

**Private Actors and the New Security Governance:
Understanding the Emergence, Problems and Options
for the Privatization of Security in North America and Europe**

FIRST DRAFT

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1. Introduction

Since the end of the Cold War, the broadening notion of security, differences in the interests of states and limited resources have favoured the increasing differentiation of security policy making. In the transatlantic community, these factors have led to the reform, expansion and progressive division of security functions among existing organizations, such as NATO, the European Union, the OSCE and the United Nations. In addition, new sub-regional institutions, such as the Partnership for Peace and the Visegrad Group, have been created which seek to address the different security needs of states in Central and Eastern Europe. However, one aspect which has so far been under-examined is the growing role of private actors in international security governance.

This paper suggests that the increased importance of private actors can be understood as part of a shift from ‘government’ to ‘governance’ in international security. It thus appears to follow a trend which has been observed in sectors such as welfare, policing, and the environment since the 1980s (Pierre 2000b). Characteristic of the emergence of security governance is the progressive fragmentation and differentiation of political authority among public and private actors in seven dimensions: geography, function, resources, interests, norms, decision-making and implementation. Building on this framework for the analysis of security governance in North America and Europe, this paper addresses three questions: (1) how can we understand the growing role of private actors in international security, (2) what problems arise from it and why, and (3) how might these problems be resolved.

2. Conceptualising Security Governance

To understand of the shift from government to governance in international security, it is first necessary to specify what is meant by the two concepts of security and governance. The meaning of security has been widely contested since the 1980s (Ullman 1983; Rothschild 1995; Krause and Williams 1997). At the heart of the debate have been attempts to deepen and widen the concept of security from the state to societies and individuals, and from military to non-military issues.

The challenge to the state-centric notion of security builds upon the observation that the

end of the Cold War has significantly reduced the likelihood of interstate war, whereas the threat from civil conflicts, transnational crime, terrorism and infectious diseases has increased (Gleditsch et al., 2001: 12). In 1999, for instance, about 32 000 individuals were killed in interstate wars. However, more than 900 people were killed through terrorist attacks, up to 39 000 were killed in civil conflicts and no less than 2.8 million were killed by AIDS (UNAIDS, 2000). The imbalance between inter-state and intra-state war is even more striking in the data provided by the Swedish Peace Research Institute (SIPRI) which records on average 27 major conflicts per year between 1991 and 2000, but only one inter-state war. It follows that statistically 96 per cent of all major conflicts, i.e. conflicts with a death toll above 1000, are internal wars.

While academics have remained divided over the utility of a more inclusive notion of security (Krause and Williams, 1997), politicians, the military and the security industry quickly embraced a broader definition of security after the end of the Cold War. NATO and the Conference for Security and Cooperation in Europe (CSCE; now OSCE), for instance, have found a new role by expanding the scope of their security functions to areas such as the war on terrorism, international peacekeeping, refugee resettlement and the promotion of civil society. Even the European Union and its member states are defining an increasing array of their concerns in terms of security, including immigration and development aid (Manners 2002)). Although some scholars have criticized the 'securitization' of political, social or environmental issues (Wæver 1995), a broad notion of security has come to define the practice of contemporary security policy making and thus the object of this paper.

At the same time as governments and international organizations have expanded their security functions, however, limited resources, lack of expertise in non-military areas of security and divergent interests among the governments of North America and Europe have facilitated the fragmentation of security policy making. In addition to national governments and international organizations, a growing number of private actors ranging from charities to private security companies deal with issues such as humanitarian aid (OXFAM, 2000; CARE, 2001), human rights monitoring (Amnesty International, 2002; Human Rights Watch, 2002), refugees (ICRC, 2001; International Rescue Committee, 2002), and military training and protection (MPRI,

2002).

While in the area of security the relations between diverse groups of actors have traditionally been conceived in terms of alliances or communities, the fragmented but overlapping networks which structure the collaboration among the growing range of public and private security actors seem to be more adequately described by the concept of governance. Although the concept of governance is sometimes defined as a generic term which includes ‘any form of coordination of interdependent social relations’ (Jessop, 1999: 351; also Rhodes, 1996: 653; Eising and Kohler-Koch, 1999: 5), the notion that governance can be differentiated from government appears to be more fruitful (Krahmann, 2003). In this tradition, government refers to the centralization of political control within ‘the state’, whereas governance denotes the coordination of social relations at the subnational, national or international levels in the absence of a unifying political authority (Czempiel, 1992: 250; Gordenker and Weiss, 1996: 17).

Table 1 *Government and Governance as Ideal Types*

DIMENSIONS	‘Governance’	‘Government’
Geographical scope	Subnational National	subnational national regional global transnational
Functional scope	several issue areas	single issue areas
Distribution of resources	Centralised	dispersed
Interests	Common	differentiated
Norms	Sovereignty command + control redistribution	limited sovereignty self-government market
Decision-making	Hierarchical Consensus formal equality	horizontal negotiation inequality
Implementation	Centralised Authoritative Coercive	fragmented self-enforced voluntary

Specifically, governance is characterized by the fragmentation of policy making in seven key dimensions: (1) geographical scope, (2) functional scope, (3) distribution of re sources, (4)

interests, (5) norms, (6) decision-making and (7) policy implementation. Each dimension can take a variety of forms along a scale between the ideal notion of government, i.e. the centralization of political authority within the state, and governance, i.e. the fragmentation of political authority among public and private actors. However, it should be noted that not all dimensions apply to every issue area. For instance, some governance arrangements might not be defined by a geographical dimension, but purely in functional terms, such as the Convention on the Law of the Sea. With the help of these seven dimensions, a framework for the analysis of policy making systems can be established which distinguishes between government and governance as the ideal-typical poles of a scale ranging from centralized to fragmented political authority.

Understood in these terms, geographical fragmentation can take three forms: 'downwards' to local or regional entities, 'upwards' to the macro-regional or global level or 'sideways' to private and voluntary actors (Rhodes, 1999: xxxiii). Crucially for this interpretation, the noted 'upward' shift does not represent a substitution of the state as central authority by international institutions, which would suggest centralization at a new level, but typically marks the dispersion of political authority between governments and their international organizations.

Similarly, functional fragmentation is defined as the regulation of different issue areas by multiple and separate authorities, including public or private actors (Majone, 1997:154).

Whereas resource fragmentation is understood as the dispersion of policy making and implementation capabilities among a range of public and private actors who have to coordinate their efforts in order to resolve common problems (Walsh, 1995: 43; Rhodes, 1999: xviii; Pierre, 2000b: 242).

The definition of interest fragmentation is more complex since even central governments have to accommodate a range of diverse interests from societal and state actors. Nevertheless, it can be argued that the underlying premise of central government is that individual preferences can and should be subordinated to the common interest (Pierre, 2000a: 2; Jessop, 2000: 13), while governance accepts the heterogeneous and sometimes conflicting nature of interests and seeks to ensure that each actor can pursue them uninhibited by external regulation. In so far as

coordination is necessary, it is perceived to be best left to market forces or the actors themselves.

Norms, too, can be defined in terms of centralization or fragmentation in that they either promote a strong state or prioritize the right to self-determination among public and private actors. The differentiation of policy making norms and ideals is thus represented in the increasing limitation of national sovereignty, self-government and the marketization of social relations (Walsh, 1995: 28; Jessop, 1999: 354; Rhodes, 1999: xvii).

