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Security: Collective Good or Commodity?¹

Elke Krahman

Abstract

The state monopoly on the legitimate use of violence in Europe and North America has been central to the development of security as a collective good. Not only has it institutionalized the state as the prime national and international security provider, it has helped to reduce the threat from other actors by either prohibiting or limiting their use of violence. The recent growth of the private security industry appears to undermine this view. Not only are private security firms proliferating at the national level; private military companies are also taking over an increasing range of military functions in both national defence and international interventions. This article seeks to provide an examination of the theoretical and practical implications of the shift from states to markets in the provision of security. Specifically, it discusses how the conceptualization of security as a commodity rather than a collective good affects the meaning and implementation of security in Western democracies.

Introduction

Is security a collective good; and what are the implications if it is conceptualized as a commodity? These are two key questions which international relations theorists have so far neglected. Due to the perceived rise of new security threats, such as civil war, proliferation of weapons of mass destruction, terrorism and transnational crime, the study of international relations has primarily focused on the theoretical merits and demerits of broadening the notion of security from states to societies and individuals, and from military to non-military issues (Ullman, 1983: 129-153; Rothschild, 1995: 53-98; Walt, 1991: 211-239; Krause and Williams, 1997; Wæver, 1995). While this debate does provide an important contribution to our understanding of the complex and multifaceted nature of security, there is a third issue

which most theorists have so far disregarded: the shift from states to markets in the provision of security within the transatlantic region, and the implications of this shift for the theory and practice of security.

Many Western democracies no longer hold the monopoly on the legitimate use of violence to protect their citizens. Instead an increasing number of profit-oriented companies, such as risk consultancy firms, security firms and military contractors, have taken on the role of alternative suppliers of security to both citizens and states. In the United States (US), by 2003, the number of private security guards was nearly double the number of US police officers and was close to two-thirds the size of the US armed forces, which is an illustration of the growing contribution of private security providers (Parfomak, 2004).² Private policing is not the only area of private security expansion. Since the 1980s, armed forces in Europe and North America have outsourced an increasing range of military and military support functions to private contractors, from logistical support to fighter pilot training. The scale of the privatization of these military services has been most poignantly demonstrated by the military intervention in Iraq where an estimated 100,000 private security and military contractors worked alongside the international armed forces in 2006, providing a contingent nearly as large as that of the US military (Merle, 2006).

A number of analytical and empirical studies have investigated the proliferation and growing role of private security providers in the past decades (Avant, 2005; Mandel, 2002; Singer, 2003). However, so far there has been a lack of theoretical thought about the commodification of security (Cutler, 2005; Leander, 2003; Loader, 1999). Frequently, studies on the privatization of security start from the assumption that whether states or markets provide security has few implications for its conceptualization and implementation. They conceive of the privatization of security as merely a change of supplier that does neither affect the nature of the 'good' security nor the state monopoly on violence. Of course, there is an important difference between the state and the market provision, which raises questions of public accountability and transparency, especially in the case of the accusation of private security contractors of illicit practices, such as the torture of prisoners in Abu Ghraib. However, these are addressed as questions of good governance and regulation. They neglect the fundamental changes in the notion of security due to the conceptual and practical differences between collective goods and commodities.

The aim of this article is to address this theoretical gap by investigating the difference between collective and private goods; and how this difference affects the definition and provision of security. There is a four-section structure to this article: the first section examines the concept of security by investigating the meaning of 'security' and the links between specific meanings

and mechanisms for achieving this. The second section analyses these different meanings of security from a public goods perspective. Building on the difference between collective and private goods, it suggests that some meanings of security are more consistent with the notion of private than collective goods. Expanding this argument, the third section proposes seven hypotheses about the implications of the shift from state to market provision for contemporary security. While a test of these hypotheses is beyond the scope of this theoretical essay, the fourth section discusses their increasing relevance due to two developments in Europe and North America: the exponential expansion of private security demand and the outsourcing of security and military functions by Western states which are themselves becoming 'consumers' in the private security market. The article concludes by arguing that the shift from public to private provision of security is not merely a change of means, but has significant implications for the conceptualization and implementation of security in the new millennium.

The Concept of Security

In the 1980s the concept of security received a new attention when it was suggested that the predominantly military definition of security that appeared to prevail among the thinking of many European and North American academics and practitioners was increasingly outdated (Buzan, 1991; Ullman, 1983). According to Richard Ullman, the definition of security "merely (or even primarily) in military terms conveys a profoundly false image of reality. [...] it causes states to concentrate on military threats and ignore other and perhaps even more harmful dangers" (Ullman, 1983: 129). By the end of the Cold War, a considerable number of academic and non-academic experts had joined this argument and begun to discuss the utility of a broadened understanding of security (Lipschutz, 1995; Krause and Williams, 1997; Paris, 2001). In particular, they proposed two changes: widening the notion of security from state to non-state actors and entities, such as individuals and social groups and broadening the concept of security from military to non-military collective threats, such as environmental degradation and infectious diseases (Hysmans, 1998; Buzan et al., 1998; Dabelko and Dabelko, 1993; Homer-Dixon, 1994; Gleick, 1993; Tuchman Mathews, 1989; Elbe, 2005).³ Today this broad notion of security has been widely shared among academics, politicians, security experts and public opinion in Europe and North America, and it forms the starting point of this article (Kirchner and Sperling, 2007a). Yet, these are not the only issues that have been discussed with regard to the concept of security. According to David A. Baldwin at least seven questions shape our definition of security: security for whom, security for which values, how much security, from what threats, by

what means, at what cost, and in what time period (Baldwin, 1997: 13-17). There appears to be a link between many of the answers to these questions. For instance, a shift from states to individuals as the object of security frequently leads to a broadened notion of threat because individuals appear to be affected by different security concerns than national borders. Moreover, as this article contends, the provider of security crucially influences the answers to all of these questions. However, before turning to this issue this essay first needs to answer another question: What do we mean by being “secure”?

