in given fields. As salaries for private contractors are typically higher than those offered for public military service, many PSCs pride themselves on being able to attract the most elite military professionals and thus provide superior service.²⁵

As previously mentioned, Zoe Salzman, in her article “Private Military Contractors and the Taint of a Mercenary Reputation,” suggests that PSCs and mercenaries differ little under the letter of the law.²⁶ However, Peter Singer, in his article “Corporate Warriors: The Rise and Ramifications of the Privatized Military Industry,” offers a valuable comparison that shows how private contractors have evolved over time into credible corporate entities. Singer emphasizes that some of the major characteristics of mercenaries are that they are individuals, working for a single

²¹ Doug Brooks, “Messiahs or Mercenaries? The Future of International Private Military Services,” *International Peacekeeping* 7:4 (2000), 3.

²² Carmola, 11.

²³ Peter Singer “Corporate Warriors: The Rise and Ramifications of the Privatized Military Industry” *International Security* 26:3 (2001) accessed online at <<http://www.brookings.edu/~media/research/files/articles/2002/1/01us%20military%20singer/20020128.pdf>>.

²⁴ Doug Brooks and Fiona Mangan, “The Modern Use of Contractors in Peace and Stability Operations.” *The Brown Journal of World Affairs* 18:1 (2011): 183.

²⁵ Daphné Richemond-Barak, “Private Military Contractors and Combatancy Status Under International Humanitarian Law,” (paper presented at the international conference on ‘Complementing IHL: Exploring the Need for Additional Norms to Govern Contemporary Conflict Solutions’, Jerusalem, 1-3 June), 2.

²⁶ Salzman, 874.

client and typically provide a single service: ‘guns for hire.’²⁷ Fundamentally, PSCs differ as they are “organized into incorporated businesses that trade and compete openly on the international market, link to outside financial holdings, recruit more proficiently than their predecessors, and provide a wider range of services to a greater variety of clients.”²⁸ Thus, according to Singer, the corporatization of private contractors not only distinguishes them from the mercenaries of the past, but also increases both efficiency and effectiveness.²⁹ Furthermore, as profit-driven corporations listed on stock exchanges, PSCs do not rely on black-market payment systems. As they compete on the global market, PSCs are contractually bound to their clients, offering a higher degree of accountability than renegade mercenaries.³⁰ These significant differences have allowed PSCs to sidestep mercenary classification under international law, and become a prominent element of contemporary conflicts.

Negative media attention and widespread misunderstanding about the roles and functions of most PSCs have plagued the industry’s attempts to distance themselves from mercenaries and brand themselves as necessary and efficient corporate entities that partner with and support national military forces. While it is commonly assumed that private contractors are gun toting, former US soldiers who sold out for a bigger paycheck, the reality is that a minimal percentage of private contractors carry arms, and the majority are not American.³¹ Although the bodyguard or ‘close protection services’ seem to garner the most negative attention by the media, they account for less than 1% of the private contractors working in Afghanistan and Iraq.³² Additionally, while most media focuses on Western contractors, most PSC employees are local nationals. Despite the

²⁷ Singer.

²⁸ Ibid.

²⁹ Singer.

³⁰ Ibid.

³¹ Peter-Baker, 2.

³² Ibid.

fact that locals require training, and fears of enemy infiltration are not without merit, employing local nationals is “far more cost-effective than transporting, housing, and providing the logistical support for Third Country Nationals (TCNs) from other countries or Westerners, who are more expensive in terms of salary and support requirements.”³³ Furthermore, the benefit of hiring locals far exceeds their cheaper price tag. Not only do local nationals have an essential knowledge of the language and terrain, but their employment supports economic development and capacity-building within the conflict zone.³⁴

While many PSCs *can* and sometimes *do* obtain combat contracts, their most common role is providing logistical and technical support. Brooks and Fiona Mangan, in their 2011 article “The Modern Use of Contractors in Peace and Stability Operations,” highlight this point, noting that PSCs specializing in logistics and support – what Brooks and Mangan define as Logistics and Support Organizations, or LSOs – “make up the bulk of the industry by far in terms of value and number of personnel.”³⁵ LSOs account for roughly 80 percent of the private security industry, and specialize in tasks such as “construction, logistics, vehicle fleet maintenance, aviation services, medical services, power generation, and even unexploded ordnance disposal.”³⁶ Relations between the United States Army and the Logistics Civilian Augmentation Program III (LOGCAP III) exemplify the prominence of logistical support contracting; the United States contracted out their logistical services in Iraq and Afghanistan to LOGCAP III, an arrangement worth over \$36 billion dollars from 2001 to 2009. In comparison, the largest contracts fulfilling military/security roles in Iraq cost roughly \$235 million total in the most active years.³⁷

³³ Brooks and Mangan, 184.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

Andreas Kruck compares the contracting patterns of the United States, the United Kingdom, Germany, and France. He shows that while each state employs PSCs to varying degrees – both quantitatively and qualitatively – providing logistical and technical support appears to be their most widespread function. PSCs are in charge of providing nearly all the logistical support for troops deployed from the US, “ranging from site construction and housing to postal services, provision of supplies and transportation of personnel and material.”³⁸ Similarly, during the interventions in Bosnia, Iraq, and Afghanistan, PSCs contracted by the United Kingdom primarily performed logistical and technical support tasks, focusing on “transport, logistics, maintenance and repair work, [and] communication services.”³⁹ On the other hand, and in accordance with national regulations stressed by the German Government, Germany will not hire PSCs for military-type functions in conflict zones. While Germany does employ contractors for logistical and protection services abroad, no exact data exists on how many contractors are employed and what their particular roles and responsibilities entail.⁴⁰ In similar vein, France also demonstrates reluctance to contract out military and defense functions. France upholds what they describe as a “red line,” which limits PSCs from performing any functions that are directly or indirectly related to combat. France will use contractors for “military and police training and advice, maintenance of domestic military bases and aircraft, logistical support to deployed troops, the protection of embassies, and military site security in missions abroad.”⁴¹

Thus, PSCs and their individual contractors look significantly different than the modern-day mercenaries portrayed by the media. More often than not, private contractors are unarmed,

³⁸ Andreas Kruck, “Theorizing the use of Private Military and Security Companies: A Synthetic Perspective.” *Journal of International Relations and Development* 17:1 (2014): 123.

³⁹ *Ibid*, 124.

⁴⁰ *Ibid*, 125.

⁴¹ *Ibid*, 126.

local nationals, hired by large corporate entities, and performing non-militaristic functions in the domain of logistics and technical support.

3. The History of Security Contracting

A prominent argument against the use of private contractors suggests that it is the responsibility of the state to maintain a monopoly over the legitimate use of force.⁴² However, it should be noted that the use of private contractors is not a new phenomenon, and the classic image of warfare as uniformed civilians fighting on the battlefield on behalf of their nation state is, historically, the exception rather than the rule. These descriptions of ‘traditional warfare’ really only describe the past 300 years,⁴³ as “prior to the Napoleonic wars, war was largely a commercial business.”⁴⁴

An examination of history from the medieval times to the period of enlightenment demonstrates that the use of private contractors – widely labeled ‘mercenaries’ – has been historically entrenched in warfare.⁴⁵ A condensed review of examples of private soldiers participating in previous conflicts illustrates the notion that private contractors have played a role in more conflicts than not.

The first use of private contractors can be traced back to the eleventh century, when a private army of pikemen defeated an army of German knights in Northern Italy.⁴⁶ As a result, Italian cities began to employ pikemen to protect the tradable goods from the trolling groups of armed bandits as it was recognized that the alternative, for townspeople to defend their own

⁴² Rosén, 90

⁴³ Singer.

⁴⁴ David Isenberg “Private Military Contractors and US Grand Strategy,” International Peace and Research Institute, Oslo Report (2009): 18.

⁴⁵ Kinsey, 34.

⁴⁶ Ibid, 35.

territory, was less likely to be successful. Christopher Kinsey, in his book *Corporate Soldiers in International Security*, explains that “the amount of individual commitment needed to accomplish this necessary duty was now weakened as a result of the shift in social bonds in favour of the market and the perceived benefits of a social division of labour. Why would any person wish to take part in the defence of their hometown when they could afford to pay some third party to do it?”⁴⁷ Thus, many Italian cities began to tax their citizens in order to fund the defence of their territory, and these taxes allowed cities to first commercialize armed violence.⁴⁸ Over the next two centuries, the idea of the commercialization and bureaucratization of violence would be widely spread to other kingdoms.⁴⁹

Privateering, defined by international law as “vessels belonging to private owners, and sailing under a commission of war empowering a person to whom it is granted to carry on all forms of hostility which is permissible at sea by the usage of war,” is another example of the use of private contractors dating back to the eleventh century.⁵⁰ States, mainly the French and British, would authorize individuals to attack enemy commerce ships, rewarding them with a portion of the seized prize as payment. Privateering was beneficial in terms of financial gain and increase in state authority, as well as providing a solid foundation for a state naval power.⁵¹ Privateers are credited with playing decisive roles in the outcome of both the American Revolution and the War of 1812.⁵²

In the sixteenth century, the creation of the mercantile company and the spread of imperialism would pave the way for private contractors to take on new roles on the international

⁴⁷ Kinsey, 35.

⁴⁸ Ibid, 34.

⁴⁹ Ibid, 36

⁵⁰ Ibid.

⁵¹ Ibid, 38.

