

Rethinking Privatisation of National Defense

Explaining the privatisation of national defense in the United States through a third and second image approach



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*The gods did not reveal from the beginning
All things to us; but in the course of time
Through seeking, men found that which is better.*

*But as for certain truth, no man has known it,
Nor will he know it; neither of the gods,
Nor yet of all the things of which I speak.
And even if by chance he were to utter
The final truth, he would himself not know it;
For all is but a woven web of guesses.*

Xenophanes (c. 570–c. 480 BC)

Preface

When I started to write this thesis in March 2010 I had never thought it would take me nearly seventeen months to complete it. I think it is fair to say that I had a rough start, trying to find a proper scientific puzzle related to privatisation of security, a topic which had caught my interest during the master program. I could dwell on how the process of writing this thesis sometimes was tantalizing, but I prefer to look on the bright side. I have finally finished my thesis and there are couple of people who deserve my sincere thanks.

Of course I have to start by thanking my supervisor Anna van der Vleuten, who has guided me through the entire process of writing this thesis. Her critical feedback on my initial drafts and our discussions enabled me to create structure in the sometimes vaguely descriptive privatisation of security literature. I also owe thanks to Bertjan Verbeek who has co-supervised me not only at the end of the thesis, but also during the process.

Special thanks go to my fellow students Albert, Elisa and Indra with whom I spent many days at the university library. I think that our discussions as well as the many cups of coffee contributed to the 'fun' I had writing this thesis.

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Abstract

Over the past two decades the realm of international relations has been confronted with a new phenomenon, the outsourcing of security of nation states. From the early nineties of the twentieth century onward some states, both great and small, have started to outsource elements of their security. These developments seem to be running contrary to neorealist expectations that political or military interest always triumph over economic or ideological interests. In this thesis the United States' decision to privatise national defense between 1993 and 2002 is closely examined. In order to explain the United States' decision to outsource certain key elements of its national defense to the private sector, two distinct theoretical frameworks are put to the test. An integrated model of neorealism is tested, as well as a new foreign policy analysis model which combines insights from governmental politics theories with that of political psychology. The analysis shows how neorealism fails to explain the wave of privatisation of defense in the U.S. and that the before mentioned foreign policy analysis model can partly explain the behaviour of the United States. It turns out that between 1993 and 1997 the majority of the actors in government considered privatisation to be in the national interest of the United States. The privatisation process accelerated between 2001 and 2002 under the supervision of Secretary of Defense Donald Rumsfeld who strongly believed in small government and privatisation. This thesis shows how privatisation of national security in the United States was mainly driven by economic concerns of the actors in government.

Key words: privatisation of security, national defense United States, neorealism, foreign policy analysis.

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Chapter 1: Introduction

At the end of the nineties of the 20th century, the international community was confronted with a remarkable development. Two relatively poor countries, Ethiopia and Eritrea, declared war on each other, despite the fact that neither of the two countries had the military capacities to actually fight a war. Although Ethiopia did not have a large army it was able to successfully attack Eritrea since it had hired a small but complete air force from a Russian company (Singer, 2008). This development does not stand on its own. A global trend of private actors aiding states in their defense and playing an active role in the state military has become visible in the past years. These developments do not only take place in third world countries, but everywhere, varying from poor small states like Ethiopia to superpowers such as the United States.

The development of private actors aiding states is nothing new. In ancient Greece there was Xenophon's army of Ten Thousand, an army of Greek soldiers who offered their services to various rulers. In the fourteenth century similar events occurred. The Swiss offered their military services to the French and German nobility in order to acquire income for their cantons. Wars were wars of kings, fought with mercenaries. This changed in the times of Napoleon, when public national armies were introduced. During the 19th century these became the dominant actors in war and at the start of the 20th century most of the mercenaries had disappeared from the battlefield (Singer, 2008; Kaldor, 2006).

However, since the end of the Cold War the mercenaries have re-emerged as players in the international system, in a new form, namely that of the private military company (PMC). The contemporary private military company differs from the historical mercenary in various ways. The 'traditional' mercenaries could be characterised as stateless independent actors who fought only for their own short term economic benefit. The mercenaries often operated in temporary companies and only provided a fighting force. The 'new' mercenaries, the private military companies, are very dissimilar from the old mercenaries. Unlike individual mercenaries, private military companies are motivated by the market. Furthermore, they are corporately organised and have close ties with the financial sector. The private military business operates like public professionals. They offer their services to war, peace and security related sectors. These services are no longer confined to actual warfare, but nowadays also include consultancy, logistics and training (Singer, 2008). The private military company operates in the same field as the mercenary did, but clearly the motives and primary functions of the PMC's are to a large extent different from those of the mercenaries.

According to Peter Singer, the causes for the resurgence of the private sector in military affairs are threefold. The collapse of the bipolar system after the Cold War created a 'security gap'. The sizes of the armies of the two great powers – the United States and the former Soviet Union – were significantly reduced by their respective governments. Large numbers of special units were no longer necessary and they lost their jobs. These special units moved from national armies to the private sector, where they could offer their services to the highest bidder. A second enabling cause is the changing nature of warfare. Technological advancement did not only lead to the shrink of regular army units, but also increased the demand for technological expertise. For this the state turned to the private sector (Brooks, 2005). Finally, economic neoliberal discourse can be considered an enabling factor for the privatisation of security. The trend of privatisation started in the 1980's under the rule of Prime Minister Margaret Thatcher in the United Kingdom and President Ronald Reagan in the United States (U.S.). Both envisioned liberalisation and the construction of a small government. Under their administration services that were previously controlled by the state (for instance public

transportation and healthcare) were transferred to the private sector, in order to increase efficiency and reduce costs (Singer, 2008). So for a government to privatise security when most other sectors are already privatised is: 'just the next logical step in this global trend of privatization and outsourcing' (Singer, 2008: 70).

It seems as though Singer is jumping to this conclusion rather quickly. Whether this truly is the next 'logical' step remains to be seen since the global trend of privatising security challenges multiple assumptions regarding the nature of the sovereign state as well as theories regarding state behaviour. Although privatisation of security is taking place in the U.S., it remains to be seen whether this is really a logical step.

1.1 The unusual case of privatisation of security in the United States

One of the most remarkable cases of privatisation of security is the case of United States. The U.S. has outsourced a large part of its national security. This started in the 1980's with the globalisation of its weapon industry. The *Buy American Act* of 1933, which promoted the production and consumption of national products, was abolished during the last two decades of the twentieth century. The production of weapons is no longer concentrated in the U.S., nor is the market controlled solely by American companies (Brooks, 2005).

Since the second half of the nineties the U.S. increasingly outsourced additional parts of their national security, such as certain sectors of the army, to the private sector. This was part of the so called 'Revolution in Military Affairs' (cf. Metz & Kievit, 1995). Outsourcing increased even further after George W. Bush took office in 2001. Under the supervision of Secretary of Defense Donald Rumsfeld (2001-2006) the outsourcing reached its highest peak until now, doubling the government's contracts with the private sector (Stanger & Williams, 2004). To illustrate this: the nuclear deterrence system (NORAD) is currently being operated by a private company and even in the actual conduct of war private actors have started to play an active part (Singer, 2008). During the wars in Afghanistan and Iraq large numbers of private actors were hired to support the army or even take over tasks which were previously performed by the army, for instance the construction of American military bases abroad and the protection of diplomatic personnel. A Pentagon report states that in 2007 there were over 180.000 employees of private military companies active in the field, while there were 'only' 160.000 American soldiers deployed (ibid.).

In the light of neorealist theory, the behaviour of the United States seems to be inconsistent with the expectations in the theory. It is unclear why the United States has started the privatisation of its national defense, while it had the capacity and capabilities to employ its own army and privatising would increase the risk of becoming dependent on the private sector. Neorealism seemingly fails to explain the behaviour of the United States. So in order to explain this phenomenon I will turn to a foreign policy analysis approach, which just might provide a more sufficient explanation for the turn to privatisation at defense in the United States. This way both traditional and more recent international relations theories are put to the test.