At least three distinct meanings of security can be conceptually distinguished across levels of analysis and different types of threats. Typically, these meanings appear to be logically related to specific mechanisms for obtaining security. The first meaning sees security as the absence of a threat. It, thus, draws on a preventative concept of security. The achievement of security is possible if a threat is non-existent or diminished (Gleick, 1993: 80). This meaning can apply to military threats such as war as much as to natural disasters. It can concern individual security as well as national or international. One characteristic of the preventative understanding of security is that efforts to reduce insecurity are concerned with the causes of a threat. Ideally, security providers can eliminate these causes, for instance through the resolution of political differences before they erupt into conflict. More frequently, providers can only reduce the causes of threat, for example, through attempts to limit carbon emission in order to combat global warming. Examples of preventative security include, at the individual level the mass killing of chicken to contain bird flu, at the national level the establishment of social justice in order to pre-empt conflict, and at the international level the establishment of non-proliferation regimes.

The second meaning of security refers to existing threats that are suspended in the realm of possibility. There seems to be a link to the mechanism of deterrence with this meaning of security. Rather than attempting to deal with, and remove the causes of a threat, security based on deterrence seeks to hold off a threat from becoming an actuality. In short, the deterrence notion of security is reactive. Since the deterrence presumes an agent who recognizes and responds to it, this applies to human, but not natural threats (Ullman, 1983: 138). Deterrence is essentially concerned with the changing the perceived cost of carrying a threat out. It works by leading the agents of threats to believe that they will fail or that the consequences, if they carry out their planned threat, would be disastrous. Examples of deterrence proliferate across various levels of analysis. Individuals seek security through deterrence when they keep guard dogs or join neighbourhood watch schemes, states and international alliances try to deter threats by engaging in highly visible military exercises or when they seek the status of a nuclear power.

The third meaning defines security as the survival of a threat that does become a reality. This meaning of security is reactive in that it does not concern itself with eliminating the causes of a threat, but, instead, with containing its consequences. The typical concern in this understanding is the protection of the object of security from the effects of a conflict or a disaster when they materialize. However, being reactive does not necessarily equal being defensive. Protection against a threat can involve defensive as well as offensive means. Individuals can gain protection from riding armoured cars or hiring bodyguards to shoot in self-defence. States can seek protection through a National Missile Defence system or fighter planes. International alliances can fortify their common external borders or create Rapid Reaction Forces.

Table 1. Meanings and Mechanisms of Security

Meaning of Security	Mechanism of Security
Absence of a threat	Prevention
Suspension of a threat	Deterrence
Survival of a threat	Protection

The next section will examine the distinction between these different meanings and mechanisms, this is crucial because both vary, depending on whether the conception of security is as a collective good or a private commodity.

Collective and Private Goods

Before one can understand the theoretical and practical implications of the difference between collective and private goods and its pertinence to security, it is necessary to define these core concepts. According to the theory of public goods, two features characterize a pure collective or ‘public’ good: it is non-excludable and non-rival in consumption (Kaul et al., 1999: 3-4; Sandler, 1993: 446).

The definition of non-excludability refers to the inability to exclude a potential user or beneficiary from a good. Non-excludable goods are those, such as fresh air, that are free for the taking: no one can easily exclude others from using them. Conversely, excludable goods can be restricted to a limited number of users or beneficiaries.

The second feature, non-rivalry, refers to goods that are not diminished by consumption or use. A non-rival good has the same benefits irrespective of whether one or any number of people benefits from it. A lighthouse, for instance, has the same utility irrespective of

whether it guides one or one hundred ships. A good is defined as rival if every beneficiary or user reduces the utility of the good for others. One person using a rival good, for instance eating a slice of bread, reduces the amount of goods available for use by anyone else.

If these ideal type definitions are used, very few examples of ‘pure’ public goods result. Since pure public goods should be non-excludable and non-rival, they are limited to such things as traffic lights and environmental protection (Kaul et al., 1999: 3-4; Stretton and Orchard, 1994: 54). Another example that is often cited, but will require further differentiation, is national defence (Foldvary, 1994: 8). More frequent are other types of goods [Table 2]. Most goods are ‘private’ goods. They are excludable and rival, that is, potential users can be excluded from their benefits and consumption reduces their use. Private goods are widespread and range from food and clothing to toys and cars. Less widespread are ‘club’ or ‘toll’ goods. Club goods are characterized as excludable, but non-rival. In short, the benefits of club goods can be restricted to one or several persons such as a ‘club’, but the utility of the good is not diminished by consumption. Modern club goods include information databases, cable television and computer programmes. The least frequent type of goods is ‘common pool’ goods. Common pool goods are non-excludable, but rival; everybody has free access to them, but the more people use them the less there is for others. Typical examples of common pool goods include goods available in nature such as water, fishing and hunting.

