Purchasing Power
Is Defence Privatization a New Form of Military Mobilization?

David Perry

Phd Candidate
Department of Political Science,
Carleton University

dperry2@connect.carleton.ca

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Since the end of the Cold War, the private sector has become increasingly important in the defence and security realm. Although private actors have long engaged in conflict, the post-Cold War era has witnessed two fundamental changes in the nature of private involvement in conflict. First, private participation in war has been corporatized. While in the modern era mercenaries were mostly unaffiliated, loosely coordinated groups of individuals, today, large, well organized firms provide a vast array of services intricately linked to all aspects of warfare. As a result, these Private Military and Security Companies (PMSCs) are far more important military actors than mercenaries ever were. Second, these firms now work on behalf of the most powerful states in the international system. Whereas in the modern era mercenaries were largely employed by developing world governments, most Western states now have contracts with PMSCs.¹

These firms provide a wide array of services, from operating high tech weaponry, to providing military logistics and transporting military forces.² Over the past two decades and since 2001 in particular, the private military industry has grown dramatically, with revenues worth hundreds of billions, and still rising.³ At the same, PMSC work on behalf of states has also risen sharply, particularly in developed, Western states. Both the range of services for which Western governments have contracted, and the total number of contracts they hold, has increased substantially since 1989.⁴

Despite this general increase in the use of PMSCs, however, there has been significant variation in how extensively and for which services Western states have privatized. The United States military, for example, relies so heavily on private military services that it is unable to wage war without them. As a result, in its wars in Iraq and Afghanistan the most powerful state in the international system deployed more military contractors than American soldiers.⁵ Other Western countries, however, have privatized fewer services, and are much less reliant on PMSCs.⁶

This use of PMSCs by national governments represents a fundamental change in how military force is created and postured. Subsequently, this may have profound consequences for the conduct of foreign policy and the balance of power in the international system. To date, however, this empirical change in the nature of military force has not been recognized in the IR literature. Traditional assumptions that military force remains the sole purview of the state, that states conduct foreign security policy using public assets, and that the balance of power is determined by state capabilities persist, and do not reflect the current role played by PMSCs.

Despite the growth of state-PMSC contracts, the phenomenon of defence privatization itself remains poorly understood. Existing understandings of why Western governments employ PMSCs provide only partial explanations for their use and cannot account for the significant variation in the degree to which Western states have privatized their defence. By analyzing the

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³ Singer, Corporate Warriors
⁴ Kateri Carmola, Private Security Contractors and New Wars (New York: Routledge, 2010).
⁵ Moshe Schwartz, Department of Defense Contractors in Iraq and Afghanistan Congressional Research Service,[2009]).
impact of state use of PMSCs on military force posture through the lens of the resource extractive state, this study develops a neoclassical realist explanation of defence privatization.

This paper begins by providing a brief overview of the literature on PMSCs, concentrating in particular on existing explanations for why Western states have privatized their militaries. It then moves to discuss how contracts with PMSCs have altered US military force structure, and subsequently US foreign policy. Building on these insights, this paper uses neoclassical realism to construct a resource extractive state explanation for why states privatize, but do so unevenly.

I argue here that the use of PMSCs by national governments can be conceptualized as a new form of resource extraction and mobilization that allows states to more easily extract the requisite resources from society to create military forces and deploy them abroad. By removing "hurdles to mobilization" military privatization makes it easier for a state's national security executive to convert potential economic power into tangible military assets that can support the state's foreign policy. State leaders have privatized their militaries because doing so allows them to create or maintain military capabilities while mobilizing proportionally fewer uniformed troops and by procuring fewer military assets than it otherwise could by converting national wealth into public military forces alone. Supplementing state militaries with contracted private forces enables states to generate additional military capabilities. As a result, state leaders have more military forces available to deploy on expeditionary military operations, in turn expanding the range of foreign policy options available to state leaders.

Defence Privatization

The study of private actors in war is not new, but much of the existing literature focuses on the historical role of mercenaries in warfare. Recently, however, the contemporary involvement of PMSCs in conflict has been examined, including their: work for weak governments and multinational corporations; role in civil wars; potential utility in humanitarian/peacekeeping operations and security sector reform; as well as the ethical and moral concerns that such activities engender. A general consensus has emerged that previous

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terms of reference for private actor’s involvement in conflict, dealing principally with mercenaries, do not adequately address contemporary private sector involvement in the security field. The literature now acknowledges that the current role of the private sector represents the corporate evolution of the profession of mercenaries whereby PMSCs offer services intricately linked to warfare. Large multinational firms now provide states, corporations, international organizations, and nongovernmental organizations a wide range of services including armed operational support, unarmed operational support, military training and logistics support. A distinguishing feature of private sector involvement in conflict today, however, is that industrialized Western governments now employ the full range of private military services on operations overseas. The contemporary literature on PMSCs has focused on three primary avenues of inquiry, largely concerned with the implications of these firms as independent security actors. First, recent research has examined how the private military industry has challenged the state’s traditional authority over the use of legitimate force. Due to their significant military capabilities, some authors have argued that the emergence of PMSCs as security actors requires a rethinking of the governance structures regarding security. Second, as a result of this change, debating these how these actors can be better controlled has garnered significant attention. Particular focus has been paid to examining various means of regulating the private military industry as a means of reasserting state control over their actions. Third, the status of PMSCs under international law and the laws of war have provoked significant debate. Thus, a number of scholars have sought to clarify their legal status on the battlefield, and their standing under respective national military justice systems.