Finally, governance is defined by the horizontal differentiation of policy making and implementation among public and private actors at different levels. Decision-making within governance proceeds through negotiation and the formal and informal acceptance of structural inequality, for instance through weighted voting procedures (Rhodes, 1999: xxi; Jessop, 2000: 15f.) and policies are implemented in a decentralized fashion. In fact, policies typically are self-enforced and compliance is voluntary (Walsh, 1995: 35; Majone, 1997: 146; Rhodes, 1999: xvii; Pierre, 2000b: 242).

Obviously, it is difficult to specify which or how many dimensions have to be fragmented for a policy making structure to qualify as governance rather than government.¹ Moreover, the formal and informal institutions on which these political structures are based are constantly evolving. Separate dimensions may proceed towards greater fragmentation or integration. In fact, different dimensions might display countervailing trends. Nevertheless, it can be argued that in the area of international security a trend from government to governance can be noted since the end of the Cold War (Krahmann, 2003). The following section will argue that the growing role of private actors can be understood as a central part of this trend.

3. Private Actors in Security Governance

The fragmentation of political authority between state and non-state actors has been linked to

¹ Measures of de-governmentalization have been proposed elsewhere, see for instance Klaus Dieter Wolf (2001) 'Private Actors and the Legitimacy of Governance Beyond the State', paper presented at the ECPR workshop 'Governance and Democratic Legitimacy', Grenoble 6-11 April, at: <http://www.essex.ac.uk/ecpr/jointsessions/grenoble/papers/ws5/wolf/pdf>. However, a detailed assessment of the degree of de-governmentalization is beyond the scope of this paper which first seeks to demonstrate the relevance of the governance concept for the analysis of transatlantic security.

three interconnected factors. The first factor is increasing budgetary pressure due to a slowing international economy, rising military research and development cost and public demands for a peace dividend following the end of the Cold War (Majone, 1997: 139; Carver, 1992: 155). The second factor is a growing awareness of new security threats, such as transnational crime, terrorism and migration (Rosenau, 1992: 3; Tuathail et al., 1998:12). The third factor is the process of globalization which appears to create or exacerbate many of these security problems (Gordenker and Weiss, 1996:20; Zangl and Zürn, 1999: 140). Non-state actors can help to alleviate these pressures in multiple ways. This section provides an overview over the involvement of three types of private actors in contemporary security policy making: non-governmental organizations (NGOs), armaments corporations and transnational private security companies. It argues that their new role can be understood as part of the shift from government to governance in international security in terms of analytical framework outlined above.

Non-governmental Organizations

Non-governmental organizations form perhaps the largest group of non-state actors engaged in national, transnational and international security. They include multilateral associations, such as the International Federation of the Red Cross and Red Crescent Societies, the Lutheran World Federation and the International Federation of Human Rights Leagues, international organizations, such as Médecins sans Frontières, the International Rescue Committee, Amnesty International and Human Rights Watch, and a multitude of regional or national NGOs, such as the American Refugee Committee. Many of these organizations deal with traditional security concerns, e.g. the banning of landmines and the monitoring of armaments proliferation. However, as attention has shifted to new issues, such as human trafficking, development aid and human rights, the expertise and capabilities of NGOs operating in non-traditional areas have become more important and valued by governments and international organizations.

The humanitarian intervention in the former Yugoslavia illustrates the scope of the non-governmental contribution to international security. According to a list of the US military more

than sixty major American and international NGOs are operating in the Balkans.² But this is only a small proportion. It excludes all local NGOs as well as those based in other countries. The services provided by these NGOs are equally varied and numerous. They include the distribution of food and clean drinking water, medical services, mine clearance, housing, agricultural materials such as seeds and tools, training and community services. The budgets of the main NGOs in the Balkans can compare to those of donor countries, such as the United States.³ Mercy US claims to have distributed over \$2 million in food, shelter and clothing to refugees in Kosovo and Albania alone, and World Vision has allocated \$11.3 million for shelter and building reconstruction in Kosovo.⁴

The consequences of the growing involvement of NGOs for the governance of international security are complex. However, the framework proposed in the previous section can help to understand them in terms of the fragmentation of policy making between governments and NGOs along the dimensions of geography, function, resource distribution, interests, norms, decision-making and the implementation of policies.

Specifically, it can be argued that NGOs contribute to the geographical fragmentation of security policy making in that the nation-state is to a decreasing degree the prime focus of security, both in terms of the object of security policies and the provider of security services. Many NGOs have an explicit transnational mission and engage on the basis of need rather than geographical proximity. Although it can be argued that states and international organizations have increasingly accepted responsibility for the security of ethnic groups in other states since the end of the Cold War, the example of Kosovo shows that a large proportion of the humanitarian work in international interventions is carried out by NGOs.

In addition, the differences in expertise between NGOs and state actors facilitate the differentiation of functions among multiple actors. In Kosovo, for instance, a division of labour was established between NATO, the UN and NGOs with the military taking on policing

² See 'NGOs in the Balkans', at: <http://call.army.mil/fmso/ngos/organizations.html>

³ In 2002, the United States aid budget for Kosovo approximates about \$10 million. See USAID, *Kosovo Program Data Sheet 167-0310*, at: <http://www.usaid.gov/country/ee/kosovo.167-0310.html>.

⁴ See <http://www.interaction.org/kosovo/index.html>.

functions and providing logistics and infrastructure, while the humanitarian agencies channelled the flood of refugees and organized refugee camps (Minear, Baarda, and Sommers, 2000).

The divisions of security policy functions among public and private actors is strengthened by the fragmentation of the resources and expertise required for the provision of international security. This development is exacerbated by the observation that many governments in North America and Europe prefer to delegate security functions to national NGOs rather than to collectively provide security or aid through international organizations, such as the United Nations. The United States Agency for International Development (USAID), for instance, implements its humanitarian assistance programme in Kosovo through five local and twelve US-based NGOs and contractors, but only one international public organization.⁵ Even within NATO, the national military contingents engaged in the operation in Kosovo maintained separate resources. As a consequence KFOR refugee camps varied considerably in their standards ranging from the 'five-star' air conditioned version of the United Arab Emirates to modest shelters provided by the Turkish contingent (Minear, Baarda, and Sommers, 2000: 34).

The division of resources among multiple public and private actors in turn facilitates the differentiation of security interests. In particular, it allows NGOs to pursue their individual interests and political agendas in providing security to certain ethnic or religious groups or promoting specific political structures. The Islamic African Relief Agency, IARA-USA, thus proudly advertised that it 'arranged for the local purchase of approximately US\$ 13,000 in sheep and cows in Albania for the Muslim holiday, Eid al-Adha.'⁶ Although the meat was subsequently distributed to Kosovar refugees, it highlights the implicit religious agenda of the agency.

Finally, the growing role of NGOs in security governance contributes to a change in the making and implementation of security policies. Due to the differentiation of functions, resources and interests among an increasing number of public and private actors with no unifying authority, decisions are primarily taken through horizontal arrangements which emphasizes negotiation among actors with significant differences in capabilities and influence. The failure of

⁵ USAID, *Kosovo Program Data Sheet 167-0310*, at: <http://www.usaid.gov/country/ee/kosovo.167-0310.html>.

⁶ 'NGOs in the Balkans', at: <http://call.army.mil/fmso/ngos/organizations.html>.

the United Nations to establish itself as a clear lead agency among the multitude of governmental and non-governmental actors in Kosovo exemplified this system. However, the Kosovo case also illustrates the imbalance in power which defines governance. In particular, NGOs which acted as agents of national donor governments were limited in their ability to criticize the uneven provision of security by the military contingents. The fragmented and self-enforced implementation of policies and standards were one consequence. While many NGOs subscribe to best practices promoted by the *Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief*, notably the distribution of aid without adverse distinction of any kind and the direction of resources to those most in need⁷, separate KFOR contingents maintained their own national standards and at times entered into direct competition with each other.