1.2 Research Question

The main goal of this thesis will be to find a plausible explanation for the United States' decision to privatise its national defense after the end of the Cold War. At first glance neorealism fails to explain the expanding privatisation of security in the United States since the 1990's. It cannot explain why the United States defined its national interest in such a way that privatisation of its national army

became possible. This leads to the formulation of the following research question:

Can a foreign policy analysis approach provide a better explanation than neorealism for the United States' behaviour regarding the privatisation of its national defense in the period after the Cold War?

Still, in order to support the presumption that neorealism cannot explain the behaviour of the United States, neorealism will have to be put to the test. If neorealism indeed fails to provide a sufficient explanation, an alternative explanation can be found in foreign policy analysis (FPA) to elucidate the construction of the United States' national interest and explain its behaviour towards the private security sector.

To answer the central research question, the following sub-questions will help to structure the research process:

- How did the privatisation of national defense in the United States develop after the Cold War (during the presidencies of Bill Clinton and George W. Bush)?
- How would neorealism define the United States national interest?
- How would neorealism explain the privatisation of national defense in the United States?
- How would a FPA approach define the United States national interest?
- How would a FPA approach explain the privatisation of national defense in the United States?

1.3 Definitions

In order to fully grasp the problem of privatisation of security it is crucial to first explain what the central concepts entail. Since privatisation of security takes place within states and states decide whether to privatise their security, it is essential to define what a *state* actually is. According to Max Weber the state can be defined as an entity which holds a monopoly of legitimate violence: 'Man kann vielmehr den modernen Staat soziologisch letztlich nur definieren aus einem spezifischen *Mittel*, das ihm ... eignet: der physischen Gewaltsamkeit.' (Weber, [1919] (1979): 506) Inextricably connected to the state is the concept of sovereignty. The concept of sovereignty can be divided into internal sovereignty, which means that the state is the only legitimate autonomous authority within the territorial boundaries over a certain population, and external sovereignty which means it recognizes no higher authority in international relations than the sovereign state (Held, 2002). The effective use of power lies with the government of the state (Lieshout, 2004).

This traditional conception of the state indicates several primary functions. One of the primary functions of the state is the protection of its citizens, or stated otherwise: the provision of security (Wulf, 2006). The *security governance* of the state can be subdivided in two parts: an internal part (the police force) and an external part (the military) which provides protection from threats outside the national boundaries, such as other nation-states. Next to the provision of security the state has additional tasks which are related to the welfare state (e.g. provision of education, social welfare).

Another concept that needs to be defined is that of privatisation. Privatisation or outsourcing¹ entails the delegation of public functions to the private sector (Stanger, 2009).

¹ In legal terms outsourcing and privatisation can be considered to be two different concepts. According to U.S. law privatisation entails the sale of government assets to the private sector, implying a permanent shift of services from the government to the private sector, while outsourcing is about (temporarily) contracting a service to the private

Privatisation can occur in many sectors (e.g. health care, public transport), but also in the security sector. Privatisation of security can be divided into the privatisation of internal security and the privatisation of external security. The former relates to the outsourcing of tasks of the police to the private sector, while the latter relates to the delegation of military tasks to the private sector (Singer, 2008).

Within the private military industry one can distinguish various types of private military companies. Three major types of firms can be defined: the military provider firms, which engage in actual fighting; the military consultant firms, which give advice and training; and the military support firms, which supply technical support, goods and transportation (ibid.). So the *private security industry* falls apart in the *private military industry* on the one hand and *the domestic private security industry* on the other hand.

Having defined the key concepts it becomes possible to address the problems privatisation of security poses for international relations theory.

1.4 The theoretical problem of privatisation of security

At the bedrock of the problem are certain philosophical notions regarding the nature of the state. In the realm of international relation studies the Weberian view of the state has in the past decades become the dominant conception of the state. Max Weber states that in order to speak of a 'state' a monopoly on legitimate violence is a necessary condition (cf. Weber, 1977 [1919]). It is the view that provides the basis of what Cantir and Schrodt call the *Clausewitzian-Westphalian paradigm*. *Westphalian* refers to the idea that states are the dominant actors in the international system and exercise a monopoly of legitimate force within the territorial boundaries of the state. The *Clausewitzian* refers to the writings of Von Clausewitz who states that countries can exercise force by using their own professional national armies, which are under direct control of the state (Cantir and Schrodt, 2010).

These notions, of what the state is like and how war should be conducted, seem to be at odds with contemporary privatization of security. By outsourcing primary tasks of the national army to the private sector, the state loses its position as the only power exercising the legitimate use of force, for it loses the direct control over the national forces. Or as Singer states: 'the state's role in the security sphere has now become deprivileged. The start of the twenty-first century has begun to see the Weberian monopoly of the state slowly break down' (Singer, 2008: 18). Therefore one can wonder to what extent we can still speak of an 'effective' state, when multiple necessary security functions, e.g. the protection of citizens and the conduct of war, are outsourced to private institutions (cf. Small, 2006; Wulf, 2006; Walker & Whyte, 2005).

These problems stated above, run contrary to certain ontological elements of one of the dominant theories in international relations, neorealism (cf. Waltz, 1979). Neorealism prescribes a Clausewitzian-Westphalian view on the nature of the state. The government does not necessarily have the monopoly on violence, but it has the monopoly on legitimate violence, 'legitimate here means that public agents are organized to prevent and to counter the use of private force' (Waltz, 1979: 104). Waltz clearly restricts the use of legitimate force, the actors providing national security,

sector (Wulf, 2006). However, the distinction is less clear when it comes to the actual practice of outsourcing and privatisation. A state can always re-nationalise a privatised sector and similarly a contract can be continuously renewed, making outsourcing effective privatisation. So the distinction is far less clear, than U.S. law implies. Therefore, following prominent scholars in privatisation/outsourcing research (e.g. Avant (2004); Singer (2008) and Wulf (2006)), I will use both concepts interchangeably.

to the public sphere. Neorealist theory seems to share the Weberian notion of the state, which is, as shown above, at odds with privatisation of security.

Yet, more importantly, privatisation of security is also at odds with how neorealists expect states to behave. In order to understand this element of the problem it is essential to address the basic premises of neorealism.

1.4.1 The theory of neorealism

Neorealism has for a long time been one of the dominant research programs in international relations theory. According to neorealists international politics is all about power.

The core of the neorealist research program can be summarized in five central assumptions. First, the international system is anarchic, which means there is no central authority. The international system is one of self-help, no one can secure your safety or survival but yourself. The second assumption regards the units in the system. In neorealist theory states are the major players in the game of politics. Other actors do play their part, but in the end states ultimately determine the rules (Mearsheimer, 2007; Waltz, 1979). The third assumption is that uncertainty is dominant within the international system, since states can never be sure about the intentions of each other. One may be able to measure the military capabilities of another state, but of the true intentions of the decision makers in the other state one can never be sure (Mearsheimer, 2007). The fourth assumption stipulates that the state's primary goal is to survive. In order to survive a state has to be capable to defend itself and protect its territorial integrity in order to remain autonomous. As Waltz states: 'in anarchy, security is the highest end' (Waltz, 1979: 126). The fifth and final assumption claims that states are rational actors who strive to maximise their utility, by making decisions based on the information a state has at its disposal. For neorealists this means states develop strategies which will maximise their chances for survival (Mearsheimer, 2007).

Since there is no higher authority in the international system to ensure the safety and welfare of all, states will have to take care of their own security. Because of this, they will have to ensure they retain their power in order to remain secure and survive (Paul, 2004). According to Waltz great powers are the central players in international politics. Great powers are states with the most material capacities, such as armed forces, territory and population. This does not mean small states do not have influence, but ultimately the politics of the great powers determine the outcome of conflict in international relations (Waltz, 1979).

Waltz regards the international system as a self-help system in which states not only try to increase their own well being, but also have to invest in their security in order to protect themselves from other states (ibid.). Security is essential in order to survive and because of this security will prevail over economic advantages: 'States do not willingly place themselves in situations of increased dependence. In a self-help system, considerations of security subordinate economic gains to political interest' (Waltz, 1979:107). By investing in its national security, its army, the state remains strong and will increase the likely-hood of retaining its autonomy. The formulation of the national interest is constrained by the boundaries of security. States are expected to continuously invest in their defense. Other aims, like economic profit, should not prevail over security, since the latter is essential for survival (ibid.). Survival is the highest end: 'survival outranks profit as a goal, since survival is prerequisite to the achievement of other ends' (Waltz, 1979: 134).