14 David Shearer, "Outsourcing War," Foreign Policy, no. 112 (Autumn, 1998), 68-81.
15 Singer, Corporate Warriors
16 Avant, The Market for Force
17 Singer, Corporate Warriors
In addition to this scholarship, a significant body of research has explored various explanations that account for the emergence of PMSCs. This analysis has examined the origins of the private military industry itself, concentrating on several interrelated factors arising from the end of the Cold War. These changes in the international system created a combination of both supply and demand factors ultimately resulting in a booming private military industry. The end of Soviet-American conflict produced a security deficit in many parts of the developing world. The withdrawal of super-power patronage left many former clients unable to provide for their own security, while simultaneously unleashing long constrained ethnic and sectarian conflicts. Simultaneously, Western powers became increasingly reluctant over the 1990’s to engage in costly humanitarian and stabilization missions, exacerbating this situation. At the same time that this new demand for security emerged, a key factor on the supply side facilitated the emergence of the modern private military industry. With the Cold War over, nations on both sides of the conflict undertook a massive military downsizing which produced a surplus of unemployed ex-military personnel in the West, the Soviet sphere and South Africa. The ensuing financial problems in the ex-Soviet states also resulted in a large scale liquidation of Soviet-era military equipment and weaponry that was sold to private interests. Post-Cold War force reductions thus produced a ready supply of both men and materiel that private industry snapped up. The preceding factors provide a credible explanation of what Mandel calls the “bottom up” emergence of the private military industry. At the same time, however, a separate set of “top down” decisions were made by individual states to privatize their militaries in the post Cold War era, and these decisions are less well understood.

With respect to state decisions to privatize, scholars have advanced three primary explanations. The first situates defense privatization as part of the changing nature of warfare. The increasing technological complexity of military equipment via the Revolution in Military Affairs (RMA), particularly with respect to the use of information technology, has made military equipment increasingly complex. As a result, rather than attempting to develop and retain the expertise needed to maintain military equipment, governments have instead turned the maintenance of high-tech platforms over to the civilian industry that manufactures it. Thus, privatization has been driven, in part, by the increasingly technical nature of military forces. A second explanation for the rise of PMSCs points to the privatization revolution which swept the West in the 1980’s. This revolution had a number of constituent parts, including: the spread of neoliberal ideology in the 1980s which privileged the private sector over the public; the outsourcing boom in the private sector; and a general view that publicly provide services were inherently inferior to the market. Inherent in this movement was the implicit assumption that the private sector would be a more efficient service provider than the government, and thus

References:

21 Singer, Corporate Warriors, 186-220.
22 Singer, Corporate Warriors
24 Christopher Kinsey, Private Contractors and the Reconstruction of Iraq (New York: Routledge, 2009); Singer, Corporate Warriors
25 Ibid.
outsourcing would lead to cost savings. This line of reasoning holds that states privatized their militaries as part of a wider effort to outsource government services to the private sector.

A third, a more convincing explanation for why states have pursued privatization, is the “functional argument”\(^26\) that privatization enables states to meet the challenges of the post-Cold War security environment. Following the Cold War, most Western states significantly downsized their militaries. The United States, Britain and Canada, for instance, instituted roughly 30% reductions in the size of their forces, with accompanying budgetary cuts in the early 1990’s. Despite this downsizing, the rate at which these troops were deployed aboard on expeditionary deployments increased dramatically. As Avant writes, “just two years into the ‘New World Order,’ …a rash of smaller-scale conflicts unleashed disorder and demands for intervention. As the clamour for a western response grew just as western militaries were shrinking, nascent [PMSCs] provided s stop-gap tool for meeting greater demands with smaller forces.”\(^27\) Krahmann similarly contends, “Since Western electorates have been unwilling to give up their peace dividends for seemingly distant threats, private military contractors have provided governments in Europe and North America with a way of bolstering their armed forces without formally increasing their size.”\(^28\) Thus, faced with smaller militaries in the post-Cold War security environment, but also populations reluctant to increase defence spending, hiring PMSCs allowed state leaders to deploy armed forces abroad with downsized militaries.

These three explanations all help to account for some aspects defence privatization, but each are restricted in their explanatory power. The RMA explanation, for instance, does a good job of explaining the privatization of technologically sophisticated forces, but cannot explain why the most widely privatized services are the least technically sophisticated, namely logistics.\(^29\) The utility of the privatization revolution explanation is limited for several reasons. First, there is significant variation in the extent of privatization even between countries that were comparably influenced by neoliberalism like the United States and Great Britain. Second, privatization in the defence realm has exceeded the privatization of other government services within the same countries. For example, between 1979 and 2008 the share of Canadian defence spending devoted to private services has more than tripled. In comparison, the percentage of spending across all federal departments devoted to private services increased by less than half.\(^30\) Third, even ardent supporters of privatization have been forced to acknowledge mixed results in the search for efficiency. Although in some instances privatized services are less costly, there is little consensus about the overall efficiency of privatization.\(^31\) Finally, the timing of the privatization revolution explanation is problematic. Although the privatization revolution is associated with the Thatcher and Reagan administrations in the 1980’s, that decade actually experienced relatively little in the way of defence privatization. In the United States, for instance, the private sector has always played some role in providing military services. Private companies provided logistics during both WWII and Vietnam, and OMB Circular A-76, the budget directive under which government services are competed with the private sector, was

\(^{26}\) Krahmann, States, Citizens and the Privatization of Security, 9.