⁵² Isenberg, 18.

stage for the next 350 years.⁵³ While mercantile companies such as the British East India Company and the Dutch East India Company were creations of the state, they were ultimately private organizations that were granted the rights to “raise armies and navies, build forts, make treaties, make war, govern their fellow nationals and local natives, and coin their own money.”⁵⁴ These companies would use violence to establish themselves in a region, and subsequently impose their political will. It is doubtful whether European rulers would have succeeded in exploiting the markets in other regions of the world and whether colonies would have come under European control without the use of these private enterprises.⁵⁵

The above paragraphs offer a snapshot of various roles of private contractors throughout history. While far from comprehensive, they illustrate the extensive use of private contractors in both national and international conflicts. However, the ubiquity of contractors began to change as technological advancements during the Industrial Revolution – coupled with the spread of nationalism during the French Revolution – called into question the necessity and relevance of private contractors up until the expansion of the private security industry in the late twentieth century.⁵⁶

The Industrial Revolution and the development of the steam engine have dramatically affected the conduct of war for the past 150 years. In the eras before, the soldiers and supplies were transported to battle by horses, carts, and boats, greatly limiting the size of armies that states could sustain. The development of steamships and railways “changed the time and distance factors of war,”⁵⁷ allowing states to send their entire male population into war with all the necessary supplies. In addition, the entire act of warfare was impacted by the industrial

⁵³ Kinsey, 38.

⁵⁴ Rosén, 88.

⁵⁵ Kinsey, 40.

⁵⁶ Ibid, 41.

⁵⁷ Barry D. Watts, “The Maturing Revolution in Military Affairs.” Center for Strategic and Budgetary Assessments (2011): 41.

revolution, as war was made into “a series of specialized tasks involving hundreds of thousands of men and vast amounts of equipment...[and] just as production techniques were broken down into parts and formalized, so was the organization of militaries in battle.”⁵⁸ Thus, as armies were getting larger, and as the task of conducting warfare was becoming more intricate and requiring more organization. It became clear that only the state, “with its huge resources in manpower and production, had the capacity to undertake the task, leaving little or no opportunity for mercenary forces to participate.”⁵⁹

In addition to the changes forwarded by the technological advancements of the Industrial Revolution, the French Revolution saw a transformation in the way wars were organized.⁶⁰ While the previous wars are likened to set moves on a chessboard, directed by monarchs and carried out by their private armies, the French Revolution introduced the idea of nationalism, “irreversibly [associating] organized armies with national state interests under the Westphalian system.”⁶¹ The storming of the Bastille ignited the idea that war was a right of the people, a sentiment echoed by the famous military strategist Clausewitz, who urged to “Give the War to the People! The State is the People!”⁶² The outcome of such views of war had clear implications for mercenaries; “there was neither a requirement nor a desire to employ mercenaries to serve the nation’s interest. Since war was now identified with the pursuit of national interests, conducted with the full force of national energy, the whole population of a country became involved.”⁶³

4. The Multifaceted Origins of the Private Security Industry:

⁵⁸ Kinsey, 42.

⁵⁹ Kinsey, 42.

⁶⁰ Ibid.

⁶¹ Kevin A. O’Brien, “Military Advisory Groups and African Security: Privatized Peacekeeping?” *International Peacekeeping* 78 (1998): 81.

⁶² Kinsey, 43.

⁶³ Ibid.

As the previous section highlights, private contractors have found employment in conflicts throughout history. However, despite widespread distaste for mercenaries following their roles in the wars of independence in Africa and the creation of an anti-mercenary norm, a multi-billion dollar industry for private security has emerged. Although the use of PSCs remains a contentious issue, it is understood that they will remain a popular and widely utilized element of foreign policy for the foreseeable future.⁶⁴ This section highlights three phenomena that occurred following the end of the Cold War that illustrate how the international community came to rely so heavily on private security in contemporary conflicts. These explanations – changes in the nature of warfare, changes in the warfare market, and a reconfiguration of the status of the state⁶⁵ - together created a security environment in which PSCs could thrive. However, these three phenomena are not exclusive, and in several cases overlap, as the multifaceted origins of the private security industry are complex and frequently intertwined.

4.1 Shifts in the International Security Environment: The Changing Nature of Warfare

The end of the Cold War and the dissolution of bipolarity ushered in significant shifts in the international security environment. While scholars have been thoroughly discussing these shifts, the academic community has not reached a consensus regarding what precisely has occurred. This section of the project grapples with changes in the international security environment that occurred following the fall of the Berlin Wall; changes that paved the way for the establishment and widespread utilization of PSCs and the ‘market for force.’ While it is impossible to cover all the explanations that have been used to explain the emergence of the private security industry, this section highlights the emergence of new wars and a return to

⁶⁴ Schaub, Jr & Franke, 88.

⁶⁵ Rita Abrahamsen and Michael C. Williams, *Security Beyond the State: Private Security in International Politics* (New York: Cambridge University Press 2011) 9.

asymmetric warfare, and the Revolution of Military Affairs (RMA), as significant drivers of change. However, before it is possible to fully understand what is different about the current conflicts and international security environment, it is imperative to understand characteristics of the warfare we have left behind.

4.1.a. What has been left behind?

According to the Oxford dictionary, war is defined as a “state of armed conflict between different countries or different groups within a country.”⁶⁶ In similar vein, Merriam-Webster defines war as a “state or period of fighting between countries or groups.”⁶⁷ These broad definitions of war leave room for the extensive changes that typical warfare has undergone throughout history. When imagining ‘war,’ it seems instinctive to picture uniformed soldiers bearing the flag of their country, fighting on a battlefield against an enemy, who also don uniforms that distinguish themselves from innocent civilians. These images stem from textbooks and films on conflicts that took place starting in the 17th century, until the end of the Second World War.⁶⁸ These wars were primarily European and are typically connected with Carl von Clausewitz and the descriptions and terminology found in his 1832 work *Vom Kriege*.⁶⁹ However, these instinctive characterizations of war, which differ greatly from those of contemporary conflicts, are only applicable to wars that have taken place in the past four centuries.

As outlined in the previous section, ideologies stemming from the French Revolution, coupled with the technological advances from the Industrial Revolution, created both the ability

⁶⁶ “War,” *The Oxford Dictionary*. Accessed online: November 7, 2014
<<http://www.oxforddictionaries.com/definition/english/war>>.

⁶⁷ “War,” *Merriam-Webster Dictionary*. The Encyclopedia Britannica Company. Accessed Online: November 7, 2013
<<http://www.merriam-webster.com/dictionary/war>>.

⁶⁸ Patrick Mello, “In Search of New Wars: The Debate about a Transformation of War.” *European Journal of International Relations* (2010): 3.

⁶⁹ *Ibid.*

and desire to use large national armies in warfare. Therefore, throughout the 20th century the world witnessed decades of ‘total war’ in which an entire state’s military, economic, and human resources are utilized to the maximum extent possible.⁷⁰ These wars were shaped by the virtues of Napoleonic warfare; “mass armies, seeking out the army of the adversary, enveloping it, destroying it, and then pursuing the remnants of the enemy forces until his ability to resist and political demands had been crushed.”⁷¹ These mass armies were developed by a combination of conscription and nationalism, and were transported to the battlefield by the railway and supplied through mass production.⁷² However, the armies of the World Wars would soon recognize that their enemies could not be easily toppled in the Napoleonic fashion, and battles often resulted in a stalemate. Victory was no longer dependent on rapid military offenses, but on “economic and human endurance,” where the stalemate could only be broken through multiple lengthy assaults with enormous casualty figures.⁷³

Following the end of the Second World War began an era of bipolarity, as the Cold War between the Soviet Union and the United States of America dominated international relations, largely dividing the world into two opposing sides centered on two opposing ideologies. While the Cold War never actually ‘turned hot,’ and direct conflict between the United States and the Soviet Union was limited to interventions in the periphery, fears of utter annihilation and a third incidence of total war within the century kept military size and funding in excess.

4.1.b. Current Conflicts and the Status of the International Security Environment

⁷⁰ Michael Sheehan, “The Evolution of Modern Warfare,” in *Strategy in the Contemporary World*, Third Edition. ed. John Baylis, James J Wirtz, and Colin S. Gray (Oxford: Oxford University Press 2010) 57.

⁷¹ Sheehan, 55.

⁷² Ibid.

⁷³ Ibid, 56.

The end of the Cold War and the dismantling of the Soviet Union ushered in a new international security environment. With the United States emerging as the ‘last man standing’ following a century of massive conflicts and large military expenses, the world shifted into an era of unipolarity and military downsizing. In 1996 Mary Kaldor first published the book *New Wars and Old Wars: Organized Violence in a Global Era*, which argued that the end of the Cold War and the dismantling of the Soviet Union brought an end to what had been deemed ‘old’ or ‘traditional’ wars where states fought states and victory was won by a decisive outcomes on the battlefield.⁷⁴

Leaving behind these ‘old’ or ‘traditional’ wars, we have entered into an era of ‘new wars,’ which are characterized by “state weakness, extremist identity politics, and transnational criminality...”⁷⁵ Unlike ‘old wars’ where the ultimate goal was the triumph of one state over another through victory on the battlefield, the goal of ‘new wars’ is political mobilization; actors in contemporary conflicts strive to obtain power based on a particular identity, “be it national, clan, religious, or linguistic.”⁷⁶ While Kaldor admits that all wars are ultimately based on a clash of identities, during ‘old wars’ these identities were largely linked to the state and nationalism, while ‘new wars’ exhibit a new type of identity politics centered on political or social change.⁷⁷

Kaldor’s book has not escaped extensive criticism – much of which revolves around the selection of the terms ‘new’ and ‘war.’⁷⁸ The classification of contemporary conflicts as ‘new’ wars suggests that they are a phenomenon that has not been previously seen before. Thus, by describing contemporary conflicts as ‘new’ it suggests that these types of conflicts have never

⁷⁴ Mary Kaldor, *New and Old Wars*, (Cambridge: Polity Press 2011), vii.