Importantly, the labels ‘private’, ‘club’, ‘common pool’ and ‘collective’ goods differentiate goods according to their excludability/non-excludability and rivalry/non-rivalry. These terms must not be confused with references to their provider or the level at which they are supplied. Private firms do not only provide ‘private’ goods, neither do states only supply ‘public’ goods. States or other public actors can provide all types of goods, including private goods such as electricity or transport. The fact that states are public actors or that they may supply electricity or transport at a collective level does not change the inherently ‘private’, i.e. rival and excludable, character of the goods themselves. Public providers can still exclude citizens from electricity or transport, and consumption reduces their availability for others. Even if

Table 2. Types of Goods

	Rival	Non-rival
Excludable	Private goods	Club/Toll goods
Non-Excludable	Common pool goods	Collective/Public goods

a state were to offer electricity and transport free for everybody, this would not make these goods ‘collective’ goods according to public goods theory because, in principle, electricity and transport remain excludable and rival. What makes a collective good is the inability to exclude beneficiaries from its consumption, conversely, what makes a private good is the ability to exclude them. Whether or not a particular provider does so, is a separate issue. In short, there is a clear distinction between collective and private *goods* on the one hand, and public and private *providers* on the other.

While the definitions of goods and providers are conceptually distinct, at the core of public goods theory is the question of what kinds of actors provide what types of goods. Specifically, public goods theory is concerned with the problem that private providers, defined as commercial rather than voluntary-sector actors, typically fail to supply collective goods. According to the theory, an explanation of this behaviour by the private market relates to the non-excludable nature of collective goods and the problem of free riding. Free riding occurs when consumers fail to pay for or contribute to the provision of a non-excludable good because they can have it free. Proceeding from the assumption that private firms want to make a profit, public goods theorists conclude that firms have no interest in producing collective goods because nobody would pay for them.⁴ Public goods theory therefore argues that public providers have to produce collective goods because states or other public institutions are able to overcome the free-rider problem by charging consumers indirectly through general taxation or other means.

However, how does the concept of collective goods apply to security? At first sight, security does not seem to meet any of the criteria of a collective good. Across levels of analysis such as the individual, national and international, security is often a private, excludable, and frequently a rival, good or service. Firstly, not everybody has equal access to security. It is excluded from many, for example, private security companies only protect their customers,

Table 3. Goods and Providers

Excludability	Types of goods	Public provision	Private (commercial) provision
Non-excludable	Collective/Public goods	Yes	No
	Common pool goods	Yes	No
Excludable	Club/Toll goods	Yes	Yes
	Private goods	Yes	Yes

gated communities provide security only to the people who live in them, states limit their security to national citizens and international alliances only defend members. In addition, security can be rival, i.e. the security offered to some can reduce the security of others. The arming of private citizens can lead to increased insecurity for their neighbours who might become alternative targets. The concentration of police forces to protect an international event such as the G8 summit can temporarily decrease the security in the normal deployment areas of these police forces. The security attained by a state or an alliance by strengthening its military capabilities, decreases the security of its enemies. According to public goods theory, security would therefore be more correctly conceived of as an inherently private good.

Why, then, has security been regarded a collective good (e.g. Rothschild, 1995: 60-65)? The preceding analysis of the concept of security suggests an answer. If security is defined as the absence of threat, it appears to meet the criteria of a collective good. If security is defined in terms of deterrence, it seems club good. Finally, if security is understood as the survival of a threat, it appears to be a private good. The following examples elaborate why in greater detail. Security which is achieved by preventing or diminishing a threat is a collective good because it is non-excludable and non-rival. It is not possible to exclude potential beneficiaries from the positive effects of a reduced threat, and a growth in the number of beneficiaries does not decrease the advantages of a prevented or diminished threat for others. Not surprisingly, during the late 1980s some authors argued that security “mutual threat reduction” was the only way to achieve security (Smoke, 1991: 81). Moreover, it is the understanding of security as the absence of threat that has led to the argument that peace, rather than national defence, is the archetypical collective good (Mendez, 1999). While national defence only benefits a state and its citizens, “peace between any two parties bestows benefits on their neighbors ... even though the neighbors do not pay for the benefits thus received” (Brauer, 2004: p. 143). Examples of preventative security include the eradication of infectious diseases such as the plague at the individual level; the management of internal ethnic conflicts such as Belgium’s division between the Flemish and Wallonnes at the national level; and the establishment of the European Community after the Second World War to reduce the potential of another European-based war at the international level. All of these examples illustrate that the benefits of preventative security are not excludable. The elimination of an infectious disease in both an individual or a population decreases its risk for others. The prevention of ethnic conflicts precludes floods of refugees to neighbouring countries. The pacification of Western Europe has contributed to avoidance of a Third World War.

Conversely, security that is the result of deterrence appears to be a club good. It is excludable, but non-rival. The provision of deterrence can be

limited to a particular actor or group of actors such as a family, a state or an international alliance. However, the non-rival character of deterrence means that additional members to these groups do not reduce its effectiveness. To illustrate, the deterrence function of a burglar alarm does not decrease whether there are two or ten people living in a house. The national doctrine of massive retaliation should be equally effective for a population of 60 or 200 million; and NATO's deterrence policy that "an armed attack against one or more of them [i.e. the allies] in Europe or North America shall be considered an attack against them all" has survived the enlargement of the alliance (NATO, 1949).

Finally, security is a private good if it is the result of enhancing the abilities of actors to survive an attack or disaster. It is excludable and rival because the defence or protection of an individual or a state typically excludes others, and because others cannot employ the same resources for their own protection. Todd Sandler argues, "efforts directed to thwarting organized crime in one place may merely displace criminal activity to a less protected venue so that benefits are rival through the consumption process" (Sandler, 2001: 10). At the individual level, protective security can range from bulletproof vests to acquiring a hand weapon. At the national or international level it subsumes such diverse measures as nuclear bomb shelters and conventional offensive missiles.

There are always exceptions to ideal-type categorizations such as the above. However, the preceding distinctions help to explain why security has been used as a textbook example of a pure collective good and seem to be a private good in different instances. More importantly, they suggest systematic differences between security that is provided by the market or by the state. The following section builds on public goods theory to examine these differences.