All in all, neorealism portrays the international system as a dark and grim place where every state struggles to survive. One of the essential elements is the autonomy and self-sufficiency of the

state. A state should always strive to remain as autonomous as possible. It is specifically this point that is at odds with the current developments of states privatising their national security.

1.4.2 The problems of neorealism and privatisation of security

Privatisation of security can be seen as merger of two systems, that of the security system and the economic market. Although neorealism's foundations stem from microeconomic theories, the theory seems to be unable to cope with the security system becoming linked to the actual financial market (Singer, 2008). As mentioned above, Waltz expects states to remain as independent as possible when it comes to security, but the current developments of outsourcing national security to the private sector seems to be the exact opposite: it makes the state increasingly dependent on external actors.

According to some critics, privatisation of security can be explained by neorealism (Brooks, 2005). The private actors employed by the state can be seen as merely an instrument of the state to enhance its power (Singer, 2008). The argument of the state losing power because of increasing dependence on other actors is not a relevant argument, because states always have to delegate power. The relation between a state and a private military actor is a principal-agent relation and this relation does not fundamentally differ from a relation between the state and its national army. The interest of the principal never fully overlaps with the interest of the agent, so there is always a gain of control by the agent and a loss of control by the principal. Delegation of power is inevitable, regardless of whether the agent is the national army or a private military company.

While this might seem a compelling argument, it is in fact flawed for two reasons. First of all, there is a great difference between the national army and a private military company. The two actors are pursuing diametrically different goals. The national army can generally be considered to be more patriotic and loyal to the state than the soldiers in the private industry. The army belongs to a specific political community, on which it is dependent. 'Military security policy is the program of activities designed to minimize or neutralize efforts to weaken or destroy the nation state by armed forces operating from outside its institutional and territorial confines.' (Huntington, 1957: 1). The main goal of the national army will be the security of the state and its citizens (Singer, 2008)

The private military company has quite different goals. Whereas the state needs security in order to survive, the company needs profit in order to survive and for this it needs war. A security company does not necessarily benefit from a quick resolution in the case of conflict. Rather, the longer a conflict continues, the longer the company can do its job, the greater the profit. The interest of the state and the company strongly diverge (ibid.). It would be an unjust simplification of reality to equalize the national army with the private military company.

Furthermore it is also suggested by opponents of privatisation that the control of the state over a national army is higher than over a private company. Soldiers in the national army can be put to trial or be punished when they do not follow orders or desert, which might create a higher commitment to the state. A company is influenced by incentives on the global market and could easily disband a contract with a state if a more profitable job comes along. The state has no legal means by which it can enforce the compliance of the company. It can be considered a zero sum game. Regardless the actions of the private company, either to cooperate or to defect, either result leads to benefit for the company (ibid.).

By employing private actors to provide security for the state, the state increases the influence of the private sector. The private military companies can partly shape the security understandings within the state, since they are the players in the field providing information to the

government (Leander, 2005). This shows how privatisation of security can empower private actors and can partly decrease the autonomy of the state.

In sum, it seems the developments regarding the privatisation of security are at odds with neorealist theory. It is puzzling that a state would privatise an element which plays such a crucial part in its survival. It appears neorealism fails to explain the privatisation of national defense in the United States.

1.5 Foreign Policy Analysis: an alternative approach

An alternative way to explain the behaviour of the United States is to take a closer look at processes within the state. Foreign Policy Analysis (FPA) tries to do exactly that. Foreign policy analysts abandon the view of the state as a unitary actor with one national interest and 'open up the black box' to see what processes happen inside the state in order to explain state behaviour (Hudson, 2005).

According to Valerie Hudson the decisions of the people within the state, alone or in groups, make foreign policy and determine the behaviour of a state: 'the explanandum of foreign policy analysis includes the process and resultants of human decision making with reference to or having known consequences for foreign entities' (Hudson, 2005: 2). Hudson states that there is no such thing as 'the' national interest of a state. What ultimately is defined as a country's national interest is the result of bargaining, conflicts and compromise between various actors within the state. The national interest is not constant, but is continuously changing because the people who conduct foreign policy shift positions or are replaced by other people. This approach raises the question which actors within the state make the main decisions and which actors influence these decisions. Often multiple governmental actors are involved and all try to influence the decision at hand (cf. Allison, 1971; Halperin, 2006; Hermann, 2001). A state's foreign policy is therefore likely to be the result of 'pulling and hauling' of various players within the government.

Although foreign policy analysts all agree on the importance of opening up the black box, the various foreign policy theories do diverge. Some state that the position of individuals within the government and the governmental procedures are the leading explanation for the behaviour of individuals and the decisions they make (cf. Allison and Halperin, 1972; Jones, 2007), while others assert that position and procedure do matter, but ideas and perceptions of individuals are in fact leading in the decision making process (cf. Rhodes, 1994; Metselaar and Verbeek, 1995). In this thesis various theories of foreign policy will be assessed, in order to form an adequate foreign policy approach in the light of the central research question.

1.6 Thesis outline

Now that the central research question has been postulated and the central concepts have been defined, the actual conduct of research can begin. In order to explain the United States' decision to privatise its national defense, the outline of the thesis will be as follows: The second chapter will be a theoretical chapter in which both neorealism and foreign policy analysis will be discussed. On the basis of the discussion multiple hypotheses will be formulated. The third chapter will focus on the research strategy and the operationalisation of the central concepts of both theories. The process of the privatisation within the United States will be discussed in the fourth chapter, which will be followed by a test of both theories in the fifth chapter. The sixth and final chapter will provide a reflection on both theory and methodology and, naturally, a conclusion.

Chapter 2: Assessing the Theoretical Frameworks of Neorealism and Foreign Policy Analysis

This chapter will provide the theoretical frameworks for this thesis. In order to explain the privatisation of security² by a state it is useful to determine how the state's national interest is defined, on which basis policy is made. This chapter will explore two approaches with explanatory factors on different levels: neorealist theory, on the level of the international system, and the foreign policy analysis approach on the level of the state. The pros and cons of the various approaches will be discussed, after which new models will be developed. In the final sections the central hypothesis will be formulated.

2.1 Neorealism and the national interest

Neorealism provides a systemic approach to international politics. The basic outline of neorealist theory has been discussed in section 1.4.2. Based on the five central assumptions of neorealism it becomes clear that the main goal of the state is to survive and subsequently the national interest of a state will have to be defined in terms of this survival.

The problem is that 'a national interest in survival' does not say anything about the exact content of this interest in survival (Alons, 2010). Its implementation can take almost every conceivable form. This calls for a more in depth analysis of the concept of interest in survival as a state's national interest.

2.1.1 Multiple dimensions of the national interest

Hedley Bull provides new insights in the nature of the national interest. He claims that just to say that something is in someone's interest, only refers to the means of an end someone is pursuing. What this interest actually upholds depends on the goal a person sets for himself. The national interest of a state thus only means something when it includes certain concrete objectives a state should pursue. Bull suggests these objectives could relate to security, prosperity and ideology (Bull, 1995). Based on these insights the interest in survival can be divided into three dimensions: a security or political dimension, an economical dimension and an ideological dimension (Van der Vleuten, 2001).

The political interest of the state is to retain its security within the international system, e.g. to maintain its sovereignty. The political interest has two elements: a material one, and an immaterial one. The material dimension of political interest relates to the states concrete power position in the international system. It refers to the material capabilities of the state (e.g. military power, political stability, size of the population) (Waltz, 1979). The immaterial dimension refers to credibility. Credibility is important, for if a state has build up more credibility, it will have to employ less force in order to influence or change the behaviour of other states (Alons, 2010). The second dimension of the national interest is economic benefit. In order to survive a state will try to maximise its wealth and prosperity. The third and final dimension is the ideological dimension. This refers to the state's drive to protect its national cultural identity. This identity is based on self-images, which

² As made clear in chapter 1, privatisation of security has two dimensions: privatisation of internal security (national police) and the privatisation of external security (national defense). In a large part of the privatisation literature privatisation of security is conceived to be an equivalent of privatisation of national defense (cf. Singer 2008; Avant, 2005; Leander, 2005). Since this is also the main topic of this thesis any reference to privatisation of security should be considered as a reference to privatisation of national defense).

are state-bound stocks of symbols and meanings relevant to the society within the state. The state identity refers to the 'self-placement of the polity within specific national contexts' (Alons, 2010: 19).