\(^{27}\) Avant, The Market for Force, 36.

\(^{28}\) Krahmann, States, Citizens and the Privatization of Security, 10.

\(^{29}\) Schwartz, Department of Defense Contractors in Iraq and Afghanistan


originally issued in 1966. Some analysts, however, point to the Reagan administration as a turning point in American attitudes toward privatization, citing his revision OMB Circular A-76 his Grace Commission examining government spending as two notable benchmarks in the rise of privately provided services. Despite this public image, however, recent scholarship argues that in terms of actually contracting with the private sector, “Reagan’s venture into privatization proved to be more illusory than real.” In contrast, authors cite the mid 1990’s and the Clinton administration’s defense reforms as precipitating the most significant shift towards defence privatization in the US.

Finally, the functional explanation too has shortcomings. It plausibly explains the resort to contracting in the immediate post-Cold War era as means of compensating for operational military shortfalls, thus providing the justification for why states initially contracted for private military services. It does not, however, fully explain why, for example, the US continues to contract with PMSCs despite experiences that demonstrate how privatization can adversely impact the conduct of military campaigns. A functional explanation also fails to explain exactly how and why privatization has proven to be a more appealing option over the last twenty years than the alternative, which would be generating and deploying more military forces.

The existing literature thus lacks a cogent explanation for why states use PMSCs. By examining the changes privatization brings about to military force structure and executive autonomy over foreign policy, this paper develops a resource extractive explanation of defence privatization that explains why states privatize, but do so unevenly.

The Impact of Defence Privatization on US Military Force Structure and Foreign Policy

Particularly since the war in Iraq, the work of PMSCs on behalf of developed, Western states, has received increasing scholarly attention. This scholarship has included several provisional assessments of how privatization has impacted American military capabilities. Notably, it is now commonly accepted that the world’s lone superpower can no longer conduct military operations without support from the private sector. A brief look at the US war effort in Afghanistan illustrates this point, as contractors there provide multiple vital services to the American military. On the logistics front, DynCorp and Fluor are responsible for supporting American bases under the Army’s multi-billion dollar LOGCAP contract. For security, thousands of local Afghans are employed as armed guards at US military facilities and the

34 Allison Stanger, One Nation Under Contract (New Haven: Yale University Press, 2009); Shorrock, Spies for Hire; Carafano, Private Sector, Public Wars; Avant, The Market for Force
35 Peter Singer, Can’t Win with ‘Em, Can’t can’t Go to War without ‘Em, Number 4 ed. (Washington, DC: Brookings Institute, 2007)
37 Fontaine and Nagl, Contracting in Conflicts; Stanger, One Nation Under Contract; Singer, Can’t Win with ‘Em, Can’t can’t Go to War without ‘Em; Singer, Corporate Warriors
American war effort depends on convoys of chartered Pakistani trucks to resupply their bases. Finally, DynCorp and others have been hired to train the Afghan National Army and Police. All told, in 2009, American-employed contractors in Afghanistan outnumbered American troops by a ratio of 1.6:1.

Thus, the current reality is that contractors comprise a significant majority of deployed US force structure. Recognizing this fact, recent American defence policy has acknowledged contractors as the fourth component of the US “Total Force” alongside active and reserve military units and defence civilians. As Cancian notes, this recent policy recognizes that contractors are now a “permanent part of US military force structure.” US field commanders appear to have already internalized this policy. During the Iraq ‘Surge’ for instance, General David Petraeus stated publically that he counted “thousands of contracted security forces amongst the assets available to him to supplement the limited number of US and Iraqi troops.” Thus, the US military counts its contract forces as a vital military capability.

These changes that privatization has brought about to US military force structure appear to have significant implications for the United State’s ability to deploy military forces abroad. Singer, for instance, contends that heavy reliance on contractors has effectively allowed the US government to deploy its All Volunteer Force without fully mobilizing its Reserve and National Guard components. The lack of reserve force mobilization is even more notable since the United States has conducted two simultaneous wars since 2001, despite seeing the number of active duty American military forces decline to their lowest levels since the Korean War. In Singer’s estimation, bypassing reserve mobilization by contracting violates the principles of the Abrahams Doctrine, instituted by the US military after Vietnam to prevent military deployments without substantial societal support.

Avant has similarly argued that American contracts with PMSCs have redistributed political control over military forces in favor of the executive branch. In particular, compared to military forces, the American Congress has: less budgetary control over PMSCs; a reduced oversight function; no ability to exert control through the personnel system, structure chains of command, or approve promotions; and a much reduced role in debating expeditionary deployments. Thus, in the United States, defence privatization reduces “the capacity of Congress to play its constitutional role as a veto point.” In essence, Avant argues that defence privatization gives the executive much greater autonomy to raise and deploy military forces.

41 Schwartz, Department of Defense Contractors in Iraq and Afghanistan
43 Cancian, Contractors, 61-77.
45 Singer, Can’t Win with ‘Em, Can’t can’t Go to War without ‘Em
49 Avant and Sigelman, Private Security and Democracy, 231.; Nicole Deitelhoff and Anna Geis, Securing the State, Undermining DemocracyUniversity of Bremen,(2009)).
Whereas Congress plays an important role in raising, and authorizing overseas deployments of the American military, it has much less influence over contracted private forces.\textsuperscript{50}

In sum, the American experience with contracting suggests that privatization redistributes control over military forces in favour of the executive. These insights are limited in their generalizability, however, as they were derived almost exclusively from the use of PMSCs by the United States and specifically, their role in Iraq since 2003.\textsuperscript{51} Thus, much of the existing work examining defence privatization may be potentially imperiled by the fact that either American use of PMSCs, or their use in Iraq is \textit{sui generis}. To date, there have been few attempts to ascertain if these observed changes in American military force structure are unique and somehow related to the United State’s sole super power status. Similarly, the existing insights about the impact of privatization on the executive’s autonomy with respect to military forces have not been explored in non-Presidential systems. This narrow focus runs the risk of making generalizations about the impacts of privatization on military force posture and state foreign policy, without considering how different institutional arrangements or military capabilities might change the influence of PMSCs.