The Commodification of Security

Public goods theory has traditionally been most concerned with the failure of the market to directly supply collective or pool goods and how public providers, such as states, can compensate for this. However, public goods theory also helps to understand what types of goods the market *will* produce without state intervention. This section examines the relationship between the argument that private firms will only directly supply excludable goods and the commodification of security. What happens if the conception of security is as a product that can be sold for profit? The preceding analysis suggests at least two major implications: a change in the meaning of security from the absence or reduction of a threat to its survival, and a focus on excludable means of providing it, such as deterrence or protection. However, the effects of the conceptualization and implementation of security as an excludable good extend further. It can be argued that the commodification

of security affects the answers to all seven questions that Baldwin identified with regard to the definition of security: security for whom, security for which values, how much security, from what threats, by what means, at what cost, and in what time period (Baldwin, 1997: 13-17). The following paragraphs consider these differences and present selected illustrations from individual, national and international levels. There is a growing amount of empirical evidence to support the commodification and marketization of security in Europe and North America and in international interventions, such as in the former Yugoslavia and Afghanistan (Avant, 2005; Kinsey, 2006; Mandel, 2002; Singer, 2003). However, this section will draw, specifically, upon the well-researched cases of individual and national security in the UK and the US, and the international intervention in Iraq. While these examples do not represent a test of the proposed hypotheses, their main aim is to illustrate how to, possibly, apply the preceding theoretical argument regarding the differences between a public and private provision of security to contemporary individual, national and international security.

Security for whom?

Firstly, it can be suggested that the commodification of security affects the answer to the question “for whom?” because it entails the provision of security as an excludable good. In particular, the commodification and marketization of security are likely to shift the focus from the collective to the individual level. Although states continue to fund and supply collective security and there are examples of private financing of national and international security such as air safety, private security firms can expand their markets and profits by catering to the growing demand of individual customers. To these customers, private personalized security services might seem more effective than public security due to their individual protection. However, while excludable threat solutions may improve the security of individuals, they can also decrease security at the collective level. Thus, the growing number of private security guards can lead to a militarization of civilian spheres, and the spread of privately owned arms at the individual, national and international levels can promote violence. There may also be a reduction in collective security with the redirection of resources for security provision from public to private customers and from public to private spaces, such as housing estates, shopping malls or oil rigs. It is unlikely that this decrease in levels of security will concern private security providers, as this can increase the demand for their goods and services.

In the US, the impact of the market on who is being secured is perhaps most visible in the changing balance between private security forces and state police and military personnel over the past few decades. A recent report for

Congress entitled “Guarding America: Security Guards and U.S. Critical Infrastructure Protection” noted that by 2003 the number of private security guards had risen to 1 million compared to 1.5 million US armed forces personnel and about 650,000 US police officers (Parfomak, 2004).⁵ Naturally, the only charge for these private security guards is the protection of their clients and their properties.

At the same time, the proportion of military and security contractors in international conflicts has increased from one to every fifty armed forces personnel during the first Gulf War to almost one to one during the recent intervention in Iraq (Avant, 2004: 153). This transformation from public to private security provision is directly reflected in security and defence spending. While the proportion of gross national product spent on defence in the US, and other developed nations such as the United Kingdom, France and Germany, has almost halved since 1990, the turnover of the private security industry has nearly quadrupled in the same period.⁶ In short, the commodification of security promotes a situation where the supply of security at the individual level has increased (at least for those who can afford it), but national and international security provision has remained steady or declined.

Security for what kinds of values?

Secondly, there is an argument that the commodification of security influences the values that are secured. Since commodification and marketization not only entail excludability, but also literally profit from rivalry of consumption, private security suppliers can be expected to promote individual over collective values. Among others, private firms can do so by emphasizing the diverse and even competing security interests of their customers. Whereas the basis of collective security provision through the state is on the values of inclusiveness and equality, the marketplace encourages individuality and difference. Collective security requires political agreement and compromise as to what security interests and values should take priority, while the provision of security through the market permits citizens and companies to pursue their particular security interests and beliefs. Where there is an increasing perception that threats are individual rather than collective, citizens often believe that their money is better spent on individual and private protection than on national defence. A case in point being the replacement of the Cold War threat with personal risks, such as terrorism and crime, as has been seen in Europe and North America (Kirchner and Sperling, 2007b).

An illustration of this link, between the commodification of security and the promotion of individual over collective values along with the perception of rivalry of consumption, is the self-understanding of the private security industry in the US. The American Security Industry Association (SIA) suggests

that the ability of private security firms to cater to divergent and rival security interests and needs is one of the key reasons for the expansion of the private security sector. They state: “While crime rates have dropped, the random nature of crime, combined with competitive process and built-in convenience features with security systems, make them attractive for purchase.”⁷

In Iraq, the shift from collective to individual values has been even more fundamental due to the US military’s refusal to accept responsibility for public security in the aftermath of the war. Whereas in post-World War II Germany, the allied forces took over the provision of public security within their respective sectors, the US Department of Defence (DoD) asserted in Iraq that it was only responsible for safeguarding its own personnel and private contractors working directly for the DoD. Since the dismantlement of the Iraqi armed forces and the dissolution of the police, reconstruction companies and other US government departments were required to hire private security firms in order to protect themselves from attacks against their employees and assets (GAO, 2005: 10.).

How much security is necessary?