Armaments Corporations

The second group of private actors which contribute to the fragmentation of security governance are private national and multinational armaments corporations. Two factors characterize their growing role. The first is the privatization of the armaments industry in Europe which began in the 1980s, but has significantly accelerated since the end of the Cold War. The second is the internationalization and consolidation of the armaments industry in the United States and Europe (Bitzinger, 1994; Sköns and Wulf, 1994).

Today private firms provide any possible form of military hardware for the implementation of international security governance, ranging from fighter jets to computer software. In addition, many armaments companies offer complementary services, such as maintenance and training in the use of their equipment. Few areas are exempt from the trend towards the privatization of previously national armaments companies or the outsourcing of military production to private providers. In the United Kingdom, which has been at the forefront of this development, the Thatcher government began the wholesale of its national armaments industry to the private sector with British Shipbuilders, British Aircraft Corporation, Royal

⁷ <http://www.icrc.org/icrceng.nsf/8ec4e051a8621595c12564670032d7ef/8e0d9f2c01c33d3841256275002de4fb?>

Ordnance, Rolls Royce and the Royal Dockyards in the mid-1980s (Edmonds 1998:121). Since then many continental European countries have followed, the latest being France.

A more recent development than the privatization of national armaments industries has been the consolidation of the industry in few large corporations. In the United States, where most armaments companies had already been private for historical reasons, the Clinton government facilitated the merger of existing companies to achieve higher economies of scale in the first half of the 1990s. The effect was the creation of military giants such as Lockheed Martin, Boeing, Raytheon and Northrop Grumman which respectively rank first, second, fourth and fifth in the list of the 100 largest armaments companies in the OECD and developing countries (SIRPI, 2000). Under pressure from the American competition, the increasingly privatized European arms industry has attempted to follow suit. In 2001, the merger of the French SOGEM, the Spanish SEPI and the German Daimler-Chrysler has created EADS, the largest European armaments corporation after the British BAe Systems.⁸ In addition, many European governments have encouraged the formation of national champions, such as Thales in France⁹ and Finmeccanica in Italy¹⁰.

Through the lens of the analytical framework proposed in the preceding section, the privatization and internationalization of the armaments industry can partly be understood as the result of the trend towards a system of security governance, partly it contributes to the shift from government to governance. Taking each dimension in turn, a number of observations can be pointed out which help to understand the effect of the growing role of private and multinational armaments corporations on international security governance.

In terms of the geographical fragmentation of security policy making away from the state two developments have been facilitated by the sell-off of national armaments companies in Europe. On the one hand it has created a 'sideways' shift towards a growing role of private companies in international security governance, on the other it has led to an 'upwards' trend

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⁸ <http://www.eads.com/eads/en/index.htm>.

⁹ <http://www.thalesgroup.com/ir/shareholders/about/shareholding/shareholding.htm>.

towards multinational corporations which operate across national boundaries. The second development has been strengthened by the fact that privatized armaments companies have been much more aggressive and successful in pursuing transnational mergers, joint ventures and partnerships than their nationalized predecessors (Lovering, 1998). In particular in Europe, where economies of scale can only be achieved through cross-border cooperation, the armaments industry has become more and more international. But even North American armament firms are progressively forming transnational partnerships and relying on technical components from suppliers in countries.

In addition, privatization and internationalization of the armaments industry in North America and Europe has promoted the functional differentiation of armaments production. Contrary to expectations that the consolidation of armaments companies in a small number of large corporations in conjunction with the growing relevance of dual-use technologies would lead to the diversification of production lines, most armaments companies have sold off their non-military assets and further specialized on armaments production (Markusen, 2000).

Another impact of the privatization of the armaments industry has been the fragmentation of resources among public and private security providers. National governments increasingly rely upon the private sector for armaments procurement. This dependence does not only include national companies, but also increasingly multinational and foreign corporations. The above mentioned development towards greater functional specialization rather than diversification further exacerbates the fragmentation of resources among multiple actors. Governments as well as private armaments companies are increasingly buying off-the-shelf commercial components, such as electronics and computer technology, from the civilian sector across the world.

The shifting balance between public and private actors in armaments production also affects the interests represented in security governance. Since privatized armaments companies are first and foremost accountable to their shareholders rather than national governments, the past decade has seen growing pressure from the armaments industry for a reduction in export controls which would allow them to access new markets. Although governments can benefit

¹⁰ <http://www.finmeccanica.it/eng/corporate/default.asp?corporate=profilo>.

from a more permissible export policy since larger production quantities can help to reduce the cost of military equipment, an increase in armaments exports as well as arms transfers to more volatile regions ultimately threaten international security. Another conflict of interest arises from the imperative of a private armaments industry to design military equipment for which there is a sufficiently large and sustainable market. National military requirements are likely to take a second place behind the demands of larger, foreign buyers. The French Air Force, for instance, had to compromise on the specifications for its fighter jet design in order to meet the interest of Middle Eastern customers (Markusen, 2000). Finally, the growth of transnational collaboration in armaments production might challenge national security interests since essential military equipment or components might not be as readily available as if provided by national companies.

Closely related to the emergence of security governance in armaments production is the normative shift towards the market as legitimate supply mechanism. It goes hand in hand with the acceptance of limited national sovereignty. While during the Cold War national autonomy in terms of a viable armaments industry was perceived as the equivalent of national sovereignty, today international interdependence in armaments procurement has become the norm. The French example is illustrative of a transformation in which the policy of independence has given way to calls for a common European procurement policy. In addition, a trend from command and control towards the self-government of the armaments sectors can be noted in the growing independence of armaments companies in designing major armaments projects. Whereas during the Cold War the development of large projects, such as fighter jets and tanks, was controlled by national governments, today armaments companies are much more proactive in the design of arms for which there is a national and international market. Many of these projects require transnational collaboration which armaments companies are increasingly seeking out themselves through joint ventures and partnership rather than to rely on government-lead international cooperation programmes.

However, unlike in the non-governmental sector and, as will be argued in the next section, the military service sector, the assumption prevails that governmental regulation of the armaments market remains necessary to prevent uncontrolled international proliferation. It has its roots in Cold-War thinking which was primarily directed at preventing the sale of military

technologies and equipment to the members of the Warsaw Pact. With end of the Cold War, some of these controls have been weakened. In particular, the COCOM controls have been replaced by the weaker Wassenaar Agreement which has opened the markets of Central and Eastern Europe to North American and European dual-use goods.

The privatization of the armaments industry in Europe and the national and transnational merger of armaments corporations also affect the decision-making process in the armaments sector. In contrast to the hierarchical structures which dominated nationalized armaments and procurement processes during the Cold War, the privatized armaments industry has become an independent actor in security decision-making. Arms are provided on the basis of public contracts and negotiations in which the industry has an advantage in terms of information and expertise concerning the development cost of military equipment. Moreover, the restructuring of the industry into few large armaments corporations has weakened the position of governments vis-a-vis the industry. While previously governments could hope that competitive pressures among a range of national and international firms would keep cost down, today they can rarely choose among more than two or three companies.

