Private Military Companies and Home State Interests: Conflict or Convergence?

A Study of United Kingdom-based Private Military Companies

Master Thesis in Peace and Conflict Studies

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November 2006

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Acknowledgements

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Total number of words: 31 323

Total number of pages excluding cover page: 100

Chapter one

Introduction

The purpose of this thesis is to investigate the extent to which the contracts taken by British-based private military companies[1] (PMCs) outside of the UK as a general tendency are in conflict or convergence with British foreign policy interests. Specifically, the thesis will ask if British PMCs have taken contracts that contradict British interests. As neither British nor international legislation formally regulate the type of operation PMCs can take part in (Avant 2005: 172), British-based PMCs can in principle roam free, potentially doing damage to British interests. This has indeed happened – in 1998, the British PMC Sandline broke an international arms embargo by supplying arms to the supporters of the ousted Sierra Leonean president. Being in conflict with British interests in this regard include contravening arms embargoes the government is signatory to, destabilizing a fragile peace, aiding governments that are not seen as 'friendly nations' by the British Foreign Office, and in general "being a political embarrassment" to the UK (Foreign Office 2002:21; House of Commons 2002: point 2.2.2.).

1. 2. Background

One of the most remarkable developments in the post-Cold War world is the empowerment of non-state actors in global affairs. Non-sovereign and non-territorially bound entities like NGOs, commercial corporations, international organisations and advocacy-networks have, to a degree unprecedented in the 20th century, taken on tasks that previously were confined to the state. They promote democracy, offer humanitarian relief, advance economic liberalization, provide security, and even participate in warfare. These

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[1] In this thesis, I will use the expression Private Military Company (PMC), as this has become the standard term of use (Isenberg 2006). See for example the British Foreign Office's Green Paper from 2002. I will not distinguish between private security companies and private military companies, as most of the companies in the industry offer both 'police'-like services and 'military' services. Besides, the difference between providing armed security (passive, police-type service) and engaging in combat (active, military-like service) is to some degree superfluous in a war-zone, as several incidents involving PMCs in Iraq has shown (Isenberg 2006: 14).

developments are not new – in the 16th and 17th century, the English and Dutch East India Companies waged wars and controlled colonies, and organisations like the Red Cross and anti-slavery groups have influenced state policy before as well. But, the period when non-state actors were influential internationally in the past was also a period during which the state system was relatively weak. Moreover, the non-state actors of today have access to communication technologies and means of transportation that enable them to circumvent the state to a different degree than before. Consequently, the core of the matter in the study of non-state actors concerns the relationship between the non-state actor and the state. Especially interesting is the question of how autonomous the non-state actor is vis-à-vis the state. Is the Weberian state monopoly over violence a historical anomaly, or are non-state actors such as PMCs simply examples of state governance through new tools (Krahmann 2003)?

The control over the military force emanating from one's own territory has been an intrinsic feature of the state in the modern era. With the privatisation of the arms industry and the emergence and proliferation of private military companies (PMCs), many western states fear that this control is slipping away[2]. Private military and security companies are corporate entities hired by governments, corporations, NGOs or others to do the work traditionally done by the military and the police. This includes logistical support for military operations, intelligence provision, military advice and training, site or personnel security and armed or unarmed support on the battlefield. The private military and security industry has experienced a massive growth in recent years. The war in Iraq has been referred to as "the first privatised war" (The Economist 2003a:56). Private companies are reportedly the second biggest contributor to coalition forces in Iraq after the Pentagon (Traynor

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[2] For instance, individuals in the UK Government express fears that PMCs "could have, and in some cases would have an adverse impact on the implementation of its foreign policy objectives" (House of Commons 2002: point 5.2). The concern is that, "currently these companies have no formal link to their home government but can operate in areas that affect British foreign policy" (ibid, point 2.2.2). In order to regain this control, the South African government has passed a bill aiming to prevent citizens from working for PMCs abroad.

2003), and estimates suggest that the PMC industry generates US$100billion in annual revenue (Kinsey 2003: 1). In Iraq alone, there are more than 180 PMCs operating, and an estimated three British PMC employees to every British soldier (Norton-Taylor 2006). Some PMCs are listed on the stock exchanges of their home state, and some are parts of large conglomerates included on the Fortune 500 list.

1.3 Research question

When examining the relationship between the British government and British-based PMCs, I will focus on the extent to which British PMCs are profit-driven actors solely, or if either a fear of reputational damages, inherent national-military norms or other influences make them limit themselves to operations that converge with official British foreign policy interests. Specifically, I will try to find out if British PMCs have taken contracts that contradict British foreign policy interests. Additionally, I hope that the answers to the questions above may shed some light on an issue of a more general nature, namely whether PMCs are "detached" from their home state in terms of political control and the influence of domestic norms of conduct; in other words "actors in their own right" in the international system.

Grouped together, the issues I will consider can be divided into two categories:

- **Conflict:** In which instances have PMC activities been in direct conflict with official British foreign policy, and what were the consequences (if any) for the British government and the company in question? Do the instances in which British PMCs have taken contracts that conflict with British interests lend support to the hypothesis that commercial logics guide PMC behaviour?

- **Convergence:** Considering the fact that most PMC executives and employees formerly served in the British military, does a loyalty to the crown influence PMC activity? And, if a degree of loyalty to the crown is present, does this imply a loyalty to a certain conception of British

foreign policy interests particular for the military, or a loyalty to the Blair government?

1.4 Relevance and expectations

Whether PMC behaviour conflicts or converges with home state interests is an important question for several reasons. First, it can give some indications as to whether the concerns expressed over the growth of the PMC industry in recent years are well founded. These concerns include fears that PMCs will work for illegitimate clients, violate or contribute to the violation of human rights, or contribute to the escalation of violent conflicts (Leander 2004; Markussen 2003; Singer 2003), in short a fear that they, as unaccountable, for-profit force-wielders will escape all the norms, rules and political mechanisms that restrict the use of violence by states.

Second, little has been written about the relationship between the home state, in other words the state in which the PMC is based, and the private security industry[3]. This relationship is by nature different from the relationship between the government and "normal" commercial companies. PMCs are exceptional in that they take on a role abroad that previously was confined to the state. Their employees usually wear uniforms, carry arms, and participate in military-like operations – all this on foreign soil. As a result, they may be mistaken as the representatives of their home state; they can unintentionally disturb a fragile peace or in other ways cause disruptions to their home state's reputation. In sum, their actions are of such a nature that they may have adverse consequences for the diplomatic position of their home government. Third, the extent to which PMCs have engaged in activities that work against the interests of their home government will also shed some light on the wider concerns in the PMC-debate, namely whether PMCs challenge the state's monopoly of

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[3] Although there is an emerging body of literature on the PMC phenomenon (see for example Singer 2003; Avant 2005; Kinsey 2006), few authors have focused on the relationship between the home state and the PMC industry. One exception is Avant (2005), who touches on the topic in chapter four of her book.

violence to the extent that we can talk of an erosion of the Westphalian state system.

Ultimately, the question of whether a PMC's activities is in conflict or convergence with the foreign policy interests of its home state impinge upon the issue of whether PMCs pose a challenge to the state's violence monopoly, that is, on the degree to which they are autonomous actors in the international system. One line of reasoning denies that they are; in the last instance, PMCs fear the state. They are subject to the approval and regulation of their home state, and will thus avoid behaviour that may negatively affect government relations (Coker 1998). A different line of reasoning points to how the commercial and multinational character of PMCs encourages and allows for a degree of independence relative to their home state (Singer 2003; Avant 2005). As actors concerned with maximizing profits, PMCs consider opportunities for making an income first, and relations with the home state second. Since the barriers to redeploying abroad if relations clog up are low, the state's prospects for regulating the industry through legislation are limited.

An empirical investigation can be helpful in clarifying the probability of each of these lines of reasoning. If I find that there are few examples of PMCs being involved in missions that could be in conflict with their home state's foreign policy interests, I will argue that a view of PMCs as additional foreign policy tools for the state is more likely than the idea that they represent a threat to the state monopoly of violence as "actors in their own right". Similarly, if I discover that most PMCs don't hesitate to participate in missions that are at odds with their home government's foreign policy, I will conclude that the reverse is more probable. In addition, it is necessary, yet difficult, to control for the fact that the home state may influence PMC behaviour through market incentives, by being one of the PMC's clients. As commercial actors, PMCs must adapt their behaviour to their customer's wishes. This thesis wants to measure the extent to which PMCs take their home state's interests into

consideration and not their regard for their customer. I have tried to control for this influence by choosing a case state, the UK, which is not a major PMC client (Avant 2005: 168). Yet, I have to take into account the possibility that British PMCs may consider the UK an important potential client, and that this may have an effect on their behaviour.

1.5 Choice of case

I will focus on the activities of British-based PMCs, in other words PMCs that have their headquarters in the UK, and on British foreign policy interests. The British case is particularly interesting for several reasons. First, the UK, together with South Africa and the US, is the world's biggest exporter of private security. Second, most of the companies based in the UK do not consider the UK to be their prime customer. The British government has not hired PMCs to conduct operational support and training missions to the same extent as the US (Avant 2005: 170). As a result, company survival does not rely on being hired by the British, and PMCs will not be overly sensitive to British interests for commercial reasons. Third, the British regulatory environment is informal – there is no established law regulating PMCs or the export of services (ibid:168). Unlike in South Africa, where government regulations have forced most firms to redeploy abroad or go underground, most British PMCs act openly and therefore lend themselves to open study as well.

At present, the PMC industry is in its relative infancy. It has grown out of the military cultures of a small number of countries, and consequently, only a few states host a sizeable PMC industry, among them the UK. Thus, the focus of this thesis – the PMC industry in the UK – cannot be seen as a representative case in the sense of being one that can be used as a point of departure for further generalizations. Instead, it is an interesting case in and of itself, as it may give some indications as to what the consequences of letting the PMC industry stay unregulated might be. Furthermore, the PMC industry could develop outside the current hotspots of the US, the UK and South Africa. In

fact, French companies are increasingly visible internationally. Hence, the British case might give some indications about the potential consequences of the emergence of a PMC industry in other countries as well. Moreover, in order to get a more complete overview of the PMC industry in general, and over the relationship between the industry and its home state in particular, studies of PMC-home state relations in other states than the UK are necessary.

1.6 Time frame

The thesis focuses on the period between 1997 and 2005. There are two reasons for why the investigation starts with the year 1997. First, 1997 marked a shift in British politics with the inauguration of Tony Blair and his New Labour government. On the foreign policy arena, New Labour tried to develop a new conceptual rationale for British foreign policy, initiated by the then Foreign Secretary Robin Cook's announcement that the UK from then on would lead an "ethical foreign policy" (Williams 2004: 912). The conceptual framing of the foreign policy has changed somewhat with the replacement of Robin Cook by Jack Straw, but the foreign policy rationale still differs from the foreign policy of previous administrations in that it emphasizes "good deeds". In sum, there has been a shift, at least in rhetoric, "from the openly declared pursuit of national interests in foreign policy, to the growing emphasis on ethical or moral duties to protect the rights and interests of others, often in areas where western states have little economic or geo-strategic interest" (Chandler 2003: 1). This concern with reputation and international standing affects the relationship with the PMC industry, and sets the boundaries for what the government considers unfavourable PMC behaviour. Second, the Blair period in British politics coincides with the worldwide growth of the private security industry. The latter half of the 1990s saw the surfacing of the modern PMC. The PMC issue reached the media via reports on the South African PMC Executive Outcome's participation in warfare in Angola and Sierra Leone, but did not receive widespread attention among the British public

and government until 1998 with the involvement of the British PMC Sandline in Sierra Leone, the so-called Arms to Africa-affair (Kinsey 2003:152).

1.7 Theoretical underpinnings

I will make use of theory for two different purposes: On the one hand, I will *explore* and possibly *challenge* one of the central assumptions in mainstream IR theory, namely the view that states are the only actors that matter in international relations because they are believed to be violence monopolisers. On the other hand, I will *employ* two theoretical concepts explaining the rationality of action – the 'logic of consequences' and the 'logic of appropriateness' – in order to explain why PMCs act as they do. The general pattern of PMC activities can give an indication of the underlying rationale and driving forces behind PMC behaviour, be it mere profit-maximisation, norm-adherence or some other factor.

Thus, while answering a specific question concerning British PMCs and British interests, this thesis wants to illuminate questions of a more general nature. These relate to the globalization debate in International Relations as applied onto security studies – specifically the question of whether we are moving away from a 'billiard balls' world and towards what some people call a 'medievalised' international system in which both states and non-state entities are meaningful actors in international security. If we accept Raymond Aron's dictum that the international system is defined in terms of agents capable of waging war against each other, does the emergence and rise of private military companies imply a change in the system? Admittedly, the approach of this essay – to gauge the degree of agency of PMCs by looking at whether they take their home country's interests into regard in their activities – does not give a direct answer to this question. But, it could be one indicator among many of how detached PMCs are from states.

When looking for the rationale behind PMC behaviour, this thesis will use rational choice theory as its point of departure. The main reason for this is the fact that the people commenting on the private military industry generally appear to assume that PMCs are pursuing fast profits solely, irrespective of the consequences their hunt for profits may have on their relationship to other actors or on their own reputations (See for example Beyani and Lilly 2001, Fisk 2004, Leander 2004b, Makki 2004). Therefore, an investigation of these claims is called for before other possible explanations can be drawn into the analysis. Thus, this thesis will initially assume that PMCs are goal-seeking, profit-maximising actors solely, accepting any job as long as the financial gains outweigh the costs. Subsequently, the crude rational choice-based explanation will be refined by including two other variables; the effects of reputational concerns and a changing market structure. Then, the investigation will turn to a non-rationalist explanation, namely by asking whether the 'logic of appropriateness' can yield useful insights into why PMCs act as they do. PMC behaviour based on the assumptions of the 'logic of appropriateness' would result in expectations of behaviour being consistent with certain norms and values. As former members of national militaries and as citizens, one can argue that British PMC executives have been socialized into holding a loyalty to crown and country in high regard, a stance that is reflected in PMC behaviour. The thesis does not expect to find conclusive answers regarding a PMC's motivations for taking certain jobs. Rather, the purpose of discussing the basis for PMC behaviour is exploratory; it is borne out of a wish to detect general tendencies in order to be better equipped to predict the future developments of the industry.

1.8 Methods and proceedings

This is an exploratory study, focusing on the British PMC industry as a single case. According to Yin, a case study is "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (1994:

13). Yin holds that "the single case study may be conducted as a prelude to further study, such as the use of case studies as exploratory devices" (1994: 41). Furthermore, he argues that "a rationale for a single case is one in which the case represents an *extreme* or *unique case* (ibid: 39, original italics). This study is exploratory in that it focuses on a rather novel phenomenon – the private military industry – and on a particular aspect of that phenomenon, namely the relationship between PMCs and the state in which they are based, that has received little attention among researchers. The exploratory study will sometimes have to make concessions in terms of the degree to which it is able to follow stringent methodological principles (Stebbins 2001: 42). When the information available is scarce, and when there are few previous studies with which to compare the findings of the current study, the conclusions one can draw from one's findings will necessarily be less definite than what is the case when researching a well-explored topic. This is also true for this project; it must be seen as an indicative rather than definite study. The relationship between the home state and the private military industry is an area of study that begs for more research, also with regards to other countries than the UK.

Furthermore, one can argue that the relationship between the British government and the private security industry constitutes a unique case. Of all the countries that host significant private military industries, the UK is the only one that has not implemented any form of regulation (Kinsey 2003:176). Consequently, different dynamics will surface in the British example than in other instances of state-PMC relations. Yet, the question can become relevant in a wider context too, as it might imply something about the future developments in countries with emerging PMC industries, such as France and Italy (Krahmann 2002: 6). In addition, this is a qualitative study, as it goes in-depth in its investigation of the relationship between the British government and the British private military industry, giving a comprehensive account of a selection of incidents (King et al 1994: 4). The study also contains elements of two other strands of case study research; it is *descriptive* because it gives an

account of British PMCs and their activities, and *explanatory* when discussing the basis for these activities (Hellevik 2002: 88).

1.8.1 Units of analysis

The main objective of the study is to find out to what extent the contracts taken by British PMCs abroad are in conflict or convergence with British foreign policy interests. In order to answer this question, one has to identify the relevant units of analysis, in other words British-based PMCs, find out as much as possible about the activities they have been involved in, and conceptualize what is meant by "British interests" in this regard. To this end, I have compiled a database of information on British PMCs. Via extensive research based on academic literature, journalistic accounts and the internet, I have identified 39 British-based companies that fit the description of a PMC as presented in this chapter. These are companies that offer various services of a military nature and that are able to deploy former military personnel overseas on short notice (McCarthy 2006). Subsequently, I have had the list of companies verified by people familiar with the private military industry[4]. I have gathered as much information about individual companies and the activities they have been involved in as possible, and systematized this in a database, all the while looking for evidence of PMCs entering into agreements that violate British interests, as defined below. The sources of information for this database will be elaborated subsequently. The object of analysis for this investigation is not the conduct of the individual private soldier when he or she is out in the field. Rather, it is the behaviour of the people who decide where to send the soldier I am interested in. Just like theories of international relations use state behaviour as a shorthand reference for the aggregate actions of the individuals in government, this thesis will look at the aggregate actions of the individuals in the managerial teams of PMCs, and refer to this as 'PMC behaviour' or 'PMC activities'. Thus, when answering the main question of the thesis, the focus of

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[4] It has been verified by Dr Christopher Kinsey of King's College London and by the British Association of Private Security Companies (BAPSC).

this study is on the type of operation, the type customer and the political situation in the state in which the PMC operate.

