The privatization of security governance: developments, problems, solutions
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Arbeitspapier / working paper

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:

SSG Sozialwissenschaften, USB Köln

AIPA 1/2003

Arbeitspapiere zur Internationalen Politik
und Außenpolitik

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Lehrstuhl Internationale Politik
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ABSTRACT

Since the end of the Cold War, the broadening notion of security and new security threats have facilitated the growing role of non-state actors, such as non-governmental organisations (NGOs), private military companies and armaments corporations in security governance. This paper suggests that the increased importance of non-state actors can be understood as part of a shift from government to governance in North American and European security policy making. Characteristic of the emergence of a system of *security governance* is the fragmentation of political authority among public and private actors in seven dimensions: geography, function, resources, interests, norms, decision-making and implementation. Building on a theoretical model which distinguishes between government and governance as ideal types, this paper addresses three questions: how can we understand the growing role of private actors in international security, what problems arise from this transformation of security policy making and why, and how can these problems be addressed.

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INHALT

The Privatization of Security Governance:

Developments, Problems, Solutions[1]

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 North America and Europe. 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 non-state actors, such as non-governmental organizations (NGOs), private military companies and armaments corporations in security governance.

This paper suggests that the increased importance of non-state actors can be understood as part of a shift from government to governance in North American and European security policy making. Security, thus, appears to follow a trend which has been observed at the national, regional and global levels as well as across different

policy sectors such as welfare, policing, and the environment since the 1980s (Pierre 2000b). Characteristic of the emergence of a system of security governance is the fragmentation of political authority among public and private actors in seven dimensions: geography, function, resources, interests, norms, decision-making and implementation. Building on a theoretical model which distinguishes between government and governance as two ideal types along these seven dimensions (Krahmann 2003b), this paper addresses three questions: (1) how can we understand the growing role of private actors in international security, (2) what problems arise from this transformation of security policy making and why, and (3) how can these problems be addressed.

In order to deal with these questions, this paper is divided into four parts. The first part provides a brief introduction to the concept of security governance and outlines a framework for its analysis. The second part examines how this framework can help to understand the growing involvement and influence of private actors in transatlantic security policy making. The third part hypothesizes why certain types of governance failures can be observed in the emerging system of increasingly private security provision, and the fourth part examines possible solutions to these problems by drawing on a comparison with private policing.

2   The Concept of Security Governance

To understand the emergence of security governance in North America and Europe, it is first necessary to specify the two concepts of security and governance. The meaning of security has been widely contested since the 1980s (Ullman 1983; Walt 1991; Rothschild 1995; Krause/ 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.

This challenge to a state-centric notion of security builds upon the observation that the end of the Cold War has reduced the number of interstate wars, whereas

threats such as civil conflict, transnational crime, terrorism and infectious diseases appear to be increasing (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, ca. 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 wars appears even more striking according to the data provided by the Stockholm International Peace Research Institute (SIPRI) which recorded on average 27 major conflicts, but only one inter-state war, per year between 1991 and 2000. Statistically, 96 per cent of all major conflicts, that is 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/ 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 OSCE 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. 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 subject 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 military 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; DynCorp 2002).

While the relations between diverse groups of actors in the area of security 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 in contemporary North America and Europe 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/ Kohler-Koch 1999: 5), the notion that governance can be differentiated from government appears to be more fruitful. In this tradition, government as a mode of policy making rather than an actor refers to the systems which centralize political control within 'the state' and its agencies, whereas governance denotes policy making among state and non-state actors at the subnational, national or international levels in the absence of a unifying political authority (Czempiel 1992: 250; Gordenker and Weiss 1996: 17).

An analysis of governance at the national, regional and global levels suggests that governance arrangements are characterized by the fragmentation of policy making in seven key dimensions: (1) geographical scope, (2) functional scope, (3) distribution of resources, (4) interests, (5) norms, (6) decision-making and (7) policy implementation (Krahmann 2003b). Each dimension can take a variety of forms along a scale from the ideal notion of government, i.e. the centralization of political authority within state agencies, to the ideal concept of governance, i.e. the fragmentation of political authority among public and private actors. However, it should be noted at this point that not all dimensions apply to every issue area. Some governance arrangements, for instance, 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

continuum ranging from centralization to fragmentation.[2] The resulting framework helps to answer the questions posed at the beginning of this paper by suggesting not only a general framework for the analysis of the shift from government to governance, but also by encouraging the comparison of governance arrangements, its problems and their possible solutions across different levels of analysis and policy sectors.

