
REVIEW ESSAY

The Market for Force

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The title of Deborah D. Avant's book *The Market for Force: The Consequences of Privatizing Security* (2005) may be somewhat misleading. A more accurate description of the book's content would require something like "The International Market for Force: Some Consequences of Private Provision of Military Services As Well As Security for International Corporations and Nongovernment Organizations." This observation is not a criticism—after all, this alternative title is long and awkward—but simply information for potential readers. Avant directly examines only some consequences of privatization that relate to various dimensions of the control of force. The term *private security* generally is used to describe domestic markets for services and equipment used to prevent crime against residents (such as burglar alarms, guards, and patrols in private communities), businesses (such as guards and alarms in banks, shopping malls, casinos, and railroads), and even government establishments (such as security for court houses, colleges, public housing, and airports). In contrast, Avant focuses much more on private provision of military services to governments and on the international market for security services paid for by international nongovernment organizations (NGOs) (both for-profit firms and not-for-profit organizations).

Privatization has multiple meanings. It often denotes the transfer of ownership from the public sector to the private sector, as exemplified by the privatizations of various industries in recent years in various countries, such as Great Britain during

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the Thatcher era, New Zealand, and the formerly Communist countries of eastern Europe. Avant explains that this meaning is not the one she is employing (p. 24). Alternatively, *privatization* is often used as a synonym for a government's "contracting out" with a private firm for the production of some good or service previously produced exclusively by a public-sector agency or bureaucracy. In this case, the control of the activity is not being turned over to market forces because the determination of what is demanded from and produced by the contracting firms remains in the political arena under the influence of interest groups and public officials rather than being established directly by private citizens and organizations acting as individual buyers. Avant's use of the term includes contracting out, but its meaning is broader, describing all contracts for the supply of some aspect of security services by private firms, whether the buyer (or, in her terminology, the source of financing) is a government, an international corporation, or an international NGO; she apparently assumes that such services used to be (or perhaps should be) produced by government. She recognizes, however, that contracting out by government and contracts between two private entities are likely to differ significantly.

Avant provides a substantial amount of information about the private sector's role in the provision of a wide range of security services. She explains that the international market for such services has increased dramatically during the past twenty years, and she discusses the wide variety of military and security services now being provided. Today, for example, private firms are providing integral components to many governments' military activities, including logistics (transport, telecommunications, food, laundry, and administrative services); operational support of weapons, transportation, and communications/control systems; military advice and training; site security; crime control (both private policing personnel and police training); intelligence; counterinsurgency, antiterrorism, and other special operations; as well as command and armed battlefield operations. Although governments finance much of this activity, private firms pay for some of it (for example, a private firm with a large investment in a small or financially strapped country may finance military services for the country in order to stabilize a government and thereby protect its own investments), and other NGOs pay for some of it (for example, an international environmental organization may pay for park rangers in order to limit poaching).

Avant notes that Weber's widely cited definition of the state as a monopolist in the legitimate production and use of violence is now clearly inapplicable, as demonstrated by the large and growing international market for such security services. Other reasons also warrant rejection of the concept of the state as an organization that has (or claims) a monopoly in violence. For one thing, "the government" never "produces" anything, including force, without contracting with "private entities" (Avant does not recognize this fact). Even if a bureaucratic organization, such as a police force or an army, produces a good or service, the individuals who work in that bureaucracy are private parties under contracts negotiated either individually or through a collective-bargaining organization, such as a union. The individuals are not "owned" by the state. They contract to provide

their labor services because they expect to be better off in this situation than they would be in an alternative job. The bureaucratic job's benefits may take many forms, of course, including any pleasure received from helping to produce what a bureaucrat perceives to be the public interest (a perception likely to be colored by self-interests) as well as income to support a family or an attractive lifestyle, job security, perhaps pleasure from being in a position of power and authority, and so forth (some contracts to provide labor to produce a government service are entered into under duress, of course, as with a military draft, in which case the relatively unattractive alternative is not a job but some sort of punishment). In this light, concepts such as "the state's interests" (p. 40 and elsewhere) do not make sense because the state apparatus consists of many individuals, including those regarded as heads of state (dictators or elected representatives of voters), who are pursuing their individual, potentially conflicting interests.