1.8.2 Operationalizing British interests

Construct validity refers to "establishing correct operational measures for the concepts being studied" (Yin 2003: 34). The data one collects must be of relevance to the question the research is trying to answer. Operationalising 'British interests' and setting the boundaries for when PMC activities would be seen to cut across these interests is a challenge. In this context, I do not refer to British interests in general, but to the specific set of British foreign policy goals that risk negative influence from the activities of PMCs. The British Foreign Office's 2002 *Green Paper on Private Military Companies* is instructive in this regard. It was written as a result of an incident in which the British PMC Sandline's activities in Sierra Leone embarrassed the British government by violating an arms embargo, the so-called Arms-to-Africa affair. Thus, it focuses particularly on the disadvantages related to hosting an unregulated PMC industry. Based on the stipulations of the Green Paper, I have drawn a list of five types of PMC activities that are in conflict with British interests: a) aiding governments that are not seen as friendly nations by the British government; b) aiding governments with a dismal human rights record; c) committing criminal offences, such as breaking an arms embargo; d) deploying soldiers to regions where there is an imminent danger that the presence of PMC personnel could contribute to further destabilization; and, finally, e) being a political embarrassment to the UK. As these points in some circumstances can be subject to interpretation, I have added a final criterion of official response to increase the study's reliability and to avoid making it subjective. In other words, I will consider a PMC to cut across British foreign policy interests if it commits any of the above-mentioned activities, and the activity is met with a negative response from the government.

1.8.3 Categorizing PMCs

Coercive force for hire comes in three basic shapes: Mercenaries, private military companies, and private security companies (Spear 2006: 16). The second category is the subject of this analysis. PMCs are different from mercenaries in that they are established, organised corporate structures, and different from private security companies, like Group4Securicor or Securitas, in that the services they offer go beyond the defensive, unarmed static guarding services offered by the security companies. Many attempts have been made at developing some form of typology of the PMC industry, borne out of a wish to distinguish between types of companies and their differing relationship to the use of force. The most common typology is the one developed by Singer, where the different companies are placed in categories according to their activities. Thus, Singer (2003: 93) presents three types of PMCs, organized according to a "tip of the spear"-typology. Military provider firms, like Sandline and Executive Outcomes, offer implementation and command and are closest to the tip of the spear. One stop away from the tip is the military consultant firm, offering advice and training. In the UK, AMA Associated and Saladin are examples of this type of company. The furthest away from the tip is the military support firm, offering non-lethal aid and assistance. However, the usefulness of placing companies in a strict typology according to their activities can be questioned. Most companies offer a wide range of activities, and most PMC employees have skills and training that enable them to move swiftly across the spectrum of services offered – from consultancy and training to military deployment, depending on the client's requests (Kinsey 2003:87). Indeed, the changes in private military industry's market structure, occurring as the result of the wars in Iraq and Afghanistan, implies that the activities PMCs offer are structured by client demands – by the market – rather than by capabilities inherent in the company (Avant 2005:17). This fluidity is made apparent by the fact that most PMCs resist being categorized out of a fear of losing business opportunities (Kinsey 2006:16), and by the wide range of

services offered by many of the companies. The variety of services offered by the UK PMC Thule, for example, is not untypical for the industry:

> Strategic support, the selection and training of Special Forces troops, counterinsurgency training, basic and advanced infantry training, weapons recommendation and procurement, intelligence services, humanitarian support and advice on objectives, logistics, air operations, and defence force reorganization (Thule website).

Therefore, this thesis will not follow a strict typology, but include all British-based companies that operate globally and offer services similar to the ones offered by Thule, in short, all services of a military nature[5]. It has also been necessary to include all 39 British-based PMCs in this study. If I had chosen to focus on a select few only, I could have ended up with an unrepresentative sample, and would have risked drawing conclusions based on the activities of companies that are either more or less in line with British foreign policy than the overall trend. Furthermore, as the question asked in this study is a relatively straightforward one – whether or not British PMCs have taken on tasks that the British Foreign Office would find objectionable – including several units is unproblematic.

1.8.4 Sources

I have used three different sources for data-collection: first-hand documents of PMC activity, second-hand journalistic or scholarly accounts, and interviewing. In terms of material explaining the PMC's viewpoint, the first-hand written accounts I rely on include the PMCs' own publications, reports, press releases and web sites. These provided information on the services the different companies offer, previous and ongoing contracts, geographical presence and ownership structures. In addition, they are interesting indicators revealing how PMCs wish to be perceived by a wider audience. In terms of the other side of the story – British foreign policy and the government's relationship with the private military industry – I have made use of official documents from the British government. These include the 2002 Green Paper

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[5] A list of all 39 companies and the services they offer can be found in the appendix.

on PMCs mentioned above, transcripts of parliamentary debates on PMCs, House of Commons reports and legislation. The documents from the British government were the main material of information concerning the government's relationship with the PMC industry.

Journalistic and scholarly accounts sometimes reveal information about PMC operations that the PMC itself prefers to conceal, and have therefore been of great use. However, most of the academic research on PMCs focus on the activities of companies like Sandline and Executive Outcomes in the late 1990s (See, for example, Howe 1998; Singer 2000; Leander 2003; Spear 2006). These companies took part in tip-of-the-spear, combat-related operations to a much greater extent than today's PMCs, and as a result, parts of the academic literature on PMCs presumes a bigger role for this type of operation than what is the case at present. Therefore, the academic literature had to be complemented by newspaper articles. Importantly, the information gained via journalistic accounts has been double checked so as to avoid drawing conclusions from what are merely speculations. Where articles set out controversial claims regarding British companies, these claims have only been taken into consideration if they have received backing from interviewees, vetted governmental reports or reliable academic literature.

As few have written about my specific topic previously, and little written information can be found that directly addresses my question, I have conducted several interviews. In my interviews with PMC representatives, I have tried to find out which operations they and their competitors have engaged in, their relationship with the foreign office, and the degree to which they let British foreign policy guide their actions, all the while keeping in mind that they have strong incentives to hold unfavourable information hidden. Therefore, I have also interviewed people studying the British private military industry; notably Dr Christopher Kinsey of King's College London/The UK Defence Academy. In order to get an overview of the government's relationship with the private

military industry, I have interviewed the British Foreign Office official responsible for overseeing the British PMC industry. The interviewees were mainly intended to function as "verifiers" of previously assembled information, but they also contributed with new data. There are clear challenges involved with trying to uncover data that some of those involved would prefer to keep hidden. The method of data collection employed in this study – triangulation – goes some way in overcoming these challenges. Triangulation refers to the use of two or more methods for data collection in order to minimize the reliance on particular bodies of knowledge (Frankfort-Nachimas&Nachimas 1996:206). When the findings yielded by different methods for data collection are consistent, the validity of those findings is increased (ibid). Thus, each source I employ has been valuable both because of the information obtained, and because the sources function as answer books against which I can test the accuracy of the information gained from other sources.

1.9 Structure

The following chapter, Chapter Two, will present the theoretical framework of the thesis. It will use rationalist and constructivist theories of action as the broad points of departure for deducing different hypotheses that can explain the rationale behind the behaviour of PMCs. Chapter Three will place the British PMC industry in a wider context. It will look at the history of privately organised force, at the emergence of the modern-day PMC, and at the efforts made at regulating the industry in the UK. Chapter Four will present the empirical findings that form the answer to the research question. It will establish whether the dominant trend of PMC activities is convergence or conflict with British foreign policy interests. Chapter Five will apply the hypotheses developed in Chapter Two onto these findings, and discuss the rationale behind PMC decision-making. The conclusion will sum up the findings and discuss their implication for the debates concerning the PMC's relative autonomy from the state.

Chapter Two

Theorizing PMC emergence and behaviour

This chapter unites two slightly disparate themes under one heading. The first theme – concerning the theoretical significance of the emergence of PMCs – will not amount to a full theoretical discussion, but rather function as a demonstration of why this study is important. By asking whether the British PMC industry's activities conflict or converge with the foreign policy interests of their home state, this thesis wants to learn something about the broader implications of the re-emergence and rise of non-state actors in international security. In particular, I am interested in the power relationship between states and non-state actors: Will non-state actors always be at the mercy of the nation-states in which they are based, or are they to some degree autonomous of the state in terms of having both the capacity and the will to disregard the state's interests? The first section will give a run-through of how these issues relate to the emergence of PMCs. The second theme – the theoretical foundations for analyzing PMC activities – constitutes the bulk of the chapter. The thesis argues that the extent to which PMCs act in conflict or convergence with British interests can reveal something about the underlying rationale, influences and motivations that steer PMCs when they consider a contract. Since PMCs are commercial actors, this thesis will use rational choice theory, one of the building blocs of microeconomics, as a point of departure. Accordingly, the thesis will try to find the extent to which profit-maximisation is the dominant influence behind PMC decision-making. In addition, I will launch two competing explanations – one based on a moderate version of rational choice theory, and one drawing on the concept of the logic of appropriateness – as alternatives. The purpose of this chapter is not to discuss any of these theoretical concepts in great detail. Rather, they will be used as tools to discern the dominating pattern and rationale behind PMC activity

3.1 The state and non-state actors in international relations

One of the important questions in International Relations (IR) theory concerns who we consider to be the principal actors on the international arena. In the field of international security, conventional IR theory, and perhaps in particular the family of theories referred to as realist, hold states to be the only actors of importance internationally. Hence, when these theories try to say something about why states act as they do – say, why states go to war – they draw on the interaction of *states* in the international system for developing explanations. For instance, neorealists point to how states' fear of each other's offensive capabilities may lead to arms races and lock two or more states into a continuous security dilemma, and to how states are likely to resort to balancing behaviour if one state in the system becomes too powerful (see, for example Waltz 1979 or Mearsheimer 2001). States are considered to be the only meaningful actors internationally because they are believed to monopolize the use of force domestically: "Traditional notions about authority in the international system derive from Weberian conceptions of the state and of the domain of international politics." (Biersteker and Hall 2002: 3). However, if the capacity to use force defines who is a meaningful actor, PMCs cannot easily be disregarded. They are non-state actors with force-capabilities, and unlike terrorist networks, for instance, their existence is tolerated and accepted by states. Using realist theory as broadly defined as a point of departure, this section will briefly demonstrate why the question of PMC-home state compliance can be interesting from a theoretical perspective.

For realists, anarchy renders militarily relevant power to be the key independent variable for understanding international relations. In an anarchic world, international affairs are essentially conflictual. No one can be trusted, and thus states "must eschew cooperation in favour of self-help" in order to survive (Hobson 2000:21). In the last resort, only force can ensure a state's survival. Since states traditionally have been the sole possessors of militarily relevant power, realists have considered states to be the only central actors in

international affairs. In the words of Waltz (1979:94) "states set the scene in which they, along with non-state actors stage their dramas or carry out their humdrum affairs (…). When the crunch comes, states remake the rules by which other actors operate". It is the distribution of power across the international system that is the key to analysing state behaviour internationally: "The nature of the power relationship amongst states affects their expectations of success or failure" (Croft et al 1999:35). Consequently, "large changes in relative power across the system constitute a change in structure, which affects the expectation of how states will behave and the outcomes their actions will produce" (ibid). Thus, realists have refuted claims that non-state actors may be influential in international affairs on the grounds that non-state actors lack militarily relevant capabilities and that their survival therefore ultimately relies on the goodwill of states.

If we accept the key assumptions of realist theory – that the international system is anarchic, that power is the key variable in international relations, and that the quest for power is a zero-sum game – it is interesting to evaluate the significance of the emergence of PMCs. In essence, the final test of whether PMCs can be considered influential actors on the international scene on par with states concerns the extent to which PMCs can disregard state interests. If PMCs can operate as if the state, including home states and client states, has no influence over PMC actions, then one can speak of the demise of the realist billiard balls model. Admittedly, this hypothesis cannot be tested easily. But, by looking at whether British-based PMCs take the interests of the UK into consideration, despite not being legally obliged to doing so, this thesis takes a small, though far from comprehensive step towards evaluating the significance of PMCs as actors on the international arena. The rationale behind PMC behaviour – crudely put, whether profit-maximising or other influences, such as norms and values dominate, can also say something about the potential of the PMC to work against the interests of its home state. The theoretical

framework for discerning PMC influences will be presented in the remainder of this chapter.

3.2 Logics of action

When explaining the basis for behaviour, researchers and students often draw on either one of two different logics of action – the logic of appropriateness and the logic of consequences. These are not substantive theories of international relations, but theoretical methodologies that can be used as the starting points for developing specific hypotheses and theories (Snidal 2002: 74). As such, the logic of appropriateness and the logic of consequences are intrinsic components of respectively constructivist and rationalist theories of IR. Indeed, some people hold them to be the defining features of the two theoretical families: "Risse suggests that the central dividing line between rationalist or constructivist or sociological theories is exactly that they bring to bear different conceptions of the rationality of action" (Sending 2002: 444). The core difference between the logic of consequences and the logic of appropriateness lies in their differing conceptions of which factors that are the most influential in governing individual behaviour. The logic of consequences sees action as driven by anticipated consequences and prior preferences; the logic of appropriateness emphasises how an actor's prior identity can form the basis for behaviour (March and Olsen 1998: 949; Sending 2002: 447).

3.2.1 The logic of consequences and rational choice theory

The logic of consequences is the foundation for one of the most significant methodological assumptions of modern social sciences like economics and political science, namely rational choice theory. Rational choice theory is a behavioural theory originally derived from economics (Jackson and Sørensen 2003: 243). According to Jackson and Sørensen, rational choice "seeks to provide empirical theories of how actors can be predicted to behave in their relations with other actors with whom they are dealing" (ibid, 242). Briefly summed up, it can be described as "goal-directed choice in which the options

are clearly defined and definitely limited but information is imperfect or incomplete" (ibid). Thus, it is an analytical tool employed in different disciplines and theories, but does not on its own make substantial claims. It is an intrinsic component of much rationalist theorizing in IR, including neorealism and neoliberal institutionalism. There are several examples of well-known research within the field of IR based on the assumptions of rational choice theory. For instance, when explaining why states develop international regimes, Robert Keohane (1984) emphasises what they gain from doing so. Assuming that states have common interests, the benefits they get from cooperating in terms of reduced transaction costs and increased access to information outweigh the costs of having to follow rules. Similarly, realists like John Mearsheimer (2001) hold that in an anarchic world where states are unsure of each others' intentions, seek survival as their ultimate goal, and possess offensive capabilities, states are likely to act aggressively rather than conciliatory towards each other because this increases their chances of staying secure.

Based on the assumptions of rational choice, economic theory assumes that firms are rational egoists seeking the best possible outcome; they are, in other words, driven by a 'logic of consequences' (Frank 1991: 23). Accordingly, as PMCs are commercial companies operating in an open market, a natural point of departure when explaining the basis for their activities is rational choice theory. In other words, this thesis will initially assume that PMC behaviour is consistent with the expectations of rational choice theory, and that the premises for their activities are set by the logic of consequences. The logic of consequences explains individual and collective outcomes in terms of individual goal-seeking under constraints. Agents are "driven by preferences and expectations about consequences. Behaviour is wilful, reflecting an attempt to make outcomes fulfil subjective desires, to the extent possible" (March and Olsen 1989: 160). Thus, the logic of consequences holds actors to be asocial in that exogenously given interests steer their behaviour. By

strategically calculating their options, agents seek to maximise their gains and minimize their losses. The agents' identity and the institutional environments in which they operate are not believed to have any significant impact on the choices they make. The agent is instrumentally driven, a *homo economicus* or "a calculating machine who carefully assesses different courses of actions, choosing whichever provides the most efficient means to her ends" (Fearon and Wendt 2002: 30).

3.2.2 Rational Expectations of PMC Behaviour

Not surprisingly, given that rational choice theory's roots are in economics, logic of consequences-assumptions applied onto PMCs render expectations of market actor behaviour. Following Fearon and Wendt's recipe for using rational choice theory to explain actions (2002: 54), "one starts with an action or pattern of actions to be explained". In this context, the action to be explained is the contracts taken by PMCs. Second, "one posits a set of actors with the capacity to take the actions in question". Here, the actors in question are individual UK-based PMCs. Third, "one proposes a sequence of choices that embeds the pattern of actions to be explained in a larger universe of possibilities". Quite unsurprisingly, the sequence of choices in this context is the two opposites of either accepting or rejecting a contract. Fourth, one "makes arguments about the actor's preferences over the universe of possible outcomes identified in point". As a commercial enterprise, the foremost goal of the PMC is to maximise profits. Profit is defined as the difference between total revenue and total cost, where total cost includes all costs associated with resources used by the firm (Frank 1991, 329). Thus, rational choice theory renders the expectation that *PMCs will take any contract provided the financial gains outweigh the costs.*

3.2.3 Alternative explanations: rationality refined

Two alternative accounts of expected PMC behaviour may challenge the explanatory value of the crude rational-egoistic assumptions based on rational

choice theory. The first alternative explanation is a moderate version of rational choice theory. It relaxes the demands to generalizability and simplicity, and incorporates two non-monetary costs as possible impediments to a pure profit-oriented cost-benefit calculation. This approach can still be called rationalist, as the assumption of rational egoism is retained. In the PMC context, two types of non-monetary costs – reputation and market structure – stand out as being the most significant for determining which contracts can be deemed unattractive. The first factor, reputation, is a common concern, and indeed a "valuable commodity" for many organizations (Miller 2003: 40). Reputation can be defined as "a judgment about an actor's past behavior that is used to predict future behavior" (ibid, 42). Firms, including PMCs, are concerned about the potential effect current activities can have on the firm's reputation, and about the effect the company's reputation has on its ability to attract new customers. For PMCs, working for a non-reputable customer can be one way of tarnishing one's own reputation. Thus, if we incorporate this concern into the crude rational choice-expectation presented above, we are left with the prospect that *PMCs will take any contract as long as the financial gains outweigh both financial and reputation-related costs*.