Although all three dimensions constitute the national interest of the state, security remains essential to survival. Therefore the political and economical dimensions are more acute and therefore hold primacy over the ideological dimension (Alons, 2010; Van der Vleuten, 2001).

2.1.2. The impact of the international system on the national interest

According to neorealists, the structure of the international system affects the behaviour of states. The international system has two main elements which influence a state's national interest: the principle by which the system is structured and the polarity of the system. Variations in these elements affect which dimensions of the national interest have priority. It changes how states view the costs and benefits of certain decisions and consequently what behaviour options they prefer (Alons, 2010).

Anarchy

The structural principle in the international system is anarchy. This means that there is no central authority. It is a self-help system in which every state has to take care of itself. Each state is fully responsible for its own security and survival. States will rank survival above any other aims. Subsequently, the national interest of a state will be defined in terms of this survival: 'to say that a country acts according to its national interest means that, having examined its security requirements, it tries to meet them' (Waltz, 1979: 134).

Because of this the political and the economic interests of a state gain priority over the ideological interest, since military capacity and prosperity are more essential for sustaining the autonomy of the state. However, according to Alons, the ranking of interests might vary under influence of the polarity in the system. In order to understand this reasoning, the concept of polarity of the international system will first be discussed.

Polarity

The 'balance of power' is a central concept in neorealism. The balance of power describes the actual distribution of power in the international system (Levy, 2004). In order to achieve a balance of power in the international system, states will have to *balance*: 'a countervailing policy designed to improve abilities to prosecute military missions in order to deter and/or defeat another state' (Elman, 2003: 8). There are multiple forms of balancing behaviour, but the most important distinction can be made between *internal balancing*, the build up of a state's own military and economic capabilities, and *external balancing*, creating alliances with other states, both in order to create a balance of power (Waltz, 1979).

The polarity of the system is directly related to the balance of power. Polarity refers to the distribution of power among the major states in the international system. Changes in this distribution may lead to changes in the polarity of the system. The more unequally dispersed the distribution of power among the actors in a system is, the greater the polarity of the system will be (Lieshout, 2007).

The international system can be *multipolar*, *bipolar* or *unipolar*. In a multipolar system power is fragmented among three or more great powers, in a bipolar system there are two super powers and in a unipolar system most power is concentrated in a single state, the so called hegemon. The

polarity of the system can shape the national preference formation of states, since polarity affects the stability of the system, which in turn affects the behaviour of states. (Alons, 2010).

Bipolarity and multipolarity

Classical realists such as Morgenthau (1948) state that a multipolar system is more stable than a bipolar one, while neorealists like Waltz (1964, 1979) claim the exact opposite. Superpowers in a bipolar system will behave more predictably than great powers in a multipolar system. In a system with only two super powers the relative strength and intentions of each power will be clear. Each power has its own sphere of influence and will try to protect this sphere from the other. In doing so, the powers will discourage behaviour that might lead to conflict.

Changes in the relative power position of the superpowers and other smaller powers (secondary powers) pose no serious threat to the stability of the system. Secondary powers will not have to be afraid of the increase of power of either of the two superpowers, since they do not have, nor can they acquire, enough power to act against the superpowers. Similarly, for the superpowers secondary powers pose no threat, for they can never achieve primacy over the superpowers. Would they try to, one of the superpowers would likely correct the secondary power. If conflict arises between smaller states, the superpowers are likely to intervene, since they value the preservation of the status-quo (Alons, 2010). Therefore in a bipolar system, balancing will be mostly internal balancing instead of external balancing, thereby creating a more stable system (Waltz, 1979).

The multipolar system is less stable, since the capacities of all states are more equally dispersed. As the number of great powers in a system increases, these great powers will have to take into account the action of every other great power, hereby creating a large flow of information that cannot be fully processed. 'Uncertainties about who threatens whom, about who will oppose whom, and about who will gain or lose from the actions of other states accelerate as the number of states increases' (Waltz, 1979: 165). Uncertainty increases, which makes a state less likely to successfully predict behaviour of other states. This will lead to more extensive balancing, which increases the chances of conflict between great powers, also because there is no superpower to intervene and prevent conflict. Since every change in capabilities of a great power affects the position of other states in the system, balancing, both internally and externally, is more likely to occur, making the multipolar system more prone to conflict and less stable (Alons, 2010).

The variation in stability is likely to have an impact on the national interest of a state. The stability of the system can change the priority a states attaches to its political, economical and ideological interests. An unstable system is less secure and since security is essential for the survival of the state, a greater emphasis will lie on the (short-term) political and economical interests. Conversely, in a more stable system security increases which makes it possible for a state to value long-term interest such as the ideological interest (ibid.).

Unipolarity

It has become clear what the effects of bipolarity and multipolarity of the system can be on the state's preference formation of the three dimensions of the national interest, but this still leaves the question regarding the impact of a unipolar system on the national interest. There is an ongoing discussion between neorealists about how stable the unipolar system is.

Neorealists suchs as Waltz (1997) and Layne (1993) argue that the hegemony of a superpower will not last long. States would behave in such a way that the balance of power would 'eventually' be restored (Waltz, 1997). According to these neorealists, the unipolar system is highly

unstable, since all power is concentrated in a single actor. The secondary powers in the system will consider the hegemon to be a threat to their survival. Therefore the secondary powers will balance against the hegemon, which will ultimately lead to a return to a multipolar system (Layne, 1993).

Other scholars such as Wohlforth (1999) argue the opposite. The unipolar system is stable and peaceful and will stay this way for a considerable amount of time (Wohlforth, 1999). For them unipolarity is:

‘A structure in which one state’s capabilities are too great to be counterbalanced. Once capabilities are so concentrated, a structure arises that is fundamentally distinct from either multipolarity (a structure comprising three or more especially powerful states) or bipolarity (a structure produced when two states are substantially more powerful than all others) (..) Unipolarity should not be confused with a multi- or bipolar system containing one especially strong polar state or with an imperial system containing one major power’. (Wohlforth, 1999: 9)

The unipolar system is stable for two reasons. Since the largest amount of power in the system is concentrated within the hegemon, competition between other powers will be smaller than in a bi- or multipolar system. Next to that, since the difference in capabilities between the hegemon and the other states is so large, states will not balance against the hegemon.

Wohlforth states that secondary powers will shape their security policies in line with the preferences of the hegemon (bandwagoning): ‘The only option available to second-tier states is to bandwagon with the polar power (either explicitly or implicitly) or at least take no action that could incur its focused enmity’ (Wohlforth, 1999: 24). If secondary powers would want to balance against the hegemon they would likely fail, for either the hegemon would retaliate or the secondary power would face balancing from other secondary powers. Thus, the probability of conflict is greatly reduced in a unipolar world (ibid.).

Neither the prediction of Wohlforth, nor the predictions of Layne and Waltz have been confirmed. Secondary states each act differently towards the hegemon. Some states bandwagon with the hegemon, while others ‘soft balance’ against the hegemon which means that they try to curb the power of the hegemon in a non-military way (cf. Paul 2005; Pape, 2005)³.

So it remains unclear how (un)stable the unipolar system is. In the next section this problem will be discussed along with another element, namely the impact of the various types of polarity on the preference formation of the national interest.

³ For a more elaborate discussion of security strategies in a unipolar system, see Walt (2009); Girgorescu (2008) and Mowle & Sacko (2007).

2.1.3 Critique and Synthesis: states, polarity and the national interest

Stability and Polarity

It has become clear that the polarity of the system affects the stability of the international system. In the light of the earlier discussion there is reason to believe that a unipolar system is less stable than a bipolar one.