⁷⁵ Ibid.

⁷⁶ Ibid, 7.

⁷⁷ Ibid, 8.

⁷⁸ Many scholars argue that the conflicts Kaldor describes are neither “new” nor are the conflicts accurately labeled as “war.” (See: Errol A. Henderson and David J. Singer “‘New wars’ and the rumour of ‘new wars’,” *International Interactions* 28:3 (Summer 2002) and Edward Newman, “The ‘new wars’ debate: A historical perspective is needed,” *Security Dialogue* 35 (Summer 2004).).

before occurred throughout history. However, in many ways the wars that are being fought today bear similar resemblance to wars of the early-modern or medieval times.⁷⁹ In her 2011 edition of the book, Kaldor addresses these criticisms, arguing that regardless of the terms that are selected, her central thesis remains relevant. She notes that “my point is that they may not really be new and we may not decide to call them war but something is happening that is different from ‘old war’ and we need to understand it...”⁸⁰ Thus, we have now entered into an era where traditional images of soldiers marching onto a battlefield bearing their nation’s flag on their uniform are no longer relevant. These types of conflicts between states, often described as ‘high intensity conflicts’ have largely been replaced by ‘low intensity conflicts’⁸¹ and ‘asymmetric warfare.’⁸² This, as we will see below, has implications for understanding PMCs.

Stepping away from the debate on appropriate terminology, it is clear that the conflicts faced since the end of the Cold War look drastically different from the conflicts that dominated the 20th century. Echoing the words of Carmola, “contemporary conflicts are clearly different from the kinds of wars focused upon during the Cold War period, or the eras of the World Wars in the early twentieth century, and so they are new to analysis on many fronts.”⁸³ Whether or not likeness can be drawn between these conflicts and conflicts from the medieval times, modern technology brings a new element into warfare and therefore, it is logical to agree with Kaldor that contemporary conflicts represent something we have not seen before.

Technological advances, attributed to another RMA, have played a significant role in shaping the asymmetrical conflicts we see today. The RMA, defined as “a major change in the

⁷⁹ Carmola, 58-59.

⁸⁰ Kaldor, vii.

⁸¹ Errol A. Henderson and David J. Singer “‘New wars’ and the rumour of ‘new wars’,” *International Interactions* 28:3 (Summer 2002): 172.

⁸² Mello, 5.

⁸³ Carmola, 58.

nature of warfare brought about by advances in military technology which, combined with dramatic changes in military doctrine and organizational concepts, fundamentally alter the character and conduct of military operations.”⁸⁴ The term RMA stems from Soviet writings on a Military Technical Revolution (MTR), which suggested that “computers, space surveillance, and long-range missiles were merging into a new level of military technology, significantly enough to shift the correlation of forces between East and West.”⁸⁵ Scholars in the United States studying war supported the notion that significant changes were occurring, but noted that the Soviet emphasis on technology was too narrow of an understanding of the magnitude of the changes.⁸⁶ Instead, they replaced the term MTR with RMA, “which emphasizes doctrinal aspects of military transformation as well as technical/technological.”⁸⁷

While there have been several RMAs throughout history, Elinor Sloan, in her 2000 article “Canada and the Revolution in Military affairs: Current Response and Future Opportunities,” suggests that the current RMA is based on several technical, doctrinal, and organizational changes. These changes are outlined in a Table 1 (*See Appendix*). Ulrich Petersohn, in his 2010 article “Sovereignty and Privatizing the Military: An Institutional Explanation,” suggests that “only through privatization can the full potential of the [RMA] be exploited.”⁸⁸

4.1.c Private Security Companies & New Wars

One of the characteristics of these ‘new’ post-Cold War conflicts has been a change in actors. Unlike traditional wars in which the major actors were states, new wars “involve a

⁸⁴ Elinor Sloan, “Canada and the Revolution in Military Affairs: Current Response and Future Opportunities.” *Canadian Military Journal* 3 (2000): 7.

⁸⁵ James R Blaker, paraphrased and quoted in: Thompson, 85.

⁸⁶ Thompson, 85.

⁸⁷ Ibid.

⁸⁸ Petersohn, 2010, 533.

network of state and nonstate actors, and the main targets are civilians.”⁸⁹ In these networks of state and nonstate actors, private contractors have emerged as a popular means to bolster national armies, provide armed security and surveillance, supply intelligence, and perform numerous other tasks. The increasing complexity attributed to the asymmetry of contemporary conflicts has required more complex responses, in terms of both technology and logistics.

The technological advances, attributed to the RMA, have further appreciated the value of the private security industry, as national armies faced with the pressures of shrinking post-Cold War defence budgets, were unable to maintain all the “skills, qualifications, and expertise that were necessary to effectively manage their security problems.”⁹⁰ Rather than building up and maintaining a military resource base that would be sufficient for responding to all security threats independently, functionalists argue that states can save a lot of money by focusing on their ‘core competencies,’⁹¹ while delegating peripheral tasks (or tasks demanding advanced technology) to PSCs.⁹² This shift from self-sufficiency to core competencies permits states to concentrate their efforts on training soldiers for combat, while privatizing other elements of warfare (such as intelligence or logistical support) through the use of specialized contractors. In addition to functional specialization, retaining a smaller military resource base specifically focused on that particular state’s core competencies would allow more flexible responses to conflicts. This system, which essentially embraces a pay-as-you-go mentality towards security threats, “enhances states’ capacity to respond quickly and flexibly to complex security problems and bolsters their adaptability in the face of changing challenges and technologies of warfare, while reducing

⁸⁹ Kaldor, vi.

⁹⁰ Kruck, 115.

⁹¹ Petersohn, 2010, 537.

⁹² Kruck, 115.

economic costs.”⁹³ Thus, PSCs presented a cost-effective and adaptive way for states to respond to the increasingly complex challenges of fighting new wars.

It should be noted that while the intention of cost efficiency aided in the establishment of the private security industry, the cost-benefits of contracting are strongly contested. Many prominent security scholars --such as Ulrich Petersohn, and Andreas Kruck – note that the assumed cost efficiency of PSCs is often inaccurate. While the practice of contracting out peripheral tasks makes sense in theory, over-billing, the monopolistic structure of the market, and the tendency for contracts to be ‘cost-plus, where PSCs make greater profits if they spend significant amounts of a state money, often dissolve any cost benefits of contracting.⁹⁴

Regardless of the reality of cost-efficiency in contracting, the functional specialization offered by the private security industry was attractive in an era of new, complex, and asymmetrical conflicts. The theory of cost-efficiency in an era of post-Cold War demilitarization is a critical factor in ‘the market explanation’ for the origins of the PSC industry, explored in the section below.

4.2 The Market Explanation

Occurring in conjunction with shifts in the international security environment, the end of the Cold War and the subsequent downsizing of national armies caused significant changes in the dynamics of the international market, ultimately playing a large factor in the emergence of a market for PSCs. This theory, dubbed ‘the market explanation’ by Frederik Rosén in his 2008 article “Commercial Security: Conditions for Growth,” suggests that the emergence of PSCs can be explained through a simple analysis of supply and demand. Rosén asserts that the end of the

⁹³ Kruck, 116.

⁹⁴ Ulrich Petersohn, “Outsourcing the Big Stick: The Consequences of Using Private Military Companies.” Working Paper Series, no. 08-0129, Weatherhead Centre for International Affairs (2008) 2; Kruck, 129.

Cold War and the resulting reduced defense budgets and demilitarization flooded the market with trained military professionals without employment and cheap military equipment.⁹⁵ While the personnel were forced to search for other means of employment, excess military equipment was sold across the world, exported to places of conflict to arm militias, warlords, or mercenaries. In addition, the defeat of the Soviet Union and the end of bipolarity meant that Western countries no longer had vested interests in several peripheral states. The fear of the spread of communism was muted, resulting in large reductions of foreign aid to the developing world. These reductions fostered an increase in poverty in many states across the developing world, stemming from an imbalanced international economy and an unequal distribution of resources.⁹⁶ The resulting poverty fostered dissent and despair, and led to civil wars and conflicts across the periphery. This section explores Rosén's market explanation, examining both the supply and demand aspect of this explanation. This section suggests that these factors were further shaped by the triumph of capitalism and the spread of neoliberal ideals, as the increasing popularity of privatization not only shaped the problem – through the creation of economic inequality throughout the developing world – but also shaped the solution, as large, corporate enterprises – PSCs – stepped in to bolster efforts to end the resulting conflicts.

4.2.a. The supply

The supply-side of the market explanation is based on the fact that the end of the Cold War and the defeat of the Soviet Union resulted in large scale and widespread demilitarization. Tensions between the United States and the USSR had manifested into a massive arms race and decades of hyper-militarization. These decades of hyper-militarization affected the entire world,

⁹⁵ Rosén, 78-79.

⁹⁶ Ibid, 79.

and when the Cold War ended in 1989, militaries across the globe experienced rapid reductions in required personnel and equipment.⁹⁷ The Bonn International Center for Conversion estimates that between 6 and 7 million former combatants were no longer needed following the post-Cold War downsizing efforts.⁹⁸ The United States military shrank by one third in 1990, The British army reached the smallest size in history, and Russia cut more than 1.6 million personnel from their military.⁹⁹ Thus, between 6-7 million people, released from their national militaries, had to find other means of employment.