Second, structural factors may also have an effect on the types of tasks that are available for PMCs. The structure of the private military market is shaped by the frequency and occurrence of conflicts and civil unrest, coupled with the presence of a paying customer. Changes in market structure can make certain types of contracts less available or less attractive compared to other contracts. For instance, one can imagine that the invasions of Afghanistan and Iraq has opened up a new market for force both by causing unrest and by bringing in customers that are financially reliable, and thereby making other types of customers, for instance developing states, less attractive in comparison. Hence, if we take market structure into account, we are left with the expectation that *prior to calculating whether the financial benefits outweigh the financial and reputation-related costs, the structure of the market steers PMCs towards a*

certain geographical area and a certain type of customer, in other words a certain type of contract.

3.2.4 The logic of appropriateness

The second alternative explanation, based on a logic of appropriateness as opposed to a logic of consequences, steps away from the rational-egoistic assumptions of rational choice theory. As Elster notes, rational choice is above all else a normative theory (quoted in Mercer 2005: 78-79). It "explains how one should reason, not how one actually reasons" (Mercer 2005: 80). Therefore, bringing in the logic of appropriateness to complement rational choice-based assumptions is an attempt at making the initial explanation less assumptive, or, one might say, more refined. The 'logic of appropriateness' emphasises the identity of the agents as a factor influencing behaviour. Accordingly, "agents do not choose between the most efficient alternative, but follow rules that associate particular identities to particular situations, approaching individual opportunities for action by assessing similarities between current identities and choice dilemmas and more general concepts of self and situations" (March and Olsen 1989: 51). Rationality, according to the logic of appropriateness, is bounded by rules, norms and identities: it "lies less in choosing instrumentally on the basis of true theories than in behaving in ways that stand to reason, given people's background, expectations and dispositions" (Adler 2002: 103). The agent does not exist in a vacuum; his or her identity, surroundings and experiences structure and set the premises for the choices he or she makes. He or she is a *homo sociologicus*, "a rule-follower who acts out of habit or decides what to do by posing the question 'how is a person in my role (or with my identity) supposed to act in this circumstance?'" (Fearon and Wendt 2002, 60).

According to March and Olsen (1989, 38), actions are fitted to situations by their appropriateness within a conception of identity, and are institutionalized through structures of rules and routines. Moreover, they "see rules as reflecting

historical experience in a way that ordinarily makes the rules, but not the experience, accessible to individuals who have not themselves lived through the experience" (ibid, 38). Hence, in a logic of appropriateness-perspective, agents are less autonomous and more embedded in the social structure they are a part of than a logic of consequences-model would assume them to be. This belief is evident in much constructivist research. Instead of looking at interests as being something "out there" for states to pick and choose from, the focus is on the role of social structures as constitutive of agent behaviour. Thus, Martha Finnemore (1996, 2) asserts that "State interests are defined in the context of internationally held norms and understandings about what is good and appropriate".

3.2.5 The logic of appropriateness and PMC behaviour

In a chapter of her book *The Purpose of Intervention* (2003), Martha Finnemore shows how the entry of professional lawyers into the foreign ministries of a large number of states influenced the way states resolve conflicts. The lawyers established legal norms about appropriate and effective methods of conflict resolution, thus contributing to ending the practice of military intervention for the collection of national debt. In essence, Finnemore argues that "professional training specifically aims to instil powerful norms and worldviews into the people it credentials. Organizations staffed and directed by members of a profession will behave according to its norms as a consequence" (Finnemore 2003:27). Similarly, when applying a logic of appropriateness-perspective to PMC behaviour, we are interested in how the "insides" of the managerial teams – the professional background and identity of the members – influence their choices. Most of the members of the managerial teams of British PMCs are former British Army soldiers. Thus, the institutional setting for analysing the most important rules and values in PMCs is a military one. March and Olsen (1989: 160) argue that "When individuals enter an institution, they try to discover, and are taught, the rules. When they encounter a new situation, they try to associate it with a situation for which

rules already exist." As former members of the British army, PMC managers have been taught the contents, rules of behaviour and expectations of their occupation in an organization firmly embedded in the western military tradition. If we accept that the military is an institution in the sense of being "collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations" (March and Olsen quoted in Peters 1999: 28), we can say that they are institutionalised; they have been subject to "a process by which social processes, obligations, or actualities come to take on a rule-like status in social thought and action" (Meyer and Rowan 1991: 42). As commercial enterprises, the purpose of the PMCs' existence is above all to make money. Therefore, profit-maximising behaviour can be considered to be consistent with the 'logic of appropriateness' – seeking financial reward is the appropriate thing for a PMC to do. Hence, the initial explanation – that PMCs take any contract provided the profits outweigh the costs – is retained, but made more sophisticated by adding presumptions drawn from a conception of appropriateness. Based on the assumption that the norms and values instilled through the socialization into a professional culture creates a professional identity that will continue to direct behaviour in new situations, one can expect British PMCs to *take any contract as long as it is financially rewarding, and does not run counter to conception of what is right and appropriate, based on the values learned in the British Army.*

3.3 Conclusion

The chapter began by asking whether the emergence of the private military company can have implications for IR theory. Non-state actors with force-capabilities may fulfil realist criteria stipulating what a significant actor on the international arena is. However, this does not necessarily imply that IR theory should include PMCs on the same level as states when developing theories about the causes of war. Non-state actors still abide by the rules of gravity, and are therefore dependent on the state in a number of ways. States are the hosts of PMC headquarters, the scenes of PMC operations and sometimes customers

buying PMC services. When a state hosts PMCs, the state can regulate their activities through legislation. Yet, the UK is home to a large PMC industry and has not imposed any formal regulation. This thesis explores whether this results in a PMC industry running wild, doing whatever is profitable, or whether there are informal measures at play restricting PMC activities. The last section of this chapter helped set the scene for investigating this issue. A natural point of departure for making assumptions about PMC activities is rational choice theory. In its analysis of PMC activities, this thesis will initially assume that PMCs take any contract, provided the financial gains outweigh the costs. This chapter also presented two alternative explanations of PMC behaviour, should the initial expectation fail to single-handedly explain PMC behaviour. The first alternative is a moderated version of rational choice theory. It brings in two new variables – a concern about reputation, and the effect of market structure – as additional factors steering what type of contract the PMC takes. The second alternative makes a departure from instrumental rationality altogether, drawing instead on the logic of appropriateness. It focuses on the degree to which PMC managers act out of a conception of what they find to be right and appropriate. Chapters Four and Five will analyse the empirical material in light of these claims.

Chapter Three

The history of privately organised violence and the rise of PMCs

In order to address the question of whether modern-day PMCs take their home government's interests into account, it is necessary to place the PMC phenomenon in a wider historical and geopolitical context. This can tell us something about how unique PMCs are as private wielders of military force, and inform us of the historical relationship between the state and force-waging non-state actors. After a brief examination of how the relationship between the state and private organised violence has played out through history, this chapter will look at the emergence of the modern-day PMC. It will stress the ways in which PMCs differ from mercenaries, and discuss the reasons behind the post-Cold War emergence of corporate force for hire. Lastly, it will look at the relationship between the British state and British PMCs; it will examine the reasons for why the UK has become one of the global hotspots for the PMC industry, and recapitulate the discussions concerning the prospect of regulating British PMCs.

2.1 The state and non-state violence

The view of legitimate military force as an intrinsic feature of the state has been dominant both in academia and in politics since the late 19th century (Held et al 1999: 87-101). Organized violence emanating from entities other than the state is usually considered illegitimate, and is typically labelled "guerrilla warfare", "insurgency", "crime", or "mercenary activity". The more acceptable notion of "warring party" is commonly reserved for the state. As Van Creveld (1991: 41) remarks, "to distinguish war from mere crime, it was defined as something waged by sovereign states and by them alone". Indeed, the very definition of the modern nation state that arguably underpins our understanding of violence in international politics is Max Weber's conceptualisation of the state as a sovereign actor "successfully upholding a claim to the monopoly of the legitimate use of physical force in enforcement of

its order" (Weber 1964:154). Yet, as many of those commenting on the rise of the private military industry have observed, the system of sovereign states controlling the use of violence is not the inevitable condition of international relations. It is neither universal in temporal nor in spatial terms. In fact, "[T]he monopoly of the state over violence is the exception in world history, rather than the rule. The state itself is a rather new unit of governance, appearing only in the last four hundred years. Moreover, it drew from the private violence market to build its public power" (Singer 2003: 19-20).

Mercenary activity – 'soldiers of fortune' fighting for private gain rather than a wider cause, employed on ad-hoc basis for a short period of time – is not a new phenomenon. Military history contains accounts of hired foreigners fighting in wars long before the current system of nation states with standing armies came into existence. The first official reference to mercenaries occurred as early as in the history of King Shulgi of Ur, 2097 B. C. (Singer 2003: 20). Ancient history contains numerous examples of for-profit soldiering: the Bible tells the story of how the Pharaoh chased the Israelites out of Egypt with hired troops; Ancient Greek armies were commonly built up by a combination of citizens and foreign specialists; the army of Alexander the Great was made up by mainly hired soldiers; in the Second Punic War, Hannibal crossed the Alps with a hired army, and so on. Medieval times saw the emergence of the *condottieri*, private units contracted by business guilds or Italian city states. Between 1600 and 1800, it was common to hire foreigners into one's own national forces, and to allow citizens to join the militaries of other states, indeed "nationality or country of origin was not the primary basis for determining service obligations" (Thomson 1994: 32). In short, "in the era before the rise of the state, market allocation of force prevailed and virtually all force was contracted" (Avant 2005: 27).

As warfare began to change with the Napoleonic wars in the late 18th century, the use of mercenaries declined. The emergence of easy-to-use firearms meant

that numerical superiority began to matter more than combat skills on the battleground, and gradually hired soldiers gave way to mass armies - standing forces made up of citizens (Diesen 2004). According to Michael Roberts, mercenaries contributed to the development of the modern national army, and thus to the consolidation of the state system: "Sovereigns relied on mercenaries because they had more training than civilian militias, and the mercenaries served as a nucleus around which an army could be built" (quoted in Serewizc 2002: 77). Just as the advances in warfare technology contributed to the demise of mercenaries, so did the emergence of mass standing armies help to consolidate the state system, and the state started to monopolise war fighting. Still, mercenary activity did not disappear completely in "the era of the state". In 1854, Britain hired 16.500 German, Italian, and Swiss mercenaries for the Crimean War, and in the 1860s, an American soldier formed the Shanghai Foreign Legion, made up of mercenaries from 80 countries including the US, the UK, Denmark, and Norway (Thomson 1994: 86-89). The East India Trading Companies resemble current-day PMCs in that they were organised, permanent enterprises largely operating outside of the order of the European state system (Singer 2003: 34). The East India Companies hired mercenaries and used their military arm to force out trade competitors. The companies' policies toward other Europeans in non-European regions did generally not reflect the stance of their home states; indeed, company behaviour was more or less independent of European interstate relations (Thomson 1994: 60). The companies occasionally used force against their home state, and sometimes even drew their home state into wars it would not otherwise have taken part in (ibid: 61).

However, as the state system spread across the globe in the 20th century, norms against private soldiering took hold, and corporations with military wings disappeared. Singer calls this period "the individualisation of the private market" (2003: 37), and Thomson (1994: 95) emphasises the ad hoc nature of the mercenaries of the 1900s. The 20th century saw the development of the

mercenary as he is often thought of today: individual ex-soldiers and adventurers offering their services on an informal, secretive basis, for the most part operating in the third world. Individual mercenary activity had its heyday in the decolonisation period, which gave rise to infamous characters like "Mad" Mike Hoare and Bob Denard, part of the gang of mercenaries known by the telling name "Les Affreux". O'Brien (2000:5) describes the term "mercenaries" as "a pejorative one, conjuring up an image of a hardened white soldier brutally intervening in a small, hitherto unknown African country for financial gain". The individual "villain" mercenary still makes a profit from participating in wars around the globe. Yet, he is different from the organised soldiers for hire of the present and the more distant past. The "villain" mercenary is generally seen as an illegitimate and shadowy figure, operating covertly. Today's PMCs are for the most part considered legitimate entities. Little bears more evidence of this than the fact that they are hired regularly by the militarily most advanced state in the system, the US, and occasionally by other strong western states such as the United Kingdom. Interestingly, the legitimisation of force for hire has historically coincided with a weak state system. A state monopoly over legitimate violence does not easily co-exist with the private provision of legitimate violence. Perhaps this indicates that the state monopoly over legitimate violence is a historical anomaly characteristic only of the 20th century, rather than a near-universal truth.

2.2 The emergence of the Private Military Company

Three late 20th century developments were conducive to the emergence of the modern-day PMC: the downsizing of the state; the end of super-power patronage for third world states; and the post-Cold War worldwide military downsizing. Firstly, a marked change in the role of the state occurred with the "privatization revolution", starting in the US and the UK in the early 1980s. Believing that private actors in a competitive market perform more efficiently and with less wastage than public actors, many western governments started outsourcing or privatizing tasks that were traditionally seen as the

responsibility of the state, such as medical care, care for the elderly and public transport. Privatization gained momentum, and new tasks and institutions were added to the list. The simultaneous reduction in public expenditure created a vacuum that private actors were quick to fill.

In terms of the Weberian understanding of the state, the most noticeable result of the downsizing of the state is the reduction in police spending and the growth in private security guards. In the US, three times as many people work for the private security sector as for official law enforcement agencies, and in the UK, private domestic security personnel outnumber the British army (Singer 2003:69). Up to 80% of all army training in Britain now involves civilian contractors in some way (Foreign Office 2002:13). The outsourcing of aspects of external military services can be seen as a natural, but not uncontroversial extension of the "privatization revolution". Whereas financial deregulation and the membership of supranational institutions may challenge the state's capacity for domestic political control, the outsourcing of defence capabilities impinges on what is commonly seen as the most basic function of the state – the protection of those inside the state against threats from the outside. Thus, a normative shift in the understanding of what role the state should play occurred alongside processes of globalization, financial deregulation and privatization, partly as an initiating factor for these developments and partly as a result of the changes they brought about. This new way of looking at the state may explain why the use of PMCs by western and non-western governments, humanitarian organizations and multinational companies does not raise as many eyebrows as it perhaps would have done thirty years ago. It may also account for why the current-day PMCs resemble 'normal' multinational companies and are perceived of by many as legitimate business actors, in stark contrast to the mercenary organizations of the 1960s and 1970s

If a change in the view of the state, occurring mainly in the western world, can explain why PMCs gained ground as more or less legitimate actors in world affairs, developments in the third world after the Cold War are of key importance to understand the role and emergence of PMCs. It is within and between third world states that the majority of contemporary violent conflicts occur and hence, this part of the world constitutes the main field of action for PMC activity (Kaldor 2001:92). The end of the Cold War meant the end of superpower patronage. External assistance to third world states, both financial and military significantly decreased or disappeared completely. This meant a weakening of the capacity of many third world states to maintain a sufficient level of external and internal security (Herbst 1997). With small or ill-equipped national military and police forces in many states, the chances of insurgencies or foreign invasions succeeding increased, and the barriers for initiating violent conflicts were lowered. The lack of state capacity for maintaining order alongside a rise in the number of violent conflicts in the third world created a demand for the services of PMCs. In addition, political unwillingness among developed states to provide national forces to help restore law and order in developing countries sometimes conflicted with a perceived obligation to help out. This has led to instances in which developed countries contract PMCs to operate in developing countries on their behalf. Plan Colombia, the US government's military support package to combat drug lords in Colombia, is one example of this practice (Hammer 2006).

Third, military downsizing after the end of the Cold War and the demise of the Soviet Union alongside the deregulation of international trade has eased the availability of weapons. Arms have become available on the open market, contributing to "the alteration of the military balance between state and society" (Herbst 1997:123), further undermining the state's capacity to uphold internal order and provide external protection. Military equipment and arms are the "work tools" of PMCs – without a relatively open weapons market, PMCs would have difficulties doing their job. Military downsizing after the Cold War

also meant a surplus of military personnel. Highly skilled individuals from both developed and underdeveloped states, many of them former members of special forces such as the British SAS, the South African 32nd Recon Battalion, the Soviet Alpha unit and the KGB were readily available as employees of PMCs (Singer 2003:53).

2.3 Characteristics of modern-day PMCs

The majority of the modern-day PMCs have their administrative origins in the United States, the United Kingdom, Israel or South Africa. *Jane's Intelligence Weekly* holds that the defining character of the PMC is its global reach: "the core service that defines a private military company is its ability to deploy an armed force of former military personnel overseas, for whatever task" (McCarthy 2006). Since the 1990s, PMCs have been active on every continent but Antarctica (Singer 2003:9). PMCs offer a diverse range of services – from the provision of forces for combat, military training and strategic advice to demining, logistical support, arms procurement and intelligence gathering and monitoring operations. Some PMCs specialize in one of these tasks only, while others offer a wider spectrum of military services. The PMC Executive Outcomes, for instance, successfully quelled an internal rebellion in Sierra Leone in 1996. Another PMC, MPRI trained the Croatian armed forces in 1994, contributing to their surprising victory over Serb forces in the Krajina region in 1995 (Singer 2003:126).

The direct participation in combat is increasingly uncommon, however. In the immediate post-Cold War world, the private military market was dominated by the governments of weak, developing states seeking military services, often in the sharp, offensive end, and by NGOs and multinational companies operating in conflict areas in the developing world. Since the terrorist attacks of September 11th 2001, the services most in demand have been armed protection and armed escort services in conflict areas with a significant western commercial or military presence, in particular Iraq and Afghanistan. In

addition, security-planning and security management for corporations investing in the third world forms an important bulk of the PMCs' revenue (Isenberg 2004: 20-22).