Table 1   *Government and Governance as Ideal Types*

2.1.1.1 Dimensions	*Government*	*Governance*
Geographical scope	national subnational	national subnational regional global transnational
Functional scope	several issue areas	single issue areas
Distribution of resources	centralized	dispersed
Interests	common	differentiated
Norms	sovereignty command + control redistribution	limited sovereignty self-government market
Decision-making	hierarchical consensus formal equality	horizontal negotiation inequality
Implementation	centralized authoritative coercive	fragmented self-enforced voluntary

Understood in these terms, geographical fragmentation can take three forms: down-ward to local or regional entities, upwards to the macro-regional or global level or

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2   Note that under this definition federal states are considered as governmental policy making arrangements because political authority is dispersed among public agencies at the national and subnational level, not betwen public and private actors.

sideways to private and voluntary actors (Rhodes 1999: xxxiii). Crucially, the noted upward shift does not represent a substitution of the state as central authority by international institutions, which would suggest centralization, albeit at a new level, but typically marks the dispersion of political authority between governments and international organizations.

Functional fragmentation can be defined as the regulation of different issue areas by multiple and separate authorities, including public or private actors (Majone 1997: 154). Resource fragmentation, on the other hand, can be 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 as uninhibited by external regulation as possible. 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 by 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.[3] Most contemporary policy making arrangements would be placed somewhere between these two ideal types. Moreover, the political structures in North America and Europe 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 2003a). The following section analyses the growing role of NGOs, private armaments corporations and private military companies as part of this trend.

3 Private Actors in Security Governance

The progressive fragmentation of political authority between state and non-state actors has been linked to three interconnected factors in the contemporary security environment. The first factor is increasing budgetary pressure due to a slowing international economy, rising military research and development cost and public demand 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

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[3]   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.

factor is the process of globalization which appears to create or exacerbate many of these security problems (Gordenker/ Weiss 1996: 20; Zangl/ Zürn 1999: 140). Non-state actors can help to alleviate these pressures in multiple ways. This section provides an overview of the involvement of three types of private actors in contemporary security policy making: NGOs, armaments corporations and private military companies. It argues that their new role can be understood as a result of the shift from government to governance in security.

3.1   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 the broadening of the notion of security has shifted attention to new threats, such as human trafficking, development aid and human rights, the expertise and capabilities of NGOs operating in non-military areas of security have become more important and are increasingly recognized by governments and international organizations.

The humanitarian intervention in the former Yugoslavia illustrates the scope of the non-governmental contribution to contemporary security governance. According to a list by the US military, more than sixty major American and international NGOs are currently operating in the Balkans.[4] Together with local NGOs as well as those based in other countries, the number of NGOs in Kosovo alone has been estimated at 250. The

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

services provided by these NGOs are varied and numerous. They include the distribution of food and clean drinking water, medical services, mine clearance, as well as the provision of housing, agricultural materials, such as seeds and tools, training and community services (InterAction 2002). The budgets of the main NGOs in the Balkans can compare with those of major donor countries, such as the United States. While US aid for Kosovo approximated $10m in 2002 (USAID 2002), Mercy US distributed over $2 million in food, shelter and clothing to refugees in Kosovo and Albania, and World Vision allocated $11.3 million for shelter and building reconstruction (InterAction 2002).

The reasons for and consequences of the growing involvement of NGOs in the provision of security are complex. However, the concept of security governance can help to understand them in terms of the fragmentation of policy making between governments and NGOs in terms of geography, function, resource distribution, interests, norms, decision-making and the implementation of policies.