Thirdly, the preceding analysis proposes that commodification and marketization are affecting the supply and demand of security. Profit-oriented firms have an interest in the expansion of their market, and it is to their advantage to overstate the need for security. The growing roles of private companies in risk consulting and analysis and hence the identification of new markets for themselves is therefore problematic. Chaim Kaufmann’s analysis entitled “Threat Inflation and the Failure of the Marketplace of Ideas” on the recent intervention in Iraq, can be reinterpreted with political competition being replaced by market competition (Kaufmann, 2004). States play an important role in shaping individual and public threat perception, but they do not benefit financially from it. If states gain politically in such situations as Margaret Thatcher in the Falklands War and George W. Bush at the outset of the ‘war on terror,’ they typically do so within the context of collective security (Lee, 1990). Conversely, private security companies can generate demand and raise profits not only by identifying new threats and increasing risk perception, but also by individualizing threat perception and security provision in order to expand the number of potential customers.

The influence of the commercial security market on citizens’ fears is particularly strong since, unlike state agencies, the public lacks alternative sources of information about risks when they hire private companies. The media, advertisements and private risk consulting play a crucial part in shaping citizens’ fears, especially in the cases of crime and terrorism. In the media’s and security firms’ views everybody is constantly under threat (Altheide and

Michalowski, 1999: 479-80). As one US security company, which offers “real life solutions to real business threats”, warns:

Emergencies Hit Workplaces Every Day;
We Help You Get Ready
In the past year in the United States, there were:
4.1 million workplace injuries
2 million incidents of workplace violence
\$2.6 billion of property loss from non-residential structure fires
349,500 fire department responses to hazardous material spills
45,000 natural and manmade disasters
10,000 incidents of sudden cardiac arrest at work, and
5,999 accidental workplace deaths”⁸

Advice is given to companies to secure their premises, and parents are urged to protect their homes and children. Unsurprisingly, while crime rates in industrialized nations have mostly fallen, public and private threat perceptions and demand for private security in the US and Europe have increased (U.S. Department of State, 2002; United Nations, 2003; Briggs, 2004).

The US government’s demand for security might be similarly influenced as risk analysis and private security companies increasingly shape security policies. The US government’s outsourcing of security and risk consulting has thus put private firms in a position where they may manipulate public threat assessment and policy to create demand for their services (Leander, 2005: 813-4). The case of the contracting of Kellogg, Brown and Root (KBR) to evaluate the outsourcing of military logistics in the early 1990s and subsequently awarding them with that same contract serves to illustrate this argument (Spinner, 2004a). Moreover, the recent intervention in Iraq has brought the extent to which private security companies are involved in gathering and assessing intelligence on potential future attacks for state agencies to public attention. The US government has a number of contracts with other private security firms for intelligence services such as “local employed persons screening, human intelligence support teams, open source intelligence and intelligence support management” for the multinational forces in Iraq (McCarty, 2004; Business Wire, 2005; Weiner, 2004). Given the confidentiality of their work, the impact of these firms on US public security demand is difficult to demonstrate. However, it appears unlikely that private firms will tell the government that the risks have decreased.

Security from what kinds of threats?

Fourthly, public goods theory suggests that the private security market will focus more on some threats than on others. In particular, private security firms are likely to offer services that deal with individual, and therefore

excludable, rather than collective threats. There thus appears to be a link in the growing attention paid to terrorism, transnational crime, proliferation and infectious diseases since the end of the Cold War and the commodification of security. While states have historically been most concerned with national security in terms of collective threats to their borders and a stable international order, the proliferation of private security firms has resulted in increasing efforts to safeguard private and public assets from non-state security threats.

Private security firms, for instance, have used the attacks of September 11th as an indicator of the growing threat of terrorism for individuals and businesses. The UK think tank Demos observes “[t]errorism provided the leverage to raise security priorities across the corporate sector.”⁹ US public spending on non-traditional and, most importantly, excludable security threats such as terrorism and transnational crime, is less easily understandable given the low level of risk. According to statistics compiled by the US Department of State, the number of international terrorist incidents has been decreasing since the 1980s and the casualties nationally and globally attributable to terrorism are miniscule compared to the people annually killed in traffic accidents (U.S. Department of State, 2003). In the year of the September 11th attacks, 4,548 people died in terrorist strikes worldwide, but in the US alone 42,643 citizens died in traffic-related incidents.¹⁰ Nevertheless, between 1991 and 1998 the US National Security Strategies indicate a shift of attention away from collective threats such as a military attack on the US or its allies, ballistic missile-strikes, an instable Soviet Union/Russia and military “adventurism” around the globe to transnational and individual risks. Among these risks are “terrorism, transnational crime, illicit arms trafficking, uncontrolled refugee migrations and environmental damage” and the “proliferation of advanced weapons and technologies ... to rogue states, terrorists and international crime organizations” (White House, 1991; White House, 1998).

The intervention in Iraq illustrates the new focus on non-traditional and individualized security threats through the presentation of the intervention as a part of the “war on terrorism” rather than an interstate military conflict. One of the key objectives of the intervention was to prevent Iraq from developing nuclear weapons and supplying them to terrorists. Moreover, the private military and security firms, called in to protect government personnel and contractors after the overstretched US military abrogated its responsibility for their security, directed their efforts to the protection of private property or personnel from kidnappings and suicide bombers. There were few public or private efforts to combat more widespread collective threats such as the free availability of small arms among the Iraqi population.

Security by what means?