Current-day PMCs differ from latter-day mercenaries in terms of structure, field of action and level of legitimacy. The differences between traditional mercenary activity and PMCs are so fundamental that most commentators, including the British government place them in different categories (Foreign Office 2002). In contrast to mercenaries, PMCs are hierarchically organized businesses with a corporate structure. They are "commercial enterprises first and foremost", legal and registered entities that "for the most part trade and compete openly, vertically integrated into the wider global marketplace" (Singer 2003:45). Latter-day mercenary organizations emerged and dissolved along with the wars they fought. In contrast, the existence of PMCs is not contingent upon the particular conflicts they are involved in. As corporations, they have the financial strength and coherence to exist over time and in between missions. Modern-day PMCs are global in reach and can take on several contracts at the same time. In contrast to mercenaries, it is the PMC as an organization and not the individual soldier that is party to the contract. PMCs are virtual companies comparable to temping agencies like Adecco or Manpower: they have few permanent employees but draw on individuals from a database for their missions. In the words of one commentator, "their model isn't "Mad" Mike Hoare, who gained notoriety for his exploits in the Congo during the 1960s and in a failed 1981 coup attempt in the Seychelles; it's the management consultants of McKinsey & Company" (Weiner 2006).

Many western-based PMCs are subsidiaries of large and diversified multinational corporations – the PMC Kellogg, Brown and Root, for instance, is a part of the Halliburton group, and MPRI is owned by L-3 – whereas some are military companies only. That many people perceive of PMCs as "normal" business enterprises is further confirmed by the participation of well-respected

individuals in their managerial teams. For instance, the former British Defence and Foreign Secretary for the Conservative party, Sir Malcolm Rifkind, is the chairman of ArmorGroup, and Vice President Dick Cheney's leaps between Halliburton and politics are familiar to most people. As explained above, changes in the view of what role the state should play in society and a widened acceptance for the involvement of private actors in what was previously considered the state's exclusive domain further legitimizes the use of PMCs in the eyes of many policy-makers. The corporate structure and close resemblance to 'normal' MNCs has undoubtedly contributed to an increase in the acceptance of PMC use. Whereas mercenary activity is forbidden according to the Geneva Convention, PMCs fall outside the Convention's definition of mercenaries (Beyani and Lily 2001). Thus, the PMC has to be considered a new player in international politics in spite of its kinship ties to mercenaries. Unlike mercenaries, PMCs operate openly, and states and non-state actors openly enter into contracts with them.

2.4 Why has the UK become a stronghold for the private military industry?

British private military and security companies have, according to Major General John Holmes, director of British PMC Erinys, "taken the lion's share of the world's private security business in recent years" (Almond 2005). It is difficult to come across accurate numbers estimating the size of the British industry, but with total business revenues of around £1bn, and claims to have over twice as many men on the ground in Iraq as their American counterparts, British companies are estimated to have the biggest share of private security contracts in Iraq, where the largest market currently is (Fisk 2004; The Economist 2004). How, then, have the British come to be so dominant in the private security market? Three complementary explanations may account for the UK's position: there is a *tradition* for the use of hired forces in the UK; the size and quality of the British military generates a pool of *suitable employees* for PMCs; and lastly privatization and outsourcing in the UK created a *home market* for private security services early on compared to most other countries.

2.4.1 A tradition for hired guns.

There is an old tradition in the UK for letting national for-profit companies engage in warfare, and for letting citizens with military expertise sell their skills to foreign countries. Arguably, this tradition has been more persistent in Britain than in other big European states. The export of military expertise in particular, has continued legitimately throughout the 20th century.

One of the most widespread versions of state-sanctioned, for-profit violence in early modern times was privateering. The practice is defined in international law as one in which "vessels belonging to private owners, sailing under a commission of war empowering the person to whom it is granted to carry on all forms of hostility which are permissible at sea by the usages of war" (Thomson 1994: 22). In effect, this meant that ships with authorization could attack ships from hostile nations, loot them, give a share of the loot to the state and keep the rest. Privateering reached an all-time high in the UK by the 18th century, when big lobbies defending the interests of privateers were formed, and privateers were allowed to attack neutral commerce. Just as mercenary groups functioned as the initial nucleus of the army, privateers became "both a substitute and a foundation for state naval power" (Thomson 1994: 26). Similarly, the before-mentioned trading companies, like the English East India Company, were private entities permitted by the state to engage in warfare and establish colonies. The trading companies lasted well into the 19th century – the English East India Company was dissolved in 1874, and the English-chartered Hudson's Bay Company still exists, albeit without its original war-making capabilities.

The British army still makes use of foreigners, most famously the Nepalese Gurkhas. The Gurkhas were originally part of the military wing of the English East India Company. After the Company's demise, the 1876 Treaty of Segauli gave Britain the right to recruit Nepalese subjects into its army, and they still do. In May 2003, 3443 Gurkhas were active in the British army (Ministry of

Defence 2006). The foreign enlistment act of 1870 made it an offence for British soldiers to "accept any commission or engagement in the military or naval service of any foreign State at war with any foreign State at peace with Her Majesty" (quoted in Walker and Whyte 2005: 655). It was aimed at prohibiting British nationals from selling military services abroad so as not to pull the UK into conflicts it was not party to, and to avoid strengthening an enemy. Yet, British officers have continued to work for foreign armies, also in the 20th century. They have, for instance, been employed by the governments of the Solomon Islands, the United Arab Emirates, and Qatar; the chief of staff in Oman was British until 1977, as were most other senior personnel in the different Omani military branches (Thomson 1994: 92).

An important reason behind the British military involvement in foreign armies is the UK's imperial past. Firstly, many of the countries that employ British servicemen are former colonies or protectorates, where the British military presence was a natural extension of colonial responsibilities. Secondly, one can speculate that imperialism established a certain habit in the British military for finding British global presence natural. Unlike the border-guard soldier practices of many other European states in the 20th century, save for France, the military islanders of the UK frequently had foreign experience. The international connections and experiences may help explain why the first modern PMC, WatchGuard International, was British. It was established in the 1960s by the founder of the SAS[6], Colonel Sir David Stirling. Rumoured to be working in close cooperation with the MI6, WatchGuard employed former SAS-soldiers to train militaries in the Persian Gulf and to assist their operations against internal rebels (O'Brien 2000). It quickly expanded, and took contracts in Latin America, Africa, and East Asia as well as in the Middle East. As a professional corporate structure operating on several continents, WatchGuard became the model future PMCs emulated (ibid).

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[6] The Special Air Service (SAS) is a special branch of the British Army

Thus, the two main features of the current-day PMC – profit-based soldiering and a global presence – have been attributes of the British military tradition for centuries. First, there is an acceptance of, and a tradition for a view of the military that somehow diverges from the citizen-army tradition that dominates in many other western states. The employment of British officers in foreign armies is not uncommon, and likewise the British army accepts foreigners, such as the Gurkhas, into its ranks. Second, the imperial heritage appears to have resulted in a familiarity towards the more remote areas of the globe, perhaps coupled with a feeling of having an obligation to "sort things out" in the old colonies. Taken together, these aspects of British military history constitute fertile ground for the emergence of private military companies.

2.4.2 A pool of suitable employees

Like most companies, PMCs depend on a large pool of qualified labour; people with relevant skills that might potentially become employees. Unlike most other companies, the type of employee the PMC seeks is not readily available in all western countries. Most British PMCs pride themselves in employing mainly or solely former members of elite units and the special forces of western powers[7]. In the UK, this means former Special Air Service (SAS) soldiers, members of the Special Boat Service (SBS), or former police officers from Scotland Yard's royalty protection squad (SO14) (Isenberg 2004: 24). The reason for the popularity of the Special Forces is first and foremost their reputation of being high-quality soldiers. In addition to their advanced combat training, they are accustomed to working in foreign countries, and language skills and "cultural appreciation skills" are a part of their education. The presence and availability of Special Forces soldiers and other ex-army personnel of high quality is one of the main reasons for why Britain became a leading exporter of private security. Thus, the Director of Erinys, Major General John Holmes remarks that British PMCs dominate the private security

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[7] These include, among others, AKE Group, HART Group, ICP Group, and Sabre. Their URLs can be found in the bibliography.

market, "largely because they have an outstanding reputation" (quoted in Almond 2005).

Ex-army and Special Forces personnel are not only essential for the recruitment of soldiers to PMCs. Perhaps more importantly, the people founding and managing PMCs usually have a military background. Each PMC tends to draw the majority of its management staff from a single national military culture (Kinsey 2005c, 197). Practically all British PMCs have managerial teams consisting of highly decorated ex-soldiers of the British Army. PMC Erinys is a case in point, with only one individual in the 10-member management group not being a former career soldier – the Chief Financial Officer (Erinys website). The composition of the management team sets the tone for further recruitment, ensuring the prevalence of Special Forces mainly and British forces solely in many British PMCs. Furthermore, the composition of the management teams may influence the choices they make about which tasks to accept.

2.4.3 Thatcherism and an emerging market

In 1979, Margaret Thatcher was elected Prime Minister of the UK. Together with the American President Ronald Reagan, she initiated the revival of an orthodox form of liberalism, often referred to as neoliberalism (Cohn 2000: 88). Central to the neoliberal thesis is the belief that the private sector can deliver more efficiently and with less wastage than what is possible for the public sector. This led to a "rolling back of the state" – the privatization and outsourcing of many state activities. Since the 1980s, the British Ministry of Defence (MoD) has been "in the vanguard of UK public sector outsourcing" (Uttley 2004: 147). Initially, the focus of MoD outsourcing was on the procurement of defence-related material and the privatization of the defence industry (Halvorsen 2005: 322). The scope and scale of outsourcing and privatization gradually extended to include the contracting out of services covering military training, logistics and communications (Uttley 2004: 148),

and after a while also support for deployed forces, rendering Britain "one of the frontrunners in this [the outsourcing of military support services to private companies] development" (Krahmann 2005c: 2). Thus, a market for defence developed earlier in the UK than in most other western states, encouraging the rise of the private security industry.

2.5 Regulation in the UK

The legal position of British PMCs is ambiguous. Unlike South Africa and the US, the UK has no formal regulative measures in place for controlling PMCs, and there is in practise no international legislation regulating PMC activities (Holmqvist 2005:4). One attempt has been made at developing a legal framework for regulating PMCs in the UK. In February 2002, the British government published a 'Green Paper', a consultation document suggesting possible legislative opportunities for regulating the British PMC industry. However, not much has happened since. The Green Paper signified that the government is aware of the potential impact PMCs can have on international security and on British interests abroad, but this was not enough for the government to take the full step towards proposing legislation.

This lack of legislation can largely be explained by reference to the extensive use of private actors for at-home maintenance, logistics and training, coupled with the view that business does best on its own, without state interference. Indeed, Peter January, the Foreign Office official responsible for drafting PMC legislation believes that regulation is unlikely to appear anytime soon. According to January, strong forces in the government oppose all kinds of regulation of commercial activities. Moreover, it is "hard to make the government understand that the security industry is not like any old commercial activity" (January 2006 [Interview]). In addition, it is difficult to develop effective regulation for global phenomena like PMCs. Especially tricky is the enforcement side to regulation. Everything the companies do occur outside British territory, and ensuring that no laws are broken would require

the implementation of expensive and time consuming oversight mechanisms. Furthermore, any strict regulation of the companies could result in them redeploying abroad, as has happened with many South African PMCs, leaving the government with even slimmer chances of keeping an eye on the industry (Beyani and Lilly 2001, 32).

2.6 Self-regulation by PMCs

Possibly as a step towards improving their reputation, British PMCs formed a trade association, the *British Association of Private Security Companies* (BAPSC), in February 2006. According to the BAPSC charter, their purpose is to "promote, enhance and regulate the interests and activities of UK-based firms and companies that provide armed security services in countries outside the UK" (BAPSC Charter 2006). By doing this, the British PMC industry hopes to quell the government's plans for legislative regulation and instead enforce a form of self-regulation by threatening to expel member companies that do not follow the BAPSC code of conduct (Holmes 2006 [interview]). However, one can question the effectiveness of self-regulation. Peter January of the Foreign Office does not believe self-regulation through a trade association will be an efficient means to preventing companies doing damage to British interests, referring to the fate of the American equivalent, IPOA, which, according to January, has become a lobbying organ more than anything else (January 2006 [interview]).

Nevertheless, without formal regulation, all the British government can rely on in relation to British PMCs is the willingness of the companies themselves to abide by norms for proper conduct. In this regard, the only concrete material the companies have giving an indication of the government's interests is the official UK sanctions regime, published on the Foreign Office website. It was the controversies in the aftermath of the PMC Sandline's affairs in Sierra Leone and Papua New Guinea that led to the Green Paper and the initial debates about PMCs among British politicians. Seven years later, the PMC

industry has experienced a formidable growth in scope and revenue while the debates have gone quiet, and so, it appears, have the efforts to develop a regulative framework for PMCs.

2.7 Conclusion

Although the presence of "force for hire" has deep historical roots, the PMC phenomenon is in many respects different from previous private force wielders. Today's PMCs differ from the ancient mercenary armies and the more recent privateers and trading companies in that they exist alongside a more or less globally consolidated state system. And, they differ from the ad-hoc, villain mercenary of the 20th century in terms of the legitimacy and normality PMCs are viewed with, if not among the general public, then at least among the states and corporations that hire them. The PMC industry has a strong foothold in the UK. A significant share of the world's PMCs has their headquarters in London, and reports indicate that a majority of the PMCs in Iraq are British (Isenberg 2004). In spite of its phenomenal growth in recent years, the UK-based private military industry remains unregulated. Whether or not some form of self-regulation is sufficient to prevent PMCs from engaging in activities looked unfavourably upon by the government will be explored in the following chapters.

Chapter Four

PMCs and British Interests: Conflict or Convergence?

Some of the people commenting on PMCs make pessimistic predictions concerning the possible implications of having a "market for force". In general, commentators worry that "an unintended consequence [of using PMCs] can be that private contractors pursue their own self-interests and thereby embarrass political authorities" (Østerud 2005: 101). Some express a concern that the use of PMCs "may lead to a situation where any government in a difficult position can hire mercenaries to stay in power" (Herbst 1998: 323). Moreover, "there is the risk that PMCs will shift sides in the middle of a conflict" or even "turn against their employers and work for their overthrow by a ruler more sensitive to their own concerns" (Leander 2003: 6). These statements are in line with the expectations of rational choice theory, and underscore what last chapter suggested – that PMCs generally are thought to be goal-driven profit-maximisers, seeking monetary gain at any cost. This chapter will attempt to find out how relevant explanations like these are in the British context. It will go in-depth in the available empirical material on PMCs in order to establish whether British PMC behaviour conflicts or converges with British foreign policy. The chapter will begin by setting the confines of the question: What, exactly, is meant by British interests with regards to the conduct of British-based PMCs? Second, the empirical evidence will be put forward. Examples of conflicting and converging behaviour will be presented and analysed, and a conclusion will be drawn establishing what the dominating tendency for British PMC behaviour is.

4.1 Setting the confines of the question

What is meant by "convergence with or divergence from British interests" needs some further clarification. It is necessary to define what is meant by British interests with regards to PMC conduct, and what type of behaviour would be seen to undermine these interests. To get a clearer picture of what is

meant by British interests in relation to the PMC phenomenon, one has to look at the political context. Foreign policy in the post-Cold War era is not merely about fulfilling some clearly stated, self-interested goal, such as winning an ally or securing beneficial trade relations. As Tony Blair made evident through his "Cool Britannia" campaign, foreign policy is also about ensuring a favourable national image abroad. New Labour wanted to re-brand the UK and remove the post-World War II image of a stuffy, fallen imperialist by re-launching the country as a progressive, ethically concerned nation (Kampfner 2003: 71). The slogans were numerous. The UK would be "a force for good; a friend of democracy; at the heart of Europe" (Williams 2004: 921). Further, "its ethical dimension would go beyond narrow realpolitik; it would put the promotion of human rights at the heart of its diplomacy, and find a third way between capitalism and socialism" (ibid).

This concern with reputation and international standing affects the government's relationship with the PMC industry as well. A report by the House of Commons Select Committee on Foreign Affairs is illustrative in this respect: "[m]any of the countries in which PMCs are based are key players in the world arena and thus can find these companies a political embarrassment" (House of Commons 2002:point 5.2). According to the report, the government fears that PMCs "could have, and in some cases would have an adverse impact on the implementation of its foreign policy objectives", as "currently these companies have no formal link to their home government but can operate in areas that affect British foreign policy" (ibid, point 2.2.2). In a similar vein, Peter January, the UK Foreign Office official responsible for PMC-related issues, argues that the main worry of the government with regards to PMCs is the prospect of PMC behaviour being seen as the extension of UK foreign policy (January 2006 [interview]). Thus, the government's fears appear to stem from the understanding that the private security industry's activities resemble the activities usually confined to states, and consequently, privately employed

British men wearing a soldier's uniform may be mistaken as publicly employed British soldiers.

The Foreign Office's 2002 Green Paper was a comprehensive study of the potential advantages and pitfalls involved with hosting an unregulated PMC industry. As it was commissioned and approved by the British government, and even contains a foreword written by the then Foreign Secretary Jack Straw, this thesis will consider the Green Paper to be the most explicit expression of the Government's relationship with the PMC industry. Therefore, the stipulations spelled out in the Green Paper concerning the potential problems an unregulated PMC industry could result in will form the basis for the criteria against which the actions of British PMCs will be compared. The Green Paper holds that:

- **Activity in this area [the private use of force] by individuals or companies could cut across Britain's foreign policy objectives**.
- **British forces could find themselves confronting forces which had been assisted by a British company.** This contingency is not as remote as it might seem. In a world in which know-how is as important as hardware, consultancy and training abroad may have a significant impact. The techniques used by Special Forces, for example, are often highly classified.
- **Activity by British companies will also reflect on Britain's reputation.** Whatever the facts of any particular action, there are always likely to be people who will assume that if a British company is involved then it has some degree of approval from the Government. At the minimum, therefore, perceptions of British policy will be affected and there will be a risk of misinterpretation.
- **A major operation abroad by a British PMC might put British lives at risk.** Could the British Government be obliged to intervene if such an operation went badly wrong? (Foreign Office 2002:21. Bolds as in original version)

The first bullet point, the concern that "companies could cut across British foreign policy objectives" is further specified in the Green Paper. Briefly summed up, it involves a) a fear that PMCs may adversely impact on peace, security and conflict resolution; b) a fear that they contravene human rights;

and c) a fear that they engage in illegal pursuits (Kinsey 2005b:88; Foreign Office 2002:18-20). Adding on to this, Peter January emphasises that the Foreign Office in some instances will look unfavourably on the mere presence of British private security personnel in unstable countries, even when the security personnel are not carrying arms. As an example, he refers to an incident in which a British PMC was planning to send men to a West African country to train local forces, to which the Foreign Office would have objected if it had had any say in the matter (January 2006 [interview])[8]. The second and fourth bullet points – proposing a confrontation between British forces and British PMCs, or the rescuing of British PMC personnel by British forces – has not yet happened, and are not immediately relevant for this paper's research question. Point three, however, is highly relevant. The general undermining of the UK's international reputation is a big hat category with ambiguous standards of measurement. It corresponds to the UK's new ethical foreign policy image; anything that might tarnish the UK's appearance is objectionable.

