The Implications of Marketized Security for IR Theory: The Democratic Peace, Late State Building, and the Nature and Frequency of Conflict

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Over the course of the last fifteen years states—along with companies, international organizations, non-governmental organizations, and others—have increasingly turned to markets rather than state-organized military hierarchies for security. This article puts forth hypotheses about how this marketization might affect three major literatures in international relations theory: the democratic peace, late state building, and theories of the frequency and nature of conflict. Relying on institutional logic, I argue that the marketization of security should redistribute power over the control of force. This redistribution should cause democracies to function differently—increasing the dilemmas between short-term security and long-term relations with other democracies. It should also reinforce the dilemmas pointed to by the literature on the resource curse and rentier states, thus deepening the expected difficulty of state building. Finally, as more states and non-state actors take advantage of market options for security, the oft-assumed collective monopoly of states over violence should suffer a blow. This should lead the chances for conflict to grow but also the purposes for which people and groups use violence to change. These propositions are not tested but serve as a call for further research.

It is commonly assumed by international relations theorists that states, organized hierarchically, create military organizations that provide security. Though the logic underlying the assumption varies in different theoretical camps, most analyses have assumed military forces to be an intrinsic part of the state. This assumption has been well grounded in much of recent history. From the French Revolution through the end of the Cold War the practice of states raising military forces (either conscripted or volunteer) grew throughout much of the world.¹

This need not be the case, however. There is more than one way to organize security forces. Imagine a continuum moving from universal conscription at one extreme—where every citizen is obligated to serve in the military—through a voluntary force in the middle—where rules and limits govern the terms of service for those who sign up—to purely market contracts at the other extreme.² Historically rulers have often relied on the market for forces at different times. Feudal lords supplemented their forces with contracted labor from the beginning of the twelfth century, and from the end of the thirteenth century through the Peace of Westphalia in 1648 virtually all force was allocated through the market. Even in the modern system of states the British "rented" Hessian forces during the American Revolution.

Over the course of the last fifteen years, the use of markets to organize for security has grown rapidly. Consider the recent experience in Iraq. When the U.S. defeated the Iraqi Army in 2003, at least one out of every ten people deployed to the theater in the conflict were hired by private security companies (PSCs) to perform work that used to be done by soldiers. As lawlessness followed the fall of Saddam Hussein and U.S. forces were stretched thin, an "army" of private security forces surged into the country—to train the Iraqi police force, the Iraqi army, a private Iraqi force to guard government facilities and oil fields, and simply to protect expatriates working in the country. In May 2004, it was estimated that in excess of 20,000 private security personnel from countries as varied as Fiji, Israel, Nepal, South Africa, Chile, El Salvador, the United Kingdom, the United States, and many more employed by some 25 different PSCs worked for...
the U.S. government, the British government, the Coalition Provisional Authority (CPA), private firms and international non-governmental organizations (INGOs) in that country. This feature of the Iraqi occupation was thrust into the public eye when four private security personnel working for the U.S. PSC, Blackwater, USA, were killed and mutilated on March 31, 2004 and was amplified when contracted interrogators were implicated in the abuses of prisoners at Abu Ghraib. The role of private security in Iraq is only the most recent manifestation of the global trend toward the use of markets to allocate security. Private firms increasingly deliver security services and private actors (commercial and non-commercial) increasingly join states in financing security services to better meet their goals.

If theory is to be a useful guide for forecasting behavior, it is important to consider whether this growing market for force should alter the expectations of various international relations theories that assume force is organized through state hierarchies. Using institutional logic, I argue that using markets re-distributes power over the control of force. While actors may initially choose market options precisely because it allows them more influence than their political opponents, the establishment and regular use of market alternatives changes the workings of states—re-distributing power among institutions and eroding state autonomy from commercial forces. I examine how this re-distribution of power might matter for three sets of literature—the democratic peace, late state building, and theories of the frequency and nature of conflict—and suggest three broad amendments.

First, among mature democracies the embrace of market alternatives for security often enhances a state’s capacity but also erodes transparency and constitutionalism, argued to be key elements in generating the trust that underscores the democratic peace. This may create more dilemmas than the literature on the democratic peace has recognized among mature democracies by more starkly casting the trade offs between taking advantage of the market to generate short run capacities and forgoing these to maintain the long term benefits associated with trust.

Second, market options also offer transitional or immature states short-lived increases in capacity, but the use of these options often reinforces patterns that frustrate the creation of legitimate and capable state institutions. Private security should thus reinforce the dilemmas pointed to by the literature on the resource curse and rentier states, deepening the expected difficulty of state building.

Finally, as more states and non-state actors take advantage of market options for security, the oft-assumed collective monopoly of states over violence should suffer a blow. Tracing the logic of arguments about the likelihood of conflict without the assumed prominence of states should lead one to expect the chance for conflict will grow but also that the purposes for which people and groups use violence will change.

In the next two sections I describe the current security market and compare it with past markets. I then flesh out the institutional logic that underlies my claims and elaborate and trace processes in illustrative individual cases and comparisons to suggest that these hypotheses are plausible and worthy of further investigation. My goal is not to test these propositions, but to spur further research on them and encourage additional thinking about how altering assumptions that are no longer appropriate can be an important tool for generating new hypotheses and more useful theoretical propositions.

The Market for Force at the Turn of the 21st Century

The current market for security services manifests itself in several ways, all of which are apparent in the Iraqi conflict. First, private military and security companies (PSCs) now sell some services that overlap with what have been considered core military capabilities in the modern era. A small number of firms have provided armed troops that operate with troops on the battlefield. Executive Outcomes (EO) provided these services in Sierra Leone and Angola. Sandline, International did the same in Sierra Leone and Papua New Guinea. U.S.-based Blackwater, USA, also provides armed personnel and has its own aircraft and lift capacity that can more or less replace U.S. troops in some circumstances. More common are PSCs that support weapons systems, provide logistics, and provide advice and training to state militaries, also common activities for soldiers in the latter half of the twentieth century. The United States Army’s Task Force XXI Army Warfare Experiment (AWE) in March 1997 relied upon 1,200 civilian contractors from 48 different vendors. All of these people were in the field at the National Training Center providing advice, maintenance, and technical support. As these systems have been integrated into U.S. operations, along with them has come the deployment of private personnel to the battlefield. In Operation Iraqi Freedom, contractors supplied operational support for the B-2 stealth bomber, the F-117 stealth fighter, Global Hawk UAV, and U-2 reconnaissance aircraft, among others. Haliburton’s Kellogg, Brown and Root (KBR) built bases and provided food, water, laundry services, and much more for American troops, all part of a multi-year LOGCAP contract to support U.S. forces. Though the U.S. is the largest consumer of these kinds of services, it is not the only one; the U.K. and Australia have also increased their reliance on PSCs to provide logistics and operational support. Every U.N. peace operation in the 1990s was conducted with support in logistics from the private sector. PSCs draw personnel from all over the world and offer their services both to strong and weak states.

Perspectives on Politics
Changes in the nature of conflict have also increased the importance of key tasks (such as technical support and policing) that many modern militaries are reluctant to embrace and private security companies provide these services readily. Advances in technology, though mentioned above, deserve emphasis here. As conflicts have become more technology dependent, private provision of operational support has moved closer to the core. For instance, one important technological advance has been in the use of unmanned aircraft, such as the Predator. These aircraft are not only useful on the battlefield, but also can pursue individual terrorist suspects. Contractor personnel essentially fly the plane; only when it is in the position to launch its missiles do military personnel take over to push the launch button. Similarly, many of the conflicts in the 1990s were civil wars and their resolution required the provision of order and stability. In pursuing the Global War on Terrorism, the importance of providing order and stability to particular territories has only grown. One vital instrument for creating order is international civilian police. The U.S. does not have an international civilian police force, though, and so turned to a private company (DynCorp) to recruit and deploy one. In Iraq, DynCorp continued this mission and also developed a prison and justice system and trained the Iraqi police force.

Finally, states are no longer the only organizations that purchase security services. Increasingly, non-governmental actors finance their own security. For instance, multinational corporations who work in oil or other extractive industries often pay for security—either by financing a portion of the state’s forces or hiring PSCs—to accomplish their goals. Both Shell and Chevron have paid portions of the Nigerian military and police to secure their facilities in Nigeria. British Petroleum hired DSL, a British PSC, to train local forces to protect their pipelines in Columbia. It is not only commercial firms that finance security, however. Since the 1970s conservation INGOs have routinely paid portions of states’ security apparatuses to help protect endangered species. In some recent cases, they have supplied their own personnel or hired PSCs to do the same. Relief INGOs have also financed security, sometimes inadvertently and indirectly as the resources they provide are skimmed off by armed groups, but other times more directly as they have hired PSCs to provide armed escort, site security for their facilities, and security planning. In post-war Iraq INGOs must hire security to operate in the country. Even the U.N., whose security strategy was questioned in the wake of the August 2003 bombing of U.N. headquarters in Baghdad, has entertained the possibility of hiring a PSC to help it generate and implement security—in Iraq and more generally. As non-governmental entities move to generate their own security, the demand for security is deepened and broadened, and opens additional avenues for PSC activity.