Merely in terms of the implementation of security policy, the position of the armaments industry has so far remained largely unchanged. In spite of the growing reliance of, in particular European, armaments firms on exports, governments continue to be the main legitimate customer of the armaments industry. Although the proliferation of transnational private security companies increasingly put the state's monopoly of the legitimate use of force into question, few private security companies provide combat personnel and even fewer firms offer them to actors other than legitimate governments.

Transnational Private Security Companies

The third group of private security actors which play a growing role in security governance since the end of the Cold war are transnational private security firms. They can be distinguished from armaments corporations in that they provide security services, such as training and logistics,

rather than goods.¹¹ Typically the term private security companies is used to subsume three types of firms: (1) mercenary firms, (2) private military firms and (3) private security firms (Lilly, 2000: 8; Cleaver, 2000: 136). The first type refers to ‘individuals or organizations who sell their military skills outside their country’ (Adams, 1999: 2). It is the only type which engages in direct combat. In their corporate form, the most well-known examples have been Executive Outcomes, a South African firm which was disbanded in 1999, and Sandline International, which is registered in the Bahamas, but has offices in London and Washington, D.C. The second term is more narrowly used to denote private firms which offer military training, equipment and intelligence (Brooks, 2000: 129). They include companies such as Military Professional Resources Inc. (MPRI), Defense Systems Limited (DSL), Silver Shadow and Vinnell. The third set refers to companies which provide security for installations and personnel as well as logistics, technical support and transportation (Singer, 2001; Cleaver, 2000). It is by far the largest category and is represented by companies, such as Brown and Root, Pacific Architects and Engineers (PA&E), and the Ronco Consulting Corporation. Frequently, however, private security companies combine functions across these areas and this paper will, therefore, use the term private security companies (PSCs) to subsume all three.

Despite the publicity which mercenary companies have received due to their involvement in civil wars in Angola and Sierra Leone, relatively little attention has been paid to the growing role of private security companies in industrialized countries. Governments specifically use PSCs for military training, logistics and transport at home, but increasingly also in international combat and peacekeeping operations. In addition, many of these companies operate for governments all over the world, such as Bulgaria, Croatia, South Africa, South Korea and Saudi Arabia.

As in the case of NGOs, the international intervention in the former Yugoslavia illustrates the scope of the involvement of PSCs in the provision of international security. In particular the United States mission increasingly relied on PSCs following the reduction of its peacekeeping troops from 20,000 in 1995 to 4,400 in July 2000. One sixth of the entire budget of the U.S.

¹¹ Although it should be noted that the two categories overlap in that many armaments companies offer training for their goods and private security companies usually bring with them the material required for their services.

operation in the Balkans was spent on services provided by the company Brown and Root which was hired to substitute for the loss of manpower (GAO, 2000: 3). In fact, the scope of the company's role in the ongoing U.S. operation has grown to such a degree that American peacekeepers joke that they should have a patch on their camouflage fatigue saying: 'Sponsored by Brown and Root' (Chalink, 2002). Since 1995, the company has been operating under an indefinite-delivery, indefinite-quantity (IDIQ) contract which was extended twice in 1997 and 1999, and which will run until 2004. The contract contains only broad specifications and work descriptions in order to give the contractor 'freedom to use the latest commercial practices and techniques to meet requirements successfully' (GAO, 2000: 7). Over the five-year period covered in the GAO report, Brown and Root thus was required to engaged in tasks as diverse as the building of base camps, the provision of food, waste disposal facilities, energy supplies, and routine construction and maintenance.

While the outsourcing of logistics to national PSCs appears relatively uncontroversial, the recent use of private military firms in the training of foreign armies is a more delicate issue. One controversial example has been the Virginia-based company MPRI which was hired in 1994 to train the newly established Croatian army. Several months later, the army expelled ethnic Serbs who are in their majority of orthodox faith from the Krajina region. The training was funded by a number of Muslim countries including Brunei, Kuwait, Malaysia, Saudi Arabia and the United Arab Emirates (Mandel, 2000).

Following the theoretical framework proposed the previous section, it can be suggested that the growing role of PSCs has a number of effects. In geographical terms, the progressive use of PSCs confirms the weakening of the link between the nation-state and the provision of international security. PSCs not only enable Third-World governments which do not have the necessary resources and capabilities provide for their national security by hiring services from foreign countries, they also offer governments in industrialized countries to intervene internationally with greater flexibility and lower cost. The former is of particular danger to newly emerging states which might fail to establish stable national defences and become dependent upon military companies. The latter applies in particular to established democracies which become able to disregard public opposition against foreign interventions, as in the case of the

United States' tacit approval of MPRI's training of the Croatian army or the U.K. Foreign Office's knowledge of Sandline International's operation in Sierra Leone.

Functionally, no clear division between states and PSCs has yet emerged. As noted above, PSCs engage in the entire scale of security services ranging from combat and training to the provision of logistics and information. Although there have been attempts to outlaw mercenary services at the international level, these have so far been largely unsuccessful or ineffective.

The increasing fragmentation of resources and capabilities among states and PSCs, however, has a significant influence on the emergence of a system of security governance. As the case of the American mission in the former Yugoslavia illustrates, decreasing numbers of troops force many governments to rely on private security companies in long-term missions. Moreover, budgetary pressures have facilitated the outsourcing of 'civilian' tasks, such as base maintenance, transport and catering to PSCs because they are believed to be more cost efficient.

In addition, the growth of the private security industry contributes to the differentiation of interests in security governance. Notably, the primary interests of private firms are in expanding their markets and increasing their sales. These interests are not necessarily congruent with the policy imperatives of the governments that employ them or the states in which they are based. The U.S. General Accounting Office, thus, noted in its report *Army Should Do More to Control Contract Cost in the Balkans* that Brown and Root frequently employed more people and used higher standards than deemed necessary by army officers. Although the failure lay with the U.S. army which could have defined more clearly the work and levels they required, it indicates that even a common interest in cost efficiency cannot be presumed.

In terms of the normative changes which underlie the shift from government to governance, the increasing reliance of governments on PSCs embodies the growing preference for market mechanisms to provide adequate levels of international security. Moreover, the contract between the United States government and Brown and Root confirms the norm that greater freedom and self-management are positive values and will lead to better and more efficient services, even if the practice disconfirms this belief.

These norms are reflected in the transformation of decision-making under security

governance. While traditionally the military has relied heavily on hierarchical structures for the making and implementation of its security policies, the relations with PSCs are frequently based on public-private partnerships or contracts in which negotiations with the private sector help to define what is considered the most efficient policy.

The division of functions among public and private actors further leads to the increasingly fragmented implementation of security policies. As the case of MPRI in Croatia shows, governments need no longer to become directly involved in military assistance, but can tacitly delegate controversial policies to the private sector. Moreover, in the absence of an international agreement on the regulation of private military and private security firms, the implementation of certain standards and norms in international security by PSCs is self-enforced and voluntary. Bahama-registered Sandline International, for instance, emphasizes that it ‘will only undertake projects which are for: internationally recognized governments (preferably democratically elected), international institutions such as the UN, genuine, internationally recognized and supported liberation movements’¹².

4. Governance Failures in International Security

While the growing role of private actors in security governance outlined in the previous section helps to lower the pressures on the resources of governments and international organizations, it has also been linked to a number of governance failures. This section suggests that many of these problems can be explained within the framework proposed in the first part of this paper.