In Canada and Britain, for instance, there has been much less defence privatization than in the United States. Unlike the US, Britain, does not contract for security services for its military nor for foreign military training.\textsuperscript{52} Similarly, while American contractors and military forces are deployed abroad at a ratio of 1.6:1, the ratio for the Canadian military is roughly 1:7.\textsuperscript{53} Perhaps due to this much less extensive use of PMSCs, the Canadian government has not incorporated military contractors into either its military doctrine, or official defence policy.\textsuperscript{54}

The existing explanations for why states privatize, however, cannot account for this less substantial degree of privatization.\textsuperscript{55} Both Canada and Britain experienced the neoliberal revolution in the late 1980’s, and underwent significant privatization movements domestically. Similarly, both nations have high-tech military forces that they strive to keep interoperable with their American allies. Finally, since the end of the Cold War, both countries have routinely and repeatedly deployed forces abroad on expeditionary operations and more recently kept large contingents continuously deployed in support of the fight against terrorism. In sum, despite

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\item \textsuperscript{50} Avant, \textit{The Market for Force}
\item \textsuperscript{52} Kinsey, \textit{Private Contractors and the Reconstruction of Iraq}
\item \textsuperscript{53} Perry, \textit{Contracting Tail to Sharpen our Teeth}
\item \textsuperscript{54} David Perry, "The Privatization of the Canadian Military," \textit{International Journal} 64, no. 3 (Summer, 2009), 687-702.
\item \textsuperscript{55} Although a small literature comparing defence privatization in developed states has developed, to date it only compares the role of PMSCs in Germany on the one hand, with what is portrayed as undifferentiated levels of privatization in the United States and Great Britain. Krahmann and Petersohn attribute differences in German and Anglo privatization to differing ideological understandings of civil military control and the congruence between international and national norms regarding privatization, respectively. Krahmann, \textit{States, Citizens and the Privatization of Security}; Ulrich Petersohn, "Sovereignty and Privatizing the Military: An Institutional Explanation," \textit{Contemporary Security Policy} 31, no. 3 (12-01, 2010), 531-552.; Petersohn, \textit{Outsourcing the Big Stick}
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experiencing the same sets of factors that explain a high level of defence privatization in the United States, Canada, and Britain have not privatized to the same degree. The remainder of the paper develops an explanation for defence privatization that can explain why states privatize, but do so to varying degrees.

**Developing a Neoclassical Realist Explanation of Defence Privatization**

This paper draws upon neoclassical realism to understand why states employ PMSCs. Unlike neorealists who view the international system as the primary determinant of state action or classical realists who view statesmen as a crucial link between a state’s interests and resulting foreign policy, neoclassical realists provide a unique synthesis of international and unit level variables. As Rose argued in coining the term neoclassical realism:

“Its adherents argue that the scope and ambition of a country's foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities. This is why they are realist. They argue further, however, that the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level. This is why they are neoclassical.”

Neoclassical realists are guided by structural forces internationally, but focus on how these international pressures are “filtered through the medium of state structure.” Following Putnam they argue that “leaders almost always face a two level game in devising and implementing grand strategy: on the one hand they must respond to the external environment, but on the other they must extract and mobilize resources from domestic society, work through existing domestic institutions, and maintain the support of key stakeholders.” Neoclassical realists thus offer unique understandings of both the state and power, with their conceptualization of the former influencing their view of the later.

Neoclassical realists share with neorealists a “top-down conception of the state” in which external forces shape the use of national power. However, whereas neorealists like Waltz view states as undifferentiated actors able to efficiently translate international forces into foreign policy responses, neoclassical realists find such an efficient view of the state problematic. In contrast, they build on the recognition by classical realists that “a nation pursues foreign policies as a legal organization called a state, whose agents act as the representatives of the nation in international affairs.” Thus, neoclassical realists focus on the role of a “national security executive” that sits at the “juncture of the state and the international system.”

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59 Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds., *Neoclassical Realism, the State, and Foreign Policy* (New York: Cambridge University Press, 2009), 3.
61 Lobell, Ripsman and Taliaferro, *Neoclassical Realism, the State, and Foreign Policy*, 7.
62 Ibid., 25
63 Waltz, *Theory of International Politics*
65 Lobell, Ripsman and Taliaferro, *Neoclassical Realism, the State, and Foreign Policy*, 25.
national security executive deduces the national interest from the external environment and is potentially autonomous from society, “in many contexts political arrangements compel it to bargain with domestic actors...in order to enact policy and extract resources to implement policy choices.” The national security executive’s ability to extract societal resources is measured by the level of “state power” which operates as an intervening variable between the international system and a state’s policy response. The concept of state power builds on common realist appreciations of the material sources of power which warrants greater explication.