The market for force is global and growing. States, international organizations, INGOs, and commercial firms purchase security services all over the world. Though many PSCs originate in western countries, an increasing number are hard to identify with any one state. Even those PSCs with ties to the U.S. or the U.K. recruit personnel from all over the world and frequently not only deploy expatriate personnel but also work with, train, and employ local personnel. Virtually every continent is a part of this market. Private industry projections in 1997 suggested that revenues from the global international security market were about $55.6 billion in 1990 and were expected to rise to $202 billion in 2010. Private security companies with publicly traded stocks grew at twice the rate of the Dow Jones Industrial Average in the 1990s. Some 2003 estimates suggested that the revenues had already reached $100 billion. Others claimed that the U.S. military market alone in 2003 (excluding combat services) was $100 billion strong.

The Current Market Compared

This is not the first market for force. Markets for allocating violence were common before the systems of states came to dominate world politics. In the era stretching from the twelfth century through the peace of Westphalia, virtually all force was contracted. Military contractors employed forces that had been trained within the feudal structure and then contracted with whoever could pay—Italian city states, the pope, emerging states, other feudal lords, and more. In this period, military enterprisers would put together forces to meet the diverse needs of a variety of different political forms. Their services ranged from war fighting to maintaining order to providing administration.

Chartered companies, prominent in the seventeenth and eighteenth centuries, were an instance of state-delegated commercial control over violence. The Dutch, English, French, and Portuguese all chartered companies either as private wealth-seeking enterprises to enhance the home economy’s profit (as in the Dutch and English cases) relative to others or as state enterprises forged by the king to increase state power later in the game (as in the French case). Chartered companies had forces that established order and then protected both trade routes and new territory.

Also during the early period of state dominance, states rented out their forces to other friendly states. Britain rented German troops during the American Revolution. German states supplied troops to a number of other countries including the Netherlands, Venice, and France. The Dutch provided regiments to German princelings during the Seven Years War and to Britain in both the 1701 war with France and the 1745 Jacobite Rebellion within Britain. These troops would arrive...
equipped and ready to fight under the command of the foreign government.

Even in the modern system, some elements of the market remained. The U.S. government long used markets for military purposes.29 Up until the beginning of World War II, most of these were in logistics and weapons. During the Cold War, however, the U.S. hired firms to perform military training missions as well, and in Vietnam contractors provided logistics support for American troops (food, laundry, sanitation, etc.) and were involved in large construction projects.30 Also, states “rented out” their forces—to U.N. peacekeeping units or to other states. In the first Gulf War, for instance, U.S. forces were subsidized by Japan. In the 2003 war with Iraq, the U.S. paid forces from other countries to participate in the coalition.

The extent of recent private security activity, though, is a significant shift away from the practice common in the nation state system since the French Revolution where citizen armies have been touted as the most appropriate (and effective) vehicles for generating security.31 While market allocation of security was never completely eliminated, “mercenary” activity (such as that of the infamous “dogs of war” in the 1960s) was frowned upon and thus informally organized, secretive, and directed at a particular customer base.32 Though this secretive activity is still around, the current market also boasts PSCs with a corporate structure that post job listings on their web sites and write papers mulling over the costs and benefits of private security. PSCs have sought, and received, some international acceptance. Also, PSCs operate in a global market; not only does the U.S. hire American PSCs, but so do foreign governments and non-governmental actors, and the U.S. hires foreign PSCs. While some PSCs certainly operate with an eye toward their home government, most also attend to the character of demand from the wider consumer base.

The corporate form, relative openness, acceptance, and transnational spread of today’s security industry bear many similarities to the late Middle Ages and early Modern period. Some features of today’s market, though, are unique. First, unlike the military enterprisers of the late Middle Ages, today’s PSCs do not only provide the foot soldiers, but often act as supporters, trainers, and force multipliers for local forces. PSCs, then, operate differently from private armies—when they leave, they leave behind whatever expertise they have imparted—subject to whatever local political controls (or lack thereof) exist. Second, unlike the period of the chartered companies, states do not authorize private takeover of other territories, even though TNCs and INGOs finance security (either by subsidizing weak states or hiring PSCs) it is on their own and not on behalf of their home state. State charter of companies in the seventeenth and eighteenth centuries provided a more specific administrative and legal framework for the private use of force than is the case with private financiers today.

**Institutional Logic and the Market's Effects**

It is common in the literature on globalization, to claim that markets erode state power.33 As Cerny puts it,

> the more that the scale of goods and assets produced, exchanged, and/or used in a particular economic sector or activity diverges from the structural scale of the national state—both from above (the global scale) and from below (the local scale)—and the more these divergences feed back into each other in complex ways, then the more that the authority, legitimacy, policymaking capacity, and policy-implementing effectiveness of states will be challenged from both without and within.”34

Relying on functionalist logic, Cerny assumes that as the efficiency of the state erodes, so will state power.

There are signs that the market has challenged some states’ power. Global demand has made it difficult for states seeking to outlaw market supply of security to be successful.35 South Africa sought to reign in their vibrant security industry with the 1998 Regulation of Foreign Military Assistance Act, but the continued demand for security services encouraged South African PSCs to simply shift their operations to avoid government scrutiny and the nature of the industry (service unattached to particular territory) made it difficult for the South African government to prosecute offenders.36 Indeed, some claim that the Act simply pushed PSCs under cover and further from government control.37 Though government officials and academics hold that de-legitimizing the industry was worth the loss of control—the Act preserved the South African government’s rightful claim to monopoly over the legitimate use of violence and made it clear that PSCs were illegitimate mercenaries—South Africa alone has not been able to de-legitimate the industry.38 Because other legitimate actors continued to purchase services from South African PSCs, the industry continued and even grew. In 2004 private soldiers from South Africa flooded into Iraq under contract with the U.S. government, the Coalition Provisional Authority, and private industry.39

There are also signs, however, that the market has enhanced the power of other states. States that embrace the market claim to have flexible new tools with which to pursue foreign policy. The U.S. affected events on the battlefield in Croatia without either deploying its forces or paying the bill simply by licensing a PSC to give advice and training to the Croatian Army.40 The U.S. also managed the chaos in Iraq with fewer troops than many argued were necessary by hiring PSCs. Furthermore, in Iraq PSCs (in effect) substituted for U.N. peacekeepers by offering not only forces, but international forces. As one U.S. Army staff sergeant claimed, “we’re trying to get more international participation here and the contractors can hire internationally.”41 It is not only the U.S. that has benefited. The Hungarian government upgraded its military to NATO standards more quickly by employing Cubic
and the Saudi government trained a National Guard to protect the regime with the help of Vinnell Corporation (and has dramatically enhanced the functioning of its army, air force, and navy with help from a range of different firms including BDM, Booz Allen Hamilton, and SAIC).  

An alternative use of the institutionalist logic Cerny employs abandons the functionalist assumption and focuses instead on how strategic action can change the institutional environment and how the changed environment offers new opportunities to strategic actors. Institutions, even if they are a product of strategic choice, have impact on the future strategies of actors and thus how they behave. The marketization of security should introduce different patterns of competition and cooperation—within states, between states, and between actors other than states. This need not erode the power of individual states, per se, but will advantage different actors and strategies. By examining who wins and loses with the increasing prevalence of markets for allocating security, I amend the expectations of prominent theories of international behavior. I do not examine how the market came into being here, and neither claim that a market for security was an inevitable or natural consequence nor make a judgment about whether or not it will last. I do argue that the establishment of this market presents states and non-state actors with different choices than they had in the era of the collective state monopoly on military force—and these different choices suggest some changes to the way we should expect important bodies of international relations theory to work.