The framework suggests that the growing role of NGOs in security governance is both a result of and contributes to the geographical fragmentation of security policy making. It is linked to the shift away from the state as primary focus of security, as the object of security, i.e. the preservation of state borders, as well as the subject of security, i.e. the state as primary security provider. Since new security threats, such as terrorism, transnational crime and infectious diseases are transnational in their nature, the ability of nation states to address them is geographically limited. Although it can be argued that Western governments and international organizations have increasingly accepted responsibility for human security abroad, the example of Yugoslavia shows that a large proportion of the humanitarian work in international interventions is carried out by NGOs (Cooley/ Ron 2002; Minear et al. 2000). Among the reasons are that many NGOs not only have an explicitly transnational mission and engage on the basis of need rather than geographical proximity, but also are able to operate across national boundaries because of regional offices and associations.[5]

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5   See International Federation of Red Cross and Red Crescent Societies, *Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief*, at:

In addition, differences in the expertise of NGOs and state actors facilitate the differentiation of security functions among public and private actors. Since Western governments are challenged by the growing costs of an expanding security agenda, while at the same time faced with a slowing world economy and demands for a peace dividend, they are happy to delegate non-traditional security functions to NGOs. NGOs have been operating in these areas for some time and thus relieve states of the need to acquire the necessary functional resources themselves at high cost and short notice. In the former Yugoslavia, which was the first of the new "complex emergencies" in Europe in the post-Cold War era, a division of labor was thus established between NATO, the UN and NGOs with the military taking on policing functions and providing logistics and infrastructure, while humanitarian agencies channelled the flood of refugees and organized refugee camps (Minear et al. 2000: 13-40).

The division 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 fact that many governments in North America and Europe prefer to outsource security functions to national NGOs rather than to collectively provide security or aid through international organizations, such as the United Nations (Minear et al. 2000: 35). The United States Agency for International Development, for instance, implements its humanitarian assistance programme in Kosovo through twelve US-based NGOs and contractors, but only one international public organization and five local NGOs (USAID 2002). Even within KFOR, the national military contingents engaged in the operation in Kosovo maintained separate resources. As a consequence refugee camps varied considerably in their standards ranging from 'five-star' air conditioned tents provided by the United Arab Emirates to modest shelters provided by the Turkish contingent (Minear et al. 2000: 34-35).

The fragmentation of resources among multiple public and private actors is partly a consequence of the widespread perception of diverging security interests

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http://www.ifrc.org/publicat/conduct/index.asp.

among North American and European governments. Since these governments are increasingly unwilling to compromise and to agree on common security policies within the United Nations or NATO, NGOs have become an alternative means for implementing security policies abroad. Moreover, NGOs contribute to the differentiation of security interests by pursuing their own agendas. These agendas can range from the selective provision of security to specific ethnic or religious groups to implicit political programmes. 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" as part of its humanitarian aid in the Balkans.[6]

Finally, the growing role of NGOs in security governance is associated with 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 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 (Minear et al. 2000: 14-16).

The Kosovo case also illustrates the imbalance of power which defines decision-making in security governance. In spite of their growing role, NGOs remain much less influential than governments in defining national and international security policies. Moreover, since many NGOs depend on Western governments for funding, they are limited in their ability to criticize governmental policies.

Fragmented and self-enforced implementation of security policies and divergent public and private standards are some of the consequences of the shift towards security governance. 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

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

direction of resources to those most in need[7], separate KFOR contingents maintained their own national standards and at times entered into direct competition with each other and NGOs (Minear et al. 2000: 26).

In sum, the growing involvement of NGOs in security appears to be a result of the shift from government to governance which is actively facilitated by governments in North America and Europe. However, the fragmentation of security policy making among public actors and NGOs generates additional impetus for the differentiation of political authority through the agency of NGOs operating on their own interests and according to their own standards.

3.2   Armaments Corporations

The second group of private actors which are associated with the rise of security governance are private national and multinational armaments corporations. Two factors have shaped their changing role in national and international security. 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 private armaments industry in North America and Europe (Bitzinger 1994; Sköns/ 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 (Boeing 2002). In addition, many armaments companies offer complementary services, such as maintenance and training in the use of their equipment (BAE 2002a; SAAB 2002). 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

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7   See International Federation of Red Cross and Red Crescent Societies, Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, at: http://www.ifrc.org/publicat/conduct/index.asp.

national armaments industry to the private sector with British Shipbuilders, British Aircraft Corporation, Royal Ordnance, Rolls Royce and the *Royal Dockyards* in the mid-1980s (Edmonds 1998: 121; Lovering 1998: 227). Since then, many continental European countries have followed, the latest being France (James 2000: 5).