Seen in this context, the normative idea that "government" should have a monopoly in the production of violence, out of the fear that private entities might abuse such powers, does not make much sense because contracting out must occur at some level. Private individuals under contract to work as part of a military or policing bureau can have tremendous discretion in the use of violence, and they may abuse their power unless strong incentives exist to dissuade them from doing so. Not surprisingly, many types of abuses (corruption, rape, murder, mistreatment of prisoners, and so forth) by policing and military bureaucrats occur in great numbers.

We have still other reasons to reject the idea that states ever had monopolies in the legitimate use of violence. In the United States and Great Britain, for example, legitimate domestic markets for private security and policing are older than public policing, and in the United States vigilantism has often developed (legitimately in the eyes of most people in the affected community) to establish order when government has been too corrupt or inept to do so (see Benson 1998). Furthermore, nongovernmental sources of force are prevalent in so-called informal or underground sectors in many parts of the world, where the people involved generally see them as legitimate (see de Soto 1989). "Illegal" domestic organizations, such as the mafia in Sicily, may have the same character (see Gambetta 1993). At various times in many parts of the world (including the British colonies of North America beginning in 1776), rebel groups have had more legitimacy than the existing state in many people's eyes. This point raises a concern with the analysis presented in Avant's book.

Avant assumes that the relevant trade-offs arise when security services are provided by private-for-profit firms rather than by government military or policing bureaucracies, but other potential substitutions also exist. After all, so-called rebel groups within a country or a region also often receive support from (that is, are implicitly under contract with) governments outside the area. Examples include rebels in Soviet-occupied Afghanistan and the invaders at the Bay of Pigs, both supported by the U.S. government; militant Palestinian groups supported by various Islamic countries; different factions in Yugoslavia, Lebanon, and parts of Africa supported by various governments. Direct production of violence by a foreign government's military

bureaucracy (that is, outright invasion) and privately produced violence paid for by a foreign government (that is, mercenary invasion) are alternatives to the support of such rebel groups. It seems reasonable to expect that the relative consequences of security privatization will depend on whether the private security is a substitute for a government bureaucracy or for some rebel group, especially inasmuch as foreign-government support of rebels is often clandestine.

Avant's only concern in *The Market for Force* is the substitution of private security for bureaucratically produced "public security," but because all "public production" is actually contracted out, so-called privatization of the supply of some good or service paid for by government actually refers to a particular type of contract in which some part of the bureaucratic decision-making hierarchy is replaced by a decision-making hierarchy that operates under a different set of incentives. Therefore, the question is, What differences arise when production occurs as a result of a contract with a private profit-seeking entrepreneur, who in turn subcontracts with laborers and other suppliers of inputs, as opposed to an arrangement in which all workers and managers are under contract as individuals (or members of a union) in pursuit of their own self-interests (perhaps including their subjective perception of the public interest) to work within a hierarchical bureaucratic organization? For example, are abuses of power more or less likely in the former? Similarly, we may ask, What differences arise when the service is purchased (financed) by a government organization dominated by individuals with their own objectives (a dictator, elected representatives, and bureaucrats with discretionary power, all subject to political pressures from powerful special interests) or by a profit-seeking firm or by a nonprofit organization? Avant considers a subset of the potential questions regarding differences that might arise. She focuses on issues pertaining to the control of force, considering in particular three different dimensions of control: (1) "political control" relates to "who gets to decide about the deployment and services"; (2) "functional control" concerns "what kinds of capabilities will be present" or "are forces capable of meeting current challenges"; and (3) "social control" has to do with "the degree to which the use of force is integrated with prevailing international values" (pp. 5–6). Although these control issues certainly may be of interest, the approach Avant uses to determine how privatization might affect these dimension of control is problematic.

Avant attempts to apply simultaneously the "new institutional" theories from both economics and sociology. She writes:

Both arguments focus on the mechanisms important to illicit appropriate behavior—through either suggesting roles or promising consequences. Economists focus on the effect of privatization on screening and selection, monitoring, and sanctioning. Sociologists focus on privatization's effect on promoting standards, educating, and socializing. In the real world, of course, actors use both kinds of mechanisms all the time. Indeed, principals often screen and select agents in order to attain a particular standard and

use sanctions to reinforce education and socialization. Furthermore, sanctions (intentional or not) are often key to the development of common values and practices.