**Implications for the Democratic Peace**

Market alternatives for military services increase the options with which states can conduct security. The use of PSCs, however, operates through different processes than military organizations and redistributes power in mature democracies. As I argue below, using market alternatives introduces two changes particularly important to the democratic peace. It advantages executives relative to legislatures (thus altering the constitutional balance) and it reduces governmental transparency. Both constitutionalism and transparency have been connected to policies that issue democratic hurdles for action and reassure partners that sudden change is not likely, and thus enhance the potential for trust. The use of the market also opens the way for PSCs to shape or interpret policy, thus shifting influence over policy to actors who may have a commercial interest in action. Together these changes suggest that the embrace of market alternatives open the way for greater adventurousness in security policy through processes that should erode (rather than build) trust. Below, I illustrate this argument with examples from the United States.

**Changes to the constitutional balance and transparency**

Many claim that executives are advantaged in use-of-force decisions even within democracies. Contracting with PSCs, though, enhances this advantage. By using PSCs to bolster U.S. forces or licensing PSCs to deliver services under contract to a foreign government or military, the executive branch gains a foreign policy option that is hard for Congress to know about or direct. The executive branch hires contractors, not the Congress. Though Congress approves the military budget it does not approve (or even have routine information about) individual decisions to contract for military services. Information about and oversight of contracts is held almost exclusively by the executive branch.

One might argue that this is not so different from the military. Is not the greatest information about and oversight of troops in the executive branch as well? True enough, but Congress has significant impact on the structure of each service and the processes through which the military does its business. Among the most important tools Congress has to affect bureaucracies are through its structuring of incentives within them—who gets promoted for what, entry requirements, etc. The structuring of incentives in the military has been important for controlling defense policy. While Congress has access to the ins and outs of the process and behavior of military institutions (indeed, often has created these processes at a previous time) neither it nor the executive can affect the internal process of firms. In the absence of this, the government’s control rests almost exclusively in the contract, and Congress has little to say about the contract.

It is harder for Congress to oversee PSC behavior than it is to oversee military behavior. First, its access to information about contracts is more circumscribed. In the case of contracted foreign military training, for example, the annual consolidated report on military assistance and sales does not include information on who is conducting the training, so Congress may not even know which PSC they should oversee in the event that they are interested in conducting oversight of individual firms. It is not so hard to find out which military unit is responsible for training foreign militaries. Though Congress has devised procedures through which it receives information about the military, PSCs concentrate power with those in charge of hiring, dispersing funds to, and overseeing the contractor in the executive branch.

The executive can use its advantage to evade congressional restriction on US actions, effectively limiting the influence of Congress as a veto point in some instances. For instance, Congress may limit U.S. involvement in a conflict by stipulating a ceiling on the numbers of U.S. troops. Congress instituted just such a ceiling on military personnel in Columbia. By employing contractors, however, the executive was able to increase U.S. participation.
above that limit. In this case Congress responded and stipulated a limit on the number of U.S. contractors but given the transnational nature of the industry, this simply led PSCs under U.S. contract to hire more local and third-party national personnel.65

Furthermore, the market can be used by the president to conduct foreign policy “by proxy” in authorizing direct contracts between foreign governments and PSCs. These contracts are even less accessible to Congress. The contracts must be licensed as stipulated in the International Transfer of Arms Regulations (ITAR). The licensing process is run out of the Office of Defense Trade Control at the State Department. While many executive offices have input into this process, though, the ITAR stipulates that Congress should be notified only if a contract is for over $50 million.57 Vinnell became the first U.S. firm to sell military training directly to a foreign government, when in 1975 they signed a $77 million contract to train Saudi Arabian Forces to defend Saudi oil fields.58 The contract received much congressional scrutiny and debate. Since that time, there have rarely been contracts for over $50 million even though the export of military services has grown precipitously. For instance, in 1994 the U.S. licensed MPRI to provide advice and training to the Croatian government. President Tudjman received many of the advantages of U.S. military assistance but the contract fell under the congressional radar screen.59 Had the U.S. opted to send military trainers to Croatia in 1994, it could not have fallen outside congressional purview and given the tense politics surrounding the Balkans crisis, the president would likely have faced debate.60

Using PSCs also reduces transparency. By avoiding the mobilization of military machinery, deploying private force avoids institutionalized mechanisms by which people become aware of force deployments. Reporters following the Pentagon beat report on deployments, Congress members get word of deployments and can hold hearings to ask questions about their wisdom. When private forces are sent abroad, however, institutionalized mechanisms do not alert either the press or the Congress. The deployment itself gets less publicity, as do any mishaps.

For example, reflect on the experience of the three contractors working for the U.S. in the Columbian drug war who were shot down by the FARC. Keith Stansell, Marc Gonsalves, and Thomas Howes have been held by the FARC in Columbia since February 2003.61 A scan of Lexus/Nexus in June 2004 revealed that only 76 articles mentioned “hostage,” “Colombia,” and “contractor” in full text during the preceding two years.62 Even fewer (21) mentioned these terms within the articles’ titles or lead paragraphs. Thirty articles total mentioned the hostages’ names. Contrast this with American hostages Shoshana Johnson and Jessica Lynch, captured in Operation Iraqi Freedom. During her 22 days of her captivity, Shoshana Johnson was mentioned in 98 articles (excluding articles about the rescue itself). The terms “Shoshana,” “Johnson,” and “Iraq” in the full text over the last two years yielded 360 hits. During Jessica Lynch’s seven days of captivity, 36 articles contained her name (excluding news of the rescue itself) and the terms “Jessica,” “Lynch,” and “Iraq” in full text over the preceding two years yielded more than 1,000 documents.63

More generally, a content analysis from January 2003 to July 2004 revealed that 5,114 articles in the New York Times mentioned troops (and associated words) and 130 mentioned contractors (and associated words), a ratio of about 1 to 40. Even very conservative estimates of the number of contractors deployed in Iraq indicate that there is at least one contractor for every ten troops, suggesting that contractors are getting, at best, one quarter of the news coverage per person as military troops.64

It is not simply less news coverage that reduces transparency. Casualties among PSCs are not listed on public rolls; while there is a running tab of military casualties, contractor casualties are harder to keep track of.65 Also, contracts with PSCs contain proprietary information and are thus less subject to any inquiry that could be made public. Contracts are not subject to Freedom of Information requests and PSCs are allowed to black out portions of government reports when they may divulge proprietary information.66

Transparency is even lower when PSGs contract directly with foreign governments. Not only does Congress have less opportunity to weigh in, but the public has less opportunity to find out. Recently countries as varied as the U.K., Hungary, Columbia, Nigeria, Equatorial Guinea, Indonesia, and Bosnia have contracted directly with U.S. PSGs for security services, with little news coverage and little public awareness.

The different processes evoked when using contractors versus military forces advantages the executive relative to the legislature and reduces transparency. If a leader can deploy military services or otherwise use force in a way that reduces or eliminates mobilizing troops, the visibility, sacrifice, and political cost of using force go down. If the costs of using force go down, all things being equal, force should be more likely to be used.67 This makes it easier to use forces and also to take action without debate. The process by which democracies must often debate policy, however, has been connected to the development of trust between democracies. Thus its erosion may wear away mechanisms for building trust as well.

Redistribution of power to commercial actors

Using PSCs also opens the way for commercially interested PSGs to affect policy implementation and goals. Private impact on implementation manifests itself most clearly where outcomes are hard to measure. When PSCs provide foreign military training missions, the information the
U.S. government receives about their progress generally comes from either the PSC or the host government, both of whom have an interest in reporting progress (even if none has been made) to insure to continuation of funding. Rosy reporting may encourage investment that increases PSC revenues and host government military assistance regardless of the benefits to the U.S. Pentagon employees complained that in Bosnia the information on progress in military training came from either the PSC conducting the training or the host government in ways that kept the gravy train going even though the effects were questionable. PSCs also advise governments on future programs, thus laying the groundwork for future contracts. KBR, for instance, was awarded a contract to repair Iraqi oil fields without competition in anticipation of their destruction during Operation Iraqi Freedom because, “according to the Army’s classified contingency plan for repairing Iraq’s infrastructure, KBR was the only company with the skills, resources and security clearances to do the job on short notice. Who wrote the Army’s contingency plan? KBR.”

Sometimes PSCs have additional influence on U.S. policy goals. By making arguments that interpret policy, or reinterpret it through different frames, they can open the way for changes that enhance their commercial interests. Think about MPRI’s contract with Equatorial Guinea. When MPRI first requested a license to evaluate Equatorial Guinea’s defense department in 1998, the regional affairs office for Africa at the State Department rejected the request immediately because of Equatorial Guinea’s poor human rights record. Officials from MPRI then visited the Assistant Secretary for African Affairs and congressional members to suggest looking at the license from a different perspective. There are benefits, MPRI argued, to “engaging” with a country rather than punishing it. Engagement might foster better behavior (fewer human rights abuses) in the future and enhance U.S. (as opposed to French) oil interests, especially given that Equatorial Guinea was going to hire someone (if not MPRI, it could be a less savory company or one less interested in the interest of American companies abroad). These arguments, coming from esteemed, high level (retired) military officers and reflecting a deep understanding of the ins and outs of American defense policy, had an impact. When the application was submitted again, it was approved by the regional office but held up in the office of Democracy, Human Rights, and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor. Again, MPRI went to visit and explain their case to the Assistant Secretary, to more members of Congress, and officials at Democracy, Human Rights and Labor.