In sum, then, the list of activities that would be looked upon unfavourably by the Foreign Office is comprehensive, and as a result rather vague. Yet, it can be summarized into five concrete standards. Drawing on the stipulations in the Green Paper and the concerns of the Foreign Office as expressed by Peter January, one can conclude that a PMC is in conflict with British foreign policy interests if it is found: a) aiding governments that are not seen as friendly nations by the British government; and related, b) aiding governments with a dismal human rights record; c) committing criminal offences, such as breaking an arms embargo; and lastly, and more woolly, d) deploying soldiers to regions where there is an imminent danger that the presence of PMC personnel could contribute to further destabilization or e) being a political embarrassment to the UK. As some of these points are rather ambiguous and hard to pin down, this thesis will add a final criterion of official response. In other words, it will

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[8] The incident he is referring to involves the British company Northbridge, and will be discussed below

consider a PMC to be in conflict with British foreign policy interests if one of its activities falls within any of these standards, and the activity results in some form of negative reaction from the government.

4.2 Do British PMCs take British interests into account?

Like the Special Forces, the military units that have been the recruiting grounds for many PMCs, the PMC industry has by and large been cloaked in secrecy with regards to their clients and contracts. In the words of one commentator, the former soldiers working for PMCs "have been brought up on a diet of 'need to know' information management. Their subjective approach to outsiders is by default one of secrecy" (Cummins 2002: 5). Yet, complete secrecy is hard to achieve, as the industry does not operate in isolation. Reports from journalists, NGOs and the UN, as well as academic research on the subject all help map the activities of individual PMCs. Moreover, people within the security industry have in recent years seen the value of increased transparency as a step towards boosting their own legitimacy. Thus, it has been possible to draw a general conclusion to the question of whether British PMCs normally choose to abstain from activities that may conflict with the interests of the UK government.

Compared to the size and revenue of the British PMC industry, there are very few examples of British PMCs taking contracts that have caused controversy in the British government[9]. Out of the 39 British-based PMCs included in this study, only three companies have been involved in operations that subsequently have received negative reactions from the British government, numbering in total four controversial incidents[10]. These companies have come close to disturbing, or have disturbed, a fragile peace, as in the incidents involving Sandline in Papua New Guinea and Northbridge in the Ivory Coast;

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[9] This statement is supported by some academic works on PMCs (Avant 2005:175; Kinsey 2003); unsurprisingly by the industry itself (interviews with Nicholas Melson of ArmorGroup and John Holmes of Erinys, company websites and statements, Spicer 2000); by Peter January of the Foreign Office (interview 7/2/06) and by my own research.

[10] A list over all 39 British-based PMCs, each company's core competencies and an example of an operation the company has been involved in can be found in the appendix.

broken an arms embargo, as Sandline did in its Sierra Leone mission; or aided foreign governments considered unfriendly by the UK government, as Avient did in its operations in DR Congo and Zimbabwe. But, the majority of contracts taken by British PMCs do not fall within the criteria spelled out above as being in conflict with British interests.

The low number of PMCs embarking on contracts with what can be called controversial clients is, in all probability, not caused by a lack of such offers. Several PMC representatives confirm that they sometimes decline contracts for what they refer to as "ethical reasons" (Melson 2006, [interview]). For example, the PMC Northbridge tells of being offered a deal with Liberian rebels. In an interview with *The Telegraph* newspaper, the Northbridge director, Pasquale DiPofi, claims that "we have held talks with the rebels and they offered to give us business deals in Liberia in return for help in defeating Taylor". Further, Mr DiPofi assures that "We don't want to do that. Commercial concessions have given the industry a bad name." (La Guardia, 2003). Representatives of Armorgroup, Erinys and Sandline tell of being offered contracts that they have declined for similar reasons (Melson 2006 [interview]; Holmes 2006 [interview]; Spicer 2000, 159). In a statement to the House of Commons Foreign Affairs Committee, ArmorGroup asserts that

> ArmorGroup has turned down requests to provide pipeline security in a country where there was perceived to be a conflict with human rights; to transport gold and diamonds where the matter of ownership was unclear; to investigate individuals where to do so would break the law; and to supply non-lethal equipment to governments, where there was a chance that they may be used to suppress democratic movements (House of Commons 2002).

4.3 The controversial incidents

The four controversial incidents uncovered in this study have in common that they all involved working for, or in support of, governmental clients in the third world. This section will give an account of each episode, and demonstrate

why these cases can be considered to be diverging from British interests, as they have been defined above.

It was the controversies around the 1998 Arms-to-Africa affair, in which the British PMC Sandline (now defunct) broke a UN arms embargo that first brought the significance of PMCs to the British government's attention (Kinsey 2003:52; Foreign Office 2002). Following the Sierra Leonean civil war and subsequent coup d'etat, Sandline was contracted by a Thai businessman with commercial interests in Sierra Leone to assist the exiled government of President Kabbah. Sandline proposed a military plan according to which they would help government-friendly paramilitary groupings in driving out the junta, and then restore the rule of the Kabbah government. As a step towards fulfilling this plan, Sandline arranged the purchase of about 1000 AK 47's, mortars, light machine guns and ammunition from Bulgaria (Kinsey 2003:73). However, Sierra Leone was at the time subject to a UN arms embargo, and the weapons were confiscated by Nigerian peacekeepers. In May 1998, the British government announced that it would launch an investigation into the affair.

The incident received widespread media coverage in the UK, and was dubbed a scandal in light of the foreign secretary Robin Cook's emphasis on leading an ethical foreign policy. Accordingly, Dr Dennis MacShane, the Under-Secretary of State in the Foreign Office commented that "many things embarrass the United Kingdom and I can assure you as a PPS [Parliamentary Private Secretary] in the Foreign Office, the Sandline Sierra Leone affair was something that was not only embarrassing but I would say quite damaging to the Government at the time" (House of Commons 2002). It is first and foremost the contravention of the arms embargo that makes this episode controversial from the British government's perspective. But, the scale of the turmoil following the episode was in all likeliness also caused by the newness of the PMC phenomena, and the reflexive contempt felt by many at the thought

of British mercenaries operating in Africa. Moreover, it demonstrated the potential pitfalls of leaving the private military industry unregulated, and sparked off the first debates on regulation in the UK.

The Arms to Africa affair is not the only example of Sandline embarking on a mission that can be seen as controversial by the UK government. In 1997, in the face of guerrilla warfare on the Papua New Guinean (PNG) island of Bougainville, Sandline was contracted by the PNG government. It was hired to train the PNG forces, gather intelligence on the rebels, and thereafter conduct offensive operations to strike down on the insurgents, retake control over the island's copper mine and provide any necessary follow-up support (Singer 2003:194). However, the contract, which was rather costly, was signed without giving notice to the PNG parliament and without public discussion. When the underpaid PNG military leaders found out about it, they committed mutiny, ignited a public outrage that led to mass demonstrations in the capital, and eventually forced the regime to resign (Spicer 2000:150-188). Sandline never completed its PNG mission.

The episode was not well received in Australia, PNG's principal military aid donor. The Australians had placed conditions on the types of weapons and training it would give its client, a principle rendered ineffective by Sandline's involvement. Consequently, the episode caused Australia to file a diplomatic complaint to Britain over the meddling of British mercenaries in what Australia perceived as its sphere of influence (Halvorsen 2005:347). Speaking of the PNG-Sandline incident, Dennis MacShane of the Foreign Office states that "it was embarrassing to the United Kingdom, and it certainly aggravated our friends in the region, Australia, New Zealand and other countries" (House of Commons 2002:point 160). Thus, British interests as broadly defined were undermined in two ways. First, Sandline's involvement in an unstable country contributed to further unrest, even without the mission being completed. Second, the British government was implicated and embarrassed in front of a

close ally, a worry expressed throughout the Green Paper, and one that relates to the post-Cold War concern with reputation and international standing.

Had Sandline consulted with the British Foreign Office before taking any of these two contracts, the Foreign Office would probably have tried to dissuade them from doing so (Kinsey 2003:23; January 2006 [interview]). The same is true for some of the missions of the British PMCs Northbridge and Avient. In the spring of 2003, British media reported that Northbridge was planning to hire several-hundred security personnel to help the government of the Ivory Coats quell an insurgency (BBC news 2003; Northbridge website). The Foreign Secretary, Jack Straw, exerted strong pressure on the company not to fulfil the contract. In interviews, Straw said that he was "gravely concerned at reports that Northbridge was recruiting ex-servicemen from Britain, South Africa and France to work in the Ivory Coast" (quoted in BBC News 2003). Furthermore, "any deployment of foreign military units at this time would seriously undermine the peace process and the efforts of the UK and the wider international community" (ibid). In the event, Northbridge ended up not going to the Ivory Coast, but in all likeliness for reasons to do with the company's financial situation, not as a result of the attitude of the Foreign Office (Kinsey 2003: 23; January 2006 [interview]). For that reason, the Northbridge incident is included in this thesis as an example of a company acting in conflict with British foreign policy. As Straw indicates in his comment, it is the fear that Northbridge might undermine a fragile peace and halt the peace process that makes this episode controversial. The civil war in the Ivory Coast, a former French colony, broke out in September 2002 after a rebel group seized control over the northern half of the country. However, a peace deal was quickly brokered by France, a power-sharing government was appointed, and a ceasefire implemented with the help of French troops (The Economist 2003b). In addition, the vocal reaction from the British government could imply that a the government was concerned about not annoying an ally – France – by

meddling in its sphere of influence, and thus repeating the embarrassments of the Sandline-PNG incident.

Another British company, Avient, was reported to the UK Department for Trade and Industry (DTI) by the UN Expert Panel on the Democratic Republic of Congo (DRC) for violating the OECD Guidelines for Multinational Enterprises when operating in the DRC in 2002. The UN Panel specifically accused Avient of providing military supplies to both the Congolese Army and the Zimbabwe Defence Force, and "thus contributing to conflict in the area" (DTI 2004). Avient allegedly provided crews for aeroplanes and helicopters used in offensive action in the DRC, and brokered the sale of six military helicopters to the DRC government (DTI 2004). Avient denied having supplied equipment for the Zimbabwean or Congolese militaries, but concede that they did carry commercial cargo and delivered services to both state armies, including aviation crews (ibid). According to *The Guardian* newspaper, one Avient contract signed by DRC president Jospeh Kabila states that "The crew will be advised that they will be operating along and behind enemy lines in support of ground troops and against invading forces. It is specifically agreed that the crew will undertake airdropping missions" (Barnett and Harris 2002). The DTI did not penalize the company, stating that "the purpose of the Guidelines is not to act as an instrument of sanction nor to hold any company to account" (DTI 2004).

Avient is responsible for three of the above-mentioned violations on British foreign policy interests. First, Robert Mugabe's Zimbabwe is not considered to be on friendly-nation terms with the UK, and aiding the Zimbabwean government would therefore be seen as disloyal by the British government. Second, the political situation in the DRC was unstable, and the British Foreign Office had previously insisted that the conflict could not be solved by military means (Parker et al, 2001). Thus, Avient's involvement risked contributing to the escalation of the conflict. Third, the European Union implemented an arms

embargo against the DRC in 1993, well before Avient's operations (Parker et al, 2001). As a result, Avient would have been in breech of British sanctions regime if the UN Panel were correct in its allegations that Avient supplied military equipment to the DRC.

4.4 Examples of PMC-foreign policy convergence

The incidents above are, however, not typical of the British PMC industry overall. For the most part, British PMCs avoid working for states that regularly commit human rights violations or are on unfriendly terms with the UK, avoid breaking laws, and are hesitant about deploying personnel to unstable regions. In fact, the research conducted in conjunction with this study supports the claim that "British PMCs have generally supported British foreign policy goals" (Avant 2005: 173).

For example, British PMCs enable the British private sector to operate in dangerous areas overseas. In the post-Cold War era, western companies have increasingly made investments in the developing world, and often in areas where the state is too weak to provide adequate security for its inhabitants. Especially prone to operating in areas like this is the oil sector. Oil companies cannot choose to avoid dangerous places – the presence of oil determines their area of operation, and other considerations will take a subordinate role. Working in the oil-rich states of Nigeria, Colombia and Iraq, for example, is risky and requires special security precautions. Here, PMCs come in useful. The British PMC Defence Systems Limited protects oil facilities for BP in Colombia (DSL website), and the ICP Group helped rescue two British oil workers kidnapped in Colombia (ICP Group website). The PMC Rubicon provided security for mine and oil companies in Africa, among them BP extracting oil in Nigeria (Rubicon website), and Northbridge claims to have helped rescue British and American oil workers taken hostage by Nigerian workers on strike (Northbridge website). Commentators agree that it would have been impossible for western commercial companies to contribute to

reconstruction efforts in Iraq without the help of PMCs (Isenberg 2006). AD consultancy, BritAm Defence, Global Risk International and Henderson Risk are among the many British PMCs providing security for private entities in Iraq. The companies offer static site security, as Erinys does protecting Iraqi oil and gas pipelines, close protection for individuals, as Henderson Risk does, and convoy protection, offered by, among others, Decision Strategies Vance and Global Risk International. Doing this, British PMCs are not only in line with British politics; they help further one of Britain's most important foreign policy goals, namely the promotion of British commercial interests abroad (Williams 2004: 911).

NGOs and UN agencies resemble oil companies in the sense that they too operate in conflict zones, and therefore in many cases are dependent on the private market for security. Aegis provided security support for the UN Electoral Assistance division (UNEAD) and the Independent Electoral Commission Iraq (IECI) to enable the constitutional referendum in Iraq in October 2005 and the General Election in December 2005 (Aegis website). Similarly, Global Risk Strategies was contracted by the UN to provide security for the Afghani elections. Among the companies announcing on their websites that they have internationally recognized NGOs on their client lists are ArmorGroup, Blue Sky, Control Risks, Erinys, Global Risk Strategies, GD4, HART and TASK. Furthermore, humanitarian assistance has assumed an increasingly important role as one of the services offered by PMCs. For example, ArmorGroup has been contracted by the UN to remove landmines in Mozambique, Cyprus and Bosnia (ArmorGroup Annual Report 2004). In 2002-2003, the PMC Blue Sky was contracted by the Geneva-based Henri Dunant Centre for Humanitarian Dialogue to monitor the ceasefire between the Free Aceh Movement and the Indonesian government in Aceh (Bue Sky website). From the point of view of the ethical foreign policy stance taken by the Blair-government, British PMCs enabling humanitarian NGOs and UN agencies is not only unproblematic, but furthers stated policy goals.

Many PMCs offer the training of police forces or military personnel. For example, TASK International lists an impressive number of countries whose forces they have trained, including Cyprus, Malaysia, Russia, South Africa, Trinidad and Tobago, Jamaica and "some Middle Eastern states" (TASK website). Several British PMCs have trained Afghani or Iraqi forces, among them Global Risk International and ArmorGroup. Saladin has trained Omani forces alongside British Army personnel (Shearer 1998: 69). Moreover, in 1986, the British government loaned money to Mozambique so that they could hire the British PMC Defence Systems Ltd to train their army (Avant 2005: 171). Once again, the activities of British PMCs fall neatly within what is considered to be in line with British interests. The training of third world forces by British military personnel – private of public – is among other things believed to increase the awareness of human rights and the Geneva Protocol in third world armies (House of Commons 2002). Thus, the training of military and police forces in friendly states in the developing world is not merely a commercial undertaking; it also contributes to the transfer of British military values abroad.

4.5 Conclusion

British PMCs have for the most part avoided taking contracts that could be seen as controversial by the UK Foreign Office. Even though the replacement of state soldiers by private contractors in itself may raise problematic moral and political questions, the actual jobs PMCs are hired to do are in general rather mundane. Common PMC tasks include the static guarding of business premises, pipelines or mines in the developing world; personal protection of VIPs and professionals or humanitarian aid workers in dangerous areas of the world; convoy protection; logistics, and humanitarian assistance such as deminig. In the end, only three British PMCs – Sandline, Avient and Northbridge – have been able to cause controversy in British governmental departments because of their contracts. Out of these three, Sandline closed down as the result of the controversies, and Northbridge never carried out the

contracts in question, though for reasons other than the government's objections. These incidents share some significant traits. First, they were all combat-style operations that had the potential to affect the outcome of a war. Second, they all occurred in weak third world countries plagued by civil unrest. All in all, most British PMCs stay in line with British foreign policy interests as broadly defined most of the time. This is true in spite of the lack of any formal regulation of company activity, and in spite of the companies having a financial incentive to pursue any contract being offered them. This begs the question of why the British PMC industry does not roam wild in a global hunt for the highest bidder, as rational choice theory and many commentators appear to expect. The following chapter will examine this question by discussing how appropriate the different explanations for PMC behaviour proposed in Chapter Two are in light of the empirical material presented in this chapter.