Can these two logics be additive and complementary? Might a model building on both indicate more clearly the range of privatization's effects across all three dimensions of control? I join a variety of scholars who question the gulf between economists (rationalists) and sociologists (constructivist) to argue that this is the case. (p. 56)

Although I agree in principle with part of what Avant argues here, a number of problems arise in the approach she takes in the book, even if she is completely correct in the foregoing observations.

First, Avant does not actually build a model based on assumptions that might generate the conclusions that "screening and selection, monitoring, and sanctioning," along with "promoting standards, educating, and socializing," are employed "to illicit appropriate behavior." Instead, she chooses "simply [to] juxtapose these two arguments to generate hypotheses that look separately at the three different dimensions of control" (p. 56). This approach implies that two theories with different assumptions are being applied side by side, not to test and potentially to reject one or both, but to predict the consequences of privatization for different dimensions of control.

Second, although I cannot judge the accuracy of Avant's characterization of the sociological version of new institutional theory, her description of the economic version is limited and selective, drawing most heavily from Oliver Williamson's writings. Although Williamson has made many important contributions, the relevant literature is much larger (for many examples, see Eggertsson 1990). The statement that "[e]conomists focus on the effect of privatization on screening and selection, monitoring, and sanctioning" is much too narrow. Economists also focus on other sources of incentives, including those associated with reducing transactions costs through positive incentives—for example, through the effects of repeated dealing and reputation (Klein 1997). Avant's opening statement on "[e]conomic institutionalism" is: "Economic institutionalism focuses on privatization's effect on functional and political control and analysts argue that violence can be best be controlled through state bureaucracies. The privatization of sovereign tasks should be a less efficient means to collective ends, reducing functional control and/or changing political control" (pp. 45–46). This characterization, however, does not apply to the analyses of many new institutional economists (see, for example, Umbeck 1981; Higgs 1987; Benson 1990; Anderson and McChesney 1994; Anderson and Hill 2004).

The most significant problem with the simultaneous application of sociological and economic models, however, is that it is carried out in the context of a comparative-institutions analysis. Because an individual's motivations are more complex than depicted by the mainstream economists' assumption of utility maximization, economic models may not work well in explaining a particular individual's behavior in a

specific situation. In this regard, the critics of economics may be correct. Explanation of an individual's observed behavior, however, is not the purpose of Avant's analysis.

Geoffrey Brennan and James M. Buchanan (1983), who recognize that the standard economic model is often incapable of explaining all individual behavior in a particular institutional environment, have argued that when the analysis involves prediction of the consequences of alternative institutional environments, an assumption of rationality should be employed. Indeed, *Homo economicus*, a purely self-centered individual, is the appropriate assumption for comparative-institutions analysis because a deliberate bias toward the worst-case behavioral model should be built into the theoretical comparison of alternative institutions. Failure to account for such behavior will preclude prediction of many important consequences of different institutions that occur because rationally self-interested actors exploit the institutional arrangement for their own benefit.

It does not follow that beliefs about moral values and norms do not matter. Indeed, they are important sources of incentives and constraints. They are, however, endogenous in large part (Vanberg and Congleton 1992, 429; Benson forthcoming). The relevant norms evolve, as do other institutions, simultaneously influencing and being influenced by the behavioral choices being made. In other words, norms cannot be constructed exogenously and imposed unless they are consistent with incentives, in part because some individuals will take advantage of loopholes in such rules or simply violate them if it is in their interest to do so, thereby motivating the development of new institutions, including new norms. (At times, Avant implies that she also sees relevant behavioral norms as endogenous rather than as at least potentially exogenous, which sociological institutional theory apparently assumes them to be). Rational individuals are also likely to look for ways to change norms and other institutions to facilitate the pursuit of their objectives. Therefore, it is appropriate to base the analysis of institutions themselves on the rationality assumption because rational individuals tend to dominate at the margin and to shape the path of institutional change.