A development more recent than the privatization of national armaments indus-tries has been the consolidation of the industry in few large corporations. In the United States, where most armaments companies had already been private, the Clinton government encouraged the merger of existing companies to achieve higher economies of scale in the first half of the 1990s (Markusen 2000: 4-5). 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 (SIPRI 2000; James 2000: 4). Under pressure from American competition, the European arms industry has since attempted to follow suit (Markusen 2000: 9-10). In 2001, the merger of the French SOGEADE, the Spanish SEPI and the German Daimler-Chrysler has created EADS, the largest European armaments corporation after the British BAe Systems (EADS 2002). In addition, many European governments have encouraged the formation of national champions, such as Thales in France (Thales Group 2002a) and Finmeccanica in Italy (Finmeccanica 2002).

Through the lens of the analytical framework proposed in the preceding section, the privatization and internationalization of the armaments industry can be understood as part of the shift from government to governance in the security sector. Taking each dimension in turn, the following examines the reasons for and the effects of the growing role of private and multinational armaments corporations in 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

hand, it has led to an 'upwards' trend towards the formation of multinational corporations which operate across national boundaries (e.g. EADS 2002; BAE 2002b). 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: 227, 234; James 2000: 14). Particularly in Europe, where economies of scale can only be achieved through cross-border cooperation, the armaments industry has become more and more international (Ripley 2002). But even North American armaments firms are progressively forming transnational partnerships, relying on technical components from suppliers in foreign countries (e.g. Raytheon 2002).

In addition, the 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: 5; Bitzinger 1994: 173).

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 (Markusen 2000: 12; Bitzinger 1994: 174). Although governments can benefit 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: 11). 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 the legitimate supply mechanism. This 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 (Bitzinger 1994: 172), 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 (Serfati 2000: 1). 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 transna-

tional collaboration which armaments companies are increasingly seeking out themselves through joint ventures and partnership rather than to rely on government-lead international cooperation programmes (Bitzinger 1994: 181).

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. This 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 (Bauer/ Eavis 1992; Lundbo 1997). 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-à-vis the industry. While previously governments could hope that competitive pressures among a range of national and international firms would keep costs down, today they can rarely choose among more than two or three companies (Bitzinger 1994: 173).

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 military companies increasingly put the state's monopoly of the legitimate use of force into question, few private military companies provide combat personnel and even fewer firms offer them to actors other than legitimate governments.

3.3   Private Military Companies

The third group of private security actors which play a growing role in security governance since the end of the Cold War are private military companies. Private military companies can be distinguished from armaments corporations in that they provide services, such as training and logistics, rather than goods.[8] Typically the term private military companies is used to subsume three types of firms which are distinguished by the nature of their services: (1) mercenary firms, (2) private military firms and (3) private security firms (Lilly 2000: 8; Cleaver 2000: 136). The first type refers to companies which engage in military combat (Adams 1999: 2). 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 used to denote private firms which offer military training and strategic expertise (Brooks 2000: 129). They include companies such as Military Professional Resources Inc. (MPRI), Defense Systems Limited (DSL), DynCorp, 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 military companies combine functions across these areas. Moreover, particularly in Europe armaments corporations are increasingly moving into the market for military services through joint ventures or the formation of consortia with service companies. This paper, therefore, will, use the term private military companies (PMCs) as an overarching term for a broad variety of firms and military services.

Despite the publicity which private military companies have received regarding

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[8]   Although it should be noted that the two categories overlap since a growing number of armaments companies are seeking to enter the security services market by offering training in the use of their equipment. BAE Systems, for instance, signed a contract in December 1997 with the British RAF to take over the training at its Hawk Synthetic Training Facility on Anglesey.

to their involvement in civil wars in Angola and Sierra Leone, relatively little attention has been paid to the growing role of private military companies in industrialized countries which are the focus of this paper. Governments in North America and Europe use PMCs amongst others for military training, logistics and transport at home. However, Western governments also and increasingly employ PMCs in international peacekeeping operations. In addition, many Western PMCs operate abroad in countries 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 PMCs in the provision of international security. The United States government, for instance, has increasingly relied on PMCs following the reduction of its peacekeeping troops in the Balkans from 20,000 in 1995 to 4,400 in July 2000. According to the report *Army Should Do More to Control Contract Cost in the Balkans* by the United States General Accounting Office (GAO), one sixth of the budget of the U.S. operation was spent on services provided by the company Brown and Root which was hired to substitute for the loss of manpower (GAO 2000: 3).[9] The scope of the company's role in the ongoing U.S. operation has grown to such a degree that American peacekeepers allegedly 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 in the former Yugoslavia 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 by the GAO report, Brown and Root was