Carmola notes that employment prospects for former military personnel were not bright and many were forced to turn to the private sector for employment. A 2002 study demonstrated that former combatants faced significant challenges, as many “experienced a drop in income, prestige, privileges, and housing quality; few had easily found new work that used skills they had acquired, and many hoped to find work in private security services...”¹⁰⁰ This shift from public to private is not a new phenomenon; there is an established historical trend of former military personnel turning to the private sector for employment, as “demobilized forces, unneeded and often unwanted at home, [migrated] to other areas of the world with their expertise for sale, not only as mercenaries, but as advisors, consultants, and trainers.”¹⁰¹ For example, mercenaries left over from the Persian wars fought in the Peloponnesian War, combatants from the Napoleonic wars later found work in Latin America, and several Europeans from the failed socialist revolutions of 1848 took up arms in the American Civil War.¹⁰² More recently, following the Second World War, former military personnel from colonies were significant contributors to the

⁹⁷ Carmola, 42.

⁹⁸ Bonn International Center for Conversion, “Conversion Survey, 1998: Global Disarmament, Defense Industry Consolidation, and Conversion.” (Oxford University Press: Oxford, 1998), cited in Carmola 42

⁹⁹ Carmola, 42.

¹⁰⁰ Ibid.

¹⁰¹ Ibid, 43.

¹⁰² Ibid.

wave of independence wars that swept across Africa and South Asia, as “the notorious mercenaries whose exploits made history in the 1960s for their commission of atrocities and their role in coups were World War II veterans.”¹⁰³ Thus, the current trend of military personnel that were displaced after the massive demilitarization following the end of the Cold War, looking to the private sector for employment opportunities, seems to align with historical trends.

In addition to an increase in the availability of trained military personnel, the post-Cold War demilitarization also involved a massive disarmament. The relaxation of bipolarity meant that the Soviet Union and the United States no longer required the massive stockpiles of weapons accumulated throughout the decades of the arms race. These weapons were shipped off to the periphery, where they equipped warlords, militias, and mercenaries raising arms against oppressive regimes.¹⁰⁴ Thus, the excess of military personnel, looking to the private sector for employment, coupled with surplus weapons exported to the periphery following disarmament policies in the West, created a supply of both arms and combatants. On the other hand, these newly equipped warlords, militias, and mercenaries shaped the demand for the private security industry as they rebelled against regimes, formerly propped up by American or Soviet interests.

4.2.b. The Demand

The demand-side of the explanation focuses on the relaxation of bipolarity. During the Cold War, both the West and the East had vested interests in supporting the developing world. Aid was strategically dispensed to various peripheral countries as a means to sway them towards their particular ideology. The United States supported capitalist societies, while the Soviet Union targeted countries that showed a preference for the left side of the political spectrum. Each

¹⁰³ Carmola, 43

¹⁰⁴ Rosén, 79.

country maintained their sphere of influence through foreign aid and, at times, military support. However, the end of the Cold War signified the crumbling of the communist ideology, and thus the United States and the Soviet Union no longer needed to maintain their spheres of influence. Rosén notes that “aid to dependent governments was stopped and intervention from outside declined. Weak states lacking institutional organization and infrastructure grew increasingly incapable of governing their territories.”

In addition to a decline in foreign aid, the exportation of the neoliberal ideology also factored into the demand for the private security industry. This ideology, which gained traction in the 1970s and 1980s, has been credited as responsible for fostering economic hardship across the developing world. The following section examines the spread of neoliberalism as a factor that impacted both the demand for PSCs as well as shaped the response to the spread of conflicts across the periphery.

4.2.c. The Spread of Neoliberalism and the Popularity of Privatization

As previously outlined, throughout history ex-combatants have regularly sought employment through the private sector during periods of significant demilitarization. Thus, the market for force has emerged whenever supply met with demand.¹⁰⁵ Carmola suggests that “mercenaries and contractors will inevitably increase to meet a rising demand, if there are enough otherwise employed soldiers to create the supply.”¹⁰⁶ However, the current wave of private security contracting has reached unprecedented size and private contractors are not individually seeking employment in conflicts abroad, but rather securing positions within massive security corporations. Thus, the current private security industry cannot simply be explained by another

¹⁰⁵ Carmola, 41.

¹⁰⁶ Ibid.

simple alignment of supply and demand. This begs the question, what is different about this particular alignment?

Throughout the 1980s neoliberalism became a popular ideology throughout the western world. The neoliberal agenda pushes strong private property rights, free trade, and free markets.¹⁰⁷ It proposes that the purpose of the state is to create and maintain an institutional framework that encourages “individual entrepreneurial freedoms.”¹⁰⁸ According to neoliberalism, the state has a responsibility to guarantee the integrity of currency, set up legal structures, develop and maintain the military, and create and preserve markets, however, beyond these functions, state intervention should be extremely limited.¹⁰⁹ “Deregulation, privatization, and the withdrawal of the state from many areas of social provision”¹¹⁰ became common policy directives throughout the Western world. The crumbling of the Soviet Union signified a victory for capitalism, and neoliberalism was exported worldwide. Thus, the end of the Cold War not only affected the demand for private contractors – as outlined in the section above – but also shaped the supply, as private actors found employment within large, private corporate agencies. Military analyst Kevin O’Brien describes the post-Cold War market-based approach to military services as “the ultimate representation of neoliberalism.”¹¹¹

The most famous of the PSCs that emerged in the early 1990s were Executive Outcomes, a firm based out of South Africa, and Sandline International from the United Kingdom. While these two companies closed down in the late 1990s, Rosén notes that they “pioneered the concept of the [private military and security company] as a modern and respectable business and very

¹⁰⁷ David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005) 2.

¹⁰⁸ Ibid.

¹⁰⁹ Harvey, 2.

¹¹⁰ Ibid, 3.

¹¹¹ Kevin O’Brien, “Military-Advisory Groups and African Security: Privatised Peacekeeping.” *International Peacekeeping* 5:3 (1998) 89, quoted in: Singer.

different from its far cousin, the mercenary.”¹¹² Thus, what resulted was a very neoliberal response to a problem partially created by the concept of neoliberalism itself.

The increase of the supply of trained military personal, occurring in conjunction with an increase in a demand for security across the developing world, created an optimal environment for the establishment of a market for private security companies. This widespread trend of privatizing areas that were once under the control of the state is further examined in the next section, which explores the reconfiguration of the state authority and a global shift from government to governance.

4.3 The Status of the State

As outlined above, state responsibilities have been increasingly outsourced to private enterprises. The growing trend of privatization, described by Peter Singer as a “privatization revolution,” began in the 1980s and is linked with the phenomenon of globalization, as “both are premised on the belief that the principles of comparative advantage and competition maximize efficiency and effectiveness.”¹¹³ Outsourcing became a dominant strategy in the realm of business, as “global outsourcing expenditures topped \$1 trillion in 2001, having doubled in just the previous three years alone.”¹¹⁴ Thus, the success of privatization gave the strategy a stamp of legitimacy, encouraging states to pursue privatization in any realm that did not require direct government involvement. Thus, privatization spread to realms that were previously deemed exclusive government domain, with the privatization of military functions becoming a widespread yet contentious norm.¹¹⁵

¹¹² Rosén, 79.

¹¹³ Singer 12-13.

¹¹⁴ Ibid, 13.

¹¹⁵ Ibid.

Since the establishment of the Westphalian state in 1648 there has been an understanding that the state maintains a monopoly over the legitimate use of force.¹¹⁶ While previous sections have outlined that the use of security contractors in international conflicts is not a new phenomenon, the corporatization of the private security industry seems to offer a higher level of legitimacy to security contractors. The legitimation of the private security industry conflicts with a state monopoly over violence and has fostered a debate amongst scholars whether it represents an element of a decline in state power. Through an examination of the literature on the status of the state and the global shift from government to governance, this section addresses how a reconfiguration of state power helped shape the emergence of the private security industry.

4.3.a. A Global Shift from Government to Governance

In addition to a dramatic change in the nature of warfare, the international security environment has also witnessed a global shift from the idea of *government* to the idea of *governance*. This transition occurred in the late 20th century and was shaped by “an ever-increasing global connectedness of people, goods, and services, which some scholars label ‘globalization’.”¹¹⁷ It is important to note that, while government and governance are often used interchangeably, the two terms are actually defined by their own meaning and by their own “distinct set of practices, methods, and processes.”¹¹⁸ James Rosenau provides a valuable distinction between the two terms. He argues that “government suggests activities that are backed by formal authority, by police powers to insure the implementation of duly constituted policies, whereas governance refers to activities backed by shared goals that may or may not derive from legal and formally prescribed responsibilities that do not necessarily rely on police powers to

¹¹⁶ Weber, 334

¹¹⁷ Kammel and Zyla, 7.

¹¹⁸ Ibid.

overcome defiance and attain compliance.”¹¹⁹ As these terms became widely accepted by society, there was a “shift in emphasis both conceptually, empirically, and rhetorically from a discourse of government to one of governance,”¹²⁰ with the term governance “conceived as being a distinct and more encompassing concept than government.”¹²¹

Elke Krahnemann in her article “Conceptualizing Security Governance,” outlines three factors driving the change from government to governance. First, there have been increasing budgetary pressures that, in turn, have made privatization and outsourcing an attractive means to encourage efficiency. Secondly, a widespread awareness of world wide problems such as famine and conflict, as well as new “security threats such as transnational crime, terrorism, and migration, [all of which] can only be resolved through international cooperation.”¹²² The third and final driver of governance is globalization, as increased multinational connectedness is charged with the creation or exacerbation of these global problems and increased security threats.¹²³

This shift from government to governance is apparent in changes to the architecture of international security since the end of the Cold War. The end of bipolarity resulted in the transfer of security from states to societies, explained by the global shift to governance.¹²⁴ While in the past the state maintained a monopoly over violence, the decline of statism has increased the number of participants in the security sector, allowing for the creation of a market for private contractors. As Kaldor had suggested, the end of the Cold War and the era of new wars broadened the scope of actors involved in contemporary conflicts. Instead of governments and international organizations engaging in combat or conflict resolution, a variety of private actors

¹¹⁹ James Rosenau. “Governance, Order, and Change in World Politics,” in *Governance without Government: Order and Change in World Policies* (Cambridge: Cambridge University Press, 1992): 4 –Quoted in Kammel and Zyla, 7.