In contrast to neorealists, who contend that the elements of a nation’s material of power can be efficiently converted into usable policy resources, neoclassical realists view the translation of the aggregate components of material power into usable policy instruments as a crucial function of the state. Thus, Zakaria puts forth the concept of state power, defined as “that portion of national power the government can extract for its purposes and reflects the ease with which central decision makers can achieve their ends.” State power, in his articulation, is a function of both material capabilities and state strength. In Zakaria’s view, state strength is a continuum measured along multiple axes: state scope; state autonomy; state capacity; and state cohesion. State scope relates to a state’s responsibilities, ranging from minimal states responsible only for maintaining internal order and external defence to maximal states responsible for extensive welfare functions. State autonomy refers to the degree to which a state can function as an autonomous actor with goals distinct from society. State capacity refers to a state’s ability to extract and deploy wealth. Finally, state cohesion refers to “the centralization of decision making power within a state.”

Cohesion is delineated by the degree of “competition among bureaucratic agencies, among the branches of government, [and] between the federal and local governments.” According to Zakaria, “at one end of the spectrum lie those states that are cohesive, autonomous, wealthy, and maximal, and at the opposite end lie those that are divided, society-penetrated, poor, and minimal.” In essence, by rejecting a black boxed view of the state as efficiently able to translate international systemic conditions into appropriate foreign policy responses, neoclassical realists argue that the strength of each state serves as an intervening variable that shapes foreign policy responses. This concept of state strength is employed in two primary ways by neoclassical realists. First, it is used to explain differences between the foreign policy outcomes of states facing similar international environments. Second, it is used to explain variance in state behaviour over time.

Employed in the first, comparative manner, the neoclassical realist concept of state power draws from literature in both comparative politics and international political economy. In the 1980s, comparative politics witnessed a reemergence of the state as a variable. This movement was prompted by the recognition that the state is more than simply an arena where social groups make demands and engage in political struggle and compromise. In Skocpol’s view, to the extent that states “may formulate and pursue goals that are not simply reflective of the demands or interests of social groups” they possess autonomy of action. The ability of a state to

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66 Ibid., 25
67 Ibid., 25
68 Ibid., 9
69 Ibid., 39
70 Ibid., 39
71 Ibid., 39
72 Ibid., 39
73 Theda Skocpol, "Bringing the State Back in," in Bringing the State Back in, eds. Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol (New York: Cambridge University Press, 1985), 9.
undertake independent action, however, requires that they also possess the capacity to act. Other comparative scholars have subsequently extended this analysis, using it to distinguish between developed and developing world states. Migdal, for instance, distinguishes between strong and weak states by the measures of coherency and capability, but also the state’s legitimacy in its society’s eyes.\textsuperscript{74}

Scholars interested in international economic policy have also examined the concept of state strength in influencing policy outcomes. Exploring divergent foreign economic actions by industrial states, Katzenstein described the United States as a country with a "\textit{strong society} and \textit{weak state}" whereas France possesses a "\textit{weak society} and \textit{strong state}."\textsuperscript{75} Consequently, in Katzenstein’s view, the state plays a more limited role in foreign economic policy in the former country than the latter. Similarly, Krasner too argues that in the economic sphere, the United States is a relatively “weak” state, because “political power is fragmented and dispersed.”\textsuperscript{76} In these analyses, the executive branch of government, including the bureaucracy, is associated with the state, while the legislative branch of government represents society.\textsuperscript{77} A key insight developed by Krasner, is that state strength exists as a continuum, ranging from ‘weak’ to ‘strong,’ and varies from one issue area to another.\textsuperscript{78}

The links between state strength and international politics have also been explored in the security realm.\textsuperscript{79} Such examinations originally built on Gourevitch’s insight that the international system helps shape domestic structure.\textsuperscript{80} Desch, for instance, argues that the international environment plays a key role in determining both the scope and cohesion of states, which contributes to their weakness or strength.\textsuperscript{81} This line of analysis is notably employed by Tilly, who, examining the relationship between international and domestic structures argued that the threat of war with other states “created the central organizational structures of states.”\textsuperscript{82}

At the same time, Gourevitch also notes that domestic political structures may be influential in international relations by privileging some domestic actors over others in the conduct of foreign policy. As he writes, “the impact of structures lies not in some inherent, self-contained quality, but rather in the way a given structure at specific historical moments helps one set of opinions prevail over another.”\textsuperscript{83} More recently, Milner elaborates that “domestic political institutions determine how power over decision making is allocated among national actors. How power is shared affects whose preferences are most likely to dominate policy making.”\textsuperscript{84}


\textsuperscript{75} Peter J. Katzenstein, \textit{International Organization} 30, no. 1 (Winter, 1976), 14, emphasis in original.


\textsuperscript{78} Krasner, \textit{Defending the National Interest}


\textsuperscript{81} Desch, \textit{War and Strong States, Peace and Weak States?}, 237-268.


\textsuperscript{83} Gourevitch, \textit{The Second Image Reversed}, 904.

importantly, several scholars contend that whether the state, or society, represented by the legislature, has greater influence over the policy process has important consequences for international politics. Peterson, for instance, examines how the relative influence of the executive and legislature influences crisis bargaining. She finds that “the more concentrated foreign policy authority is within the executive branch and the more autonomy the executive enjoys from the legislative body, the less likely crisis decision making is to enter the domestic political arena.”85 If, on the other hand, executive authority is dispersed and the legislature more influential, domestic factors are likely to influence international bargaining.