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[9]   Other examples include the United Kingdom which has hired *Hunting Engineering Ltd.* for the provision of its temporary field accommodation in Kosovo and was forced to charter Antonov planes from private companies due to its lack of heavy lift capacity. Moreover, the British government has recently signed a £20m contract with Babcock International for the logistic support of its mission in Afghanistan. See Report by the Comptroller and Auditor General, Ministry of Defense (5 June 2000) *Kosovo: The Financial Management of Military Operations*, HC530 Session 1999-2000 (London: The Stationary Office), p.46, at http://www.nao.gov.uk/publications/nao_reports/9900530.pdf; http://www.babcock.co.uk/home/index.cfm.

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 PMCs appears to be relatively uncontroversial, the recent use of private military firms in the training of foreign armies is a more delicate issue. One example has been the Virginia-based company MPRI which in 1994 received a U.S. government licence 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: 13).

Following the theoretical framework proposed in the previous section, it can be suggested that the growing role of PMCs has been facilitated by the shift from government to governance in international security. Moreover, examining each in turn, the following suggests that the proliferation of private military companies has a number of effects on security governance.

In geographical terms, the progressive use of PMCs is another consequence of the weakening link between the nation-state and the provision of international security. PMCs not only enable Third-World governments to provide for their security by hiring services from foreign countries, they also allow governments in industrialized countries to intervene internationally with greater flexibility and at lower costs. The former is of particular danger to newly emerging states which might become dependent upon military companies because of their failure to establish reliable national armed forces (Howe 1998b: 321). 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 (Rufford 1998; Wood 1998; Cleaver 2000: 142-43; Mandel 2000: 13).

In functional terms, the proliferation of PMCs in North America and Europe re-

flects an emerging division of labor between national armed forces which are directly engaged in combat and private companies which offer the support services for military facilities and operations in the national and international theater. As the example of Brown and Root illustrates, these support services can range from logistics to latrine cleaning. Moreover, a growing number of defense corporations, such as BAE Systems, offer military training and maintenance for their equipment.[10]

In addition, governments have embraced governance and the associated frag-mentation of capabilities between states and PMCs as a way of dealing with limited finances and lack of personnel. As the case of the American mission in the former Yugoslavia illustrates, decreasing numbers of troops have led many Western govern-ments to rely on private military companies in long-term peacekeeping missions. Moreover, budgetary pressures have facilitated the outsourcing of 'civilian' tasks, such as base maintenance, transport and catering to PMCs which can often operate more cost-efficiently through the hire of local personnel.

Moreover, a growing perception that the diverse security interests of govern-ments and non-governmental actors in North America and Europe cannot be reconciled contributes to the growth of the private military industry. In particular, the political differences between the United States and the European Union are fostering the creation of an independent European defense policy which for budgetary reasons makes governments seek out cheaper solutions which seem to be offered by PMCs.

However, PMCs add to the differentiation of interests in international security governance by introducing their own objectives into the policy process, notably the expansion of their markets and the increase of 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 United States General Accounting Office, thus, noticed that Brown and Root frequently employed more people and used higher standards than deemed necessary by army officers (GAO 2000). Although the failure

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10   See BAE Systems *Customer Solutions and Support*, at:
http://www.baesystems.com/solutions/support/index.htm.

lay with the U.S. army which could have defined more clearly the work and levels they required, this indicates that even a common interest in cost efficiency cannot be presumed. Normative changes which underlie the shift from government to governance, in particular the growing preference for market mechanisms, is another reason for outsourcing of security functions to PMCs and the congruent proliferation of the industry (MoD 2001a). Even the terms of the contracts between governments and PMCs are defined by this transformation of norms. The IDIQ contract between the United States government and Brown and Root, for instance, asserts the belief that private military companies should be given greater freedom in implementing security services and that the self-management of these companies will lead to better and more efficient services.

These changing norms are also 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 PMCs 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 Private Finance Initiative Guidelines of the British Ministry of Defense thus emphasize "a willingness to establish a culture of partnership" with private companies and the role which detailed negotiations play in public-private partnership initiatives such as the Medium Support Helicopter Aircrew Training Facility (MoD 2001b).