Consequences

Have private tools allowed American leaders to take action when they otherwise might not have? A firm conclusion on this question is premature, but there is some evidence that supports a positive answer. To begin, there are indications that leaders within the Clinton administration thought of PSCs as allowing easier action. For instance, when Croatia and MPRI signed a contract in September of 1994 and the State Department licensed the project, there are clear indications that the U.S. wanted to change the Balkan game. Senior State Department officials admitted that Croatia became a de facto U.S. ally; arms flowed in despite the embargo and top retired American generals were allowed to advise the Croatian Army. Richard Holbrook recounts the contents of a note passed to him by Bob Frasure before his death that said, “We “hired” these guys to be our junkyard dogs because we were desperate. Now we need to control them.” MPRI’s mere presence provided T udjman evidence of this “alliance” that he could use with the population in Croatia and with his opponents. This relationship provided benefits to T udjman personally in his effort to consolidate political power and boosted Croatian Army morale. Also, MPRI presence provided to Milosevic a signal of American commitment to T udjman. Some have
argued that Serbs in the Krajina put up less resistance once they realized that Milosevic was not going to back them up with JNA forces.85 Whether due to MPRI (the training or the relationship it signaled) or not, Croatian military successes did follow and these successes did change the balance of power in the region such that strategic bombing by NATO could push the Serbs to the negotiating table. The results of this were the Dayton Accords.84 By licensing MPRI, the U.S. government was able to retain its official neutral status internationally and avoid the mobilization that would have been required to send troops to train the Croatians at home but still change events on the ground in the direction it favored.85

Private support also reduced the numbers of U.S. troops deployed in the Balkans. KBR (then Brown and Root Services) first provided support services to U.S. troops operating out of Aviano air base in Italy as they participated in patrols of the no-fly zone over Bosnia (Operation Deny Flight) in early 1995. Then, the US Army paid KBR $546 million to provide logistical support for U.S. soldiers deployed to the region as part of NATO’s IFOR peacekeeping mission.86 It is estimated that 1 out of every 10 people initially deployed to the region were contractors, cutting requisite U.S. troops by at least one-tenth.

PSCs also played a large role in the U.S. intervention in Somalia, Haiti, and Columbia. The number of contractors deployed to all of these theaters is not entirely clear. In Somalia and Haiti no records of contractor numbers were kept. In Columbia, Congress has stipulated a troop ceiling and eventually ceilings on U.S. contractors.87 As contractors have hired more non-U.S. personnel, however, the exact number of contractors the U.S. is funding is not known. Common to all of these interventions was questionable levels of public support and congressional disagreement over their importance to U.S. security.88 In the wake of low levels of public support and civilian disagreement, it should be hard for the U.S. to move forward on policy, particularly policy that requires the deployment of forces. It is possible that private options have eased some of these difficulties.

The level of contractor support continues to reduce the number of troops deployed in both Afghanistan and Iraq. In Operation Iraqi Freedom, particularly, the government made decisions—and made arguments that led the war to be authorized on the basis of the number of troops they would need. I am not arguing that these numbers were kept deliberately low in order to sneak in a larger force using the private sector. There is good evidence that civilian decision makers believed a small force would be sufficient.89 There were heated disputes over these numbers, though, particularly the numbers of U.S. troops that would be needed to stabilize the country after the war. General Shinseki claimed that it would take 200,000 plus troops, a number that was dismissed by the administration. Secretary of Defense Donald Rumsfeld claimed that the stabilization of Iraq could be done with many fewer troops. It is also the case that these higher estimates were viewed by the administration as politically unacceptable. As the war ended, stabilization proved to be more difficult than Rumsfeld had anticipated, and international support for the United States not immediately forthcoming. Rumsfeld did decide to rely on PSCs to provide security in the country instead of sending in extra troops.

This is not to suggest that private options for force caused adventurous policies. The causal arrow may go the other way. Interest in policies without widespread support may lead governments to seek out private actors to implement their policies. The availability of private options, though, may affect the perception of threats by reducing the costs associated with using force and the depth of the market for force make the use of private options easier.90 I am also not suggesting that only PSCs allow governments to be more able to take action. Other tools such as covert action and joining with foreign forces similarly skirt transparency and advantage the executive.91 The presence of market options for security services is an additional permissive factor for quick action.92

Democratic dilemmas

One of the key components of the argued stability of the democratic peace is that democratic practices lead to more rather than less security. Many argue against those who claim that democracies create too many hoops to jump through in defense policy making and cannot respond effectively to the international system.93 They have claimed that not only do democratic practices reduce the chance for conflict among democracies, they also generate security benefits—stronger alliances, less rent seeking behavior among democratic leaders, more selective engagement in conflict, and better leadership and initiative among troops. All of these make democracies more likely to win the wars they do fight and thus more secure in both the short and long run.94

There are nagging uncertainties, however, about the inability of democracies to take action internationally. This has been voiced by a variety of political perspectives, from the Carnegie Commission on the Prevention of Deadly Conflict, which argued that the international community needed to find a way to intervene where conflict was likely,95 to more realist analysis like that of Tom Barnett, who has expressed concern that the U.S. lacks the will to undertake the tough ground actions necessary to solidify its hegemonic position.96

The availability of private options does, as David Shearer argued, provide a different and more flexible tool that allows for easier action.97 In this way, using market options could provide short term benefits such as increases in capacity and relative power. As the previous section made clear, using PSCs reduces both the institutional checks on
foreign policy and the amount of transparency in the process. Rather than reinforcing long term security, however, the reduced transparency and diminished veto points may erode it.

If leaders can choose to use private forces, they may have less incentive to mobilize the public behind foreign policy and may make security decisions through processes less open to public view, less subject to challenges from opposition parties, and less scrutinized by the press. Solutions that do not require the mobilization of domestic coalitions may lead non-conflictual alternatives to appear less worthy. The ability to hire an international force may also curb the willingness of leaders to bargain with other governments to build effective international coalitions.

Also, options that reduce transparency may simultaneously increase the chance of misperception. States that systematically evade these processes may erode trust and increase tensions with other democracies. More private information frequently has reverberating effects, where other states assume the worst, act on that assumption, and then make the U.S. less trusting and more likely to look for less democratic solutions.

Moreover, private recruiting may infringe on the security resources of other states. For instance, recent recruiting activity by U.S.-based Blackwater, USA has caused Chilean Defense Officials to worry that Chilean military personnel will be lure away from national service by the lucrative pay in the private security market. The increased influence of PSCs in the policy process may generate rent, as collective resources are deployed to accomplish subgroup goals. Just this concern arose in the recent Iraqi conflict.

Finally, when private soldiers work side by side with regular military forces but under different rules and pay structures, it may erode morale among soldiers and affect retention. This has already occurred in some settings. For instance, though contractors were among the ring leaders implicated in the abuses at Abu Ghraib, MPs implicated were already courts marshaled before contractors were even charged. This led some in the service to complain bitterly.98 Furthermore, the reports that contractors were making in some cases four times what their equivalents in the Special Forces earned led to a larger than average separation from the Special Forces during the conflict in Iraq.99

States, of course, need not embrace market alternatives and not all states have. South Africa has both refused to purchase services from PSCs and has acted to make the export of such services illegal. This choice has maintained the South African state's autonomy from commercial forces and the democratic processes that the state holds so dear in the wake of apartheid. It eschewed increases in South Africa's short-term capacities, however, and also decreased South Africa's power relative to the United States and other states that do embrace the market. This decrease in power is evident even in its control over its own citizenry. South African PSCs and personnel are working for the U.S. in Iraq, a war that the South African government did not support. This action violates South African law and the South African government could choose to prosecute these individuals—but the costs of halting their activities in Iraq would be high.100

Even with diminished levels of transparency and checks on the executive, it is possible that U.S. leaders will be held accountable for unacceptable decisions to privatize or their consequences. The use of private security could lead to a scandal that taints a president or at least increases the political costs of choosing these market security options. It is still too early to judge the prospects for this, but neither the killing of private personnel in Iraq nor their implication in the abuses at Abu Ghraib appears to have engendered such a scandal. Financial irregularities in the Halliburton contract and the much smaller contract with Custer Battles have led to investigations but thus far, little political heat. It is important to note, however, that this relationship is dynamic and if political heat is felt, it may cause Congress to seize more control.