¹²⁰ Kammel and Zyla, 10.

¹²¹ Ibid.

¹²² Elke Krahnemann, “Conceptualizing Security Governance,” *Cooperation and Conflict* 38:1 (2003): 11.

¹²³ Ibid, 12.

¹²⁴ Ibid,, 6.

emerged to conserve global security. These private actors can range from charities to PSCs, and deal with “issues such as humanitarian aid, human rights monitoring, refugees, and military training and protection.”¹²⁵

4.3.b. A Reconfiguration of the Status of the State

If there has been a widespread shift from government to governance, what does this mean for the status and the authority of the state? This section grapples with the consequences of these local and national transformations, which have given rise to “transnational security actors and structures.”¹²⁶ Does the shift to governance erode the power of the state?

Rita Braahamsen and Michael C. Williams, in their 2011 book *Security Beyond the State: Private Security in International Politics*, reject the notion that the shift from government to governance reflects a decline of the state. Instead, they suggest that the increased use of PSCs represents a ‘reconfiguration’ of state sovereignty, rather than a decline.¹²⁷ Borrowing from an often cited metaphor, Braahamsen and Williams suggest that the “role of the state has shifted from ‘rowing’ towards ‘steering’.”¹²⁸

As previously mentioned, the privatization of the security sector is a logical progression of the privatization of other sectors following the aforementioned spread of neoliberal ideals. These changes can find root in the crisis of the Keynesian model in the late 1970s, where the state’s ability to provide public services and social welfare was limited. This gap in the government’s capacity to provide what?, allowed the private sector to step in. While there is undoubtedly validity to this notion, Braahamsen and Williams highlight that a purely economic focus on privatization falls

¹²⁵ Krahmman, 10.

¹²⁶ Braahamsen and Williams, 2011, 9.

¹²⁷ Ibid, 9.

¹²⁸ Ibid, 61.

short, as in many states an increase in spending on private security occurs simultaneously with an increase in spending on public security.¹²⁹ This notion is echoed by Andreas Kruck, who notes an explosion of the private security industry occurring in conjunction with a rise in defense budgets in the United States.¹³⁰

Abrahamsen and Williams suggest that, as privatization filled various gaps, the role of the state was relocated. Rather than state's ensuring the security of their citizens, individual citizens were instead tasked with taking on an increased role in their own protection. This shift, described as 'responsibilization', charges "individuals, communities, businesses, and other actors to come to accept substantial responsibilities for their own safety and security."¹³¹ Thus, responsible, knowledgeable, rational citizens should take the necessary precautions to avoid victimization, which could involve "installing burglar alarms and surveillance systems, engaging the services of a security company, participating in neighbourhood watches, and other forms of non- or quasi-state-related security behaviour."¹³² This new approach to security, which emphasizes individual accountability in self-preservation, expands the market for PSCs locally, nationally, and globally.¹³³ Thus, in an era of neoliberalism where less government intervention is considered better government, the privatization and individualization of the security sector does not equate to a decline in state power. Instead, governments will focus on their core competencies, letting individuals and the market dictate the rest. The new, neoliberal model of government's

core responsibilities no longer centre on managing people and programs, but on organizing resources, often belonging to others... Government agencies, bureaus, divisions, and offices are becoming less important as direct services providers, but more important as generators of public value within the web of multiorganizational,

¹²⁹ Abrahamsen and Williams, 2011, 63.

¹³⁰ Kruck, 129.

¹³¹ Abrahamsen and Williams, 2011, 67.

¹³² Ibid.

¹³³ Ibid.

multigovernmental, and multisectoral relationships that increasingly constitute modern government.¹³⁴

Looking at the power of the state from an entirely different angle, the expansion of the private security industry has been charged with granting states a degree of political autonomy in foreign policy decisions that were not common in many democratic states. Andreas Kruck, in his 2014 article “Theorizing the use of Private Military and Security Companies: a Synthetic Perspective,” outlines that political instrumentalists see the rise of the private security industry as a tool for governments to enhance their autonomy and reduce political costs.¹³⁵

While the division of powers inherent in most democracies was designed as a check and balance on government power, the emergence of a private security industry provides the ability to skirt legislative, judicial, and general public oversight. By outsourcing tasks that could be politically risky or controversial, the government shifts the blame from themselves to the private actors instead. In the case of military functions, “transferring the execution of security functions to [PSCs] may help governments hide the origins, extent, and consequences of unpopular decisions from other state organs and broader constituencies.”¹³⁶

In this respect, it is important to note that the casualties of private contractors are not recorded in official casualty counts, and thus, particularly casualty-sensitive societies can benefit from outsourcing military tasks in contentious conflicts.¹³⁷ While the public may care equally about private contractor deaths as they do about the death of military personnel, they are simply less likely to know about them.¹³⁸ Kruck highlights this point, noting that public debate surrounding the death of nearly 1000 private contractors in Iraq was essentially nonexistent.¹³⁹

¹³⁴ Goldsmith & Eggers, quoted in: Abrahamsen and Williams, 2011, 60.

¹³⁵ Kruck, 116-117.

¹³⁶ Ibid, 117-118.

¹³⁷ Petersohn, 2010, 535.

¹³⁸ Kruck, 129-130.

¹³⁹ Ibid, 130.

This section has outlined three interconnected phenomenon that fostered the emergence of the private security industry: new wars, a result of globalization and the spread of neoliberal ideals emerged following the end of the Cold War and the start of an era of American dominance and unipolarity. While interstate conflicts declined, intrastate conflicts boomed, stemming from economic and political hardships, facilitated by demilitarization and the exportation of Cold War weaponry, and exacerbated by the spread of neoliberalism. The widespread acceptance of privatization worked its way into the security sector, allowing a market for force to emerge and the private security industry to prosper. Additionally the shift from government to governance fostered changes in the local, national, and global security environment. Governments shifted their focus to their core competencies and security provision became an individual responsibility rather than an exclusively governmental domain. Each of the three factors reinforces each other, ultimately resulting in the creation of a massive, booming industry for private security.

Understanding the multifaceted origins of the private security industry is essential in understanding why states contract out military functions. However, merely noting the factors facilitating the expansion of PSCs leaves out an essential aspect of military privatization. While these explanations illustrate how the industry emerged, they fail to account for the massive variance in military contracting between states. Therefore, the following section of this paper examines why different states embrace PSCs to different degrees.

5. Variance in Military Contracting

Data highlighting the extensive use of PSCs in conflicts shows that the number of military contractors engaged in conflicts is increasing significantly. From the period of 1950-1989, PSCs

were engaged in only 15 conflicts. This number skyrocketed to over 80 from 1990-2000.¹⁴⁰ In terms of percentage of the American Department of Defense's workforce, private contractors accounted for less than 15% during World War II, yet constituted more than 60% of the workforce in Afghanistan.¹⁴¹ In addition, PSCs are not only taking on roles in a multitude of international conflicts, but they are have also been credited as playing a decisive role in such conflicts, where the presence of private contractors sometimes determined the conflict's outcome.¹⁴²

Unfortunately, the nature of the PSC is to remain shrouded in secrecy, so exact figures are often unknown, or when data is available, it is not outrageous to question if some elements remain unreported.¹⁴³ That being said, available data on PSCs supports assertions that they are increasing in prominence both qualitatively and quantitatively on the international stage. In her article "The Privatization of Security: Lessons from Iraq," Deborah D. Avant examines the rise in the numbers of contractors deployed in past theatres of conflict in comparison with intervention in Iraq. She shows that during the first Gulf War there were 9,200 contractors and 541,000 military personnel, a ratio of 1 contractor for every 58 military personnel. This ratio has been steadily declining, and during the crisis in Bosnia there was only 1 contractor for every 15 from the military. Initial estimations for the intervention in Iraq suggest that there were 21,000 contractors to the 140,000 military personnel, decreasing the ratio further to 1:6.¹⁴⁴ More recent data, presented by Deane Peter-Baker, in his book *Just Warriors, Inc*, estimates that there were roughly 265,000 contractors

¹⁴⁰ Rosén, 79.

¹⁴¹ Schaub Jr and Franke, 88.

¹⁴² Kinsey, 2.

¹⁴³ In 2008, the Chairman of a Senate Subcommittee, Senator Thomas Carper, articulated that, "five years after going to Iraq, we still do not know how many contractors are there. We have estimates, but they differ"; Carmola, 9.

¹⁴⁴ Deborah D. Avant, "The Privatization of Security: Lessons from Iraq," *Orbis* (2006): 330.

in Iraq and Afghanistan in 2008.¹⁴⁵ Furthermore, in 2009, private contractors hired by the United States outnumbered uniformed American soldiers in Afghanistan.¹⁴⁶

As the above figures highlight, there is no doubt that PSCs are used extensively in contemporary conflicts, however, countries contract out security functions to differing degrees. The United States, the world's largest employer of private security companies, spent \$200 billion US dollars, more than 30% of their total defense budget, on private contractors in 2010.¹⁴⁷ In similar vein, the UK spends 25% of their defense budget, roughly 8 million pounds, on private security contracts.¹⁴⁸ In contrast, Germany and France dedicated only 5% of their 2008 defense budgets to security contracting, a total of 1.4 billion Euros and 1.7 billion Euros respectively.¹⁴⁹ What explains such variance?