Specifically, it proposes that governance failures occur where the shift from government to governance in some dimensions is not reflected by congruent changes in the other dimensions. This can lead to two types of governance failures: normative failures, which arise when changes in the policy process are not consistent with prevailing norms and beliefs, and practical failures, which emerge from a mismatch between governmental and governance arrangements in the non-ideational dimensions. The following paragraphs discuss four types of governance failures in

¹² See Sandline International, Overview of the Company, at <http://www.sandline.com/site/>.

turn: lack of transparency and accountability and loss of control as instances of normative failures, and lack of coordination and decreased efficiency as examples of practical governance failures.

Transparency and Accountability

Decreased transparency and accountability are among the most frequently noted normative problems with the growing role of private actors in international security. Both can be directly linked to the shift from government to governance. In particular, the fragmentation of capabilities and functions among not only public, but also private actors, appears to undermine traditional norms concerning responsible government and decision-making processes which seek to ensure public transparency and accountability.

One way in which the emergence of security governance is challenging established norms and decision-making arrangements is the dissolution of clear lines of responsibility. While under governmental arrangements political responsibility explicitly rests with the legislative and executive, in governance it is distributed among a multiplicity of public and private actors. Since these actors cooperate in the making and implementation of security policies in governance, no single actor can be held accountable for the outcomes of this process.

Moreover, governments, international organizations, NGOs, armaments corporations and private security companies are accountable to different agents. Governments are answerable to their electorates, international organizations to their members, NGOs to their donors and the recipients of their aid or services, and armaments corporations and private security companies to their shareholders and customers. Only the former three are in some sense accountable to the general public and hence under the scrutiny of parliamentary inquiries and the media. Although private armaments and security companies make some data available to shareholders, detailed information on where armaments and services are sold and for what purpose are not published for a broader audience. In fact, while the United Nations' Register of Conventional Arms (UN, 2001) and the European Union Code of Conduct on Arms Exports (EU, 1998) require governments to account for the transfer of conventional weapons and provide other EU member states with annual reports on their armaments exports, the security industry has been safeguarded

from recent demands for greater transparency because it could compromise their international competitiveness.

However, the loss of transparency and accountability due to the outsourcing of security functions to NGOs, armaments corporations and private security companies is not always unwelcome. As has been suggested above, some governments take advantage of the fragmentation of security policy making to avoid public debate over controversial international interventions. The British Foreign Office, for instance, knew of and tacitly approved of the provision of mercenaries, weapons and training by Sandline International to forces led by the former president Ahmed Tejan Kabbah in Sierra Leone.¹³ Similarly, the United States government supported the training of Croatia's new armed forces by MPRI before its incursion in the Krajina.

Control

The second normative problem which can be explained by the shift from government to governance is the loss of governmental control over security policy. Specifically, reduced control of governments over security policies appears to result from the progressive privatization and internationalization of the security industry and the consequent fragmentation of security policy making in terms of geography, function and distribution of resources. However, while the fragmentation political authority among multiple actors is not synonymous with governance failure in sectors such as the environment, it is perceived as a problem in security because the loss of governmental oversight contradicts established norms according to which the provision of security is the domain of the sovereign nation-state. Additional problems arise from the fact that the interests of private security actors are not necessarily congruent with those of the state and the general public.

The loss of governmental control over security governance primarily appears to be due to

¹³ Nicholas Rufford, 'Cook Snared in Arms for Coup Inquiry', *The Sunday Times*, 3 May 1998, at: <http://www.times-archive.co.uk/news/pages/sti/98/05/03/stinwenws01026.html?1621558>; Nicolas Wood 'Cook Faces Commons Row over Arms Deal Licences', *The Times*, 4 May 1998, at: http://www.times-archive.co.uk/news/pages/tim/98/05/04/timf_gnafr02002.html?1621558.

two developments: the increasing ability of private security actors to evade national controls and the changing balance of power between state and non-state actors. The internationalization of NGOs, armaments corporations and private security companies has contributed to both. In particular, it has enabled NGOs and private security companies to exploit the lack of international regimes which could regulate international interventions by private actors. The absence of suitable national and international controls is due to the relatively recent and exponential growth of NGOs and private security firms which only began to take off in the 1990s. Government and international organizations have only caught up with this development in the last few years. The British Foreign Office published a Green Paper which examines the possible options for regulating private security companies only in February this year (FCO, 2002). Legislation on the issue, however, cannot be expected for some time. Other European countries have not examined the problem at all.

Even where national and international controls have been developed during the Cold War period, as in the armaments sector, firms can use international partnerships, joint ventures and transnational mergers to circumvent national regulation and to enter foreign markets. The United States Department of Commerce in fact encourages American armaments companies to form into partnerships with French firms in order to gain access to the national French procurement process.¹⁴

In addition, the ability of governments to control private security actors has been reduced by changes in the relative power of public and private actors. Since governments increasingly outsource security functions to NGOs, private armaments corporations and private security companies, the latter become more and more influential in the making and implementation of security policies. The expertise and information advantage of these actors also helps them to influence governmental security policies. Moreover, modern contracts such as the indefinite-delivery, indefinite-quantity contract between the United States government and Brown and Root grant private security actors more freedom in the implementation of governmental security policies in a bid for greater efficiency.

¹⁴ http://www.sce.doc.gov/documents/market_briefs/aerospace/pdf/defense_industry_france.pdf.

Finally, the consolidation of the armaments industry and private security companies in a decreasing number of suppliers has reduced the ability of governments to choose between competing arms producers and security providers. These large and often multinational companies are thus in a stronger position to define the terms of their contracts and to influence governmental security policy making by taking a more active role in the development of weapons and the supply of security services.

Coordination

Lack of coordination among public and private security providers is one of the practical governance failures caused by the fragmentation of security policy making in terms of geography, function and resource distribution. It can be explained by the fact that governments and international institutions have been slow to adapt their security policy making and implementation processes to the growing role of NGOs, armaments corporations and private security companies in international security. The result has been a mismatch between the degree to which governance arrangements have been adopted in the geographical, functional and resource dimensions, and the decision-making and implementation dimensions. As in the case of governmental control, the difference between the degrees to which lack of coordination affects the relationship between NGOs and private security companies on the one hand, and armaments companies on the other, appears to illustrate this argument. In the armaments industry, which established its position in international security during the Cold War, insufficient coordination is less often perceived as an issue as among NGOs and private security companies, which only emerged as key actors in international security during the past two decades.

In particular, coordination failures in security governance arise from three factors. The first is a lack of institutional structures which ensure sufficient communication and coordination among governments, international organizations, NGOs, and private security firms. Recent international interventions as in the former Yugoslavia, for instance, were initially hampered by the failure of the military to establish clear lines of communication with the multiplicity of NGOs on the ground.

A second factor are differences in the interests of governments, NGOs, armaments

companies and private security firms. These differences mean that congruence and compatibility in the making and implementation of security policies cannot be assumed. Conversely, structures or processes are needed to coordinate policies and to resolve the negative effects of divergent interests. Illustrative of the coordination problems which can arise from the divergent interests of public and private security actors is the complaint among NGOs in Kosovo that the KFOR military forces stationed in the region to support the humanitarian mission did not share important information because it was regarded as classified (Minear, Baarda, and Sommers, 2000).

Finally, coordination problems among governments, NGOs and private security companies are compounded by different organizational cultures. The hierarchical organization of governmental agencies, in particular of the military, and private companies frequently finds it difficult to collaborate with the more flexible and horizontal organization of NGOs. Moreover, while governmental and intergovernmental institutions primarily rely on formal channels of communication, private security actors frequently use personal and informal networks to coordinate their operations.