For example, altruistic-looking cooperation and generosity may arise in a community as a consequence of rational behavior by the individuals who belong to the community, given that the community's rules and institutions are created through voluntary contract or through spontaneously evolving norms (Benson forthcoming). This development does not imply that people never follow altruistic norms. Rather, it implies that such behavior may arise even if individuals are completely rational. It also implies that if such norms arise and survive when they are consistent with self-interests, they cannot be imposed effectively when they conflict with self-interests (if they can be, of course, then the rationality assumption can be rejected). In fact, rational people are also likely to rationalize their behavioral choices, if for no other reason than to reduce the psychological costs associated with beneficial actions that otherwise would violate their conscience because they choose not to follow an existing norm (see Benson forthcoming for discussion of other reasons). Thus, when it becomes rational to violate an existing norm regularly, individuals will rationalize such violations with a new norm. An individual will even follow apparently inconsistent

norms in different circumstances if incentives exist to do so. For example, “turn the other cheek” and then “warn your neighbors or associates about the danger posed by the aggressive individual” may be widely accepted as a moral response to an aggression perpetrated by someone who belongs to a frequently interacting community, but “an eye for an eye” may be the accepted norm when a stranger instigates the aggression (Benson forthcoming). Neither norm is universal because their relevance is situation specific.

These considerations bring us back to the third “dimension” of control Avant considers: “social control” or “the degree to which the use of force is integrated with prevailing international values.” What might these values be? Avant states that they are the “values endorsed, at least in principle, by the international community—respect for human rights, the laws of war, democracy, civilian control of the military, and the rule of law” (p. 44). Although many people may believe that these values are important normative objectives, the rhetorical endorsement of them by decision makers from several governments or other organizations does not make them “prevailing international values” or social norms. A potential norm presumably is relevant (prevailing) because it determines behavior; a prevailing international norm is presumably a dominant determinant of international behavior. The endorsed values stipulated by Avant, however, do not affect the behavior of more than half of the people in the world or of more than half the world’s governmental decision making, except perhaps in terms of rhetoric. In fact, Avant recognizes that this analysis is problematic when she notes that “these values are realized differently in different settings, [but] the *language* of human rights, democracy, rule of law, and even civil control of the military is increasingly used by actors in many parts of the world” (p. 44 n.15, emphasis added) and admits that she engaged in the examination of this issue “with some reservation.” Unfortunately, her reservations were not strong enough. Had she omitted the analysis of this issue, she would have produced a much more powerful book.

The preceding explanatory and critical discussion has in all likelihood created the impression that my overall assessment of Avant’s book is entirely negative. In fact, however, I find large portions of the book to be interesting and informative. As noted earlier, Avant describes the evolving international security services, and the extent of these activities will surprise many readers. She makes clear that this phenomenon deserves the attention of policy analysts in economics and political science. She also offers a series of detailed case studies, examining private security contracts with the governments of the United States, Croatia, and Sierra Leone to illustrate that such arrangements are likely to have different effects in different kinds of states. She categorizes states as “strong” (“coherent, capable, and legitimate”) or “weak” (“ineffective and corrupt”) for this analysis (p. 7). The implications of other classifications of states—such as democratic versus totalitarian, developed versus developing, and stagnant versus declining—would also be of interest. She also considers three different examples of private financing of private security services, one by private firms (oil companies in Nigeria) and two by international NGOs (relief organizations

working in Goma camps and conservation organizations financing security services in the Democratic Republic of Congo's Garamba National Park). In addition, she examines government efforts to regulate the export of private security services, focusing on the three largest exporting nations, the United States, Great Britain, and South Africa. Thus, the book contains a wealth of information. In addition, much of Avant's analysis of both political and functional control is often insightful. The book should be of considerable interest to anyone interested in privatization, military policy, international relations, state power, and related issues.

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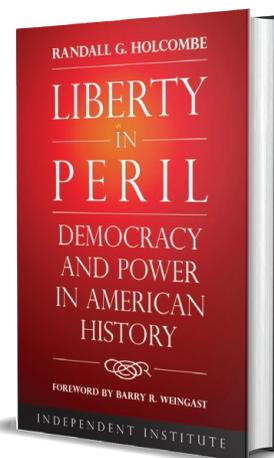
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