Fifthly, the commodification of security appears to entail a change in the provision mechanisms of security. In particular, profit-oriented security firms are more likely to offer deterrence or protection than the prevention of threats, and they are more likely to address security risks in terms of cost and consequences than their causes (Loader, 1999: 381-3.). This paper has already presented an outline of the reasons for this behaviour within the context of public goods theory. Prevention in the sense of combating the causes of threats provides a collective good: it is non-excludable and non-rival. Nobody can be excluded from benefiting from the prevention of a threat arising and everybody benefits equally irrespective of the number of beneficiaries. Cynics might argue that it would be against the interests of the market to eliminate the causes of a threat because it would prevent future profits. At a more practical level, private companies rarely engage in prevention because it is difficult to prove that their efforts have been successful. In a market that bases contractor fees on 'performance' indicators, this is a major problem. Instead, private security providers are more likely to offer goods or services that seek to deter a threat or deal with its consequences such as private guarding or airport security. Not only are these services excludable, but also their performance is easier to observe and measure.

Unfortunately, prospect theory suggests that people are more concerned about avoiding losses than improving their situation (McDermott, 2004). Individuals are more willing to spend money on the protection of their lives and property than to fund efforts to reduce the origins of transnational crime and terrorism. The disposition of people to address consequences rather than causes thus matches the characteristics of a private security market and can lead to both reinforcing each other.

There is an increasing suggestion that protection, i.e. the most excludable form of security provision, is the mechanism most suited to deal with the "new" security threats. Following the terrorist attacks in London, even national police advised businesses to upgrade their protection in order to safeguard themselves, including "creating physical barriers near the entrance to buildings, increased security checks of visitors and underground car parks, and restricting the number of entry points to ensure adequate cover by security staff" (Financial Times, 2005). Similarly, the Report for Congress, "Guarding America", pointed out the increasing dependence of the US on private protection: "Federal counter-terrorism funding for critical infrastructure guards may also present a policy challenge, since 87% of these guards are in the private sector" (Parfomak, 2004: Summary). The types of services offered by private security firms clearly focus on effects and excludable mechanisms of security. The SIA lists 26 market sectors, including burglar alarms,

CCTV, computer security, mobile security, personal security devices and outdoor protection.¹¹ None of these sectors refers to non-excludable means of providing security.

The shift from prevention to protection in the mind-set and practices of public and private security providers is also happening in Iraq. From the start, the US military failed to engage positively with the local population in order to prevent further hostilities. Instead, US armed forces personnel only left the “Green Zone” in heavily armed convoys and with full protective gear. As public security deteriorated within months of the end of the war, there was an introduction of private security contractors to safeguard US government agencies as well as the growing number of reconstruction firms. However, because private firms were only responsible for the security of their clients, they purely focused on protective services such as the guarding of employees, convoys, infrastructure and military bases.

Security at what cost?

Sixthly, the characteristics of the market suggest that commodification is likely to affect the cost of security. One of the key arguments in favour of the privatization and marketization of public security services has been that businesses can supply security more cost efficiently. Where the market can generate economies of scale with saleable products or security services for both private and public customers this is indeed frequently the case. However, in other areas the outsourcing of public security services can lead to increased cost (Avant, 2005: 256). In particular, where there is a lack of competition among private firms or where public agencies fail to monitor adequately private contractors, “profiteering” has been a problem (Committee on Oversight and Government Reform, 2007; GAO, 2006). In addition, the market’s focus on personal security threats and protection can increase the cost of security for private customers if compared to public security funded through taxation. Three factors play a role: firstly, individual risks appear to be more numerous and diverse than collective threats and private customers often lack the expertise to assess their level of risk thereby increasing spending unnecessarily. Secondly, individual protection is rival in consumption requiring everybody to protect themselves. Thirdly, personally tailored security services mean that customers cannot share the cost.

In the UK, investment in private security is four times as high as it was in 1990. Moreover, the cost of products and services for national security has typically been increasing on average by 10 percent per year in real terms (Hartley, undated). In 1945, the UK government spent £1 million on each Lancaster bomber, whereas the government had to pay £20 million per aircraft for its successor, the Tornado, in 1980 (Alexander and Garden,

2001: 516). In comparison with the Eurofighter Typhoon, which cost £92 million, these aircrafts appear well priced.¹² The rising cost of defence procurement has incidentally been one of the reasons for the pressure to obtain savings through further outsourcing.

A large proportion of these market price increases appears to be due to growing demand and limited competition. In Iraq, however, there have been a number of accusations about prime security contractors over their having attempted to enlarge their profits through improper accounting, subcontracting and overcharging (Spinner and Flaherty, 2004).¹³ The best-publicized case has been that of Halliburton's subsidiary KBR that continues to provide most of the logistical support for US military interventions under the LOGCAP contract. Among others, KBR was accused of overcharging the DoD in the region of \$149 million for fuel and meals (Reuters, 2004; The Associated Press, 2004; GAO, 2004).¹⁴ Pentagon auditors who selectively reviewed a range of contracts found that in twenty-two out of twenty-four cases the "DOD cannot be assured that it was either provided the best contracting solution or paid fair and reasonable prices for the goods and services purchased" (Spinner, 2004b). While private military contracting for international interventions may be particularly difficult, these problems highlight the fact that private, unlike public, providers seek to make a profit.

Security in what time period?

Finally, it can be argued that commodification and marketization affect the period in which security is provided. In particular, the market is likely to offer only short-term security because it fails to address the causes of a threat. In addition, research has shown that threats like terrorism and transnational crime quickly adapt to individualized security measures such as personnel and site protection and find ways of undermining them. For the market, this is an advantage because protective technologies and strategies, such as alarm systems, are soon outdated and need replacing. Other services such as body and site guarding need constant provision in order to be effective. The focus on excludable security thus helps to ensure constant demand.