Efficiency

Another practical governance failure is decreased efficiency in the making and implementation of security policies. That efficiency can be a problem in security governance is especially interesting since the introduction of governance mechanisms, such as privatization and market principles, is commonly justified by the argument that private actors can provide goods and services at less cost than public actors. However, if viewed within the context of other forms of governance failure, it is little surprising. Loss of control and lack of coordination explain why emerging governance arrangements might be less efficient than established governmental systems. In particular, the framework proposed in this paper suggests that the mismatch between the fragmentation of security policy making in terms of geography, function, resource distribution and interests on the one hand, and governmental decision-making and implementation arrangements on the other contributes to these inefficiencies.

The fragmentation of security policy making among actors from different countries,

specialized in the provision of different goods and services and having different capabilities and expertise can thus require a much greater coordination effort than centralized services. In particular, the differentiation of security policy making among a large number of public and private actors can decrease efficiency due to duplication and lack of collaboration. InterAction lists no less than twenty-three major American and international NGOs providing disaster and emergency relief in Kosovo, nineteen offering health care and twenty-six engaged in teaching and education.¹⁵ Although most NGOs concentrated their efforts in particular regions, duplication did occur and in some cases even led to competition among NGOs for refugees (Minear, Baarda, and Sommers, 2000).

Another factor which can lead to low efficiency are differences in the interests of public and private actors which are not resolved sufficiently by existing decision-making arrangements. While governments as donors and contractors have an interest in the most efficient provision of security, NGOs might be more concerned with maintaining a certain standard of their work. Public and private interests differ even more in the case of armaments companies and private security firms whose primary imperative are profits. The American KFOR forces noted that Brown and Root installed a 100 per cent electricity backup for their bases in Kosovo, although only a few key functions such as the military hospital needed such backups. Other cases of over-provision included the bases' firefighting services for which Brown and Root set much higher standards than those used by the military itself and the cleaning of military quarters. Brown and Root thus exploited the flexibility of its contract for profit, although the aim of such contracts is to increase efficiency by allowing contractors greater scope in the implementation of security services.

Similarly, armaments corporations can exploit the consolidation of the industry to increase the cost of weapons procurement as governments are lacking alternative offers. In the United States, where the consolidation of the private armaments industry has most progressed, often not more than three companies can compete for a government contract. Moreover, since the government has a keen interest in ensuring the survival of a viable defence industrial base, bids

¹⁵ See <http://www.interaction.org/kosovo/index.html>.

often go not to those companies which make the best offer, but to those which are most in need of new contracts.

5. Resolving Governance Failures: Lessons from Private Policing

The preceding section has argued that governance failures such as decreased transparency and accountability, loss of governmental control, lack of coordination and loss of efficiency can to some degree be explained by the differences in the degrees to which governance has replaced government in some dimensions, but not in others. It follows that attempts to resolve these governance failures should identify ways in which the incongruence between governmental and governance arrangements can be addressed. One logical option would be to attempt to return those dimensions which have progressed most towards governance to more governmental modes of security policy making. Another would be to develop new mechanisms to overcome the differences between the dimensions without changing their modes of policy making. A third would be to embrace governance and to move towards the full endorsement of governance principles across all seven dimensions.

This section examines the governance of private policing as an example of how governance failures can be resolved. A comparison of the governance of international security with the development of private policing appears to be especially suitable because of the similarities between the two sectors. Like international security, policing has until recently been perceived as the monopoly of the state. Moreover, private policing has seen an exponential growth which has raised similar questions concerning the accountability, control, coordination and efficiency of the industry (Johnston, 1999: 192; Stenning 2000: 336f.; Greene, Seamon, and Levy, 1995: 5f.; Loader 1999: 386). However, unlike international security, the re-emergence of private policing has already been noted in the 1980s and thus would suggest that various mechanisms for dealing with the shift from government to governance have been well developed and tested.

Specifically, this section discusses five mechanisms which have been used to address governance failure in private policing: regulation, contractual obligation, collaboration and liaison, self-regulation, as well as professionalization and the market. Each of these mechanisms

appears to embody to different degrees the three options for dealing with the shift from government to governance outlined above. Increased governmental and intergovernmental regulation of private policing seems to reflect a strengthening of the government principle, whereas reliance on contractual obligations, collaboration and liaison can be viewed as steering mechanisms which maintain the degree of governance or government in the seven dimensions discussed in the previous sections. Finally, self-regulation, professionalization and the market can be understood as modes of policy making which basically endorse governance as the overriding concept of policy making. Examining each mechanism in turn, this section discusses the effectiveness of these modes of government and governance and briefly raises the question to what degree each would be applicable to international security.

Regulation

The regulation of private policing can take a broad variety of forms. In the United States, it differs from state to state and generally requires licencing of private policing personnel or companies. In the European Union, it ranges from basic regulation in countries like the Ireland to very strict legal controls and requirements concerning training and licencing in Belgium, Denmark and Sweden (Waard, 1999; Weber, 2002). However, in recent years the trend appears to have been towards an increase in the regulation of the private policing industry in most European countries and with it a strengthening of the ‘government’ principle, i.e. the centralization of political authority over private policing within governmental agencies. Even the United Kingdom and Ireland, which traditionally have been more in support of governance, have in the last two years introduced governmental regulation of the private policing industry after more than a decade of debates over low standards in the business and the perceived failure of sectoral self-regulation.¹⁶

The effectiveness of governmental regulation in addressing governance failures, such as

¹⁶The British government introduced regulation of the private policing sector with the Private Security Industry Act on 11 May 2001. However, the law will not be enforced until a regulative agency, the Security Industry Authority, has been set up. See The Security Industry Authority Interim Website, at: <http://www.homeoffice.gov.uk/psib/>. The Irish government passed similar legislation in January 2000. See <http://www.justice.ie/80256976002CB74/vWeb/fsWMAK4Q7KY>

lack of transparency and accountability, control, coordination and efficiency rests on its ability to strengthen the government principle in dimensions which have progressed further than others towards governance. Notably, state regulation can impose limits on the transnational operation of private policing firms, the functions which private policing firms may take on, the independent use of resources such information and data on small scale offenders, the internal structure of private policing companies and the implementation of private security.

One of the key mechanism of governmental regulation is the introduction of licences for individuals and/or companies operating in the private policing sector (South, 1988: 90). A second element has been the introduction of minimum training standards (South, 1988: 91). Both licences and training certificates can variously be acquired from governmental departments, such as Interior Ministry as in Portugal, governmental agencies, such as the planned Security Industry Authority in Britain, or industry associations, such as the Association of German Chambers of Industry and Commerce (Weber, 2002).

Although licences and training certificates are in some cases distributed by industry associations, these mechanisms differ significantly from sectoral self-regulation because the guidelines and requirements are set by governments. Moreover, governments enforce these regulations and penalise non-compliance with national law. Governmental regulation, thereby, creates clear lines of responsibility and accountability. Malpractices of private police are either subject to criminal prosecution or, if the result of insufficient regulation, can be attributed to governmental policy. Licencing also enables governmental and non-governmental bodies to obtain and publish reliable data on the private policing sector and to enhance the transparency of the industry. Finally, licencing and training requirements facilitate the control of governments over the private policing sector in terms of who provides private policing and at what level.

However, regulation cannot address all forms of governance failures. The transnationalization of the industry allows in particular multinational companies to evade national controls. Only international regimes or regional regulation, e.g. within the European Union, can prevent this. Such regulation is supported by major companies and industry associations in Europe because national differences in licencing and training requirements inhibit the transnational operation of multinational corporations. Although the private policing industry

favours minimum standards as a way to harmonize national laws, addressing the question of controls within the European Union or transatlantic cooperation collectively would on the whole improve governmental supervision of the industry.