As we have seen, there is no shortage of literature dedicated to explaining the multifaceted origins of the private security sector. However, far less attention has been given to understanding why some states employ contractors while others do not. A comprehensive understanding of the causes and conditions for security privatization must include an explanation for why states utilize the industry to differing degrees. Unfortunately, one simple explanation as to why some states elect to contract out military functions does not exist. Just as the origins of the private security industry are multifaceted and interconnected, so are explanations for variance in military contracting. Rather than viewing differing factors as rival, this paper calls for taking a more holistic approach. Norms, ideas, and political motivations will undoubtedly vary significantly between states, and as such, so will their security management. Therefore, the purpose of this

¹⁴⁵ Peter-Baker, 1; Gary Schaub Jr. and Volker Franke estimate that there are roughly 200,000 contractors only in Iraq in 2008: Schaub, Jr and Franke, 88.

¹⁴⁶ Schaub Jr. and Franke, 88.

¹⁴⁷ Kruck, 122.

¹⁴⁸ Ibid, 124.

¹⁴⁹ Ibid, 125-126.

section is twofold: first to illustrate the variance in military contracting through a comparison of five OECD countries – The United States, the United Kingdom, Germany, France, and Canada – and second, to outline two major factors that together explain variance in military contracting.

5.1 Illustrating variance in military contracting

Varying degrees of military contracting can be understood in qualitative and quantitative terms. While quantitative calculations focus on the number of employed contractors, qualitative calculations look at the scope of contractor functions. Thus, if one country employs an extensive amount of contractors, however, those contractors all perform similar roles, that country has significant qualitative contracting practices, yet limited quantitative contracting practices. The United States, however, is a global outlier both quantitatively and qualitatively, as they use the highest number of private contractors worldwide *and* employ contractors for the largest scope of security tasks.¹⁵⁰

Quantitatively, the use of PSCs by the United States has grown exponentially. Table 2 (*see Appendix*) outlines how the ratio of contractor to military personnel in the US has changed since the Revolutionary War. The table demonstrates the extensive use of private contractors in contemporary conflicts, but also their presence in US conflicts throughout history. As previously mentioned, the United States recently spent unprecedented amounts on security contracting. From 1996 to 2006, spending on private security contracts increased by 143 percent. In 2010, American spending on private contractors reached \$200 billion dollars, \$50 billion dollars more than the US spent on uniformed military personnel.¹⁵¹

¹⁵⁰ Kruck, 123.

¹⁵¹ Ibid, 122.

Qualitatively, the United States has the broadest range of functions performed by private contractors. In recent decades, the range of functions performed by PSCs has significantly broadened. While contracts for logistical and technical support still dominate, American contracting practices have PSCs moving closer to the frontline. While PSCs are not employed to participate in ground combat operations, contractor participation as armed guards have at times resulted in unintentional involvement in violent clashes. Furthermore, PSCs have secured contracts providing more indirect combat support, including “operating weapons such as unmanned drones and missile systems.”¹⁵²

Like the United States, the UK armed forces have undergone a significant transformation since the Cold War. Central to this transformation has been “an expanded role for private contractors in providing deployed support functions traditionally conducted by uniformed personnel.”¹⁵³ Furthermore, next to the United States, the UK is the second most extensive employer of PSCs. However, while the UK’s level of quantitative contracting is high, the scope of functions performed by PSCs remains limited. Following the 2003 invasion of Iraq, there were 46,000 uniformed military personnel working alongside 2,000 contractors. However, this ratio shifted in the post-invasion years, and in 2008 there were 4,100 military personnel and 2,200 contractors.¹⁵⁴ Likely stemming from the legacy of the UK’s infamous PSC, Sandline International, the United Kingdom employs contractors for a much smaller range of tasks. The UK avoids the use of armed contractors in combat roles, and instead tends to rely on PSCs to provide mainly technical and logistical support.¹⁵⁵

¹⁵² Kruck, 123.

¹⁵³ Matthew Uttley, *Contractors on Deployed Military Operations: United Kingdom Policy and Doctrine*. Strategic Studies Institute (DIANE Publishing: September 2005): v

¹⁵⁴ Kruck, 123-124.

¹⁵⁵ *Ibid*, 124.

Like the UK, both France and Germany have a smaller range of military tasks they will delegate to PSCs. Germany repeatedly declares its reluctance to use contractors in conflict zones, and instead hires PSCs for logistical services and armed protection abroad. While spending on PSCs has increased, Germany's patterns of contracting are still extremely limited in comparison to the US and UK. Throughout the 1990s spending on contracting was basically nonexistent. However, in 2008 contracting expenses increased to 1.4 billion Euros, and then rose slightly in 2011, to 1.6 billion Euros.

Similar to Germany, France also refuses to hire contractors for direct or indirect combat functions. While the scope of French military contracting has expanded, these expansions are fairly minimal. France's spending on PSCs increased from 592 million Euros to 1.7 billion Euros between 2001 and 2009, but again such increases appear insignificant when compared to American or British contracting budgets.¹⁵⁶

Comparing these four OECD states highlights the significant variance in contracting practices. Chart 3 (*See Appendix*) sums up each state's trends, demonstrating that the United States is the clear leader in contracting both qualitatively and quantitatively. Furthermore, while data available on Canadian contracting is limited, it is interesting – albeit ultimately unsurprising – to note that Canadian military contracting has undergone similar transformations. Although exact figures are currently unavailable, Christopher Spearin, in his 2009 article “The Changing Forms and Utility of Force: The Impact of International Security Privatization on Canada,” outlines that private contracting has increased significantly in recent years.¹⁵⁷ Two of the most significant changes Canada has made towards privatizing security were the development of the contractor support program in 2000, and the 2002 contractor augmentation program. These programs laid the

¹⁵⁶ Kruck, 126.

¹⁵⁷ Christopher Spearin, “The Changing Forms and Utility of Force: The Impact of International Security Privatization on Canada” *International Journal* 64:2 (2009): 483.

foundation for private security contractors to provide a variety of tasks for the Canadian Forces' deployments abroad, including but not limited to:

administration and management, food services, material management and distribution, communications and information systems, land equipment maintenance, health services and transportation, accommodation and support, construction and engineering services, power supply and distribution, water supply and distribution, waste management, facilities operations and management, roads and grounds, fire services, geomatics support, environmental management, and ammunition support.¹⁵⁸

While Canada does not directly employ private contractors for combat functions, they have demonstrated an increasing willingness to use contractors in dangerous environments. Spearin notes that Canadian policies and initiatives towards contractors “generally see private personnel in greater numbers, performing a greater number of roles alongside Canadian Forces personnel in environments not characterized by stability and not very far away from ‘frontlines’.”¹⁵⁹

The differences in military contracting practices of the United States, the UK, Germany, France, and Canada demonstrates that countries have drastically different policies regarding the employment of PSCs. What factors explain why some countries are determined to capitalize on the massive private security industry, while others demonstrate hesitation?

5.2 To Privatize or not to Privatize? Factors that Influence Security Privatization

As previously mentioned, there is no single explanation that accounts for why states embrace security contracting to different extents. This paper suggests that the varying explanations should taken as complementary rather than competing, as there is no one-size-fits-all explanation that justifies the substantial variance in global contracting trends. Taking a more holistic or synthetic approach to understanding military contracting, a strategy borrowed from Kruck,

¹⁵⁸ Spearin, 484.

¹⁵⁹ Ibid, 485.

provides a greater degree of forgiveness, as no single explanatory condition sufficiently justifies the variance. Thus, this section outlines two independent factors that converge to create a comprehensive explanation of security contracting practices. These independent factors are: ideas and norms, particularly how a state defines sovereignty and their relationship with the market; and the political costs and benefits of employing contractors. While each explanation for military contracting is insufficient by itself, when combined they offer a logical explanation for why some states embrace the private security industry, while others do not.

5.2.a Norms, Ideas, and Defining Sovereignty

Ulrich Petersohn, a prominent private security scholar, suggests that the willingness of a state to contract out military functions will ultimately depend on that state's relationship with the market. Petersohn, in his 2010 article "Sovereignty and Privatizing the Military: An Institutional Explanation," explains that variance in military contracting stems from state's differing views on sovereignty and the benefits of the market. The aforementioned shift from self-sufficiency to core competencies in the military – following the end of the Cold War – saw worldwide reductions and changes to national armies. However, Petersohn suggests that how states define their core competencies is ultimately shaped by their relationship with the market. Through an examination of the United States and Germany, Petersohn argues that Lockean societies – such as the United States – will be more willing to outsource military functions, whereas states that are more Rousseauian in nature – for example, Germany – will exhibit more reluctance in military contracting.¹⁶⁰

The Lockean school of thought follows a more 'laissez faire' interpretation of liberalism, which perceives state intervention as a negative threat to individual liberty. This sentiment echoes

¹⁶⁰ Petersohn, 2010, 539.

the neoliberal ideology outlined above, which ultimately stresses that governing well means to governing less. While the state is recognized as necessary in the protection of life, liberty, and property of its citizens, safeguards should be put in place to limit potential abuses of power.¹⁶¹ Such safeguards can be seen in the United States, where the separation of powers and system of checks and balances were put in place to minimize government power and protect individual liberty.