The division of functions among public and private actors further leads to a fragmented implementation of security policies with a growing emphasis on private firms. 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 (Mandel 2000: 10). 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 PMCs 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" (Sandline 2002).

4   Private Actors and Governance Failure

While the growing involvement of private actors in security governance helps to lower the pressures on the resources of governments and international organizations, it has also been linked to a number of problems or "governance failures" (Taulbee 2000: 436; Zarate 1998: 77). This section suggests that the heuristic framework proposed in this paper can help to understand some of these problems. Specifically, it suggests that governance failures arise when a shift from government to governance in some of the identified seven dimensions is not matched by congruent changes in the other dimensions. This can lead to two types of governance failures. The first type might best be described as normative failures. They arise when changes in the policy process are not consistent with prevailing norms and beliefs. The second can be termed practical governance failures. They emerge from a mismatch in the non-ideational dimensions of government and governance. The following paragraphs discuss four governance failures in detail: 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.

4.1   Transparency and Accountability

Decreased transparency and public accountability are among the most frequently noted problems with the growing role of private actors in international security (Grant 1998; Howe 1998; Silverstein 1997; Lovering 1998: 233; Edmonds: 1999: 126). Both are essentially normative concerns and can be linked to the shift from government to

governance. In particular, the fragmentation of capabilities and functions among public and private actors appears to undermine traditional norms concerning responsible government and decision-making processes which have been developed during the Cold War era.

One way in which the emergence of security governance is challenging established norms and decision-making arrangements is the dissolution of state sovereignty and clear lines of responsibility. While under governmental arrangements political responsibility 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, no single actor can be held accountable for the outcomes of this process.

Moreover, governments, international organizations, NGOs, armaments corporations and private military companies are accountable to different constituencies. 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 military companies to their shareholders and customers (Edmonds 1999: 126). 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 (Markusen 2000: 6). Even when governments employ private military companies, the details of these contracts are not made public. Moreover, 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 to 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 military companies is not always unwelcome. As has been suggested above, some governments take advantage of the fragmentation of security policy making to avoid public debates over controversial international interventions. The British Foreign Office, for instance, knew 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 (Rufford 1998; Wood 1998; Cleaver 2000). Similarly, the United States government supported the training of Croatia's new armed forces by MPRI before its incursion in the Krajina (Mandel 2000: 13).

4.2 Control

The loss of governmental control over security policy is the second normative problem which can be explained by the shift from government to governance (Grant 1998: 2; Howe 1998a; Zarate 1998: 146). Specifically, 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 contributes to the reduction of governmental control over international security.

However, while the fragmentation of political authority among multiple actors is not synonymous with governance failure in policy 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 a government or the general public.

The loss of governmental control over security governance primarily appears to be due to two developments. The first development is the increasing ability of private security actors to evade national controls. The second is the changing balance of power between state and non-state actors. The internationalization of NGOs, armaments

corporations and private military companies has contributed to both developments. In particular, it has enabled NGOs and private military companies to exploit the lack of international regimes which could regulate international interventions by private actors (Markusen 2000: 2). The absence of suitable national and international controls is due to the relatively recent and exponential growth of NGOs and private security firms which began 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 in February this year which examines the possible options for regulating private military companies (FCO 2002). Legislation on the issue, however, cannot be expected for some years. Indeed, most European countries fail to specifically control the export of private security services (Nossal 2001: 465; Taulbee 2000: 440; Zarate 1998: 138).

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 (Lovering 1998: 229; Bitzinger 1994: 190). In fact, the United States Department of Commerce encourages American armaments companies to form into partnerships with French firms in order to gain access to the national French procure-ment process (Boulesteix 2001).

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 military companies, the latter become more and more influential in the making and implementation of security policies. The expertise and information advantage of these actors 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 (GAO 2000).

Finally, the consolidation of the armaments industry and private military 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 in a strong 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.

4.3   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 (Bellamy 2001; NATO 2000). 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 military 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 those which characterize the decision-making and implementation dimensions. As in the case of governmental control, the difference between the degree to which lack of coordination affects the relationship between NGOs and private military companies on the one hand, and armaments companies on the other, illustrates this argument. In the armaments industry, which established its position in international security during the Cold War, insufficient coordination is less often perceived as a problem as it is with regard to NGOs and private military 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 to ensure sufficient communication and coordination among governments, international organizations, NGOs, and private security firms. Recent international interventions in the former Yugoslavia, for instance, were initially hampered by the failure of the military to establish clear lines of commu-

nication with the multiplicity of NGOs on the ground (Minear et al. 2000).