Chapter Five

Explaining PMC behaviour

The previous chapter established that British PMCs are inclined towards staying in line with British foreign policy interests. In other words, British PMCs tend to avoid certain types of contracts, despite not being legally obliged to doing so. This chapter will look into some of the reasons for why this might be. The premise behind this analysis is the proposal that a PMC's clients and operations can reveal something about the relationship the PMC has to its home government. Several incidents of PMC conduct being in conflict with the government's foreign policies indicate that the state has little political, legislative, commercial or value-based influence over the PMC industry. On the other hand, when there are few incidents of conflicting behaviour, as this thesis has found, one can assume that one or more of these factors restrict PMC behaviour.

This chapter will assess how well the different lines of explanation for PMC behaviour proposed in Chapter Two fit the empirical data on British PMCs. First, it will look into a crude version of rational choice theory. Second, an amended version of rationalist theorizing, which includes factors specific to the PMC context, will be considered. Third, the chapter will examine a non-rationalist explanation drawing on 'the logic of appropriateness'. Importantly, it is worth noting that this examination will fall short of stating something definite about the motivations of PMCs. Nor does it include all the possible considerations that may form the backdrop to PMC decision-making. The mere aim is to compare certain hypothetical avenues of PMC conduct drawn from different behavioural theories with the empirical conduct and statements of PMCs. Doing this, one will gain greater insights into the conditions and rationale behind PMC behaviour, hoping that these insights can tell us something about the long-term prospects of the industry.

5.1 Rational Choice Theory and PMC Behaviour

Rational choice theory can be summarized in one simple sentence: When faced with several courses of action, people usually do what they believe is likely to have the best overall outcome (Elster 1989: 22). Rational choice theory is instrumental; actions are "valued and chosen not for themselves, but as more or less efficient means to a further end" (ibid). For commercial companies, this premise normally equals the principle of profit maximising. Thus, economists traditionally assume that a firm's central objective is to maximize economic profits (Frank 1991:329; Waltz 1986:66). Accordingly, rational choice theory, which is the basic premise of economic theorizing, would expect PMCs to take any contract provided the financial gains outweigh the costs. Behind this expectation lies the premise that "to be rational means to make decisions according to the cost-benefit criterion – that is, to take an action if and only if its benefits exceed its costs" (Frank 1991:17). The initial stages of this analysis assume a crude understanding of rational choice theory. Hence, the concept of *costs and benefits* will be limited to financial profits. The possibility that costs and benefits may take a non-monetary form will be considered subsequently.

The previous chapter's findings contradict the expectation that PMCs are single-minded profit maximisers. Rather than accepting *any* profitable contract, available data indicate that British companies decline potentially profitable but ethically dubious jobs, despite not being legally obliged to doing so (see pp 53-54 of this thesis). For instance, it is not rational in the crude profit-maximising sense for ArmorGroup to turn down requests to provide pipeline security in a country because of the country's dire human rights record, as the company reportedly has done (House of Commons 2002). Nor was it strictly speaking rational for Sandline to decline a contract offered by the former Zairian president Mobutu. Sandline's Tim Spicer writes of Mobutu that he was not at the time on any UN embargo list, and therefore, there was no reason not to talk to him (Spicer 2000:159). Yet, Spicer came to the conclusion that "although we were offered a great deal of money to help him, we decided not to touch it

and pulled out" (ibid). Similarly, Northbridge claims to have turned down a potentially profitable contract in Liberia because the company didn't want to work for non-state groups engaged in violent conflict (LaGuardia 2003).

In fact, many of the jobs done by PMCs abroad, such as the protection of British business professionals and NGO personnel, or humanitarian work such as demining, can be said to implicitly help further British foreign policy goals. Unless all profitable missions converge with British foreign policy – which the controversial incidents, as well as the refuted offers of contracts mentioned above show is highly unlikely – the inclination towards convergence with British interests weakens the hypothesis suggesting that PMCs are profit-driven actors solely. This is not the same as claiming that PMCs disregard the profit-motive completely. Clearly, making a profit is the overriding concern for any commercial company, including PMCs. But, their avoidance of certain types of clients indicates that other influences might play in as well. This interpretation of rational choice theory is narrow and rather crude. It does not take into account how structural factors may have an effect on PMC activities, and assumes a short-term perspective on profit maximising. In other words, it is ignorant of the possibility that avoiding controversial clients and missions can be a rational means towards the end of profit maximisation.

5.2 Alternative explanations: Rationality refined

If one throws the ideals of simplicity and generalizability overboard, and includes traits specific to the PMC industry, the rationalist model may still yield useful insights. Factors specific to the PMC context, such as changes in market structure and a concern for reputation can reconcile the PMC's avoidance of certain "unethical" contracts with rational-egoistic assumptions about behaviour. Doing this, the chapter abandons any attempt at adhering to theory. Instead, the explanation is driven by assumptions drawn from empirical observations, while still accepting Elster's dictum that "to be rational is to do as well for oneself as one can" (1989:28). Two types of influences will be

considered: First, the effects of the structural environment within which PMCs operate will be evaluated. This is not a behavioural factor, and therefore will not challenge rational choice per se. Yet, structural factors like this one are important because they set the premises for what actors can and cannot do. Second, a behavioural factor, namely the PMC's concern for its own reputation will be included in the explanation. An explanation that includes factors like these can be seen as an eclectic version of the initial hypothesis stipulating PMCs as instrumentally rational actors. PMC behaviour is still guided by external incentives and PMCs are still concerned with maximising financial gains and minimizing losses. Yet, profit-seeking behaviour is restrained by, and filtered through other factors, in this case market structure and a concern for the company's reputation. The following section will consider the relative significance of each of these factors in turn, starting with market structure.

5.2.1 Market structure: Security-political changes and the emergence of new markets

There are several indications that changes in global security policy during the course of the past few years have steered the industry towards a type of contract that is likely to be seen as respectable by the British Foreign Office. In other words, the structure of the market for private security, which is shaped by global security-political developments, appears to steer PMCs away from contracts and clients that may be seen as controversial. First, before September 11th 2001, more PMCs worked close to the tip of the spear, offensive side of military operations than today (McCarthy 2006). In spite of the fact that the industry boomed in 2002, and that one therefore would expect growth in all sectors, British PMCs' online profiles go a long way in confirming the claim that "[t]he combat sector of the market forms a small and shrinking area of endeavour" (Cummins 2002: 8) [11]. Second, more PMCs worked for weak, third world governments before 2002 than what is the case at present. Both offensive operations and "weak state" clients increase the chances of Foreign

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[11] A list of UK PMC websites can be found in the appendix.

Office misgivings. The controversial incidents presented in the previous chapter all involved weak state clients – Papua New Guinea, Sierra Leone, the Ivory Coast and DR Congo – and three of the operations – Sandline's involvement in Sierra Leone and Papua New Guinea, and Avient's in DR Congo – were close to the "tip of the spear".

The decline in weak-state clients and the decline in offensive-military operations appear to be interlinked. As the type of service offered tends to depend on the contract and not on the specific PMC (Avant 2005: 170), one can assume that the change in the operational theatre – typically from Sierra Leone to Iraq – and type of customer – similarly, from the Sierra Leonean government-in-exile to the Pentagon – accounts for the decline in combat-support missions. Whereas the greatest demand for PMC services used to come from weak African states, today the greatest demand for PMCs is in Iraq and Afghanistan (Leander 2004; Isenberg 2006). The contracts available tend to be with either the US government or with commercial companies participating in the reconstruction of the two countries, and here the work asked for is likely to be in the rear-end, defensive form of military service – armed guarding, close protection, and to an increasing degree rescuing hostages, "kidnapping management" in PMC parlance (Singer 2005). This does not entail that the third-world, combat-end of the market has disappeared, but that PMCs show a preference for these new markets. The PMCs abandonment of the old markets may indeed leave a void for new actors to fill. The PMCs' preference for the new markets can be explained by reference to profit-related concerns. The potential clients in Iraq and Afghanistan are in a far better economic situation than are the governments of impoverished African, Latin American or Asian states. PMCs operating in the developing world have often been paid in the form of mine concessions or other natural resources, tying the company to the state and inhibiting cash flow for years to come (Singer 2003; House of Commons 2002:point 2.2.3). This is true for Sandline's Papua New Guinea mission and the South African PMC Executive Outcomes' operations in

Angola and Sierra Leone, among others. Western clients pay in hard currency, fulfil their contractual obligations and pay well, and are therefore more attractive as clients than third world states (Spicer 2000: 115).

Thus, the work done for western governments and corporations in Iraq and Afghanistan is less likely to fall within the wide definition of PMC behaviour that the Foreign Office would consider unfavourable. As Jonathan Garratt, the managing director of Erinys explains,

> In Iraq the rules are clear because the authorities have set up guidelines for
> private security firms. The rules of engagement are that guards only open fire
> in self-defence or to protect lives. In other parts of the world, things are not so
> black and white. In countries where there is no government, where there has
> been regime change, we need international regulation (quoted in Hirst 2004).

Peter January of the Foreign Office supports the observation that changes in the market have made controversies less probable: "Iraq and Afghanistan have created opportunities for legitimate operations in the service of reliable customers. Frankly, that's where the money is now, and there's respectable money to be made" (January 2006 [interview]). Even though the Foreign Office stays uninformed about the business dealings of British PMCs in Afghanistan and Iraq[12], the customers and tasks British PMCs engage with are not likely to be seen to undermine British interests, given the UK's involvement in Iraq and Afghanistan.

Yet, even though the conflicts in Afghanistan and Iraq restructured the PMC industry in terms of type of operation, theatre and client, they have not had a significant impact on the degree to which PMCs have embarked on controversial missions. Out of the four controversial incidents analysed in the previous chapter, two – Northbridge's planned mission in Ivory Coast, and Avient's mission in DR Congo and Zimbabwe – occurred after the invasion of Afghanistan. The years 2002-2003 were important because they represented a

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[12] FCO official Peter January expressed discontent over not being told about big contracts in Iraq and Afghanistan by UK PMCs, citing the Aegis contract with the US Department of Defence as an example. Interview 7/2/06.

change in market structure, but the change in market structure does not appear to have had a significant effect on whether or not British PMCs got involved in controversies. Therefore, it seems sensible to look for other factors as well, and to accept that while the advent of what Peter January calls "respectable money" probably makes it less likely that PMCs engage in controversies, it cannot stand alone. Thus, this chapter accepts that the market steers PMCs towards certain types of customers and contracts prior to the company's calculation of whether or not they should accept a particular contract. But, it also recognises that the emergence of new commercial opportunities in a certain segment of the market not automatically results in the disappearance of other segments. As the incidents involving Northbridge and Avient show, there are still business opportunities for PMCs in most parts of the world, and for many types of customers. Inevitably, some of these contracts and customers are likely to be considered unsavoury by the British Foreign Office. Therefore, the remainder of this chapter will examine whether additional explanations can complement this one.

5.2.2 Reputation as a moderating factor

Chapter Two also suggested that a PMC's concern for its own reputation can prevent it from taking profitable, but controversial contracts. Accordingly, the PMC declines working for certain types of clients – for instance those with a dubious human rights record – and doing certain types of work – presumably, work that is close to the "tip of the spear" – out of a fear that this will lead to a reputation that deters future clients. This concern for reputation may have become more acute with the entry of western states and businesses into the PMC client base. According to John Holmes, the director of British PMC Erinys, "Iraq has made all companies quite rich. Before, reputable damage could be brushed under the carpet. Now, clients like the US and big western companies check out the history of the companies before employing them" (Holmes 2006 [interview]). With the recent boom in the industry, and the resulting proliferation of PMCs, the last few years have seen an increased

competition between different companies. This has made reputation an important marketing strategy: "In industries where the barriers to entry are low and where, as a result, companies probably cannot compete on price alone, firms will necessarily attempt to differentiate themselves in other ways" (Herbst quoted in Avant 2005: 221). Furthermore, the concern for reputation is frequently cited by members of the PMC industry as the reason for why restrictive regulation is unnecessary. According to an ArmorGroup spokesperson, their clients "exert the single most powerful influence over the company's activity. 'Reputation' has become the key watchword in business and the need to protect a reputation is the prime motivator towards legitimate and ethical performance and service delivery" (quoted in House of Commons 2002:point 60).

A concern about company reputation is undoubtedly an important factor making the barriers for taking certain types of contracts high. But, it cannot be the sole explanation for the low number of PMC controversies. First, not all clients care about reputation. As John Holmes was quoted saying above, before Afghanistan and Iraq, reputation was not considered an issue of importance. Furthermore, one can ask whether it really matters that much even at present. In Iraq, Aegis, the company run by Sandline's managing director, Tim Spicer, has been awarded the biggest security contract ever given to a PMC by the Pentagon, in spite of the fact that the other companies bidding for the contract made the Pentagon aware of Spicer's controversial past (Almond 2005). In addition, one can question whether governmental and corporate clients will have the time and resources to vet the record of individual PMCs before hiring them (Avant 2005, 222).

In sum, one can agree that what Tim Spicer of Sandline calls "commercial common sense" (Spicer quoted in House of Commons 2002), in other words not behaving in ways that are likely to deter future clients, contribute to PMC convergence. Both the advent of a "respectable" market for private security in

Iraq and Afghanistan and an increased focus on company reputation are factors that in all likeliness have contributed to keeping the number of controversial PMC incidents low. But, even though there is an increased focus on reputation among PMC clients now, PMCs largely kept in line with British foreign policy interests before the wars in Iraq and Afghanistan as well, in other words before the emergence of "reputable money" and the focus on reputation. In other words, the PMC's avoidance of controversial contracts appear somewhat disconnected from the client's focus on reputation. Thus, it will be fruitful to consider the extent to which non-rationalist factors can complement rationalist factors in explaining the drivers behind PMC behaviour.

5.3.1 Non-rationalist factors – the logic of appropriateness

Unavoidably, rationalist explanatory models like the ones presented above will make certain omissions. Thus, Jonathan Mercer writes that "without denying the existence of the mind, scholars in these [rationalist] traditions view the mind as exogenous to the study of rationality" (Mercer 2005: 86). Rationalist explanations assume that external incentives are the sole, or main, driver for behaviour. The following section will attempt to avoid making these omissions by attributing causal power to features of the mind. By including internal traits in the analysis, such as the effect the professional background of PMC decision-makers may have on the choices they make, the aim is to extract a more comprehensive insight into the drivers and motivations behind PMC activity.

The theoretical foundation for this analysis is the concept of the logic of appropriateness, as exemplified in Chapter Two. The logic of appropriateness suggests that

> agents do not choose between the most efficient alternatives, but follow rules that associate particular identities to particular situations, approaching individual opportunities for action by assessing similarities between current identities and choice dilemmas and more general concepts of self and situations (March and Olsen 1989: 51).

The logic of appropriateness departs from rational choice theory in the sense that it perceives of behaviour as not being solely concerned with outcomes, but also guided by social norms (Elster 1989:113). The empirical foundation for applying the logic of appropriateness onto the PMC-context is the fact that the majority of PMC executives may have spent 20 or more years in the military (Kinsey 2003:199). Here, they have been taught norms of behaviour and values typical of the military as a profession. Thus, this section will examine whether PMC executives let these values and norms influence their decision-making when deciding whether or not to accept a contract. It will take into consideration the possibility that some form of loyalty to what is perceived of as British interests may implicitly influence PMC behaviour, and as a result, British PMCs abstain from contracts that could be regarded as controversial by the British government.

5.3.2 The military as the source of norm-guided behaviour

The military is different from most other professional institutions in that it requires a great degree of selfless commitment. In a given situation, the soldier is required to lay down his or her life as "part of the job". This is perhaps the extreme example of members of an institution thinking more about whether an action conforms to the norms of the organization than about what the consequences will be for him- or herself (Peters 1999:28). Furthermore, one can argue that "what is different about military codes of honour [compared to other types of professional cultures] is that they extend beyond the military environment, manifesting themselves in a person's behaviour long after they have left the army" (Kinsey 2003:182). Thus, considering that the PMC setting in many ways resembles the military setting – the tasks are similar, and in many cases previous military ranks are retained unofficially (ibid: 196) – one can imagine that some of the norms learned in the course of 20 years of military service will continue to leave a mark on the conduct of officers after their transfer to the private sector.

According to Christopher Kinsey (2003:182), there are two ways in which military culture is taught to the soldier. First, the soldier is institutionalised by reproducing patterns of behaviour through "active intervention", in other words through the indoctrination of core values. An example of this is the oath of allegiance that British soldiers swear by when joining the British Army, where they "agree to subordinate their own interests to those of the unit, Army and Nation, as represented by the Crown" (The Military Covenant: point 036):

> I swear by Almighty God that I will be faithful and bear true allegiance to Her Majesty the Queen Elizabeth II, Her Heirs and Successors and that I will as in duty bound honestly and faithfully defend Her Majesty, Her Heirs and Successors in Person, Crown and Dignity against all enemies and will observe and obey all orders of Her Majesty, Her Heirs and Successors and of the Generals and Officers set over me (ibid).

Second, Kinsey refers to the "taken-for-granted routine". In this case, "practices are not necessarily questioned or compared against alternatives" (2003:82). Certain practices, norms of conduct and values become the soldier's "second nature", and create a pattern of social behaviour that is not, in general, questioned by the soldier him- or herself. The professional ethos of the British Army is officially expressed in a document named "Soldiering – The Military Covenant". Concepts like 'loyalty' and 'selfless commitment' are repeated throughout the Covenant, typically expressed in passages like the following: "The Nation, the Army and the chain of command rely on the continuing allegiance, commitment and support of all who serve: on their loyalty" (The Military Covenant: point 0311). Thus, being loyal to crown and country appears to be among the most powerful norms taught to British soldiers. First, loyalty is consciously and actively instructed to the soldiers through the oath of allegiance. Second, the continuous mentioning and emphasis on the demonstration of loyalty in documents like the Military Covenant can contribute to it eventually become reflexive; a "taken-for-granted routine". Thus, the soldier internalizes certain norms, to the extent that he carries them with him into the private domain, where, unlike the military setting, the

violation of these norms not necessarily would be met with negative sanctions: "When norms are internalized, they are followed even when violation would be unobserved and not exposed to sanctions. Shame or anticipation of it is a sufficient internal sanction" (Elster 1989:119).