The resulting long-term dependency on private security is attested by statistics establishing that more than half of all security guards in the US work for their own company.¹⁵ Moreover, since terrorists and criminals learn to avoid and undermine established protective measures, new technologies and mechanisms are constantly required to maintain current levels of individual or national security. Advertisements and security sector showcases promote these new products, and there are regular information services provided to public and private costumers about new developments in the security industry.¹⁶

In Iraq, the persistent instability of the country is a demonstration of the short-term nature of private security. Efforts have been made to build-up and train new public police and armed forces (incidentally with the help of private security companies) in order to improve public security; but these programs have, to date, proceeded only slowly. Instead of investing earlier into Iraqi self-government, the Government Accountability Office reports that large sums of money were wasted on commercial security which only offered temporary protection. Moreover, with the withdrawal of the US armed forces from the country, the demand for private security companies is set to increase.

Security, the State and the Market

While a theoretically grounded understanding of the differences between the public and private provision of security seems to be worthwhile in itself, this section contends that two developments are increasing the relevance for the analysis of security in contemporary Europe and North America. The first is the growing private demand for and spending on commercial security services which outstrip that of states and go hand-in-hand with decreased trust in public security provision. The second is the fact that states are turning into consumers of private security themselves by buying existing security products and services in the search for greater cost efficiency and relying on private firms for threat analysis and policy implementation.

An analysis of the reasons for this growing role of the market in the provision of individual, national and international security in Europe and North America is beyond the aims and scope of this article. However, a mixture of factors have been identified in the literature ranging from perceived changes in the nature of security threats and distrust in the effectiveness of public security provision on the one hand, to the rise of the neoliberal doctrine of the “small state” and belief in the superior efficiency of the market on the other (Krahmann, 2005a). The impact of these two developments is of concern for this article. While states and other public agencies continue to address the imperfections of the market for security at the individual, national and international levels, the balance between public and private security providers is changing. Today, private firms directly supply the larger proportion of individual security and their role in national and international security is increasing.

Extensive studies of private security and policing demonstrate that the private demand for security services has been expanding since the 1970s (South, 1988; Ericson and Haggerty, 1997; Johnston, 1992; Jones and Newburn, 1998). In much of Europe and North America, private protection has become the norm in previously public areas such as shopping malls,

housing estates and parks as well as private property. In 1999, US spending on private security was 73 percent higher than for public law enforcement, and private security officers outnumbered public police in the region of three to one (Altheide and Michalowski, 1999: 481). Moreover, since the end of the Cold War era there has been a growing demand for individual and corporate security abroad (Jones and Newburn, 1998: 95-97; Johnston, 2000: 24). Multinational corporations rely on private security as globalization and the search for scarce natural resources and cheap labor encourages them to operate in volatile countries (Mandel, 2002: 20-2; Singer, 2003: 80-2). Finally, there is increasing use of private security by Western non-governmental organizations (NGOs) that are implementing or replacing state aid in conflict regions (Lilly, 2000: 17-9; Spearin, 2005). Where states are reluctant to intervene for humanitarian purposes and have been outsourcing national aid to NGOs, these agencies look to the market for protection. As a result, private citizens and businesses currently make up between 70 and 90 percent of the contracts of internationally operating private military and security companies.¹⁷ While citizens in Europe and North America have supported cuts in their security and defence budgets, the turnover of these companies has quadrupled since 1990.

The perceived upsurge in non-state security threats such as terrorism, transnational crime and proliferation has fostered the impression that security can be better achieved by individual rather than collective measures. Moreover, these threats have contributed to undermining the notion that states are capable of ensuring the security of their citizens. The deterritorialized nature of these threats and the ineffectiveness of collective deterrence mean that national police and security forces appear to have become overstretched, and therefore their services have become rival, because security personnel are concentrated around the most likely targets at the neglect of others. The recommendation of the British police that businesses should hire private companies to protect themselves against the threat of terrorism, seems to be a public admission of the failure of state-provided security. Whereas it could be noted that the refusal of the US military to ensure public security in occupied Iraq and the unwillingness to intervene in Darfur were abdications of state responsibility for international security. The market is expanding to fill these gaps. It is providing the majority of domestic security in Europe and North America, and firms such as Blackwater have already offered their services for international peacekeeping.

However, the increasing relevance of investigations into the distinctiveness of private security is not limited to the growing scope of private market provision. The market also progressively shapes the security provided by the state and other public agencies due to the outsourcing of an increasing range of military and security services to private companies. States are themselves

becoming consumers in the private security marketplace. The US and the UK were among the first countries to purchase not only military technology, but also security-related services from the private sector (Edmunds, 1998). Since then the number of countries to do so, and the range of military and security services offered by private companies has expanded every year. In North America and Europe, Canada, Germany, Italy, and France have begun to privatize military and security services (Krahmann, 2005b).

Crucially, whereas during the Cold War private armaments companies and security firms supplied states with customized products and services, current efforts to reduce national security and defence spending through outsourcing are based on buying existing products. “Economies of scale are the ‘holy grail of outsourcing’” (Anderson et al., 2001: 6-12). Goods and services developed for the private market therefore influence public security provision. The US and UK governments see private firms as innovation leaders and believe that the commercial market is better able to develop new solutions to existing security problems than the military. During the Nineteenth and first half of the Twentieth centuries state-owned military research and production facilities drove advances in technological inventions. Today, there is a perception that private industry and services are more advanced (Anderson et al., 2001, 6-5). Examples of commercial technologies and services shaping national defence include, the use of management systems developed by WALMART for US defence logistics, the utilization of commercial tracking technology to monitor the movement of US troops in the Iraq War and the adaptation of banking software for risk assessment in the ‘war on terror.’