It is also too early to assess the impact of U.S. reliance on private security for its relations with its democratic partners. There are many different features of the democratic peace, and it is unlikely that this one issue will lead to a swift and lasting erosion of trust. A continued pattern of U.S. reliance on private options, however, if they maintain diminished transparency and allow quick action by the executive could slowly remove one of the mainstays of the process through which trust is built and maintained.

Implications for Late State Building

In transitional and immature states the market's redistribution of power should also alter expectations about the prospects for these states to mature. Here, however, the market's effects should be expected to intensify one part of what some have labeled the resource curse. Though both private financing for and delivery of security services can enhance the capacity of immature states in the short term, both also diffuse control over violence in a territory, creating alternative revenue streams that frequently lead to rent seeking, the institutionalization of illicit markets, and the erosion of state authority. Market-based security offers increases in short-run capacity for states but often enhances institutional malformation that weakens the prospects for strong state institutions to grow.101

While one might imagine that private financiers would bolster or shore up a weak state and that through private delivery the state might gain access to security expertise that enhances its capacity, both of these frequently have the reverse effect. The literature on the “rentier state” has developed logic based on the interests of security financiers. When foreign direct investors supply states rich in natural resources with revenue, it eclipses the state's need...
to build support among its populace in return for taxes. The resulting rentier state is beholden to external investors rather than internal support. This frequently leads to an extreme form of “political market failure” where the state works to guarantee purely private interests. Parts of the resource curse literature document how such arrangements harness coercive forces for the protection of foreign property rather than the public good.102 This enhances the prospects for repression and erodes the potential for democracy. Case study research has suggested a relationship between foreign investment in oil, diamonds, and other minerals and a repressive state security apparatus that is perceived to work first and foremost on behalf of the property rights of foreign investors in Latin America, Africa, the Middle East, and Asia.103

In the 1970s and 1980s, analysts frequently argued that foreign direct investment was dependent on the state’s ability to secure their property and safety. With the growth of the security market in the 1990s, it became more common for foreign investors to participate in providing their own security, either by financing a portion of the state’s forces or by hiring private security. In a new twist on the resource curse logic, Will Reno claimed that this market led foreign investment to have even more perverse directions. Instead of building effective (if repressive) state instruments of coercion, rulers could opt to guarantee foreign property with a variety of non-state coercive instruments. Worries about internal threats sometimes lead rulers of weak states to satisfy external investors’ concerns by funneling foreign funds into privately controlled security rather than into state bureaucracies. In these instances, the effect of foreign financing leads not only to repressive forces, but to the erosion of the state’s forces altogether, leading to parallel forces that resulted in “quasi-states,” “shadow states,” or “warlords.”104

Reno’s logic fits with a more structural approach to the problems of late state building that looks not simply at whose interests the state and instruments of force work for, but the relative centralization of authority necessary for building state institutions in the first place.105 External financing of security can disperse power over the control of force, which decreases the performance and effectiveness of forces. When transnational actors finance security separate from the state, whether financing the state’s security apparatus, financing rebels, or hiring private security, they become additional principals in the control of violence. When multiple principals with different aims have a say over forces, they often issue competing instructions resulting in forces that can shirk and follow neither. Even if principals share goals, if they do not coordinate their actions, they can still issue competing instructions that reduce the capacity of forces to carry out basic missions.106 Interestingly, these two effects work together to create forces that are not only repressive and corrupt, but also incompetent.107

For instance, in Nigeria, the huge sums of money paid by oil companies for security have not only served the interests of oil to the detriment of the population, they have also been a magnet for corruption. The corruption extends down into the forces.108 Both the police and military in Nigeria have been distracted by money making potential in a way that has decreased their capacity. Though there are many examples of the way corruption has impinged on the capacity of the Nigerian police,109 some of the most obvious problems come up in the military’s behavior abroad. Both officers and common soldiers subsidize their salaries with private activities. In the officer corps, this takes the form of administrative assignments, payoffs, and involvement in illicit trade; in the force at large, it takes the form of looting.110 Nigerian troops’ peacekeeping capacities are diminished by these activities. Leading the ECOMOG regional peacekeeping force in Liberia in 1997, the Nigerians reportedly engaged in systematic looting, including shipping entire buildings to be sold for scrap abroad, trafficking in heroin, and child prostitution.111 The dynamics of the Nigerian case bear much resemblance to those Cooley points out in the post-imperial states of the FSU.112

Furthermore this logic is not confined to multinational corporate interests. INGOs seeking to “do good” can also contribute to an elevation of external goals relative to the local populations’ goals and can lead to institutional malformation. For instance, the transnational conservation community’s efforts to protect species during the Cold War were accused of leading (whether inadvertently or not) to repressive forces.113 When conservation INGOs gave money to authoritarian states for conservation, these states used the money to bolster repressive security forces. Since the Cold War’s end, it has become more common for INGOs to work in failed states. Here their efforts to finance guard forces to promote conservation have frequently diffused control over force in a way that has led to ineffective forces.114

In their eagerness to gain access to a territory where species are in danger, INGOs often neglect to negotiate for clear legal status. Once they set up operations, this lack of status has implications for their ability to encourage effective guard forces. Though they may be the main financiers of the forces, the government retains many of the controls over the force, such as hiring and firing personnel. As the logic of “multiple principles” tells us, with the government in charge of personnel and the INGO controlling resources, the chance for either to set and enforce basic operating objectives and performance standards goes down. Without clear lines of responsibility and accountability tied to accepted professional standards, guard forces are likely to shirk, with outcomes that range from not improving to becoming corrupt or working to undermine INGO or government goals.
In one case in the DRC, this dynamic led a vast investment by the conservation community over more than ten years to result in a guard force composed of personnel that were too old to patrol, unable to field strip and clean their weapons, and operating according to unclear procedures that bore little understanding of professional standards. As the area around the park was engulfed in the DRC’s civil war some guards joined in the looting the park’s supplies and weapons but the INGO had no authority to fire them. As the civil war dragged on, INGO staff allied themselves with whatever forces were willing to do patrols in the park and thus inadvertently exacerbated competition over the jurisdiction of security in the park. This was arguably problematic for conservation but even more so for the performance of security forces. Poorly paid troops found the park (either through INGO support or poaching) to be a source of rent. Their patrolling for poachers or poaching, though, reduced their focus and capacity to defend against the variety of incursions from other forces.

Even in cases where the market engenders short-run boosts in capacity, it often enhances the prospects for institutional malformation at the same time. Take Executive Outcomes in Sierra Leone as an example. President Valentine Strasser hired EO in 1995 when his government was about to be overthrown by the rebel Revolutionary United Front (RUF). The company undoubtedly increased the Strasser government’s capacity in the short run. Within a month of being hired, EO led an offensive that drove rebels away from the capital. As EO turned its attention to clearing rebels from the diamond mines, though, it found the army (RSLMF) to be ineffective and opted to work with local militia forces which the company found to be more reliable. Though this was an effective strategy in the short run—the rebel presence in the mining areas was decreased—it also strengthened security forces beholden to local rather than national authority and exacerbated a split between the army and these local militia forces. This split was a key factor causing the coup that overthrew Strasser’s government. The militia forces were also accused of being spoilers in the peace process for several years thereafter. Though boosting capacity in the short run, then, EO also enhanced the malformation of the Sierra Leone state’s institutions and impeded resolution of its civil war.

The market for security’s potential impact among transitional and immature states is thus multifaceted. It may enhance the rentier state phenomenon that others have analyzed at length. When the state controls one mechanism of control and transnational financiers another, though, it may also reduce the effectiveness of forces. Furthermore, the marketization of security offers opportunities for security forces to participate in commercial or other activities that increases their revenue but distracts from developing competence. Though PSCs may enhance the capacity of weak governments in the very short run, the strategies PSCs employ should also erode the incentives for the government to develop security institutions that function effectively. The diffuse web of multiple controls over violence impedes weak state power and authority even further, often leading to habitually malformed security institutions where individual incentives reduce the potential for developing functional capacity. Though this tendency is not impossible to overcome, moving toward functional and legitimate security institutions requires coordinated action that is hard to engender with markets alone.