Ripsman, a leading neoclassical realist, explores how domestic political institutions influence post-conflict peace negotiations, concentrating on the “structural autonomy” of the executive from legislative constraints. By examining the institutional, procedural, and normative determinants of structural autonomy in each foreign policy issue area, Ripsman argues that it is possible to assess whether foreign policy executives “are able to pursue their own policy preferences even when they face strong domestic opposition.”86 The relationship between the executive and legislature, both constitutionally and normatively, is paramount in this understanding. As he writes, “the legislature, either as a whole, or through its key legislative committees on foreign affairs or defense policy, can impact upon policy choices, since it can act as a veto player over policy if no concessions are made to its preferences.”88 As he and others note, the ability of the legislature to exercise a veto over policy choices varies substantially between different political systems, and can also vary over time within the same country. Thus, the structural autonomy of an executive in a particular issue area can only be assessed in comparison to another state or time period.

As a general rule, however, executives in Westminster style parliamentary systems enjoy more autonomy over foreign policy than do executives in a presidential system of government.89 While presidents may be forced to negotiate with their legislatures to conduct foreign policy, in contrast, in majoritarian Westminster systems with a high level of party discipline, Prime Ministers and their Cabinet dominate decision making and the legislature holds little power.90 Initial research by Elman indicates that these differences may have important implications for the role of domestic institutions and international conflict, and some versions of the democratic peace theory, specifically.91 This paper extends this line of analysis to examine how domestic institutional arrangements in different political systems influence the structural autonomy of the executive with respective to defence policy and a nation’s armed forces.

In addition to the preceding analysis that address the concept of state strength in a comparative perspective, the concept of state power has also been used to explain variance in the same state’s behaviour over time. Both Christensen and Zakaria have used the concept to examine how great powers are sometimes constrained in their ability to react to high levels of

87 Ibid., 6
88 Norrin M. Ripsman, "Neoclassical Realism and Domestic Interest Groups," in Neoclassical Realism, the State, and Foreign Policy, eds. Norrin M. Ripsman, Steven E. Lobell and Jeffrey W. Taliaferro (New York: Cambridge University Press, 2009), 184.
89 Ripsman, Peacemaking by Democracies
90 Milner, Interests, Institutions, and Information
91 Avant and Sigelman, Private Security and Democracy, 230-265.
external vulnerability by their inability to extract sufficient resources from their societies. In their view, state power is a crucial factor in determining a state’s ability to conduct internal balancing. As they utilize the concept, state power has primarily been concerned with “the state’s ability to extract wealth” and has been employed to examine why great powers have underbalanced in the face of high levels of external threat.

Christensen, for instance, introduces “political hurdles to mobilization” as an intervening variable that determines whether mobilizing public support for preferred grand strategic options will be easy or difficult. Adopting the view that Congress in the United States represents the public, he contends that political hurdles to mobilization explain “why leaders might have difficulty convincing the public to make significant sacrifices for international security interests, even if those efforts are in the public’s own long-term interests.” These hurdles are the interrelated concepts of the public’s understanding of the international threat, proposed grand strategy, and sacrifices required of them to meet it. Because of these hurdles, he contends that “without a healthy degree of consensus behind national security strategies, no state can harness its population and project national power abroad.” He thus develops the concept of ‘national political power,’ analogous to state power, which he defines as “the ability of state leaders to mobilize their nation’s human and material resources behind security policy initiatives.” In his analysis of Sino-American relations during the early Cold War, Christensen contends that America’s antagonistic relationship with China was part of a wider strategy of mobilizing a reluctant American public to counter the Soviet threat. In the post-WWII environment, the American populace was initially reluctant to once again mobilize, this time against the USSR. As a result, American leader’s used the threat of Chinese communism as part of a wider mobilization strategy to counter the Soviet Union.

Zakaria, for his part, argues that between 1865 and 1889 the United States repeatedly missed opportunities to expand internationally, due to “a weak state structure that could not translate executive-branch schemes into government policy.” Of central importance to his analysis, is his claim that “the division between the legislative and executive branches allowed Congress to thwart the executive’s plans.” Congressional antagonism towards the President and bureaucracy during this period in American history, he argues, prevented a greater role for America abroad. According to Zakaria, “had the United States had a state structure similar to that of every other great power at the time – a stronger central government and a parliament with the executive and legislative branches fused – it is almost certain that many of the executive’s plans would have become national policy.” In particular, he contends that the degree to which the legislative and judicial branches have input into national policy making “determine the autonomy and coherence of the state.”

Drawing on both Zakaria and Christensen’s work, Taliaferro contends that “the relative ability of the state to extract or mobilize societal resources…shapes the types of internal

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92 Zakaria, From Wealth to Power; Christensen, Useful Adversaries
93 Zakaria, From Wealth to Power, 39.
94 Christensen, Useful Adversaries, 13.
95 Ibid., 11
96 Ibid., 16
97 Ibid., 11 Emphasis in the original.
98 Zakaria, From Wealth to Power, 87.
99 Ibid., 88
100 Ibid., 87
101 Ibid., 41
balancing strategies a state is likely to pursue.” To turn, these resource extraction problems impact “the ability of all types of states – great powers as well as lesser states – to respond to systemic imperatives.” To date, however, these analyses have been employed to examine the lack of state response in the face of a threatening external environment. As Taliaferro argues, there is a therefore need for further analysis to develop the resource extractive state model across states with varying levels of state power and levels of external threat. This paper argues that defence privatization is a new form of resource extraction and mobilization.