Other governance failures, such as lack of coordination among public and private police and loss of efficiency, have also been insufficiently addressed by governmental regulation. Although politicians in Germany have raised the option of requiring private police to share important information with the public police to enhance cooperation and increase the efficiency of fragmented policing, no such regulation has yet been introduced in any European country. Existing public-private police cooperation has been predominantly of a voluntary nature and is often confined to local partnerships. One example, which will be discussed in more detail below, is the introduction of liaison officers and radios carried by both public and private police. Regulation could play a crucial role in facilitating such schemes by making them a legal requirement.

Despite these limitations the general effectiveness of governmental regulation in addressing governance failure is high. Most European countries have, therefore, increased the scope and the degree of regulation in the private policing sector and common European regulations seem likely as transnationalization increases. Once these have been established they would be a particularly appropriate example for the governance of international security. However, even purely national regulation seems to be able to address some the governance failures observed in security since governments remain the primary customer of private armaments firms and private security companies and since they act as donor to many NGOs.

Contractual Obligation

Contracts have been proposed as another mechanism for resolving some forms of governance failure. In particular, it has been suggested that contracts can place similar requirements on private policing companies as regulation in terms of accountability, transparency and control (Stenning 2000: 344). Well-designed contracts can also stipulate basic guidelines concerning the collaboration of private policing firms with public actors and can increase efficiency by including penalties for under-performance.

However, it can be argued that contractual obligations can only address all four types of governance failures discussed in the preceding part in the case of direct contracts between governments and private policing companies, i.e. when governments are outsourcing policing functions to private providers. Public accountability is not improved by contracts between private policing firms and private employers. While different contractual obligations might ensure high levels of accountability to the customer, they do not entail general responsibility towards the broader public; even though the general public might be affected by the private provision of policing as in shopping malls. Similarly, transparency or collaboration between public and private police is not the object of contracts between private policing firms and other private agents. Merely efficiency may be improved by suitable contracts among private providers and customers.

The reason for this difference lies in the nature of governance failures such as lack of transparency, accountability and control. Since all of them are the result of differences between prevailing normative expectations and the fragmentation of political authority over policing, any attempt to resolve these failures essentially needs to address the relationship between these dimensions. In particular, problems arise from the fact that in policing, as in international security, transparency, accountability and control are still believed to be the responsibility of the government.

Since contracts cannot modify these norms, they can only effectively address these failures if governments continue to hold the central political authority over policing and merely subcontract specific services to private companies. In these cases, governments can ensure that contracts oblige private policing companies to comply with specific standards of transparency and accountability. Moreover, contracts between governments and private policing firms can overcome the problem of private firms evading national controls because foreign companies are under direct contractual obligation with the government of the country in which they are operating. In addition, contracts with national governments could be used to establish direct channels of collaboration and communication between private companies and the public police since the government holds the ultimate authority over both. Finally, public-private contracts can increase the efficiency of private policing both by means of such collaboration and by

introducing clear standards and penalties.

Although contracts can potentially help to solve a number of governance failures by strengthening the authority of governments vis-a-vis private policing providers, so far very little use has been made of this mechanism. The prime reason for it is that the proliferation of private policing has not occurred through the outsourcing of public policing functions, but the growth of private spending on policing services. In this sense the development of private policing is quite distinct from international security where governments remain the core suppliers of security. It follows that, while contracts might not be a suitable mechanism for addressing governance failure in private policing, it might be more appropriate for international security.

Collaboration and Liaison

The institutionalization of collaboration and liaison between the private policing industry and the public police has been identified as a third mechanism for resolving the governance failures associated with the shift from government to governance. Specifically, institutionalization can increase the transparency, accountability, control, coordination and efficiency of private policing by facilitating closer formal or informal linkages between the public and private police and thus facilitate governmental influence on private policing. In the literature on private policing, mechanisms for enhancing public-private cooperation have been discussed under a number of headings and contexts, including community policing (Kempa et al., 1999), collaboration (Greene, Seamon, and Levy, 1995) and liaison (Canada, 2002), which illustrate the multiplicity of possible forms of public-private cooperation. They range from relatively informal information exchanges between public and private police officers to formalized cooperation which includes joint roll calls and shared office space as in Philadelphia's Center City project (Kempa et al., 1999).

So far most of these collaborative projects have built on the voluntary participation of the private policing industry. However, a legalization of such partnerships is theoretically possible. Collaboration projects can, therefore, facilitate government as well as governance, depending on the degree to which they support the centralization of political authority within state agencies. The ability of these mechanisms to address the types of governance failures mentioned above, is

very much influenced by this degree. Thus, it can be argued that, while governance modes of informal and voluntary collaboration and liaison can significantly improve the coordination and efficiency of private policing, only governmental modes can fully satisfy the normative requirements of transparency, clear lines of accountability and national control over policing.

Informal exchanges of information between public and private police either on the beat or through weekly meetings between police representatives and private policing firms increase coordination by giving the public police insights into security problems on private properties, such as housing areas, and in return providing private police with information about suspects. Moreover, they improve the efficiency of both public and private policing. More formal institutional arrangements make private policing more transparent and accountable to the public through their cooperation with the public police. They also provide the government with greater control over private policing in terms of operating procedures and behaviour.

Since formal and informal cooperation and liaison between the public and private police has been set up mainly within voluntary schemes, it has proved very successful in facilitating coordination and efficiency. However, the ability of more regulated cooperation to increase transparency, accountability and control has so far been under-used. Nevertheless, both approaches seem suitable for addressing similar problems in international security. Especially in situations where governments are not outsourcing security tasks, but are confronted with independent private security actors, such as NGOs, institutionalized coordination and liaison can indirectly increase governmental oversight.

Self-Regulation

The self-regulation of the private policing sector has initially been favoured by countries such as the United Kingdom and Ireland as well as by the industry as the key mechanism for confronting different types of governance failure (Waard, 1999; Weber, 2002). Self-regulation can take the same form as governmental regulation, including licencing, training requirements, minimum standards, and operative guidelines (South, 1988: 120). Specifically, licencing and operative guidelines can increase the transparency and accountability of the private policing sector if industry associations publish their requirements and any data gathered on performance and

compliance with association standards. In addition, training and standard setting, such as the British Security Industry Association's requirement that all members have an ISO9000 certificate, can facilitate the efficiency of private policing.

Nevertheless, self-regulation does not have the same ability to improve governance failures as governmental regulation of the private policing sector. In particular, normative governance failures such as lack of transparency, accountability and control can only partially be addressed through self-regulation because they are the result of continuing popular belief that the governments should be accountable and in control of the provision of basic social services like policing. Any efforts at sectoral self-regulation are, therefore, likely to be considered insufficient.

Even the ability of self-regulation to improve practical governance failures such as efficiency is often questioned because industry associations' inability to punish non-compliance. While a licence by an industry association can improve the public credibility of a private policing company, it is not legally required and customers may prefer cheaper, non-licensed firms. Indeed, some authors have argued that the competitiveness of the private policing industry inhibits the introduction of higher standards through sectoral self-regulation (South, 1988: 89). In addition, it has been noted that most industry associations represent only particular sections of the sector, in particular large corporations. Smaller companies are often excluded because they cannot afford to pay for the licences or training required by national associations. This could lead to the bifurcation of the sector into a regulated part dominated by large, often transnational, corporations and an unregulated part comprising small businesses and independent agents. Finally, transnationally operating private policing companies can evade the controls established by national associations. It follows that any successful self-regulation of the sector would need to build on international business associations, such as the European Confederation of Security Services (CoESS).