Since the range of services and functions bought from private security and military companies is expanding, so is the potential impact of the market on public security provision. While, initially, only civilian support tasks such as housing management and water treatment were privatized by the armed forces, today the services supplied by private military and security firms for state customers are all encompassing. They include military risk consulting, intelligence gathering, maintenance, training and logistical support (Mandel, 2002: 93-107; Singer, 2003: 92-100). Combat remains the last task exclusive to the armed forces, but some private military companies have already offered their services for international interventions (Witter, 2006). In particular, private military and security companies play a growing role in the identification of security threats and the evaluation of different policy options. It is now, frequently, routine to hire private companies for risk assessment and policy analysis, often with beneficial outcomes for the companies themselves in terms of future contracts (Spinner, 2004a).

While the influence of the market and specific companies on the public provision of security might be tempered by states own resources and expertise, cuts in military personnel over the past decades across Europe and North

America have significantly reduced the armed forces' ability to assess the policies developed by private companies and to monitor their implementation (GAO, 2006; Avant, 2005: 58). As Peter W. Singer argues, "client dependency grows each time they outsource or privatize functions" (Singer, 2003: 78). In fact, one of the principles of the new public management practices which were introduced alongside the outsourcing of military and security functions in the 1990s was to give private security contractors more freedom in how they implemented government contracts in order to encourage innovation and cost-efficiency.

The fact that European and North American states remain key providers of public security, only partially mitigates the effects of the market. As soon as states buy security services from private companies, the commodification of security is likely to have an influence on the equipment and policy choices (Avant, 2005: 48). At a general level, the market can shape state security policies by making or offering particular goods and services. At a more specific level, the employment of private contractors in positions involved in the definition and assessment of threats and policies allows them to influence public security policies.

Conclusion

The state monopoly on violence and the public-goods character of security have been core assumptions for individual, national and international security. Both have increasingly been questioned in the new millennium. States are outsourcing an ever-expanding range of military and security functions to private contractors, and rising private demand for security services is contributing to a boom of the private security sector. Nevertheless, there is little theoretical research on the implications of the difference between security that is conceived of as a collective good and a commodity. The neglect of this issue in international relations theory appears based on the implicit assumption that there is little difference whether the state or the market provides security. Indeed, in the US and the UK the prevalent political view appears to be that the market is more responsive to and more efficient in satisfying the demands and needs of the public than the state.

This article has sought to present a critical analysis of the provision of security by the private market. Using public goods theory, it has argued that security is not always a collective good, i.e. it is not always non-excludable and non-rival. It rather depends on the definition of security and the mechanisms used to achieve it. In particular, this article has distinguished three forms of security: prevention, deterrence and protection. While prevention appears to be a non-excludable and non-rival form of security, deterrence is typically excludable and non-rival, and protection is both excludable and rival.

Crucially, public goods theory argues that the market will under provide non-excludable goods because of a free-rider problem. The market is therefore more likely to provide excludable forms of security such as protection or deterrence than prevention. Moreover, the production of security as a commodity influences who acquires it, what threats are addressed, how much security will cost and whether it is long-term or short-term. The theoretical and practical implications of the preceding analysis are far ranging. This analysis suggests that the meaning and provision of security in all its dimensions is greatly influenced by the choice of market or state as the ultimate provider.

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² This number refers 'security guards' which only make up a small section of the entire security industry.

³ Note that personal risks such as cancer are excluded from this definition of security. They are instead conceived of as 'safety.'

⁴ There have been cases of private firms offering goods for free and the notion of corporate social responsibility seeks to encourage more altruistic behaviour among firms. However, this appears to be the exception.

⁵ For a summary of general trends in the private security industry see Johnston, 1999.

⁶ SIPRI, Data set; British Security Industry Association (BSIA), Members Turnover Statistics, available from: <http://www.bsia.co.uk/turnover.html>.

⁷ SIA, *Security Industry Overview*, available from: http://www.siaonline.org/response.asp?c=industry_overview&r=1024.

⁸ 9/11 Consulting, available from: <http://www.911consulting.net/>.

⁹ Demos, available from: <http://www.demos.co.uk/projects/currentprojects/corporatesecurity/>

¹⁰ MIPT, available from: <http://www.tkb.org/AnalyticalTools.jsp>; Bureau of Transportation Statistics, 2005, available from: http://www.bts.gov/publications/national_transportation_statistics/2005/index.html.

¹¹ SIA, available from: <http://www.siaonline.org/newmem.html>.

¹² Defence Procurement Agency (2005) 'Typhoon', available from: <http://www.mod.uk/dpa/projects/typhoon.htm>.

¹³ For insider accounts see also Statement of Mr. William H. Reed, Director, Defense Contract Audit Agency, House Committee on Government Reform, 9 June 2004; Statement for the Record of Dr. Dov S. Zakheim, Under Secretary of Defense (Comptroller), House Committee on Government Reform, March 11, 2004; United States District Court - Eastern District of Virginia, *United States Ex Rel. DRC, Inc., Robert J. Isakson and William D. Baldwin v. Custer Battles et al.*, Case No. CV-04-199-A.

¹⁴ See also Statement of Henry Bunting, former KBR buyer for LOGCAP, *Senate Democratic Policy Committee Hearing - Oversight Hearing on Iraq Reconstruction Contracts* (Washington, D.C.: Senate, 13 February 2004).

¹⁵ SIA, available from: <http://www.siaonline.org>.

¹⁶ SIA, available from: <http://www.siaonline.org>.

¹⁷ Representative of a private security firm at the RUSI – BAPSC (British Association of Private Security Companies) First Annual Conference, London, 30-31 October 2006. Other companies have confirmed this estimate in private conversations.