One might argue that there is little new about this expectation. The one place where soldiers of fortune never went away, even at the height of the modern system, was in portions of the developing world where states had not reached maturation. My point is not to suggest that this is new, but that the growth of the market for force has enhanced the prospects for these dynamics by legitimizing the private delivery of security services. This legitimation has folded the 1960s-style soldiers of fortune into the new corporate private security architecture and opened the way for new ideas about the private responsibilities for security, both of which enhance the amount of private security and thus the chances for these effects to be felt in a range of different weak states. Thinking about how the security market affects the prospects for late state building only intensifies concerns about both the resource curse and the diminished prospects for centralization and thus should both dampen expectations about the prospects for state building and democratization and encourage further thinking about how these hurdles (now more complex) can be overcome.

Implication for the Nature and Frequency of Conflict

The redistribution of power accompanied by the embrace of security markets may also change expectations about the frequency and purpose of conflict. Building on my first major claim, if the use of market forces cases the political costs for democracies to intervene, it should increase the chances for interventions—one type of conflict. My second claim about the market’s impact on the prospects for state building has immediate implications for another type of conflict: the likelihood of civil war or intrastate conflict. One of the key variables associated with civil war and intra-state conflict is the absence of effective state institutions. The exacerbation of institution-building difficulties among transitional states, then, may also enhance the permissive conditions for civil wars.

The market-based allocation of violence may also have more general consequences for conflict. The logic that underlies the democratic peace and the late state building literature leads one to expect that it may be more difficult to generate trust, agreement, and cooperation among
different kinds of actors with different constituencies and goals. One of the institutional efficiencies of the sovereign state is that it prefers to interact with similar systems of rule. If only sovereign states authorize violence, the rationale for conflict is limited by those that work within the state system. The breakdown of state monopoly over tools of violence may also allow violence to be used for different rationales. This may create greater uncertainty about threats and potential security dilemmas, not only (or even mostly) between states, but between a wide array of actors, thus increasing the likelihood of yet another range of violence.

**Intervention, unilateral action and tension among democracies**

As I argued above, use of the market among democracies should advantage those interested in a more adventurous pursuit of interests abroad. As others have pointed out, interests abroad increasingly present intervention questions. “Even before September 11, the world was changing in such a way that the main security threats and problems now emerge not from great power security competition—Russian and China, for example—but from the consequences of political disorder, misrule and humiliation in the third world.”

Private security should make it easier and more likely to make intervention decisions and pursue these interests more forcefully. This is true whether the intervention is seen to be “humanitarian” or “imperial.” States that use market tools should be able to more easily skirt the political costs associated with decisions to intervene and thus the chance for this kind of conflict.

Paradoxically, enhancing the opportunity for any one mature democracy to intervene may erode the chance that many mature democracies will cooperate to work out an agreement for multi-lateral intervention. The efforts to generate multilateral support for intervention in the 1990s were fraught with delay and frustration. This was true whether efforts were undertaken through the large and unwieldy U.N. or the smaller and more unified NATO. Unilateral intervention, sometimes enhanced by a coalition of the willing, can be made more secure with the insurance that private forces can provide. PSCs can fill in when the coalition begins to fade or the intervention requires more forces than was planned. Multilateral support for an intervention, however, offers many benefits that can enhance the long term prospects for state building (and thus exit), diffuse costs, and enhance perceived legitimacy. If private options make unilateral action more likely and cause democracies to forgo the political debate surrounding multilateral intervention, it may both enhance conflict (allowing for more interventions) and create less stable aftermaths (the permissive conditions for civil war).

Beyond easing (and thus increasing the chance for) intervention, one might expect changes in the process of the foreign policy decision making discussed above to exacerbate tensions between democracies. Though these tensions alone are not likely to lead to the outbreak of war between mature democracies, they may contribute to a process that draws mature democracies into a variety of conflicts in the longer run.

**Civil War**

The literature on war assumes that conflict among states is paramount. Indeed, the way war is even defined in data sets often excludes conflicts that do not involve states. While wars among states declined precipitously in the last century, however, armed groups continued to fight. As Fearon and Laitin point out, in the 1945–1999 period 25 interstate conflicts took place that took about 3.33 million lives in “battledeaths.” During that same period, 127 civil wars occurred that took at least 16.2 million lives in “battledeaths.” The increasing toll of different types of conflict has led analysts to create new data sets and to take note of a variety of different types of conflict within states.

There has been quite a debate about the conditions that lead to civil war, but there is emerging consensus that the absence of an effective government is an important permissive condition for these conflicts. Other features that have been linked to civil war include geography or “rough terrain” (that is hard to police and an easy sanctuary for rebel forces), particular natural resources, and the interaction of both with political grievance (frequently linked to the absence of effective government).

As indicated above, the market for force often feeds into dynamics that make it even more difficult for weak governments to build institutions necessary for effectiveness. Though weak governments may hire private forces and gain immediate short term capabilities, this may distract the government from constituting better state forces. In the quest for victory, private security companies may make choices that undermine the government’s forces or exacerbate tensions between the government forces and other forces in the country. Private financing of security may bolster force numbers and equipment, but also create incentives for commercial activity on the part of forces which undermines their effectiveness at both war fighting and maintaining order. Furthermore, the financing of private security may link PSC interests more clearly to the interests of the private financier rather than the state or the public. To the degree that the market for force undermines the potential for state building, it should also enhance the prospects for civil war.

There is some macro evidence supporting the plausibility of these trends in recent years, particularly in Africa where the market for force is very strong. After spiking at
the beginning of the decade, the number of armed conflicts in all regions of the world declined in the 1990s armed conflict defined as a contested incompatibility that concerns government or territory or both where the use of armed force between two parties (one of them a government) results in at least 25 battle-related deaths.\(^{130}\) The rate of armed conflict during the decade, however, remained the same in Africa. And the number of civil wars in Africa (a conflict that produces at least 1,000 battle deaths) almost doubled in the 1990s.\(^{131}\)

There is also anecdotal evidence that the market’s forces, even the more legitimate portions of it, have aggravated many of these internal conflicts.\(^{132}\) PSCs and transnational financiers have played a role in most African internal conflicts. Though they have sometimes enhanced the short run capacity of state forces, their focus on short run goals and their frequent allegiance to the private interests that finance their work has often exacerbated conflict over the long term. Sierra Leone is the classic case where PSCs provided real and measurable short term benefits, but exacerbated state building problems. As was discussed above, though EO’s intervention saved the capital from imminent defeat in 1995, its work with local militia forces exacerbated instability. Also as mentioned earlier, the commercialization of troops in Nigeria has reduced effectiveness, but similar stories can be found in Angola, Indonesia, and Columbia. The linkages between private financiers, forces that work for private interests, and civil war have also been noted in Sierra Leone, Angola, and Columbia, among others.

**Increased conflict**

Private financing for and delivery of security devolves control over violence to a greater number of actors. Because market-based allocation of violence offers violent resources to a variety of actors, not only states or other political groupings, it opens the way for a wide variety of violence aimed at many different goals. This may lead us to expect not only more intervention and civil war in the classic sense of the word, but more different kinds of conflict between different kinds of entities: more frequent uses of violence for individual, small group, or commercial gain; greater use of violence for purposes that do not entail collective justifications; and perhaps more random violence. As much of the supply of and demand for private security is in territories where the state is weak, this is where we should expect to find such violence. While much of this conflict may occur outside mature democracies, it may nonetheless draw these states into the fray.\(^{133}\)

One way to probe the plausibility of the general hypothesis that the market leads to increased frequency of conflict is to look back in time to previous eras when market allocation of violence was prevalent. In the thirteenth and fourteenth centuries, Europe was characterized by a fragmentation of political authority, public power in private hands, and a military system in which an essential part of the armed forces was secured through private contracts.\(^{134}\) Military enterprisers allowed merchants, princes, Kings, Popes and even themselves to garner political power.

According to many, until the dawn of the modern state, the complex array of overlapping claims and power led to conflicting demands, rampant tensions, and frequent war.\(^{135}\) An examination of the number of historical conflicts lends support to this expectation. Even using Jack Levy’s list of wars from 1495–1975 (which excludes civil wars, imperial and colonial wars and wars that do not involve a great power, and thus may dramatically undercount the degree of actual conflict) demonstrates a strong association between the prevalence of competing authorities, contracted forces and war.\(^{136}\) In the period from 1495–1688, when jurisdiction over territory often overlapped and virtually all force was allocated by the market, there were, on average, 2.23 wars per year. In the period from 1689–1813, as the nation state system began to consolidate, the rate of war was cut almost in half to 1.40 per year. In the period from 1814–1975 when the nation state system was fully consolidated, the rate of war fell more than one half again to .49 per year.\(^{137}\) Thus the period when all force was contracted had about four times the number of wars per year as the period when the nation state system was consolidated.