On the other hand, states that follow the liberal traditions of Rousseau view state intervention more positively, and demonstrate tempered confidence in the market. These societies – such as Germany – welcome state policies that promote widespread education and the redistribution of wealth, and understand that a larger state offers more protection. “In fact, when people enter into the social contract they have to give themselves absolutely, with all their rights to the whole community. However, in exchange they gain liberty from subjection and inequality.”¹⁶²

As Lockean and Rousseauian societies differ in their definitions of sovereignty and their attitude towards the market, these societies will have different attitudes towards military outsourcing. Petersohn outlines that Lockean societies such as the United States are more inclined to define their core competencies narrowly, and thus, will be more likely to outsource military tasks to a larger degree. On the other hand, Rousseauian societies will more broadly define their core competencies, and in turn, tasks that may be outsourced in a Lockean society would be considered exclusively government domain.

Petersohn’s thesis is supported by Kruck, who agrees that “country-specific differences result from the diverging domestic norms and ideas producing variation in compliance and the

¹⁶¹ Petersohn, 2010, 538-539.

¹⁶² Ibid, 539.

interpretation of transnational norms and ideas.”¹⁶³ Taking Petersohn’s analysis one step further, Kruck uses two indices of economic freedoms – the Canadian Economic Freedom Network and the US Heritage foundation – to substantiate Petersohn’s theory, noting that “government size indicators from these two indices for the US, the UK, Germany, and France largely co-vary (over time and across countries) with the scale and scope of the respective state’s use of [PSCs].”¹⁶⁴ However, Kruck notes that sovereignty norms do not exclusively explain variance in military contracting, as the model contains two important ‘blind spots’. First, this explanation cannot account for the gap in timing of the outsourcing of military functions, as the neoliberal ideology gained significant traction under the Thatcher and Reagan administrations in the 1980s, yet it was not until the mid-1990s that security privatization began. Second, Kruck notes that, if societal norms define sovereignty and a states’ core competencies, then “the differences in the quantity and particularly the quality of privatization between the US and the UK should be even smaller than we observe today.”¹⁶⁵ These flaws in Petersohn’s ideational model underscore the assertion that a holistic approach to understanding military contracting is necessary, as one single explanation cannot sufficiently account for all aspects of variance in military contracting independently.

5.2.b Political Costs

As previously outlined, one of the benefits of privatizing security is that the employment of PSCs can offer a degree of autonomy when making foreign policy decisions, as the private security industry maintains an element of confidentiality, and thus, the responsibility for reported scandals can be shifted from the government to the individual contractors or the firm itself. Furthermore, the widespread secrecy of PSCs can allow governments to escape levels of

¹⁶³ Kruck, 119.

¹⁶⁴ Ibid, 131.

¹⁶⁵ Ibid.

institutional and constituent accountability, as incidents often go unreported under relatively lax PSC laws and regulations. Although this advantage of private security contracting is undoubtedly a threat to democratic governance, it could empower states to act boldly in foreign policy decisions without fear of massive political backlash.

Immanuel Kant noted that going to war in democratic states is increasingly difficult, as citizens have “to pay the costs of war from their own resources...load themselves with a heavy national debt that would embitter peace itself and that can never be liquidated on account of constant wars in the future.”¹⁶⁶

Thus, the political costs of military interventions are high, and unpopular or unexpectedly devastating conflicts can significantly impact government popularity and hinder re-election. One of the particularly sensitive elements of conflict are casualty counts, as democratic citizens tend to be casualty-averse,¹⁶⁷ and thus, extreme casualty figures can radically revoke national support for military interventions. One of the aforementioned benefits of PSCs is that private contractor casualties remain unreported in official casualty counts. Therefore, employing PSCs could theoretically provide a means for democratic governments to maintain their foreign policy objectives, despite dangers and potential citizen losses, without risking massive citizen backlash.

The link to casualty-aversion and private contracting led Petersohn to assume that societies *without* a history of significant casualties would be more casualty-averse (as they would be less familiar with high casualty counts) and thus, would be more willing to rely on contractors in dangerous environments. Therefore, since Germany has less recent experience with significant casualties than the United States, Germany would theoretically employ PSCs to a greater extent.¹⁶⁸

¹⁶⁶ Immanuel Kant, “Perpetual Peace: A Philosophical Sketch,” Essay (1795), online access: <https://www.mtholyoke.edu/acad/intrel/kant/kant1.htm>. Quoted in: Petersohn, 2010, 535.

¹⁶⁷ Petersohn, 2010, 535.

¹⁶⁸ *Ibid*, 536.

As previously demonstrated, this is obviously not the case, a revelation that leads Petersohn to discredit the casualty-aversion aspect of a political instrumentalist explanation altogether.

However, one could also reasonably wonder whether societies *with* a legacy of citizen casualties would aim to avoid a reoccurrence political backlash associated with such devastation by employing more contractors to minimize official casualty counts. Societies are not desensitized by enormous casualty figures, and as such, increasing death tolls still pose detrimental political risks. Thus, even in states that have historically experienced massive casualty counts, an incentive still exists to minimize such devastation, potentially through employing PSCs. Therefore, if both states without extensive experiences with citizen loss *and* states with such experiences would benefit from contracting out security tasks, then the casualty-aversion aspect cannot be used to discredit the entire political instrumentalist explanation for variance in military contracting.

Furthermore, Kruck hypothesized that “the less popular the military operation among the domestic audience, the greater will be the incentives for governmental actors to reduce political costs and the higher their propensity to rely on the security services of [PSCs].”¹⁶⁹ In turn, Kruck assumed that states would logically elect to privatize the most dangerous and contentious tasks, taking advantage of both the ability to skirt responsibility and the unreported private contractor casualty figures. However, as outlined in previous sections, most states employ private security contractors for mundane, relatively safe tasks, and very few contractors actually engage in direct combat.¹⁷⁰ Such conclusions led Petersohn to further disregard this explanation as a viable factor justifying substantial variance in military contracting.

¹⁶⁹ Kruck, 118.

¹⁷⁰ Petersohn, 2010, 535.

While it may seem logical to assume that governments will seek to maximize their political autonomy by outsourcing the most controversial tasks – as Petersohn and Kruck both conclude – it is imperative to keep in mind that government decisions to employ contractors will be influenced by a several factors. Therefore, just because a government *can* engage in responsibility-shirking by outsourcing controversial or dangerous military tasks to PSCs, does not mean that they *will* transfer the authority of combat operations to private interests. Examples of poor PSC performance, such as the widely condemned incident involving Blackwater employees in 2009,¹⁷¹ could factor in to a government’s decision to keep contractor support to less critical and detrimental domains. Furthermore, while governments may be enticed by the political benefits of using contractors, the norms of their particular state will still impact decision-making. Therefore, despite any cost-benefit analysis, if a government is premised on societal norms and ideas that promote hesitation towards the market, the government may not seek to hire contractors for dangerous combat operations. Instead, individual states may seek the political instrumentalist’s benefits of the PSC industry to a degree that is considered palatable by societal ideas and norms. Thus, the political cost explanation complements the norm and idea explanation outlined in the previous section.

Furthermore, the results of numerous studies concluding that PSCs are harmful to state transparency,¹⁷² coupled with widespread reluctance for a meaningful improvements in PSC regulation¹⁷³ seems to support the explanation that private security can serve a convenient purpose for democratic governments, allowing states to increase their autonomy in military decision-

¹⁷¹ Peter-Baker, 2-3.

¹⁷² Kruck, 129.

¹⁷³ Ibid, 130.

making. For example, outsourcing tasks to PSCs allowed the US government to side step Congress-mandated ‘troop ceilings’ placed on the conflicts in the Balkans and Colombia.¹⁷⁴

Thus, the conclusion is that a state’s decision to contract out military functions, and to what degree they do so, will ultimately be shaped by several factors. While societal norms and ideas regarding sovereignty and the utility of the market will be essential in such decision-making, cost-benefit analysis of the political risks and rewards of contracting will undoubtedly factor in on a case-by-case basis.

6. Conclusions

The purpose of this MRP was to understand the emergence of the private security industry and variance in military contracting through an examination of two separate, yet connected research questions. First, this paper sought to understand why states suddenly began contracting out military functions – an action that was not unprecedented throughout history, but that had not previously been done in such an intense and institutionalized manner. Through analyses of existing literature, this paper outlined three major, interconnected phenomena that occurred following the end of the Cold War and the dissolution of bipolarity that paved the way for the creation of the massive private security industry. Shifts in the international security environment ushered in by an era of unipolarity and intrastate conflicts, significantly changed the nature of warfare. Rather than massive interstate, high-intensity conflicts, the post-Cold War world saw an era of low-intensity, asymmetric conflicts that were shaped by a RMA and massive demilitarization. In addition to these significant shifts in the international security environment, the significant supply of both unemployed soldiers and weaponry created a demand for the private security industry, as demilitarization and the relaxation of bipolarity enabled and exacerbated the

¹⁷⁴ Kruck, 129.

intrastate conflicts that ravaged the periphery. Furthermore, a reconfiguration of the status of the state created an individual responsibility in the security domain. This, coupled with a global shift from governance to government, created a market in which private security forces could thrive.

In addition to outlining the multifaceted origins of the private security industry, the second question this paper addressed was the significant variance in interstate contracting patterns. Following an examination of the contracting patterns of the United States, the United Kingdom, France, and Germany, this paper ultimately concluded that deep-rooted societal norms, ideas, and political incentives together shape a country's willingness to contract out military and security functions.

As the study of the private security industry is relatively new, a lack of reliable data still hinders a comprehensive analysis of current contracting patterns—that is to fully trace the reasons why states hire PSCs. Additional research into individual states' employment trends, as well as an increase in regulation and reporting for PSCs would undoubtedly benefit future literature on this topic.