First of all, it remains unclear how the hegemon will behave, whether it will want to preserve the status-quo, or choose to reform the system in a revisionist way. Jervis argues that the current hegemon, the United States, acts in a revisionist way. Rather than maintaining the balance of power in the system, it tries to expand its influence (Jervis, 2006). In a bipolar system each superpower had to take into account the possible impact of the way its behaviour would be interpreted by the others, so the superpowers curbed each other possible revisionist tendencies. In a unipolar system all structural restrictions for the hegemon have been removed, since there no longer is an equivalent superpower. This creates the possibility of hubris. Hubris is 'an exaggerated sense of authority and competence' (Lebow, 2003: x), meaning that the hegemon starts to act on its own accord, no longer paying respect to its previous agreements, treaties, or norms. This behaviour might lead to hegemonic revisionism, an effort of the hegemon to reshape the international system in its own image (Lebow, 2007; Jervis, 2006). The absence of international constraints makes that the behaviour of the hegemon is only constrained by domestic elements. As Lebow suggests, the ideas and perceptions of the administration in office can be leading for the behaviour of the hegemon (Lebow, 2007)⁴.

Secondly, Wohlforth expects states not to balance since this behaviour will lead to retribution by the hegemon. Although a plausible assumption, the hegemon is unlikely to be able to act upon every change in capabilities of other states in the system. For example the United States' War on Terror loosened the focus of the hegemon on China making it probably easier for the Chinese government to expand their influence in Asia (ibid.). So internal and external balancing against the hegemon is possible, since it has to divide its attention between the various problems in the international system.

Therefore, in a unipolar system both the behaviour of the hegemon can change and the secondary powers can respond differently to the hegemon. With this in mind I would like to argue this creates a greater amount of instability in the international system, than would be the case in a bipolar system. Therefore I assess the unipolar system to be more stable than a multipolar system, but less stable than a bipolar system.

National interest of the states under the various forms of polarity

Polarity affects the preference formation of the national interests of states, but one element is often overlooked: the question whether there is a difference between the preference formation of secondary powers (former great powers), the superpowers and the hegemon. Most scholars focus only on the secondary or middle powers in the system (cf. Alons, 2010; Paul, 2005). Since polarity is expected to affect the preference formation of the national interests of states, it is logical to assume that this applies not only to middle powers and great powers, but to superpowers and the hegemon as well.

⁴ This strengthens the idea that a second image approach, focussing on the domestic level, can be more accurate in explaining the behaviour of the hegemon.

An additional distinction can be made between the secondary powers in a unipolar system. Wohlforth and his fellow scholars only make a division between the hegemon on the one hand, and secondary powers on the other hand. If we were to follow this line of reasoning this would mean that for instance both China and Germany would be classified as secondary powers. This classification is too great a simplification of reality, since there are great capability differences between these states. China has a much higher GDP than Germany and an even greater military force (Website CIA World fact book). Therefore it would be erroneous to classify both Germany and China to be secondary powers. In order to solve this problem, I will make the distinction between major secondary powers (e.g. China) and minor secondary powers (e.g. Germany).

Another element which requires reflection is the ranking of the three dimensions of the national interest. Alons argues the more stable the system is, the more value can be attached to long-term interests, whereas when the system is less stable more value will be attached to short-term interests. This reasoning is flawed for two reasons. First of all, the importance of security is overlooked. She merges the political interest with the economical interest, as if the two are of equal importance (Alons, 2010). Although economics are essential in order to maintain an army and support the state, it should be emphasized that economic interests should not prevail over political interest (Waltz, 1979). This is particularly the case in the highly unstable multipolar system, where it seems counterintuitive for a state to attach equal value to both political and economic interests.

Secondly, Alons argues that economic interest is a short-term interest vis-à-vis political interest. I wish to argue the contrary, economic interest is a long-term interest which is necessary for the survival of the state in the long run. The prime concern of the state is survival and therefore security is essential. Economic interests can be ranked lower than political interests alongside ideological interest. For the survival of the state the short term interest of security is the most important, next come the long term economic interests and last comes the ideological interest of a state. Economic interests are more important than ideological interests since the former is more essential for the sustainment of the state (e.g. maintaining security and welfare). Consequently it seems logical to assume that the more stable the international system is the more value a state can attach to its economical and ideological interests.

Based on this discussion I will specify the expectations for the ranking of the three dimensions of the national interest under the influence of the different degrees of polarity.

In a multipolar system greater value will be attached to political interest. Since the multipolar system is the most unstable, great powers will have to focus on their security rather than their other interests. Hence, the political interest will be ranked more important than the economical interest or ideological interest.

For secondary states in a bipolar system long term interest will prevail over short-term interest. Since most of the power in the system is divided among the two superpowers, the secondary powers will not have the means to act against the superpowers. Consequently, economical and ideological interest will be valued greater than political interest. The two super powers will value the status-quo and therefore focus mainly on internal balancing. Since the bipolar system is more stable than the unipolar system, the superpowers can attach more value to the (long term) economical interest. In order to balance internally, the state needs a strong economy to support the growth of the national army and increase the national capabilities. I will therefore assume that superpowers in a bipolar system, political and economical interest will weigh more heavily than ideological interest in the process of the formation of the national interest.

In an unipolar system minor secondary powers will act similar to the secondary powers in a bipolar system. They are likely to focus on their economical and ideological interest. Major secondary powers have greater capabilities and will strive to become great powers in the future. Since they have the potential to challenge the hegemon they are likely to focus on the increase of their own power (cf. Layne, 1993; 2006). The major secondary powers will refrain from balancing externally since the hegemon is very powerful, but in order to increase their own capabilities, they will balance internally. To increase their security value will have be attached to the economical interest as well. The emphasis on economic interest is possible since the hegemon and other secondary powers no longer focus solely on their political interest as was the case in a multipolar system. The major secondary powers will thus focus on their political and economical interest when determining the national interest and will attach less value to their ideological interests.

The question remains how the hegemon would define its national interest. Similarly to the superpowers in a bipolar system it is likely for a hegemon to attach great value to its position in the international system. According to Ikenberry (2009) it is likely that the hegemon will be a revisionist state: 'The structural and contingent features of contemporary unipolarity point plausibly in the direction of a revisionist unipole, one simultaneously powerful, fearful, and opportunistic' (Ikenberry et al., 2009: 13). This would mean that the hegemon would attach greater value to the political interest than to the economic and ideological interest of the nation. On the other hand, it is unlikely for the hegemon to be challenged by secondary powers, since the difference in capabilities is so large. The hegemon has no reason to fear possible changes in the status-quo, because the power difference is simply too great: 'unipolarity dampens traditional great power threats to the core security' (Wohlforth, 2003: 113). Since the capabilities of other states in the system pose no serious threat to the survival of the hegemon, one could expect long term interests to take the upper hand in the formation of the national preference.

Since there is no agreement on which dimension of the national interest is dominant, I will assume the political, economical and ideological interest to weigh equally in the formation of the national preference. Additionally, since the focus of this thesis lies only on the behaviour the United States after the Cold War, the polarity of the system does not fluctuate. It is fixed as being unipolar.

Based on this discussion the following conceptual model can be drawn to illustrate which dimension(s) of the national interest will be the most important, determine national preference, and will ultimately be leading in the state's behaviour.