The Argument

I argue that the use of PMSCs by national governments can be conceptualized as a new form of resource extraction and mobilization that allows states to more easily extract the requisite resources from society to create military forces and deploy them abroad. In essence, this research contends that by removing “hurdles to mobilization,” military privatization makes it easier for a state’s national security executive to convert potential economic power into tangible military assets that can be deployed abroad. State leaders have privatized their militaries because doing so allows them to create or maintain military capabilities while mobilizing proportionally fewer uniformed troops and by procuring fewer military assets than it otherwise could by converting national wealth into public military forces alone. In turn, this provides the state more military capabilities to deploy on expeditionary military operations, in turn expanding the range of foreign policy options available to state leaders.

This paper builds on the literature on the resource extractive state by analyzing state use of PMSCs as a form of resource mobilization. It conceptualizes defense privatization in Western states as a means for the state’s national security executive to extract military resources from society in the absence of either clear external threats or consensus regarding appropriate foreign policy responses. As an analysis of post-Cold War strategic documents demonstrates, since the end of the Cold War, the United States, Britain, and Canada have shared highly similar understandings of the international threat environment. Following the Cold War, the international environment was uniformly cited as being ‘uncertain,’ and lacking an existential, great power threat. Consequently, across all three states, military forces and defence budgets were cut in an attempt to reap the benefits of the ‘peace dividend.’ At the same time, however,

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102 Jeffrey W. Taliaferro, “Neoclassical Realism and Resource Extraction,” in Neoclassical Realism, the State, and Foreign Policy, eds. Norrin M. Ripsman, Steven E. Lobell and Jeffrey W. Taliaferro (New York: Cambridge University Press, 2009), 197.
103 Lobell, Ripsman and Taliaferro, Neoclassical Realism, the State, and Foreign Policy, 4.
104 Taliaferro, Neoclassical Realism and Resource Extraction
105 Christensen, Useful Adversaries, 25.
each country deployed military forces abroad at unprecedented rates, to intervene in ‘failed and failing states’ and prevent regional conflicts from spreading. Thus, although they experienced a relatively benign international security environment, national security executives in each country felt compelled to deploy military forces abroad. Since September 11, 2001 these trends have been exacerbated with each nation’s substantial support for an international campaign against Islamist terrorism requiring the deployment of large numbers of ground forces. To do so, each state relied on privatization, to greater or lesser extents, as a means of extracting military resources from their societies.

The use of PMSCs has enabled states’ national security executives to respond to external threats by supplementing the traditional mobilization and extraction of resources from society for the creation of military capabilities. By employing economic resources to purchase military capabilities, defence privatization has allowed the state to translate economic resources into deployable military assets. Rather than attempting to mobilize and extract sufficient resources from society that would allow for exclusively military deployments abroad, each state has opted to supplement military forces with contracted PMSCs. In doing so, national security executives have been able to deploy military forces abroad to support foreign policy aims without mobilizing larger segments of their population. Privatization has therefore given the executive greater structural autonomy over its foreign policy, because it reduces social hurdles to mobilization generally, and reduces the impact of legislative veto points specifically.

These hurdles to mobilization relate to the sacrifices required of society to support the executive’s policy. These sacrifices can be divided into three broad areas: i) manpower; ii) taxation; iii) and public support. In an age of professional, volunteer militaries, generating state militaries requires that citizens willingly join their nation’s armed forces, often for lengthy terms of service. Since the creation of the All Volunteer Force in the United States, however, generating a sufficient quantity and quality of troops to meet enlistment targets has been a perennial concern. Since the late 1990’s and particularly during portions of the War on Terror, the US military has had difficulty meeting its recruitment targets. By employing PMSCs, particularly those that rely heavily on local or third country national labour, the state reduces its demands on society for military manpower. The heavy use of PMSCs has therefore been cited as facilitating the conduct of the War on Terrorism without resorting to a draft. As Avant writes, if the United States “could not mobilize these services through the market, it would either have to mobilize them through the military or reassess its decision to go to war.” When the President hires PMSCs, he need only mobilize economic resources from society, rather than extracting both economic resources and the labour required to create military forces.

110 Singer, *Can’t Win with ‘Em, Can’t can’t Go to War without ‘Em*
112 Caverley, who contends that democracies are inclined to favour capital intensive, rather than labour intensive, force structures due to median voter’s preferences provides support for this line of reasoning. He argues that Americans favour capital intensive force structures over labour intensive force structures, even when fighting counter insurgencies, because for the average American voter a capital intensive doctrine reduces their changes of having to fight themselves while allowing someone else’s resources fund the war. Jonathan D. Caverley, ”The Myth of Military Myopia,” *International Security* 34, no. 3 (Winter, 2009/20).
This reduced demand for manpower, in turn, reduces the demand for economic resources from society. In general, defence spending is “pervasively unpopular” and over the last several decades, the personnel portion of the US defence budget has risen faster than all others, making managing personnel costs a primary means of adjusting overall defence spending. Employing PMSCs therefore offers defence policymakers budgetary advantages, due to the temporary nature of contractors’ services. A study by the Congressional Budget Office, for instance, estimated that over a twenty year time frame, employing contractors under the US Army’s LOGCAP program to provide logistics would cost roughly half of what it would otherwise cost to have soldiers perform the same function. Although the costs of public and private options were roughly the same during a contingency operation, in peacetime, contractors would be let go, while soldiers would remain on the military payroll. Contractors are therefore an appealing option from a budgetary standpoint, because they represent short term, temporary costs, in contrast to permanently adding personnel to the military ranks.