A second factor is interest divergencies between governments, NGOs, armaments companies and private security firms. These divergencies mean that congruence and compatibility in the making and implementation of security policies cannot be assumed. New structures or processes are needed to coordinate policies and to resolve these differences. 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 with them because the military regarded it as classified (Minear et al. 2000).

Finally, coordination problems among governments, NGOs and private military companies are compounded by different organizational cultures. The hierarchical organizations of governmental agencies, in particular that of the military, and private companies frequently find it difficult to collaborate with the more flexible and horizontal organizational structures 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 (Minear et al. 2000).

4.4 Efficiency

Another practical governance failure is decreased efficiency in the making and implementation of security policies. The problem of efficiency in security governance is particularly 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 more cost-efficiently than public agencies. However, in light of the context of other forms of governance failure, the phenomenon of decreased efficiency 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 requires a greater coordination effort than centralized services do. 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. The NGO network 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 (InterAction 2002). Although most NGOs concentrated their efforts in particular regions, duplication did occur and in some cases even led to competition for refugees among some NGOs (Minear et al. 2000).

Another factor which can lower efficiency are interest divergencies between public and private actors which are not sufficiently resolved by traditional decision-making arrangements. While governments as donors to NGOs and contractors of private security companies have an interest in the most efficient provision of security, NGOs, for instance, might be more concerned with maintaining certain standards, such as impartiality and the involvement of local actors where possible. Public and private interests differ even more in the case of armaments companies and private security firms whose primary imperative is financial profit. The American KFOR forces thus 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' fire fighting services for which Brown and Root set much higher standards than those employed by the military itself, and the cleaning of military quarters. Brown and Root thus exploited the flexibility of its contract for its own benefit, although the aim of such contracts is to

increase efficiency by allowing contractors greater scope in the implementation of security services (GAO 2000).

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 is most advanced, often no more than three companies compete for a government contract. Moreover, since governments have a keen interest in ensuring the survival of a viable national defense industrial base, bids 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 can to some extend be explained by different degrees to which governance has replaced government in some dimensions, but not in others. It follows that attempts to resolve these governance failures need to find ways in which the incongruence between governmental and governance arrangements can be addressed. Three theoretical options can be identified. The first option would be to return those dimensions which have progressed most towards governance to more governmental forms of security policy making. The second option would be to develop new mechanisms to overcome the differences between the dimensions without changing their modes of policy making. The third option would be to endorse governance principles in all dimensions.

This section examines private policing as an example of how practical and normative failures which arise from the shift from government to governance can be resolved. A comparison of the governance of international security with the development of private policing appears to be particularly 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: 336p.; Greene et al. Levy 1995: 5p.; 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 theoretical options for dealing with governance failures which have been outlined above. Increased governmental and intergovernmental regulation of private policing seems to reflect a strengthening of the government principle. 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 as well as professionalization and the market can be understood as modes of policy making which subscribe to governance as the overriding concept of policy making. Examining each mechanism in turn, this section discusses the effectiveness of these policies. It concludes by raising the question of whether they would be applicable to international security.

5.1 Regulation

The regulation of private policing has taken a broad variety of forms. In the United States, it differs from State to State and generally requires the licensing of private policing personnel or companies. In the European Union, it ranges from basic regulation in countries like Ireland to very strict legal controls and requirements concerning training and licensing in Belgium, Denmark and Sweden (Waard 1999; Weber 2002). However, in recent years the trend appears to have been towards the increased

regulation of the private policing industry in most European countries, signalling a shift towards 'government'. 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 discussions over the low standards of the business and the failure of sectoral self-regulation.[11]

The framework proposed in this paper suggests that the effectiveness of governmental regulation in addressing governance failures, such as lack of transparency and accountability, control, coordination and efficiency, rests in its ability to strengthen the government principle in dimensions which have progressed further than others towards governance. Specifically, state regulation decreases the likelihood of governance failure by imposing limits on the fragmentation of authority in five dimensions. In terms of geography, regulation controls the transnational operation of private policing firms. In terms of function, it limits the services which private policing firms may provide. In terms of the distribution of resources, regulation defines the independent use of resources such as information and data on small-scale offenders. Finally, in terms of decision-making and implementation in private policing, governmental controls can prescribe the internal structure of private policing companies and the implementation of private security services.