Model 2.1 National Interest and National Preference

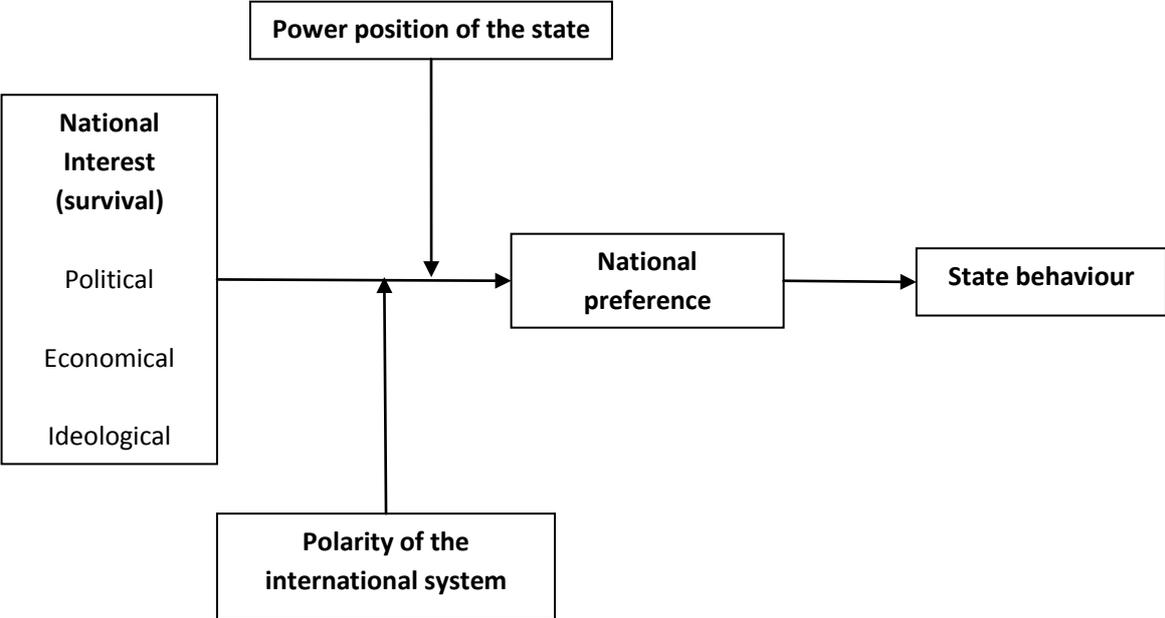


Table 2.1 provides an overview of the preference formation for each type of state in under the various forms of polarity.

Table 2.1 Overview national interest – national preference formation

Polarity →	Multipolar	Bipolar	Unipolar
Power position of the state ↓			
Great Power	P > E&I	X	X
Secondary power	X	P < E&I	X
Super Power	X	P&E > I	X
Minor Secondary Power	X	X	P < E&I
Major Secondary Power	X	X	P&E > I
Hegemon	X	X	P = E = I

The grey blocks symbolize the national preference (P= political interest; E= economic interest; I=ideological interest). The X implies that these types of states are not present in that specific type of system.

2.1.4. Hypotheses

Since this thesis focuses on the behaviour of states in the period after 1993, when the system is considered to be unipolar, only hypotheses for this type of system will be formulated:

Unipolar system

H^a: If policy X is consistent with the economic and ideological interest of a minor secondary power in a unipolar system, then this state will execute this policy.

H^b: If policy X is consistent with the political and economic interest of a major secondary power in a unipolar system, then this state will execute this policy.

H^c: If policy X is consistent with the political, economic and ideological interest of the hegemon in a unipolar system, then this state will execute this policy

For the issue of privatisation of national defense this means that if a state would privatise parts of its national defense, this should be consistent with the national interest of the state. Taking this into account the following more specific hypothesis can be made:

Unipolar system

H1^a: If privatisation of national defense is consistent with the economic and ideological interest of a minor secondary power in a unipolar system, then this state will privatise parts of its national defense.

H1^b: If privatisation of national defense is consistent with the political and economic interest of a major secondary power in a unipolar system, then this state will privatise parts of its national defense.

H1^c: If privatisation of national defense is consistent with the political, economic and ideological interest of the hegemon in a unipolar system, then this state will privatise parts of its national defense.

In the following section the foreign policy analysis approaches will be discussed.

2.2 Foreign Policy Analysis and the various conceptions of the national interest

Foreign policy analysis is a second-image approach (cf. Waltz, 1959), which started to develop at the end of the fifties and the start of the sixties in the twentieth century (cf. Almond, 1950; Neustadt, 1960; Hillsman, 1967). Contrary to neorealist theory, the foreign policy approach does not consider a state to be a solid unitary actor. Actors inside the state determine the interests and actions of the state. (Hudson, 2005). The national interest of a state is defined by these actors. Eventual policy and state behaviour is the result of negotiation, conflicts and compromise between various actors within the state (ibid.).

In the following paragraph the foreign policy models of Graham T. Allison will be discussed. Since Allison's approach received praise but also criticism, the shortcomings of Allison's models will be discussed, followed by the additions of his critics. From there on, a couple of new approaches will be discussed and the strong elements will be selected in order to form a new synthetic model to explain the definition of the national interest and the behaviour of a state.

2.2.1 Allison's Organisational and Bureaucratic Politics

Graham T. Allison laid the foundation for the second generation foreign policy theories. In 1971 he published his book *The Essence of Decision*, in which he develops three different approaches by which he tries to explain the behaviour of the United States and the Soviet Union during the Cuban Missile Crisis of 1962.

Allison's first model, the *Rational Actor Model*, considers the state to be a unitary actor and does not look into the processes that take place inside the state. Every action of a state is considered to be an optimal response to a specific problem (Allison, 1971). However, since this model failed to explain some major events during the crisis Allison developed two new models, the *Organisational Process Model* and the *Bureaucratic Politics Mode*, through which he opens up the black box and looks inside the state. These new models were to provide a more inclusive explanation and correct the shortcomings of the rational actor model. The main focus will be on these two models.

The Organisational Process Model

The organisational process model states that governments acquire information through organisational processes. In the organisational process model the notion of comprehensive rationality is rejected, the idea of bounded rationality is introduced. This means an actor makes his decisions on the basis of the information that is available to him at that very moment. So in order to tackle problems in a rational way, one has to work according to: 'simplified models that extract main features of a problem without capturing all of its complexity' (Allison, 1971: 71).

In this model the government works similar to a large organisation. The government consists of various organisations, which each perform specific tasks. These organisations are essential to keeping the government operational. Organisations are part of a two-way process in the government; on the one hand they provide information for the governmental leaders, on the other hand they are also endowed with the execution of policies. Each department can be seen as a semi-autonomous organisation, with each having its own responsibilities. When the national government is confronted with a problem, each organisation focuses on a specific part of the problem. There is no central authority guiding the overall process in the right direction (ibid.).

In order to effectively fulfil their tasks, organisations work according to standard operating procedures (SOPs). Standard operating procedures regulate how general problems should be handled. SOPs are rigid and rarely change. If new problems occur that do not fit within the SOPs, the organisation will either try to use the existing SOP on the new problem, or ignore the problem. Change in organisational patterns is rare and can only be achieved by serious budgetary problems or performance problems threatening the survival of the organisation (ibid.). The influence of government officials on the routines of organisations is minimal, as Franklin Roosevelt said regarding the organisation of the naval forces:

‘To change anything in the Navy is like punching a feather bed. You punch it with your right and you punch it with your left until you are finally exhausted, and then you find the damn bed just as it was before you started punching’. (Allison, 1971: 86)

The government makes policy decisions based on the information brought to them through the various organisational processes within the government: ‘governmental behavior can be understood less as deliberate choices and more as outputs of large organizations functioning according to standard patterns of behavior’ (Allison, 1971: 67). The logic of appropriateness by which the organisations operate works as follows:

‘[This] logic of action, a matching of rules to situations, rests on a logic of appropriateness. Actions are chosen by recognizing a situation as being of a familiar frequently encountered type, and matching the recognized situation to a set of rules...The logic of appropriateness is lined to conceptions of experience, roles, intuition and expert knowledge. It deals with calculation mainly as a means of retrieving experience preserved in the organization’s files or individual memories’. (March and Simon in Allison and Zelikow, 1999: 146)

Members of the organisation do not question the appropriateness of the SOPs or their efficiency. Consequently, a state acts according to fixed schemes: ‘If a nation performs an action of a certain type today, its organizational components must yesterday have been performing (or have had established routines for performing) an action only marginally different from today’s action’ (Allison, 1971: 87). To explain the behaviour of a state at time t one has to look at the SOPs of the organizations at $t-1$. The national interest of the state is thus defined by the various organizations and their standard operating procedures. There will be some coordination by the national leaders, but in the end foreign policy will foremost be a combination of various standard operating procedures of various governmental organisations (ibid.).

Bureaucratic Politics Model

In the bureaucratic politics model not the organisations, but the individual decision makers within the state play a central role. The leaders of the government do not act as a unitary entity, but each of them tries to implement their own particular view of what they perceive to be the national interest: ‘The “leaders” who sit on top of organizations are not a monolithic group. Rather, each individual in this group is in his own right, a player in a central competitive game’ (Allison, 1971: 144). The actor will define his own interest and the national interest according to this position within the government. Although all players are committed to the realisation of the national interest, what this national interest upholds can differ per person (Halperin et al., 2006).