While the problems faced by the self-regulation of the private policing sector seem not insurmountable, the experience with self-regulation in Europe has been rather negative. Since industry associations have failed to increase standards and accountability, countries like the United Kingdom and Ireland, which have been supportive of self-regulation, have decided to implement governmental controls. It stands to reason that self-regulation would be more

successful in addressing governance failures in international security. In particular, the diversity of the private security industry and its transnational scope of operation would pose similar difficulties. Private military companies, such as Sandline International, which are seeking to improve their public image have, therefore, called for governmental licencing rather than sectoral self-regulation.

Professionalization and Market Mechanisms

While the self-regulation of the private policing sector acknowledges the need for external intervention, the professionalization of the industry and the market are mechanisms which operate within the governance ideal. According to this approach market mechanisms themselves can help to address some of the problems with the transformation from government to governance. It suggests that competition in the private policing sector can facilitate standards of transparency and accountability in line with the expectations of customers and shareholders. Moreover, market pressures can increase coordination and improve efficiency as more efficient companies get a greater share of the market. The progressive consolidation of the private policing industry in few multinational corporations in the United States and Europe, such as Group 4 and Securitas, is seen as evidence for this development. These corporations are able to establish their own institutionalized training facilities and develop codes of ethics and operative standards. Market mechanisms and the professionalization of the industry are complemented by contracts between firms and consumers which ensure the direct control of employers over the provision of private policing.

The suitability of market mechanisms and the increasing professionalization for addressing governance failures in terms of transparency, accountability, control, coordination and efficiency, however, can be questioned for the same reasons as other governance mechanisms. Even if market mechanisms are effective in providing greater transparency and accountability to consumers and shareholders, they not generally improve openness and responsibility towards the greater public. Indeed, it has been argued that market principles can work against transparency since companies fear that the publication of sensitive data would undermine their competitiveness (Canada, 2002: 49). Similarly, market rules and regulations

hold a company primarily accountable to its shareholders and customers, but not to the public interest. In fact, shareholder interest in increasing profit margins and public interest in effective and efficient policing might be contrary in certain instances such as the provision of private policing by well-trained, but more expensive, personnel. The same argument applies to the control of private policing firms, which lies in the hands of those who own and hire them rather than the government.

Market mechanisms and professionalization seem more effective in improving practical problems, i.e. the coordination and (cost-)efficiency of the industry. Since coordination with the public police can significantly improve the ability of private policing firms to protect property and persons, which will be welcomed by customers, the market does provide an incentive for enhancing public-private collaboration. Moreover, consumers in a competitive market are able to exert pressure for the reduction of the cost of private policing services, although as has been argued above, this does not need to be in the interest of the general public.

In sum, market mechanisms and the professionalization of private policing have, therefore, so far been viewed with scepticism as regards the resolution of governance failures like transparency, public accountability, control, coordination and efficiency. Essentially, market principles can only succeed in resolving these questions if it is accepted that transparency, accountability and control in governance arrangements are as fragmented among public and private providers as the making and implementation of private policing. Even under these circumstances it is not clear from the experience of the private policing sector whether coordination and efficiency will indeed be improved in the long term. While the professionalization and consolidation of the industry seems to increase the standard of large companies, a parallel sector of small sub-standard firms appears to persist.

Applied to international security, such a division of the sector appears to be less likely since the cost of security equipment and training are generally too high for small scale enterprises. Thus, professionalization and consolidation can possibly improve the coordination and efficiency of private security providers. However, the inability of market mechanisms to resolve the normative differences concerning transparency, accountability and control are most likely to be enhanced in international security which, to an even greater degree than policing,

continues to be perceived as the domain of the state.

6. Conclusion

This paper has attempted to answer four questions: how can we understand the growing role of private actors in international security, what problems arise from this new role and why, and how can these problems be resolved. It has suggested that the concept of security governance can provide a useful framework for addressing these questions. In particular, this paper has argued that the growth of the private security industry in North America and Europe can be understood in terms of a shift from government to governance. Characteristic of this development is the progressive fragmentation of political authority among public and private actors in seven dimensions: geography, function, resource distribution, interests, norms, decision-making and implementation.

Using the resulting framework for its analysis, this paper has suggested that the growing influence of private security actors, such as non-governmental organizations, private armaments corporations and private security companies can be interpreted both as a result of the shift from government to governance in international security and as a contributing factor to this development. On the one hand governmental policies which favour the privatization and outsourcing of security services facilitate the growth of the private security industry and the division of security functions in terms of geography, function, decision-making and implementation, on the other hand the proliferation of private security actors exacerbates the progressive differentiation of resources, interests and norms in international security.

The proposed framework further hypothesized that the governance failures which result from the fragmentation of security policy making among public and private actors can be explained by differences in the degree to which governance has replaced government across the seven dimensions. In particular, it has contended that these differences leads to two types of governance failures: normative and practical. Normative failures can be linked to the persistence of governmental principles and beliefs in the interest and normative dimension as governance arrangements increasingly define the geographical, function and resource dimensions. Practical failures can be understood as the result of governmental modes of decision-making and

implementation in international security which do not fully take into account the growing dispersion of policy making capabilities in the geographical and functional dimension. Specifically, this paper analysed four types of governance failure in international security: a lack of transparency and accountability as well as a loss of governmental control over security policy as normative problems, and coordination and efficiency as practical issues.

While the framework outlined in the first part of this paper cannot directly answer how these governance failures might be resolved, it suggests that the emergence of security governance in international security can be compared with other policy sectors and thus learn from their experiences. In particular, this paper has examined how the rise of private actors in international security is similar to the privatization of policing which can be understood as the result of an earlier shift from government to governance in domestic security. An analysis of the mechanisms used to address governance failures, such as loss of transparency, accountability, control, coordination and efficiency, in private policing identified five practices: increased governmental regulation, greater specificity of contractual obligations, collaboration and liaison between public and private actors, the self-regulation of the sector, as well as a reliance on professionalization and market mechanisms.

Although there was little data on the effectivity of these various mechanisms, some general points could be drawn from the experience with private policing. First, most European governments have decided in recent years to increase state regulation of the private policing sector since the self-regulation of the industry has proven insufficient. Second, greater specificity contractual obligation has also been perceived as limited because most private policing firms operate for private employers rather than governments. Third, collaboration and liaison schemes have been fairly successful, but few. Finally, professionalization and the use of market mechanisms have improved the accountability, coordination and efficiency of large multinational policing firms, but not that of small businesses.

In terms of the framework and arguments advanced in the preceding sections, the differences in the effectiveness of these mechanisms can be accounted for by the normative or practical nature of governance failures. Specifically, this paper has argued that normative governance failures cannot be effectively resolved by mechanisms relying on governance

principles because these failures are due to persistent beliefs in the superiority of governmental arrangements in providing transparency, accountability and public control. Only governmental mechanisms, such as regulation and public-private contracts, can address these issues in the absence of normative change. However, both governance and governmental mechanisms can be successful in improving practical governance failures, such as coordination and efficiency.

The implications for the governance of international security are that any effective approach towards raising the standard of transparency, accountability, control, coordination and efficiency will have to take these differences which can also be found in security governance into account.

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