The greatest impact of the market, however, is not likely to be on war between states mature enough to be great powers, but on conflict more generally. As David Keen argues, armed conflict is not always the breakdown of order, but can be an attempt to generate an alternative system of profit, power, and protection.\(^{138}\) Violence can be a tool through which some actors aim to change the system in the long term, but it can also be a mechanism through which others seek to avoid or work around systems of law altogether for short run and immediate goals. Private financing for force can be a way of organizing to accomplish just these kinds of goals and the private delivery of force can be a tool for pursuing them.

The dynamic interaction between private financing for security, private delivery of security, and rebels and criminals can be seen in the DRC and in Columbia. In the DRC, mining companies, PSCs, and rebels and criminals can be seen in the DRC and in Columbia. In the DRC, mining companies, PSCs, and smuggling networks are integrally networked with the military forces of Rwanda, Uganda, and Zimbabwe. Many argue that the conflict is perpetuated by competing claims to the resources of the country more than ideological or ethnic elements. Furthermore, the forces’ involvement in commercial activities reduces their incentive to either fight to win or negotiate a settlement.\(^{139}\) In Columbia the combination of paramilitaries, PSCs, government forces, and a rebel movement all interlaced with criminal networks in the export of coca has been tied to endemic conflict in that country.\(^{140}\) Some multinational firms, particularly oil companies, have turned
to PSCs to help train local forces out of exasperation with the inability of government forces, but neither the oil companies nor the PSCs can exercise control over these forces once they are trained; some have allegedly used their new skills to extort the local population or sold them to the FARC or paramilitaries. The increased violent capacities of these different groups allow them to turn to conflict more easily to solve a variety of jurisdictional problems over coca fields, transportation routes, or revenues from the local population.

Adding up the changes

There are obvious interaction effects between the diffusion of violent tools, civil war, and intervention. Some analysts have claimed that these add up to a profound change in the global nature of conflict. Martin van Creveld has argued that mature states will increasingly engage in asymmetric conflicts against adversaries that do not necessarily have political goals. Mary Kaldor has traced the emergence of “new wars” perpetuated by economic and criminal elements and Carolyn Nordstrom has analyzed the conflict processes on the periphery perpetuated by globalization. Common to all of these is a challenge to the predominant view of war and recognition that many conflicts in the current era have a character that belies the “pursuit of politics by other means”.

Whether or not one is convinced that the nature of war has been transformed, it is clear that there is much violence in the world that takes on the character described by these analysts. The argument here is not that private security is the cause or even the key element in these conflicts; many global and local forces are behind changes in the global use of violence. The market for force, however, often feeds into parts of these conflict processes. Private security can be both a tool for managing or prosecuting such conflict. Because this tool can serve states, commercial firms, criminals, and rebels alike, it can also feed back into the processes that generate the use of violence in the first place. Ironically, changes that simultaneously diffuse control over violence and enhance its use may also reduce the chance for violence to be harnessed for important collective enterprises and thus reduce the potential for large conflict and even the number of battle deaths even as it increases the chances that people will confront violence on a day-to-day basis.

Conclusion

The market for force redistributes power over the control of violence. If we assume that force can be generated through the market as well as through state hierarchies, prominent theories of international relations yield new expectations. First, the market changes processes within mature democracies, making them more prone to tensions with other democracies. Having market options available also leads to greater tension between democratic processes and state power than has been admitted by the democratic peace literature, ironically moving its expectations closer to realist claims. Second, the market should reinforce and exacerbate concerns about the prospects for late state building in the developing world. Finally, the market should lead to expectations of more conflict, but also to different types of conflict. The evidence presented above suggests that these are plausible expectations that should be researched further.

Some will dwell on the worrisome nature of these new expectations and some will dismiss them as overblown. One of the main benefits of social science theory, however, is to forecast processes so as to frame emerging problems and encourage new thinking about solutions. In that spirit, I hope some will also endeavor to think seriously about how democracies, prospective state builders, and other interested parties might cooperate to regulate or otherwise tame this market and its potential effects.

Notes
1 Thomson 1994.
2 For examinations of different systems of military service, see Cohen 1985; Levi 1997; Thomson 1994.
3 In a letter to Ike Skelton (ranking Democrat on the House of Representatives Committee on Armed Services) dated May 4, 2004, Secretary of Defense Donald Rumsfeld estimated that some 20,000 private security personnel were working in Iraq and attached a list of 60 PSCs. The letter and list are available at http://www.house.gov/skelton/pr040504a.htm. This list, however, does not include companies like Vinnell and MPRI, who were known to have personnel in the country training the Iraqi Army. It also does not include CACI, known to have personnel in the country working as interrogators at military prisons. This estimate came in the wake of a variety of estimates from a variety of sources, but several former members of the CPA as well as military personnel who worked in Iraq claim that no one really knows how many private security personnel are in the country. Interviews in Washington, DC with former CPA officials in March 2004, May 2004, and July 2004. Interviews in Washington, DC with military officers returned from Iraq, May 2004, June 2004, and July 2004. More recent estimates claim that between 44,000 and 125,000 private security forces are in the country. Interview with Department of Defense official, October 2004.
4 Hersh 2004; Taguba 2004.
5 See Donahue 1989 for this definition of privatization including both private deliver and private financing. For a more elaborate discussion of this in the private security context, see Avant 2005.
6 Williamson 1975; Thomson 1994; Williamson 1999.
7 Jack Snyder and Edward Mansfield use the term mature democracy; see Mansfield and Snyder 1995, p. 5. Joel Migdal calls these “strong” states, denoting their stability, capacity and legitimacy; see Migdal 1988.
8 There is a debate over how to identify these companies; private military company (PMC), private security provider (PSP), privatized military firm (PMF) have all been suggested in addition to PSC. I use PSC because it refers to the broader range of security more pertinent to conflicts today.
9 Interview with Erik Prince, owner, and Gary Jackson, president, of Blackwater, USA, Washington, DC, July 2004.
10 See Hanna 1997.
14 http://iraqcoalition.org/economy/PMO/State_Justification.htm
16 UN OCHA 2001; Bryans, Jones, and Stein 1999.
17 Equitable Securities Corporation 1999, 47.
19 Singer 2003.
22 For examinations of pre-modern contractors, see Redlich 1964; Trease 1971; Oman 1924; Parker 1984; Guenee 1985; Russell 1975; Huizenga 1959; Barber 1995; Kaeuper 1988; and, of course, Machiavelli, The Prince, ch. XII.
23 See Redlich 1964, Mockler 1985, and Oman 1924.
26 The idea of a charter was proposed by a commission recommended by Johan van Oldenbarnevelt, the most prominent political figure of the time in Holland in the wake of news of dramatic profits had by Admiral Jacob Corneliszoon van Neck’s ship in July 1599 (the haul of spices yielded a 400 percent profit) and similar English efforts. The United Netherlands Chartered East India Company was established in 1602. See Furber 1976, 31–33. The English East India Company (incorporating the English Levant Company) was established in December 1600. The charter was renewed and altered in 1661. See Furber, 32. See also the discussion in Thomson 1994, 33–35; Sen 1958, Mukherjee 1974; Velkje 1945.
27 German rulers who supplied troops in the American Revolution included the Prince of Hanau, who offered a few hundred infantry; the Duke of Brunswick, who offered 4,000 foot and 300 dragoons; and the Landgrave of Hesse Casel, who offered 12,000 foot, 400 Jagers armed with rifles, 300 dismounted dragoons, three corps of artillery, and four major-generals. See Mockler 1985, 3.
29 The first official statement on contracting (Budget Bureau Bulletin 55-4), revised in 1959 and 1966 and eventually renamed OMB Circular A-76) did not come out until 1954. It is still in effect. The thrust of this directive is that government agencies should seek to obtain products and services through the private sector except in cases of national interest. See Althouse 1998.
30 The British government hired from the market for military services less frequently in the modern period than the U.S., but allowed its citizens to sell their services abroad. The commercial sale of security services by British citizens abroad can be traced back through the centuries. See Thomson 1994, 22. More recently U.K. Special Air Services (SAS) personnel formed firms to sell military and security services during the Cold War. For instance, in 1967 Colonel Sir David Stirling founded WatchGuard International. See O’Brien 2000. And, of course, individuals acting on their own sold a variety of services in Africa during the Cold War. See Clarke 1968; Mockler 1985.
32 See the description in Mockler 1985. There are those who argue that U.S. companies also delivered services seen to be illegitimate during the Cold War in Vietnam and Central America. See Collins 1975; Lens 1978; Proxmire 1970.
34 Cerny 1995, 597.
35 See particularly the example of South Africa in Avant 2005, ch. 4.
38 This claim was voiced in over fifteen interviews with academics, members of parliament and defense officials.
The primary effect was not the training itself but the communication of US support for the Tudjman government, which had effects on Tudjman's power vis a vis his rivals both domestically and within the greater Balkans region. See Avant 2005, ch. 3.