The actors in the bureaucratic politics model operate according to the logic of consequences. Each actor wants to see his interests be the dominant interest in the state's foreign policy. Therefore:

'actions are chosen by evaluating their probable consequences for the preferences of the actor. The logic of consequences is linked to conceptions of anticipations, analysis, and calculation. It operates principally through selective, heuristic search among alternatives, evaluating them for their satisfactoriness as they are found'. (March and Simon in Allison and Zelikow, 1999: 146)

Within the bureaucratic politics model, foreign policy is the result of a political game. Every policy is the result of negotiations and bargaining between various actors within the government, making it a 'result' instead of a 'choice'. The eventual policy is not the intended result of any of the actors (Allison, 1971). The political game is played along the so called *action-channels* within the government. The action-channels link central players to specific policy problems. The action-channels are leading in who gets involved in the policymaking process. Different problems will be linked to different departments and conversely to their central leaders (Allison, 1971). For example, the Secretary of Education will have little to do with a state's decision to buy a new aircraft carrier, while the Secretary of Defense will.

Allison makes a distinction between various types of players: *Chiefs*, *Staffers*, *Indians* and *Ad Hoc Players*. *Chiefs* are the most powerful players within the government, for instance the president, the Secretary of State or the director of the CIA. Chiefs generally make the central decisions and will try to make coalitions with other central players. *Staffers* are the direct staff of each Chief. *Indians* are permanent government officials, who try to convince the various chiefs to choose their specific policy. *Ad Hoc Players* are, for example, members of Congress, the media or domestic pressure groups (ibid.).

The stand an actor takes is determined by multiple causes. The interest of the actor is shaped by his perception of national interest, organisational interest and his own personal interest. However, the position of the actor within the government is leading in the formulation of his interest: 'where you stand is where you sit' (ibid.: 164). How successful a player is in realising his interest is dependent on his personal skills and charisma, but again on his position as well, since this mainly determines the power a player has (ibid.).

To illustrate this: according to a CIA director it may be crucial for the U.S. national interest to tighten the Home Land Security Act, while a Navy admiral may think it is essential to strengthen the marine defense by expanding the naval force. Additionally, the function of the actor can also determine the influence he has on foreign policy. The opinion of the Secretary of State is likely to weigh more heavily than that of the junior official.

How the negotiations between the players occur is guided by policy rules and norms. These rules determine how the game is played, which behaviour is tolerable, which policy outcomes are acceptable and which are not. Furthermore, time pressure can also influence the decision making process (ibid.). Thus, the foreign policy of a state is the result of the pulling and hauling between various individuals within the government: 'If a nation performed an action, that action was the resultant of bargaining among individuals and groups within the government' (Allison, 1971: 173).

Despite the fact that Allison's models provide new insights in how the national interest of a state is constructed, his models have been heavily criticized by other academics. The main criticism targets

the simplification of the models and their inconsistency. In the following paragraph the most essential shortcomings of Allison's models will be discussed.

2.2.2 Critique: Shortcomings of Allison's models

The organisational process: simplifying reality

According to various critics Allison's organisational model oversimplifies reality. It overlooks five key elements, which can be of influence in the decision making process.

The first problem is that the organisational process model abstracts the decision making process to such an extent that it no longer recognizes the capacities of the people who constitute the organisation. Allison undervalues the role of individual within the organization:

'Such a view of organizations is cast at an extremely high level of abstraction. For example, it can be applied to bacteria just as readily as to governments (Axelrod 1984). Because organizations are intelligent in a way that bacteria are not, it is worthwhile to ask what is lost by using a model that ignores human capacities to anticipate events and to act strategically. (McKeown, 2001: 1185)

Secondly, the relation between leaders and subordinates within the government is not as rigid as Allison assumes it to be. Neither instructions of superiors, nor standard operating procedures are followed in a dogmatic fashion. Since decision makers in the government are aware of the SOPs, conflict will arise over the proper implementation of these procedures (ibid.).

Thirdly, the second model does not take into account the high impact of the president and his secretaries on policy making. Government leaders are less constrained by SOPs than Allison presumes them to be. Only when the president or other high officials do not recognize the problem at hand to be important, do organisational SOPs determine the policy outcome (Art, 1973).

The fourth problem is the flawed idea that each organisation works by its own SOPs, working from a specific element of the policy process. According to Uriel Rosenthal (1988), organizations rarely work alone on a specific element of a policy. Most of the time, multiple organizations are involved in the conduction of national policies. When these organisations have to work together while their SOPs differ, this will lead to conflict and a political game will be played between the various organisations. The winner of this bargaining game will see his preferred policy become reality. This shows that the political game is not just played by individuals, but by organisations as well (Rosenthal, 1988).

Finally, the distinction between the organisational process model and the bureaucratic politics model does not do justice to the actual conduct of governmental policies. Rather the standard operating procedures seem to provide the framework in which the political game can be played (McKeown, 2001). It appears the two models are more entwined⁵.

Although entwined, a division should be made between the various government decisions and the execution of these decisions. SOPs mainly affect the implementation of policies, but do not

⁵ Allison did pick up this particular problem when he wrote an article with Morgan Halperin in 1972 in which he combines the organisational and governmental politics model. However, in later works Allison again splits the model in two (cf. Allison & Zelikow, 1999).

directly influence the decision making process⁶. It seems as if Allison's second model primarily applies to the execution of governmental decisions.

Therefore a distinction should be made between high level decision making, creating new policies, and low level-decision making, in which policy is implemented and smaller decisions are made based on already standing policies. In the latter SOPs will have a leading impact on the behaviour of actors, while in the former the decision making process will be more like the process described in the bureaucratic politics model. The logic of appropriateness will be dominant in low-level decision making processes, while the logic of consequences will be dominant when it comes to high level decisions.

This criticism puts the organisational process model in a new perspective. It looks like the organisational model needs the bureaucratic politics model in order to accurately describe foreign policy decision making and its execution. The bureaucratic politics model however, is not flawless either.

Bureaucratic politics: missing players and shady interests

One of the foremost critiques on the bureaucratic politics model is that the model gives an incomplete interpretation of the decision making process. Some important actors, individuals and organizations, are left out of the equation, while too much credit is given to other actors. This point of critique can be broken down into a couple of elements.

First of all, the political game does not always have to result in a compromise. The policy can be the decision of like-minded individuals within the government, making pulling and hauling unnecessary. Another possibility is the dominance of a single actor in the decision making process. For example, if the president uses his veto, it is his decision and his vision of the national interest that will dominate the policy. It is difficult to imagine this to be a compromise. So a policy can be a compromise but it can also be the vision of single powerful individual like-minded group (Bendor en Hammond, 1992).

Secondly, in the bureaucratic politics model, all actors seem to have an equal amount of influence. As Robert Art suggests, the president's impact is much higher than that of a common clerk. The same goes for the Secretary of Defense in relation to a junior official. So although various actors might be connected to each other through the action-channels, the impact that each actor has might in fact vary (Art, 1973).

Finally, crucial actors are left out in the bureaucratic politics model, for instance Congress. The position of the leaders in the House and in the Senate can in fact be leading in the decisions government officials have to make, since general legislation has to pass through Congress (ibid.: 480). The impact of lobby organizations is also neglected, despite the fact that they can influence members of the government and Congress (Brooks, 2005). It becomes clear that there are more actors involved in the decision making process, than the bureaucratic politics model initially captures.

Another problem of the bureaucratic politics model is how the perception of the actor is determined. According to Allison the position of the actor is leading in where he stands. If you are a Secretary of Defense, your interests will be in line with the interests of the Department of Defense. It is implicitly assumed that actors are empty shells, only filled with a certain interest as soon as they

⁶ Allison's famous example of the non-camouflaged missile silos on Cuba illustrates this. The Russian forces on Cuba did not camouflage their missile silos, since they acted upon SOPs which were used back in the USSR, which prescribed the constructions of silos without camouflage, since normally back on Russian territory no American aircrafts would fly over (Allison & Zelikow, 1999). It shows how SOPs can have an effect on the implementation of policies and the outcome, but this does not directly relate the process of decision making.

take on a specific position in the government. This is unlikely, for this would mean that every Secretary of Defense through time would have upheld the same view of the national interest regardless of personal ideas or (political) ideology.