Finally, due to the aforementioned factors, deploying a mixed force of contractors and uniformed military requires a lower level of social support. Avant and Sigelman indicate that the use of PMSCs reduces the transparency surrounding military forces, which in turn circumvents the generation of meaningful public consent over the deployment of forces abroad. Compared to the military, PMSCs enjoy less extensive media coverage, government’s release less information about their activities, and details of their contracts are often withheld due to concerns about proprietary information. As a result of this reduced transparency, privatization “erode[s] the processes through which public consent is offered by reducing public interest in or concern about the use of force by their leaders.” The reduced visibility of PMSCs substantially alters discussions about potential military deployments, because the public debate only weighs the full human costs of conflict, as the deaths of contractors go unnoticed. Hiring PMSCs therefore reduces the impact of casualties’ on the public. Although recent research demonstrates that the public is not inherently leery of foreign military deployments, “political leaders adopt casualty-averse policies because they believe that the public is casualty phobic.” Relying heavily on contractors can therefore help reduce concerns about American casualties sapping public support for contingency operations.

Thus, the use of PMSCs reduces social hurdles to mobilization for all democracies by reducing transparency and limiting public consent for military deployments. In political systems with strong legislative authorities over military forces, privatization gives society’s representatives in the legislature a reduced veto over their use. In contrast, we would expect to see less privatization in stronger states whose executives have greater degrees of structural autonomy. While privatization would still provide these states with reduced hurdles to mobilization, privatization would eliminate fewer legislative veto points than in weak states.

116 Avant and Sigelman, Private Security and Democracy, 255.
117 Christopher Gelpi, Peter Feaver and Jason Aaron Reifler, Paying the Human Costs of War (Princeton: Princeton University Press, 2009), 262.
The heavy use of PMSCs by the United States, and more limited use of PMSCs by Britain and Canada is consistent with the neoclassical realist explanation of privatization developed above, which predicts higher levels of privatization in weaker states because they are less structurally autonomous. In the American political system, Congress has significant and substantial control over military forces, leaving the executive with a relatively low degree of structural autonomy over the military. In particular, Congress possesses legislative veto points with respect to the size and composition of the armed forces, the defence budget, and to a lesser extent, the deployment of US forces overseas. These measures provide several constraints on the executive’s control over military forces.

Although the 2003 Iraq War highlighted for some a reduced Congressional role in the use of American armed force, this reduction in Congress’ power vis a vis the President must be contextualized. Even with respect to the Iraq war, more recent scholarship argues that by March of 2003 Congress had begun to challenge the President over funding for the war and through Congressional investigations and hearings, thus reasserting its control over the armed forces. King has furthermore argued that Congress has been far more effective as exercising its oversight role for the armed forces that it has with respect to the State Department, USAID or the Intelligence Community. Finally, Congress is generally agreed to have been a persistent and influential check on executive defence priorities during the Bush Senior administration and Clinton’s first term.

In Westminster style parliamentary systems with strong party discipline, in contrast, the executive has a far greater degree of structural autonomy with respect to the military. In Canada, for instance, the executive has the prerogative to establish the size and composition of the Canadian Forces. Similarly, funds for individual departments, including the Department of Defence, are appropriated as part of a government-wide appropriation bill that must be initiated by the executive. Parliament can then either authorize, or withhold authorization for the entire appropriation, with a very limited ability to influence spending on particular programs. Parliament furthermore has a weak oversight function and procedural norms dictate that the legislature does not become highly involved in defence issues. Relative to the United States political system, the executive in Canada possesses a much higher degree of structural autonomy with respect to the military.

On this basis, according to the neoclassical realist explanation of defence privatization, Westminster style democracies with strong party discipline would have fewer incentives to privatize. A provisional review of defence privatization in Canada and Britain appears to

123 Canada, National Defence Act (R.S., 1985, c. N-5)
126 Roy Rempel, The Chatter Box (Toronto: Breakout Educational Network, 2002).
confirm the plausibility of the neoclassical realist explanation, as these countries have not privatized their forces as extensively as their American ally.

Conclusion
In lieu of the conflicts in Iraq and Afghanistan, PMSCs have emerged as important new security actors in their own right and vital partners of the states that employ them. To date, however, existing understandings of why states have turned to the private military industry to supplement their military forces remain underdeveloped. The neoclassical realist explanation developed here offers a reformulated understanding of why states have opted to privatize, but done so unevenly. This argument has important implications for a number of different reasons. First, the use of private actors may have significant implications for contemporary understandings of the role of public opinion in employing military force. Second, by reducing the social check on executive control over military force, privatization may significantly alter the way democracies go to war. By bypassing constitutional veto points over the use of force and reducing social consent over decisions to go to war, defence privatization challenges some versions of the democratic peace thesis and explanations for democratic effectiveness in war. Third, defence privatization suggests that contemporary understanding of power in international relations must be updated to account for this new, private supplement to state’s military forces. Even very recent scholarship, for instance, fails to include PMSCs when analyzing America’s hard power assets. Finally, by changing military force structure to make it more expeditionary, defence privatization may change the cost benefit calculus undertaken by states when deciding how to act in the international system. Thus, privatization may facilitate an offensive grand strategy. It remains the purview of future research, however, to test the neoclassical realist explanation developed here against the empirical record.

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127 Gelpi, Feaver and Reifler, *Paying the Human Costs of War*
130 Mearsheimer, *The Tragedy of Great Power Politics*


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