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

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11   The 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://prwww.justice.ie/80256976002CB74/vWeb/ fsWMAK4Q7KY

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 governments set the guidelines and requirements for their award. Moreover, it is governments which enforce these regulations and penalize non-compliance in line with national law. Governmental regulation, thereby, creates clear lines of responsibility and accountability. Malpractices of private policing firms are either subject to criminal prosecution or, if they result from insufficient regulation, can be attributed to governmental policy. Licensing 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, licensing and training requirements facilitate the control of governments over the private policing sector in terms of who provides private policing and at what level.

Nevertheless, regulation cannot address all forms of governance failures. The transnationalization of the industry allows multinational companies in particular to evade national controls. Only international regimes or regional regulation, e.g. within the European Union, can prevent this. Major companies and industry associations in Europe support such regulation because national differences in licensing and training requirements inhibit the transnational operation of multinational corporations. Although the private policing industry favors minimum standards as a way to harmonize national laws, addressing the question of controls within the European Union or transatlantic cooperation collectively would 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 to 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 voluntary in 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 are the primary customer of private armaments firms and private military companies and since they act as donors to many NGOs.

5.2   Contractual Obligation

In addition to governmental regulation, contracts have been proposed as another mechanism for resolving some forms of governance failure. In particular, it has been suggested that contracts can place requirements on private policing companies similar to those of 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 address the four types of governance failures discussed in the preceding part only in 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 where the general public might be affected by the private provision of policing, such 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. It is only efficiency that 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 the transparency, accountability and control of policing are still believed to be the responsibility of the government.

Since contracts cannot modify these norms, they can effectively address these failures only 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 collabo-ration and by introducing clear standards and penalties.

Although contracts can potentially help to solve a number of governance fail-ures by strengthening the authority of governments vis-á-vis private policing provid-ers, so far very little use has been made of this mechanism. The prime reason for this is

that the proliferation of private policing has not occurred through the outsourcing of governmental policing functions, but has been due to 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.

5.3 Collaboration and Liaison

The institutionalization of collaboration and liaisons between the private policing industry and the public police has been identified as a third set of mechanisms 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 close formal or informal linkages between the public and private police. These linkages 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 et al. 1995) and liaison (Canada 2002). They illustrate the multiplicity of possible forms of public-private cooperation. Cooperation can range from relatively informal information exchanges between public and private police officers to formalized collaboration 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, legislation on 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 require-ments 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 by providing private police with information about suspects. Moreover, they improve the efficiency of both public and private policing. 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 mainly been set up through voluntary schemes, it has proved very successful in facilitating coordination and efficiency. However, the ability of the law to regulate 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. Above all, 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 increase governmental oversight.

5.4   Self-Regulation

The self-regulation of the private policing sector has initially been favored by countries such as the United Kingdom and Ireland as well as by the industry as the key mecha-nism for confronting different types of governance failure (Waard 1999; Weber 2002). Self-regulation can take forms similar to those of governmental regulation, including licensing, training requirements, minimum standards, and operative guidelines (South 1988: 120). Specifically, licensing and operative guidelines can increase the transparency

and accountability of the private policing sector if industry associations publish their requirements and 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 has. 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 the continuing popular belief that elected 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 of the 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. Morever, 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 can 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 do

not seem insurmountable, the experience with self-regulation in Europe has been 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 thus called for governmental licensing rather than sectoral self-regulation.

5.5   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 of 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 do 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 in the hands of 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 private property and persons, which will be welcomed by customers, the market provides an incentive for enhancing public-private collaboration. Moreover, consumers in a competitive market are able to exert pressure to reduce 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 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 frag-mented 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 im-proved 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 three 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. This development is characterized by 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 military 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 contribute 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 analyzed 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. By analysis of the mechanisms employed to address governance failures in private policing, such as loss of transparency, accountability, control, coordination and efficiency, five practices were identified: increased govern-

mental 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 available on the effectiveness of these various mechanisms, some general conclusions 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 self-regulation of the industry has proven insufficient. Second, greater specificity of contractual obligation has also been perceived as a limited tool 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 those of small businesses.

In terms of the framework and arguments advanced in the preceding sections, the varying 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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