The official company policy of British PMCs is one indication of the degree to which norms and values learned in the military is transferred into the private sector. Most PMCs have company policies or "codes of conduct" that stipulate who they will work for. Many of these reveal a loyalty to the UK government that resemble the loyalty to the Crown held in high regard in the military. For example, the Blue Sky Group will not operate with organisations unlikely to be recognised as legitimate by Her Majesty's Government (Blue Sky website). TASK International will work for overseas governments "providing they are of "friendly nation" status with the UK" (TASK website). And, the charter of the newly formed British Association of Private Security Companies (BAPSC) to which 15 British PMCs hold a founding membership, declares that its members must accept fully the obligation to i) "build and promote open and transparent relations with UK Government Departments", and ii) "to promote compliance with UK values and interests and with the laws of the countries in which its members operate" (BAPSC charter). Furthermore, its members must "decline to provide security services that might be contrary to UK values and interests" (ibid).

Similarly, statements made by people in the PMC industry bear witness to the importance of norms and values learned in the military. For example, the House of Commons Foreign Affairs Committee quotes ArmorGroup representatives arguing that

> Ex-officers and other professionals of developed world nations normally lead these companies and generally maintain strong links to their former professions and values, they would ask why should they suddenly lose these ethics and discipline just because they have moved into the private sector? (2002:point 2.2.1)

In a witness examination in the House of Commons Select Committee on Foreign Affairs, Sir Patrick Cormack (MP) asked Tim Spicer of Sandline whether they had a "blacklist of regimes for which in no circumstances, whatever the temptations and whatever the rewards, you would not act?" (House of Commons 2002). Mr Spicer confirmed that they do indeed. Moreover, he stated that "we go further than that. We keep very closely in touch with the legal requirements and we superimpose on that—it may sound rather pompous—our own moral view of it as well" (House of Commons 2002). Indeed, some PMCs have an "ethics committee" composed by individuals outside of the company, whose task it is to vet and approve assignments before a contract is signed. Among these are Aegis, Spicer's current company, Control Risks, and Olive Group. Michael Grunberg, co-founder of Sandline, makes a similar argument. Although he is referring to the soldier's behaviour in the field, his claim necessarily rings of accuracy for the behaviour of the ex-military PMC managers as well:

> Such individuals [ex-Servicemen working for PMCs] are not going to throw
> their training and discipline away when they join the private sector, and go
> from being model soldiers, with a respect for and great pride in applying the
> highest standards to thugs and wanton slayers of women and children" (quoted
> in Kinsey 2003:194).

Taken together, statements made by members of the British private military industry suggest that there is a degree of congruence between the social norms instilled in British soldiers and the industry's practice. Yet, it is hard to provide definite evidence of the existence of social norms influencing behaviour. Until more evidence is available, this will remain a suggestion, albeit a probable one. Still, a closer examination of the incidents of PMC actions being in conflict with British interests may provide further grounding for evaluating the usefulness of applying the logic of appropriateness to the PMC context.

5.3.3 The logic of appropriateness and the controversial incidents

The 'controversial incidents' involving Sandline, Northbridge and Avient appear to contradict the claim that PMCs led by ex-officers of the British Army are less likely to act against the interests of the British Foreign Office because of the social norms of loyalty they have internalized through their military careers. In all three companies, former Servicemen from the British military held managerial positions, yet the companies acted against British interests. Sandline's director was Tim Spicer, a former Scot's guard with almost 20 years of military experience. Northbridge's director at the time of the controversial incidents was Andrew Williams, a former British paratrooper. And lastly, Avient was lead by Andrew Smith, a former captain of the Royal Engineers. Thus, if a former military career makes controversies less likely, one would expect these companies to avoid the types of missions they in fact took part in. This section will examine the controversial incidents in light of the hypothesis based on the logic of appropriateness, in order to find out whether these incidents weaken the hypothesis.

Public statements made by the managers of two of these companies, Sandline and Northbridge, go some way in clarifying this misfit by implying that the managers believed they were doing something 'good and right'. In fact, both of the managers seem puzzled by the negative reactions to the jobs they did, implying that the British government's misgivings came as a surprise to them. For instance, Tim Spicer of Sandline saw the Sierra Leonean president Kabbah as an ally of the UK, and consequently believed aiding him would be appreciated by the British government:

> President Kabbah was Prime Minister Tony Blair's personal guest at the Commonwealth Heads of Government Meeting in Edinburgh, a pretty public statement of British support. All this, I suggest, tends to indicate that helping Kabbah was regarded as a good thing and could be expected to gain widespread support in the higher echelons of the British government (Spicer 2000:194).

Similarly, Northbridge representatives seem taken aback by the government's reactions to their planned operations in the Ivory Coast. According to a

Northbridge press release, Jack Straw's condemnation of Northbridge's planned involvement in the Ivorian conflict "come as a great surprise when it was he that strongly supported the use of private military companies in a Foreign and Commonwealth Office document" (quoted in BBC News 2003). Furthermore, the fact that neither Northbridge nor Sandline tried to conceal their operations prior to them taking place underscores the impression that they were unaware that what they were involved in could be seen as controversial. Sandline informed the British High Commissioners of both Papua New Guinea and Sierra Leone of their upcoming contracts (Spicer 2000). Northbridge normally announces new contracts in press releases, as they did in the incident involving the Ivory Coast[13].

The Sandline and Northbridge managers seem to be concerned about doing the right thing, which involves not going against British interests. But, their conception of British interests is more straightforward – one could say naïve – than that of the government. The Sandline and Northbridge managers appear to be unaware that for most western states, taking part in a humanitarian intervention in the third world is not merely a question of having the sufficient manpower and capabilities. The complex relationship between state sovereignty and international law on the one hand, and the perceived duty to intervene for humanitarian purposes on the other has passed these companies by. A sense of righteous indignation resulting from the perception that Sandline, unlike apparently apathetic western governments, "does the right thing" by helping out governments plagued by internal unrest, but still gets drawn into controversy is evident throughout the Sandline manager, Tim Spicer's, autobiography. For example, Spicer writes of Australia's reluctance to interfere in Papua New Guinea: "Why was it that they were not helping these people win the war? (…) This reinforced the views Tony and I already held, that there were legitimate governments that needed help and when friendly nations refused to supply it they would eventually turn to the private

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[13] A link to the most recent press releases can be found on the Northbeidge website.

sector" (2000:155). Furthermore, he makes the argument that "[i]f the UN, and the international community as a whole, continues to ignore its oft-vaunted responsibilities for solving or stemming civil wars and racial bloodbaths, it is hard to se where the involvement of PMCs like Sandline or Executive Outcomes can do anything other than good" (ibid:53). Similarly, Northbridge typically begins its press releases with the citation "The only thing necessary for the triumph of evil is for good men to do nothing" (Press Release 22 July 2003, website). In addition, neither Spicer nor the Northbridge director, Wilson, appear to understand that few governments would feel relieved if a private company, unsanctioned by its home state, helped a third world government quell an insurgency, even when there is a legitimate reason to intervene. By aiding another state militarily and at the same time bypassing its home state, like Sandline did in Papua New Guinea, the PMC in effect makes policy, and thereby intrudes into the state's domain. Unsurprisingly, few governments enjoy seeing their decision-making capacity diminished or taken over by private actors.

Finally, one cannot disregard the possibility that this seemingly naïve understanding of international politics is a face-saving strategy for managers caught red-handed doing something they deep down knew was controversial. Still, by making excuses, the Sandline and Northbridge managers place their companies within the group of 'legitimate actors' most PMCs claim to belong to. They may try to get away with dubious business dealings by hoping that they remain undiscovered, but they do take notice of what is considered right and wrong by the British government, and attempt to appear to be doing what is right. Thereby, they implicitly accept that certain values are overarching and should be followed, despite the fact that there is no legal obligation in place requiring British PMCs to follow them. Thus, one can conclude that Sandline and Northbridge, while having acted in conflict with British interests, consider these interests as important and appear to be concerned not to be perceived otherwise. Therefore, the influence of the social norms instilled through

military education seems to have an effect even in the cases of Sandline and Northbridge.

5.5 Avient: a different type of company?

One of the companies seems to escape all of the regulative influences suggested in this chapter, both the concern for reputation, the structural effects of market change, and the influence of social norms. Avient appears to be a different sort of company than most other PMCs included in this study. Little is known of the company other than the name of its manager and his background, and the before-mentioned episode involving DR Congo and Zimbabwe. This makes Avient different, and may imply that it bears a closer resemblance to the mercenary or ad hoc company, as they are sometimes called, than to the 'legitimate' PMC as exemplified by ArmorGroup or Control Risks.

Kinsey (2003:107) writes of the ad hoc company that

> They tend to accept contracts involving questionable actions that border on the illegal, and therefore do not wish to draw attention to themselves. As a consequence of this, individuals working for this group are secretive of what they do so not to land themselves or their employer in trouble. A further effect of their questionable behaviour is the short lifespan these companies appear to have, sometimes lasting no longer than a single contract. The companies are easily set up, dismantled, or sold on to another company.

Avient's undertakings were more markedly in opposition to British foreign policy than what was the case in the incidents involving Sandline and Northbridge. The strained relationship between Zimbabwe and the UK was well-known to most people; Zimbabwe was suspended from the Commonwealth in March 2002 and in the same year, the EU imposed an arms embargo on the country and an asset freeze and travel ban on President Mugabe. The second country Avient was involved in, the Democratic Republic of Congo (DRC), was also subject to an EU arms embargo. Unlike the UN embargo against Sierra Leone at the time of the Sandline affair, the arms

embargo against the DRC was unambiguous and included all political groupings in the country. Avient bypassed the embargo by registering as a company in Zimbabwe instead of in the UK (Barnett and Harris, 2002). Unlike Sandline and Northbridge, Avient representatives have not made any official statements expressing regret, nor have they attempted to clear the company's name by pleading ignorance, as Spicer did. Instead, Avient's manager, Andrew Smith, has been quoted in newspaper interviews saying that he did nothing wrong as his company was registered in Zimbabwe, thus admitting that he intentionally bypasses official weapons embargos (ibid).

The Avient-incident demonstrates the importance of distinguishing between the PMC and the ad hoc company, but also the difficulty in trying to do so as long as there is no official registry of PMCs. The key difference between these types of companies can be found in the perspectives they hold regarding their own future. A PMC is normally established with a view towards economic growth and expansion, and hence takes a long-term perspective of its future as a business. An ad-hoc company, on the other hand, may only exist for the course of one single contract, and subsequently change name or dissolve. Avient appears to reside within the latter category of companies. It is not too worried about its own reputation, nor does it seem to be particularly concerned about upholding some kind of 'code of honour'. Both of these are, as we have seen above, factors that may restrain other PMCs from doing jobs that the British government would oppose.

5.6 Conclusion

This chapter has assessed three possible lines of explanation for why British PMCs more often than not stay away from contracts that are likely to cause controversies in the British Foreign Office. First, an explanation based on a rather crude and simplistic version of rational choice theory was examined. It was found to be insufficient in accounting for why several British PMCs appear to avoid working for certain clients, typically states with a poor human

rights record or states that are on unfriendly terms with the UK. Second, an amended and more sophisticated rationalist explanation was brought in. It included two different elements that may play out separately, but seem to be linked in this context. The first element focuses on the effect the emergence of a market for private security in Afghanistan and Iraq has had on PMCs. The second element focuses on how the PMC boom in Iraq and Afghanistan has brought with it an increased focus on company reputation, with the possible result that PMCs take the long-term implications for future business opportunities into account when considering a contract.

While the advent of a reputable market and a related focus on reputation can go some way in explaining PMC-foreign policy convergence, these factors cannot stand alone. The wars in Afghanistan and Iraq did not bring with them a significant overall decline in controversial PMC incidents, and it is unlikely that every PMC would be concerned with its own reputation, as there always will be clients that are not bothered about, or will not take the time to vet, PMC records. In addition, the companies that were involved in the controversial incidents made no attempt at concealment. One of the companies, Northbridge, even sent out a press release declaring its upcoming contract, an act that resulted in the foreign secretary's condemnation. Hence, it can be valuable to consider non-rationalist factors as well.

The third line of explanation considered in this chapter concerned the effect social norms may have on the choices of PMC managers. Although few British PMCs demonstrate an explicit inclination towards cooperating with the British Foreign Office, there are indications that many British PMCs hold British interests and values, as well as the UK's standing in the world in high regard, and would therefore prefer not work against the UK. Most PMC executives have previously served in the British Army, where loyalty to crown and country were fundamental principles defining what was and was not

appropriate actions. Furthermore, PMC statements and company policies often disclose the continuing importance of British interests to PMCs.

However, it is worth noting that even though many PMC executives appear to be keen not to cut across British foreign policy interests in their activities, their conception of British interests and the Government's conception may not always converge. The British Foreign Office has no set guidelines as to what it considers respectable PMC behaviour (January 2006 [interview]). If PMCs are in fact striving to be seen as reputable by their home government, all they can lean on are official embargo lists and a general gut feeling over what is considered good conduct. Thus, the regulatory effect of a "loyalty to the Crown"-perception among PMC managers depend on the extent to which the managers' understanding of British interests converge with that of the government. The incidents involving Sandline and Northbridge can be seen as examples of PMC managers having a different conception of what is "right and wrong" in international politics than the British government. Lastly, the incident involving Avient demonstrates how companies sometimes appear to be immune to both the regulative effects of the emergence of new markets, the concern for one's reputation, and the transfer of professional military values into the private sector. This may indicate that a reliance on values for converging behaviour is unwise as it is unlikely that every former Serviceman will continue to adhere to such values, and that a reliance on reputation depends on the PMC having a long-term perspective of its future as a business.

This chapter has not included all the possible reasons for why British PMCs tend to avoid jobs that conflict with British interests. The chapter has concentrated on assessing motivations for behaviour that are consistent with contrasting theoretical tenets, aiming to exemplify different ways of looking at the PMC phenomenon. But, a number of other possibilities exist. For example, British PMCs may avoid conflict in order to prevent the government from implementing restrictive regulations on their activities, or because they

consider the UK a potential future customer. Furthermore, the possibility that different motivations work together and reinforce each other is not negligible. For instance, the concern about doing what is appropriate can be reinforced by a commercial concern about the effects of reputation on business. Deborah Avant argues that the best way for a state to make PMC activities converge with its foreign policy objectives is to become a client: "Ex-soldiers will be most likely to be loyal to the crown if the state uses commercial logics and tools to encourage such loyalty. Part of what makes the US government's influence of its PMCs so firm is its use of commercial incentives" (Avant 2006 [personal correspondence]). Walker and Whyte make a similar point:

> The influence of military professional cultures (with PMCs employing many ex-service personnel) and the more pragmatic knowledge that governments are major potential paymasters, make it very unlikely that, for example, a British PMC would embark upon a mission contrary to the United Kingdom foreign or defence policy (2005: 663).

The most important conclusion this thesis can draw regarding PMC motivations is that PMC decision-making is not made on the basis of a single, clean-cut profit-maximising strategy. As in most instances of human decision-making, PMCs make choices on the basis of a number of different influences, ranging from a concern about making money while retaining a good reputation and avoiding restrictive regulation to also being able to hold one's head high, not having to feel ashamed about the job one does.

Chapter Six

Concluding remarks

Today's PMC phenomenon brings to light some important questions concerning the relationship between the state and private wielders of legitimate force. If the most intrinsic feature of the state during the 19th and 20th centuries was its monopolization of legitimate force, what will happen to the system of states if this monopoly dissolves? Does the rise of the PMC represent the beginning of the end of the state? One way of illuminating these issues is to examine the extent to which the PMC's home state has any influence on its behaviour. This thesis has attempted to find out whether British PMCs for the most part act in conflict or convergence with British foreign policy interests. Contrary to widespread expectations, the thesis has found that British PMCs rarely enter into agreements that conflict with British interests. This finding is important because it indicates that PMCs are unlikely to challenge the role of the state in international security. PMC are not likely to wage wars, enter into security alliances, and get caught in security dilemmas or arms races outside of the premises set by states. To paraphrase Waltz (1979: 94), the state sets the scene in which the PMC operates. This chapter will first give a brief summary of the analyses and findings of the thesis. Subsequently, it will assess what the implications of the findings are for the wider issues this thesis sought to address, namely the question of the relative autonomy of the PMC as a unit in the international system

6.1 Historical parallels

The historical parallels to current-day PMCs make for an interesting study. Mercenaries were common features of international relations up until the 18th century. They came in different shapes and sizes – from the free lancers and bands of soldiers for hire, to the armed branches of trading companies, as privateers and as individuals selling their military skills. They were legitimate in that their existence was accepted by states; authoritative in that they

commanded the use of force; and international in that they operated across borders and in several states at the same time. Interestingly, private wielders of force came to be seen as illegitimate in the western world as the Westphalian system of states consolidated in the course of the 19th century, and as states developed their own standing armies. The Weberian state, with its monopoly over the legitimate use of force, had no room for mercenaries. In other words, there are no historical examples of private wielders of force peacefully co-existing with a strong state.