This logic is articulated in Lake and Powell 1999. They build on the logic of institutional economists such as Douglass North, who has noted that seemingly inefficient institutional solutions nonetheless persist in many environments—because they are efficient for different goals or at different levels. North's micro level, process oriented approach can explain how the variation in responses to new pressures can lead to different outcomes. See North 1990. For a similar use of this logic with respect to globalization, see Kirshner forthcoming.

They are several different accounts of the logic behind the democratic peace. See Doyle 1986; Russett 1993; Ray 1995; Owen 1994; Gaubatz 1996; Leeds 1999; Lipson 2003. Some focus more on liberal ideas (Russett, Ray) others on the institutions that make up democracy (Leeds, Gaubatz, Lipson), and others on a combination of the two (Doyle, Owen). Here I am focusing on institutional accounts. Though many view these two accounts as complementary in some instances there may be tension between them. Particularly, for the implications of private security, those focused on liberal ideas might be more comfortable with the privatization of security and more confident that democracy would adapt to these than institutional accounts. For an overview of the debate between proponents and opponents of the democratic peace see Brown 1996.

This logic is most clearly stated in the literature on foreign policy in democratic states. It is frequently argued that the checks and balances created by "veto players" make it more difficult for democracies to change the status quo. This means it is harder to build consensus for action—but once a consensus exists also harder to change it—and thus is argued to lead to both restraint and effective action. For a clear discussion of the notion of veto players, see Tsebelis 1999. See also Gaubatz 1996. For applications to military effectiveness, see Lake 1992; Reiter and Stam 1998.

The institutional literature focuses on mechanisms that prompt credible promises and trust. See, for instance, Lipson 2003. This logic reflects the larger institutional literature on trust. See, for example, Gambetta 1988; Hardin 2002, 2004; Farrell and Knight 2003.

See, for instance, Krasner 1996, 293.


Moore 1990.

This is a common feature of contracting in general. See Donahue 1989. See also Gutman and Willner 1976; Gutman 2003.

Lumpe 2002.

Ibid., 36.

http://www.pmdtc.org/reference.htm#ITAR.


Avant 2005, ch. 4.


McQuaid 2004.

Of the 76 articles mentioning the hostages, 65 were from American papers.

Thanks to Katie Tobin for running these figures.

See Avant and Sigelman 2005 for a more precise analysis of this data.

The Defense Base Act does require that U.S. contracts offer employees insurance. On the basis of insurance claims under the Defense Base Act, the Department of Labor does have some record of contractor personnel killed in Iraq. The Brookings Institution’s “Iraqi Index” reports the number of contractor deaths based on these claims. See http://www.brookings.edu/dybdocroot/fp/saban/iraq/index.pdf.

Singer 2005.

Exactly this logic is used in a recent Refugees International Report, “The Power to Protect,” which claims that reducing the cost of intervention with the use of new military technology can increase the potential for intervention. See http://www.refugeesinternational.org/content/publication/detail/3026/.

Interviews with Pentagon officials serving on the Joint Staff, May 2002.

Baum 2003, 34.

Interview with Ed Soyster, MPRI, December 1, 1998.

Ibid.

Several U.S. oil companies, including Exxon and Chevron, have discovered significant petroleum reserves off the coast of Equatorial Guinea. See Silverstein 2002.
73 Interview with State Department official January 1999.
74 Ibid.
75 Interview with Ed Soyster, MPRI, April 2000; interview with Bennett Freeman, Department of State, Office of Democracy, Human Rights and Labor, April 24, 2000.
76 The story did not end here. Once MPRI did its assessment for Equatorial Guinea, the State Department approved only a portion of what the EQ government wanted to purchase from MPRI. MPRI was lobbying not only the State Department and the Congress, but also the Pentagon for help in moving the approval forward. An April 2001 memo suggests the result of the lobbying, “[MPRI] may need our help or moral support.” See Dare 2002.
77 See Bendor, Taylor, and van Gaalen 1987; Miller 1992. For application to defense bureaucracies and civil-military relations, see Avant 1994; Feaver 2003.
78 Gowa 1995, 517.
80 See Holbrooke 1999, 73.
81 Vankovska 2002.
85 Even those who refuse to admit any MPRI influence on the Croatian Army during Operation Storm nonetheless state that MPRI allowed the U.S. to influence events on the ground when it would have been politically untenable to use U.S. troops for such a task. Interview with Pentagon official June 1999, January 2000, and April 2002.
89 Woodward 2004.
90 Ben Fordham links threat perception to domestic factors that affect the cost of using force. See Fordham 1998.
92 Intriguingly, arguments about the usefulness of contracted forces in the early modern period also associate market allocation with adventurous goals. According to Thomson, “it appears that the European market for mercenaries was largely a creation of war-makers seeking to escape the constraints of feudal military obligations. Thomson 1994, 27.
93 Lowi 1989. See also Huntington 1961 and Cohen’s discussion of the dilemma in American manpower policy (Cohen 1985, ch. 9).
95 Carnegie Commission on Preventing Deadly Conflict 1997.
96 See Barnett 2004. Posen 2003 argues that given the expense of ground force, the U.S. should pursue a more modest policy of selective engagement rather than dominance and rely on allies in its efforts to contain contested areas.
97 Shearer 1998.
100 The South African government has moved against several individuals but many claim that the punishment is too weak to do much good. In one instance the government fined an officer $350 for “moonlighting” in Iraq. http://news.bbc.co.uk/2/hi/africa/4486053.stm
101 See also Cooley (forthcoming).
102 See Tornquist 1990; Karl 1997; Clark 1997; Skocpol 1982 Quantitative analysis of these relationships has been more guarded. Michael Ross finds that oil exporters demonstrate greater military spending, but that other mineral exports are negatively associated with military spending. See Ross 2001.
103 Ibid.
104 See Jackson 1990; Reno 1998; Berdal and Malone 2000
106 Natsios 1995; Cooley and Ron 2002. These expectations are based on a larger literature focused on the effects of multiple principals. See Bendor, Taylor, and van Gaalen 1997 and the review of this literature in Bendor, Glazer, and Hammond 2001. For an application to military forces, see Avant 1994.
108 Schatz 1984. See also Welch 1995, 608.
109 See Amnesty International 2002; Human Rights Watch Report 2002; Department of Justice

111 Cain 2003.

112 Cooley forthcoming.

113 See Peluso 1993.


115 Ibid.


117 Immature states have developed more functional and legitimate security institutions with the help of PSCs. See the discussion of Croatia, for instance in Avant 2005, ch. 3. In this case, the conditionality imposed by NATO, the particular training programs sold by the PSC, and some lucky breaks all played a role.

118 Ibid. See also Cooley 2003.


121 Thomson 1995.

122 A breakdown in state monopoly should have corollary impacts on the governance of conflict. Given the basis of the law of war in inter-state agreement, forces outside of states should be less likely to abide by these laws or be accorded privilege under them, leading to more poorly governed violence.

123 Fearon and Laitin 2004, 6.


125 Fearon and Laitin 2004.

126 See Fearon and Laitin 2003, 75.


130 See Gleditsch et al. 2002.

131 Ibid. The fact that other regions of the world do not show the same steadily upward trend in armed conflicts may partly be the result of what data collectors are paying attention to. As Gleditsch et al. discuss, their data set does not include conflicts where one side in the conflict is not an organized actor. Furthermore, battle-related deaths do not extend to all deaths directly caused by the conflict—thus the Rwanda in 1994 is listed as only having an intermediate level of conflict. With more sophisticated measures of internal conflict and internal violence, we may see a stronger relationship between the diffusion of control over violence and increases in particular types of conflict.

132 As have a variety of other forces, see Collier 2000.

133 Thomson 1994, 43.

134 Strayer 1964, 13

135 Held et al. 1999, 35.


137 My calculations based on Levy’s list.

138 Keen 2000, 14


140 Guaqueta 2003.

141 Van Creveld 1991.


143 Thus we should be careful to assess these changes before we have too much confidence in very optimistic reports about increases in human security. See http://www.humansecurityreport.info/.

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