7. Appendix

Table 1 – Changes leading to the Current RMA¹⁷⁵

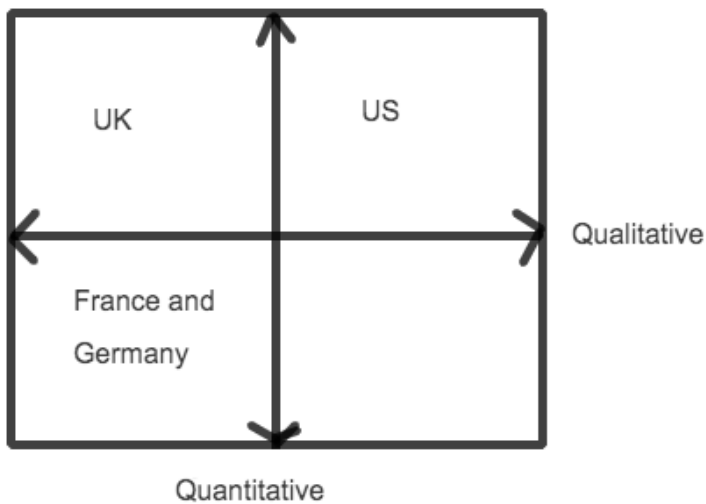
Technology:	Doctrine:	Organization:
<ul style="list-style-type: none"> ▪ “The application of precision force by launching precision-guided munitions. ▪ Achieving enhanced ‘battlespace awareness’ with advanced intelligence gathering, surveillance and reconnaissance assets. These may include advanced surveillance aircraft, unmanned aerial vehicles and satellites. ▪ Advanced Command, Control, Communications, Computers and Intelligence (C4I) processing capabilities. ▪ Increased power projection capabilities as a result of low observable or ‘stealth’ technologies. 	<ul style="list-style-type: none"> ▪ Operations characterized by navies, armies and air forces (and in some cases the Marines) increasingly working together, (i.e., ‘jointness’), and by militaries of different countries operating in coalition (i.e., combined operations, making interoperability among services and militaries especially important). ▪ More rapidly mobile and flexible ground forces that, while smaller, are still highly lethal. ▪ A long-term move away from manned aircraft to unmanned aircraft, especially for reconnaissance but also increasingly for combat. ▪ A change in focus from warfare at sea to naval forces projecting power from the sea onto land in the context of littoral warfare. 	<ul style="list-style-type: none"> ▪ Smaller, more modular units that can be easily combined and tailored to specific tasks. ▪ More decentralized decision making as a result of increased situational awareness and battlespace control capabilities at lower echelons than was previously the case. ▪ A move towards professional forces and more highly educated service personnel.”

¹⁷⁵ Directly quoted from: Sloan, 7-8

Table 2 – Contractor-Civilian Ratios in American Conflicts¹⁷⁶

Conflict	Contractor Personnel (thousands)	Public Military Personnel (thousands)	Ratio of contractor to military personnel
Revolutionary War	2	9	1:6
War of 1812	N/A	38	N/A
Mexican-American War	6	33	1:6
Civil War	200	1000	1:5
Spanish-American War	N/A	35	N/A
World War 1	85	2000	1:24
World War 2	734	5400	1:7
Korea	156	393	1:2.5
Vietnam	70	359	1:5
Gulf War	9	500	1:55
Balkans	20	20	1:1
Iraq Theatre	190	200	1:1
Afghanistan	100	65	1.5:1

Chart 3 – Comparison of American, UK, German, and French contracting practices¹⁷⁷



¹⁷⁶ Table directly taken from: Kruck, 122

¹⁷⁷ Information from: Kruck, 121-127

8. Bibliography

- Abrahamsen, Rita; and Williams, Michael C. *Security Beyond the State: Private Security in International Politics*. New York: Cambridge University Press (2011).
- Abrahamsen Rita; and Williams, Michael C. "Security Beyond the State: Global Security Assemblages in International Politics." *International Political Sociology* 3 (2009): 1-17.
- Avant, Deborah, D. "The Privatization of Security: Lessons from Iraq," *Orbis* (2006): 327-334.
- Bonn International Center for Conversion, "Conversion Survey, 1998: Global Disarmament, Defense Industry Consolidation, and Conversion." Oxford: Oxford University Press, (1998).
- Brooks, Doug and Mangan, Fiona. "The Modern Use of Contractors in Peace and Stability Operations." *The Brown Journal of World Affairs* 18:1 (2011): 181-194.
- Brooks, Doug. "Messiahs or Mercenaries? The Future of International Private Military Services," *International Peacekeeping* 7:4 (2000), 129-144.
- Carmola, Kateri. *Private Security Contractors and New Wars* (Routledge: New York: 2010).
- Harvey, David. *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).
- Henderson, Errol A. and Singer, David J. "'New wars' and the Rumour of 'New Wars'," *International Interactions* 28:3 (Summer 2002) 165-190.
- Isenberg, David. "Private Military Contractors and US Grand Strategy." International Peace and Research Institute, Oslo. (2009) 1-49.
- Kaldor, Mary. *New and Old Wars*. Third Edition. Cambridge: Polity Press (2012).
- Kammel, Arnold and Zyla, Benjamin. "Practicing Security Governance in The Transatlantic Context: Fragmentation of Power or Networked Hegemony?" *Journal of Contemporary European Research* 9:3 (2013) 441-459.
- Kant, Immanuel. "Perpetual Peace: A Philosophical Sketch," Essay (1795), online access: <https://www.mtholyoke.edu/acad/intrel/kant/kant1.htm>.
- Kelty, Ryan and Bierman, Alex. "Ambivalence on the Front Lines: Perceptions of Contractors in Iraq and Afghanistan." *Armed Forces and Society* 39:1 (2013) 5-27.
- Kinsey, Christopher. *Corporate Soldiers in International Security* (New York: Routledge, 2006).
- Krahmann, Elke. "Conceptualizing Security Governance," *Cooperation and Conflict* 38:1 (2003) 5-26.

- Kruck, Andreas. "Theorizing the use of Private Military and Security Companies: A Synthetic Perspective." *Journal of International Relations and Development* 17 (2014) 112-141.
- Mello, Patrick. "In Search of New Wars: The Debate about a Transformation of War." *European Journal of International Relations* (2010) 1-13.
- O'Brien, Kevin. "Military Advisory Groups and African Security: Privatized Peacekeeping?" *International Peacekeeping* 78 (1998): 78-105.
- Peter-Baker, Deane. *Just Warriors, Inc: The Ethics of Privatized Force*. New York: Continuum International Publishing Group (2011).
- Petersohn, Ulrich. "Outsourcing the Big Stick: The Consequences of Using Private Military Companies." Weatherhead Centre for International Affairs, paper No. 08-0129 (2008) 1-79.
- Petersohn, Ulrich. "Sovereignty and Privatizing the Military: An Institutional Explanation." *Contemporary Security Policy* 31:3 (2010): 531-552.
- Richmond-Barak, Daphne. "Private Military Contractors and Combatancy Status Under International Humanitarian Law," (paper presented at the international conference on 'Complementing IHL: Exploring the Need for Additional Norms to Govern Contemporary Conflict Solutions', Jerusalem, 1-3 June).
- Rosén, Frederik. "Commercial Security: Conditions of Growth," *Security Dialogue* 39:1 (February 2008): 77-97.
- Rosenau, James. "Governance, Order, and Change in World Politics," in *Governance without Government: Order and Change in World Politics* (Cambridge: Cambridge University Press, 1992).
- Salzman, Zoe. "Private Military Contractors and the Taint of a Mercenary Reputation," *New York University Journal of International Law* 40 (2007-2008): 854-884.
- Schaub Jr, Gary; and Franke, Volker. "Contractors as Military Professionals?" *Parameters* (Winter 2009-10) 88-104.
- Scheimer, Michael. "Separating Private Military Companies from Illegal Mercenaries in International Law: Proposing an International Convention for Legitimate Military and Security Support that Reflects Customary International Law." *American University International Law Review* 24:3 (2009).
- Sheehan, Michael. "The Evolution of Modern Warfare," in *Strategy in the Contemporary World*, Third Edition. ed. John Baylis, James J Wirtz, and Colin S. Gray (Oxford: Oxford University Press 2010).

- Singer, Peter. "Corporate Warriors: The Rise and Ramifications of the Privatized Military Industry." *International Security* 26:3 (Winter 2001/2002).
- Sloan, Elinor. "Canada and the Revolution in Military Affairs: Current Response and Future Opportunities." *Canadian Military Journal* (Autumn 2000) 7-14.
- Christopher Spearin, "The Changing Forms and Utility of Force: The Impact of International Security Privatization on Canada" *International Journal* 64:2 (2009): 481-500.
- Thompson, Michael J. "Military Revolutions and Revolutions in Military Affairs: Accurate Descriptions of Change or Intellectual Constructs?" *Strata* 3 (2011) 82-108.
- Uttley, Matthew. *Contractors on Deployed Military Operations: United Kingdom Policy and Doctrine*. Strategic Studies Institute (DIANE Publishing: September 2005).
- "War," *Merriam-Webster Dictionary*. The Encyclopedia Britannica Company. Accessed Online: November 7, 2013 <<http://www.merriam-webster.com/dictionary/war>>.
- "War," *The Oxford Dictionary*. Accessed online: November 7, 2014 <<http://www.oxforddictionaries.com/definition/english/war>>.
- Watts, Barry D. "The Maturing Revolution in Military Affairs." Center for Strategic and Budgetary Assessments (2011).
- Weber, Max. *From Max Weber: Essays in Sociology* (Routledge, New York: 2009).