Today's PMC phenomenon stems from the immediate post-Cold War years. Three factors stand out as the most important reasons for the rise of the PMC: First, the end of the Cold War and the subsequent global de-militarization created a surplus of military manpower and equipment. Many officers were left unemployed, and went on to form or work for PMCs. Second, the Cold War also meant the end of superpower patronage for third world states, which again led to a rise in civil unrest in many parts of the third world. PMCs were employed by both third world governments and by commercial companies operating in these parts of the world. Third, the 1980s and 1990s saw the birth of the neoliberal project, involving a widespread move towards the deregulation of trade and capital movement and the privatisation of state services throughout the western world. This ensured both an increased acceptance of the PMC industry as a concept, a home market for the first PMCs selling military support- and training services, and eased their ability to operate globally. By operating internationally and existing as permanent and legitimate corporate entities, today's PMCs have more in common with the 18th century trading companies than with the villain mercenaries that were active in Africa during the decolonisation period. It is this commonality that makes PMCs interesting from a theoretical perspective, and particularly so if one takes into consideration the weakness of the state system in the trading companies' heydays.

6.2 Current-day PMCs: autonomous actors?

The PMC challenges the state because it shares one of the state's most important capabilities – the capacity for using organised violence – while being a commercial company, whose foremost concern is to acquire profits. It is the capacity of the PMC to act autonomously – in other words, to act as if the state has no legislative, normative or other type of influence over the PMC – that makes the PMC a possible challenger to the state as an independent actor in the international system. This thesis measures the autonomy of British PMCs from the state by asking whether their activities generally conflict or converge with British foreign policy interests, focussing on the period between 1997 and 2005. Out of the 39 companies included in this study, only three have been involved in activities that can be deemed to conflict with British foreign policy interests. Sandline International aided the ousted government of Sierra Leone in the midst of conflict, breaking an international arms embargo on the country. The same company aided the government of Papua New Guinea during an internal rebellion, causing Australian anger, and possibly contributing to the subsequent fall of the Papuan government in a military coup d'etat. Northbridge was contracted to strike down on an internal rebel force in the Ivory Coast, which would have disturbed a fragile peace brokered by France. Avient was contracted by the governments of DR Congo and Zimbabwe, and has thus both aided an unfriendly government and broken the international arms embargoes imposed on Zimbabwe and DR Congo at the time.

It is, of course, not impossible that there are conflicting incidents that this thesis has overlooked, as the companies in question are best served by keeping their activities secret. Nevertheless, compared to the total number of contracts all 39 British PMCs have entered into since 1997, even the doubling of controversial incidents from four to eight would not have had a significant impact on the overall conclusion – that the activities of British PMCs generally converge with British foreign policy interests. Indeed, most of the jobs British PMCs take support British foreign policy interests. A typical job for a PMC

can be the protection of westerners working in conflict zones, such as NGO employees, businesspeople or government officials. Other PMC tasks include humanitarian work, such as demining, the training of foreign armed forces and the protection of oil pipes or mines. These tasks are not uncontroversial. The private provision of armed force is ethically troubling, and questions concerning legitimacy, transparency and accountability are left unanswered. But, PMC tasks like these are accepted, an even supported by the UK; they are carried out within the framework of the state and do not intrude into the state's domain as an actor in international security.

6.3 Explaining the convergence

Chapter Five discussed different explanations for why British PMCs avoid controversial jobs. British PMCs remain unregulated by British law, and can in principle work for anyone and sell any service. Thus, the influences restricting PMC behaviour must be of a more informal origin. Three different sources were considered, of which the first two can be placed within a rationalist explanatory framework while the last one draws on norm-based explanations. First, changes in the market for private force probably works to reduce the attractiveness of the types of jobs that can be said to cut across British interests. A rational, profit-seeking PMC would probably prefer working for wealthy western governments or commercial companies in Iraq or Afghanistan to impoverished rebel groups or weak governments in Sub-Saharan Africa. Second, as competition has soared in the private security industry, reputation has arguably become a more important concern for the companies bidding for contracts (Avant 2005: 221), making the long-term costs of taking certain contracts high. Again, one can presume that a rational, profit-seeking PMC in some cases would consider the future costs of having a dubious reputation due to a controversial past to outweigh the immediate benefits of a controversial contract. The third explanation draws on the "logic of appropriateness", and takes into account the effects the social norms held by the individuals running British PMCs can have on the company's behaviour. Practically all British

PMCs are run by ex-servicemen of the British army, most of them highly decorated individuals. These people have spent most of their professional careers defending the UK and British interests, sometimes risking their lives for their country. This presupposes a considerable degree of loyalty to their home state, a value that is directly and indirectly indoctrinated into army recruits throughout their military training. Elster writes that behaviour is not only guided by outcomes, but also by social norms (Elster 1989: 113). Consequently, one can argue that the ex-British Army managers of PMCs are likely to avoid contracts that conflict with the interests of the UK, as this would cut across a deeply held social norm.

These three explanations all have their weaknesses, and do not represent an exhaustive picture of all the possible explanations there are for why a PMC acts as it does. Yet, when taken together, these proposals may give some indication of how likely it is that an independent, state-detached PMC industry will emerge some time in the future. Presumably, the use of PMCs by western companies and governments, themselves being held to account over their own and their agents' actions, would lead to a heightened concern among PMCs for their own reputation, and make controversial clients in war-torn third world countries less attractive. On the other hand, if the current upper-scale market in Iraq and Afghanistan disappears, companies could end up competing to sell their services to rebel governments in Africa and their equivalents. Similarly, if non-military individuals with a less acute sense of loyalty to the British state enter into the PMCs' managerial teams, there is a risk that profit making will override any concern for not cutting across the UK's interests. In sum, the current picture of PMC activities shows that the state is more influential in the dealings of private actors that what one could expect. This limits the degree to which one can draw parallels with previous era of trading companies and privateers. In the western world, the state system appears to be consolidated to the extent that it takes more than a couple of decades of strengthening of non-state actors to uproot it.

Chapter Two asked whether the rise of PMCs proved the realists' insistence that states are the only meaningful actors in international security wrong. It suggested that if the capacity to use force is what defines an actor in the international system, as proposed by the realist philosopher Raymond Aron, then PMCs cannot easily be disregarded. This thesis shows that even though a non-state actor can take on some of the most important traits of the state – such as the provision of security – this does not necessarily entail that the non-state actor is able to challenge the state's position. If one accepts Kenneth Waltz' claim that "a theory that denies the central role of states will be needed only if non-state actors develop to the point of rivalling or surpassing the great powers, not just a few of the minor ones" (Waltz 1979: 95), then the rise of the PMC industry requires no new theory of IR. The influence of the state on non-state actors is significant, and to claim that states have been reduced to "impossible units" and "intermediate institutions sandwiched between increasingly powerful local, regional and global mechanisms of governance" (Held 1999: 3) does not ring of accuracy when discussing security policy. Still, the growth in influence of non-state actors, including PMCs, multinational companies, NGOs and international terrorist groups, indicate that states are not the *only* central actors on the international stage. If we are witnessing the rise of non-state actors as players in international affairs, this does not so much challenge the existence of the state system per se, at least not of yet. But, it may challenge the way the state governs. In a security-political context, this may imply that "the centralized provision of security seems to have been the exception, rather than the rule, in geographical as well as historical terms" (Krahmann 2003:11). Currently, PMCs operate in a world consisting of sovereign states, and in most instances they work *for* sovereign states. For strong, western states, PMCs are new, flexible tools of security governance and not independent actors willing to and capable of waging war single-handedly.

Appendix: Table of British Private Military Companies

Company name	Core competencies[14]	Example of operation[15]	Current status
AD Consultancy	Risk and threat assessment, bodyguard/protection teams	Protection teams in Iraq	Operative
Aegis	"Research and development, technical services, security operations"	Contracted by the US DoD to provide security support services to the Project and Contracting Office (PCO), responsible for managing the reconstruction programme in Iraq	Operative
Avient		Provided personnel to military helicopters and aeroplanes in the DRC	Indeterminate
AMA Associated Ltd	Risk and Crisis Management; Fraud Investigation; Surveillance; Technical Counter-surveillance; Security Management; Counter Terrorist and Hostage Release; Maritime Security; Aviation Security and Air Cargo Security at all levels; Close Protection and Executive Management and Management of Aggressive behaviour	Supplies training and specialist advice to the Egyptian Civil Aviation authority	Operative
AKE Group	Risk assessment, security planning, intelligence gathering, political analysis and on-the-ground security. Specializes in hostile environments-training	Provides risk assessment and security training for insurance groups	Operative
ArmorGroup	Security Planning and Management, Training, Mine Action, Response Centre, Kidnap and Ransom, Humanitarian Support, Information Business Intelligence and Fraud, Intellectual Property Asset Protection. Mainly: protective security services,	Protective security services in Bosnia-Herzegovina	Operative
Blue Sky	Peacekeeping, security training, humanitarian support, humanitarian	Peacekeeping in Aceh	Operative

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[14] Note that most of the companies have skills and personnel that enable them to move easily between different types of tasks, depending on what is called for by the customer. As one of the companies, Henderson, writes on its website: "we are solutions driven rather than product led" (www.hrlgroup.com). Therefore, the core competencies currently referred to on their websites reflect today's market as much as their actual specialty. This is the reason for why some companies that do not immediately appear to be PMCs by the services they offer are included on the list.

[15] This column is meant to give a taste of what the company does, and is by no means an extensive list. To the extent possible, I have tried to give an example of the company's biggest contract. Where the slots are empty, it has not been possible to find a concrete example of a contract the PMC has taken.

	advice		
BritAm Defence Ltd	Security training, close protection	Provides security for private entities in Iraq	Operative
Carnelian International Risks	Close Protection of key personnel, Security drivers, Information Protection and/or Conflict Negotiators	Provides "project support services" in South America	Indeterminate
Centurion	Risk assessment, security training	Hostile environments training to the BBC	Operative
Control Risks Group	Risk assessment, security training, guarding and protection, screening, intelligence, crisis management, DDR-programmes etc.	Provides armed protection of the British Embassy and British officials in Iraq.	Operative
Chilport Ltd	Security/risk/threat assessments, customs and border controls, port area security,	Protection services for the West African petrochemical industry	Operative
Defence Systems Limited	Protection, military training, demining	Protects oil facilities for BP in Colombia	Has merged with ArmorGroup
Decisions Strategies Vance	Security training, close protection, intelligence, corporate investigations	Convoy protection for private enterprises in Iraq.	Operative
Dyncorp Aerospace Ltd	Peacekeeping, humanitarian aid, and infrastructure support	Provided police officers for the international police force in Bosnia	Operative
Erinys	Specialist protection services, managed guard forces, security survey planning and management, risk analysis.	Contracted by the Iraqi Ministry of Oil to protect oil and gas pipelines	Operative
Genric	Security and risk assessment, security management, personal, asset and property protection, electronic surveillance detection, security support operations, security training, counter terrorism,	Kidnapping management in the Philippines	Operative
Global Risk International	Crisis management, kidnap and extortion management, fraud and insurance investigation, and counter-surveillance, protection services	Protects convoys in Iraq and trains the Iraqi police, paramilitary and army	Operative
Global Risk Strategies	Personal and asset protection, aviation security, security training, "end-to-end" risk management service.	Provided security for the Afghani elections	Operative
Guardian Global Security	Security management, protection, analysis, surveillance, crisis management	Oil and gas security in the Middle East	Operative

Global Marine Security Systems/HART	Armed protection, waterborne security services, sub-surface detection and deterrence, anti-piracy operations, airport security, surveillance, commercial counter-espionage, logistics/security support	Coastal patrolling for Puntland, a quasi-state that emerged after Somalia fractured	Operative
Gurkha Security Guards, Ltd	Security consultancy, assessment and planning, physical guarding and security management, shore-side security guards, bodyguards	Military training and support for the government of Sierra Leone	Operative
Henderson Risk	Rapid response teams, kidnap response, security manpower in high risk areas, risk control planning, security risk analysis, political risk analysis	"We ran a three day close protection and armed convoy programme as well as facilitating all accommodation and support staff such as interpreters for a major European oil company in Iraq"	Operative
ICP Group Ltd	Close protection/bodyguards (static and mobile), secure accommodation, armored vehicles, personal protection equipment, field operations supplies, due diligence, risk assessment, audits and project evaluation/analysis, medical services, hostile environment training, specialist insurance coverage (through Lloyds of London), crisis management, and business continuity services and evacuation support and services	Helped with the rescue operation of two British expatriates kidnapped in Colombia	Operative
ISEC Corporate Security	Provides full military deployment and procurement, military advice and special forces training, surveillance and close protection, and anti-hijack, pirate/kidnap services.	Close protection in Iraq	Operative
International Intelligence Limited	Special projects (armed extraction of personnel, counter intelligence); close protection; defensive driving courses; risk assessment	Obtained intelligence on a leading European Mafia associate that led to the settlement of a legal case	Operative
The Inkerman Group	Corporate Investigation and Due Diligence, Digital Forensics, Remote Sensing, Technical Operations, Security Integration, Kidnap and Ransom, Information Assurance, Threat Analysis and Intelligence Gathering	Provided protection for the Dalai Lama on his UK tour	Operative

Janusian Security and Risk Management	"We are a supplier of risk management services including a range of security resources for the defence of personnel and assets"	Provides protection for western business delegations travelling to Iraq	Operative
Northbridge	"Specialises in providing highly confidential and effective security related services designed to address the needs of Governments, Multi-National Corporations, Non Governmental Organisations, the Corporate Sector and Prominent Individuals."	Rescued British and American oil workers taken hostage by Nigerian oil workers on strike.	Operative
Olive Group	Analysis & Assessment (A2); Consulting; Logistics & Project Support; SecureLocate™; Security Operations; Systems Design & Implementation; Training	Provides armed support to the reconstruction programme in Iraq.	Operative
Pilgrims Group	Special projects (risk analysis, security assessment, crisis management, protection of personnel and assets); communication services; intelligence; security training; rapid response teams	Freed two US citizens kidnapped in Colombia	Operative
Rubicon	Research and intelligence, due diligence, technical services, crisis management, negotiation/force protection/surveillance, close protection, security training.	Provided security for mine and oil companies in Africa, among them BP	Merged with Aegis in 2005
Sabre	Security equipment, close protection/bodyguards (static and mobile), secure accommodation, armoured vehicles, personal protection equipment, project and site risk assessment, audits and project evaluation/analysis, hostile environment training.	Protective services in Iraq	Operative
Saladin Security	Training in all security disciplines, including military and para-military activities, Corporate defence in all its aspects, Security Consultancy, VIP protection, Security surveys and audits, mobile and static guarding, security couriers, Contingency planning and crisis management, Kidnap, ransom and extortion, Investigations, Surveillance and counter surveillance, Electronic security measures, Communications	Provides static and vehicle-borne armed guards and quick reaction teams for NGOs, businesses and foreign governments in Afghanistan.	Operative

	security, Equipment procurement		
Sandline International	Security advise, security training, operational support, intelligence support, humanitarian operations, strategic communications, support for law and order.	Contracted by the government of Papua New Guinea to help quell an insurgency	Closed down in 2004
TASK International	Military Resettlement Training; Close Protection Training and Provision; Military, Naval, Police and Prisons in-service Training; Investigations; Asset Tracing and Private Security Training; Management Training, Diplomatic Security Training and Provision, Event Management, Close Protection, Risk Assessments, Surveillance, Asset Recovery, Investigations including Investment Fraud, Diplomatic, Corporate, and Residential Security	The company has trained forces from a variety of countries including: Cyprus, Malaysia, Russia, South Africa, Caribbean, Trinidad & Tobago, Jamaica, South Africa and some Middle Eastern states	Operative
THULE Global Security	Strategic support, the selection and training of Special Forces troops, counterinsurgency training, basic and advanced infantry training, weapons recommendation and procurement, intelligence services. humanitarian support, and advice on objectives, logistics, air operations, and defense force reorganization		Operative
Trident Maritime	Maritime security	Provided security services to the Sri Lankan government following rebel attacks on ports.	Indeterminate
UK Defence Services	Offers physical security, close protection, canine services, electronic counter measures, maritime security and explosive ordnance disposal (EOD).		Operative

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AD Consultancy	www.adconsultancy.com
Aegis	www.aegisworld.com
Avient	www.avient.aero
AMA Associated Ltd	www.ama-assoc.co.uk
AKE Group	www.akegroup.com
ArmorGroup	www.armorgroup.com
Blue Sky	www.blueskysc.org
BritAm Defence Ltd	www.britamdefence.com
Carnelian International Risks	www.carnelian-international.com
Centurion	www.centurion-riskservices.co.uk
Control Risks Group	www.crg.com
Chilport Ltd	www.chilport.co.uk
Defence Systems Limited	(Has merged with ArmorGroup)
Decisions Strategies Vance	www.decision-strategies.com
Dyncorp Aerospace Ltd	www.dyncorpuk.com
Erinys	www.erinysinternational.com
Genric	www.genric.co.uk
Global Risk International	www.globalrisk.uk.com
Global Risk Strategies	www.globalrsl.com
Global Development Four/Crown Agents	www.crownagents.com/AnnualReview/default.asp?step=4&pid=740
Global Marine Security Systems/HART	www.hartsecurity.com
Gurkha Security Guards, Ltd	
Henderson Risk	www.hrlgroup.org
ICP Group Ltd	www.icpgroup.ltd.uk
ISEC Corporate Security/Westminster Int'l	www.wg-plc.com/international/security/privatemilitary.html
International Intelligence Limited	www.int-int.co.uk
The Inkerman Group	www.inkerman.com
Janusian Security and Risk Management	www.janusian.com
Northbridge	www.northbridgeservices.com
Olive Group	www.olivesecurity.com
Pilgrims Group	www.pilgrimsgroup.co.uk
Rubicon	www.rubicon-international.com
Sabre	www.securitybysabre.com
Saladin Security	www.saladin-security.com/
Sandline	www.sandline.com
TASK International	www.task-int.com
THULE Global Security	www.brainstemdowry.com/work/thule
Trident Maritime	www.trident3.com
UK Defence Services	www.ukdefence.co.uk