Individuals do have a certain 'mind-set', personal ideas and convictions, which they have prior to the position they take on in government. These ideas play an essential part in the decision making process. The interest of the actor is not only constructed by his position, but also by idiosyncratic factors such as personal ideas and experience (Art, 1973; cf. Rhodes, 1994). The bureaucratic politics approach fails to take these elements into account.

General critique: inconsistency

Finally, one can also give some general critique on both models. Both models struggle with inconsistency. Allison formulates all kinds of propositions for his models, but these are not exclusive. Some propositions within the same model literally contradict each other, for instance the propositions regarding the nature of the stand an actor takes. Allison seems to attach most value to the position of the actor when determining where the actors stand, but there are sections in his book where idiosyncrasies seem to be the main determinant for the stand of the actor (Allison, 1971). It remains unclear what element has the greatest impact⁷.

Also the third model is overly complex: 'Model III is simply too thick. It incorporates so many variables that it is an analytical kitchen sink. Nothing of any possible relevance appears to be excluded' (Bendor & Hammond, 1992: 318). So both models can help understand how certain policies came to be, but fail to supply actual explanations, since no clear hypothesis can be derived from the respective models. Since no hypothesis can be derived from the theory, it is not falsifiable. This is problematic since a proper scientific theory should be falsifiable (Popper, 1968ed.). This is a major problem for the scientific strength of both models.

Based on the discussion of both models it becomes clear that in order to grasp the reality of foreign policy decision making, the bureaucratic politics model and the organisational process model should be integrated. Allison seems to have had this mind, since at the end of his book he states:

'The models can be seen to complement each other (...) Model II illuminates the organizational routines that produce information, alternatives and action. Within the Model II context, Model III focuses in greater detail on the individual leaders of government and the politics among them that determine major governmental choices'. (Allison, 1971:258)

In order to explain how the national interest of a state and its according behaviour is constructed, one will also have to create more clarity on how the stand of the actor is constructed. Allison is unclear about the impact of governmental position and personal idiosyncrasies. More recent literature suggests that personal ideas of the key decision makers do in fact shape their decisions

⁷ Allison comes up with the example of Paul Nitze during the Cuban Missile crisis where he states the following: Had someone other than Paul Nitze been head of the Policy Planning staff in 1949, there is no reason to believe there would have been an National Security Council (NSC) of '68'. Here it is suggested that the personal qualities of one person, in this case Paul Nitze's, were crucial for the NSC, while later in his book he suggests Miles Law - 'where you stand, is where you sit' - is leading. This would mean that any head of Policy Planning, not necessarily Paul Nitze, would have enabled the construction of the NSC '68. Still Allison suggests that it was Nitze who was leading in this process. It remains unclear which factors are leading, position or personal qualities. To quote Welch: 'If the idiosyncrasies of particular individuals determined these important actions and politics, specifically bureaucratic determinants can hardly have played an important role' (Welch, 1992: 121)

(Verbeek, 2003; Stern 2003). To determine an actor's stand, both governmental position as well as mind-set of the actor will have to be taken into account.

To fully grasp the formulation of the national interest and subsequent policy making, one needs to integrate the organisational process- and bureaucratic politics model and combine it with the personal ideas of the decision makers. In the next paragraph a new bureaucratic politics approach will be discussed along with some insights from political psychology.

2.2.3 Third generation bureaucratic politics

Based on the extensive critique on the organisational and bureaucratic politics model, new, more inclusive models have been made. Christopher Jones (2007) is one of the people who have successfully done this. He integrated the two models and reduced their complexity by formulating six propositions (Jones, 2007: 30-31):

1. Power is dispersed throughout the government. Political power is fragmented over various organisations and institutions in the government.
2. There are multiple actors involved. These actors include individuals (government leaders, directors etc.) and governmental organisations (CIA, FBI) and non-governmental organisations (e.g. NGO's and organisations in the private sector e.g. business). The organisations are considered to be unitary actors, since the individuals who operate within these organisations have greatly overlapping interests.
3. The position of the actor is determined by role of the actor within the government. The position of the actor will match their political role and interests.
4. The interests of actors can either diverge or converge. Diverging interest create the possibility of conflict between actors, converging interests can lead to cooperation
5. The eventual policy is a result of a political game. This result can either be a compromise of the various stands of different actors or the direct translation of the policy preferences of the actor or actors who 'won' the bargaining game. The political result is intended. The actors are aware of the fact when they are making a compromise during the political game.
6. The policy is based on incomplete information and partial analysis of the problem. The actors are bounded rational

In order to explain every type of decision, there are three decision making situations: one for crisis decision making, one for strategic decision making and one for structural decision making. The crisis model can be applied when the government is faced with problems which require direct action (for instance a terrorist attack). If this is the case the direct government leaders will be involved in the process (The president, Secretaries of State and Defense and the Joint Chief of Staff), while the role of Congress and lobby organisations will be limited. The strategic model applies for general decisions in foreign policy. In this case the president and the representatives of the executive departments will be involved as well as Congress. Finally, the structural model explains the further policy making when a strategic decision is made. In this process only low ranking executives are involved (ibid.).

Jones' restructuring of the original models provides a clear view on how a nation's national interest can be constructed and how policy can be explained. However, despite this reformulation, two elements are overlooked. Jones no longer pays attention to the impact of SOPs, while these might still have an impact on the states' behaviour, especially when it comes to structural decision

making. In the structural model the main actors are the executive organisations in the government, who implement the decisions of the government leaders (ibid.). The low-level decisions these organisations have to make are likely to be influenced by the standard operating procedures. For that reason the impact of SOPs and the logic of appropriateness should be included in the structural decision making model.

In addition to that, Jones also neglects the impact of the mind-set of the actor on his interest formation. In order to understand the impact of the mind-set or worldview of the decision maker we will turn to political psychology.

2.2.4 Cognitive elements: Mindsets and Worldviews

There are multiple psychological factors which can shape an actor's view and behaviour. Cognitive consistency is such an element. It means that decision makers have a certain disregard for information that does not fit their already established ideas and beliefs, or similarly, are not critical towards information that does directly fit their mental picture (Mintz and DeRouen Jr., 2010). Central to this are images. Images are mental representations which help us understand and frame situations we face in daily life. Cognitive processes in the brain form images, which enable the creation of what are called cognitive belief systems (ibid.). Images only partly constitute the belief system. Other elements such as the actors' ideas about the conduct of foreign policy, history and the nature of politics also play a part in the belief system of an individual (Verbeek, 2003).

Cognitive belief systems structure an individual's opinions about his environment. As mentioned earlier in paragraph 2.2.1, it is reasonable to assume that an individual is a bounded rational being, it cannot process every data input or stimuli the environment provides. In order to cope with this overload of data a mechanism is developed which enables the actor to select certain pieces of data and to interpret them. These interpretations provide the ground on which an actor can make his decisions (ibid.). The belief system of the decision maker regulates the influence of international and domestic elements. It 'implies inferences about "the preferences of both Self and Other regarding policy outcomes" (..) the intersection of these two sets of preferences regarding policy outcomes influences a leader's strategies, tactics, moves and decisions' (Mintz and DeRouen Jr., 2010: 101). The belief system of a person is leading in how a person processes information, how he views the system of international politics (philosophical beliefs) and what kind of strategies he prefers (instrumental beliefs) (Verbeek, 2003).

All in all, the belief system and the respective worldview of an individual can shape the way he perceives what is in the national interest of a state and what kind of policy he would prefer.

2.2.5 Synthesis

Based on the discussion of the various theories of bureaucratic politics and political psychology, it is possible to merge the theories into a new theoretical framework. In the new model a synthesis of the above discussed FPA theories is made. In this new framework a distinction is made between two types of decision making: high-level decision making and low-level-decision making.

High-level decision making

The process of high-level decision making is in many ways similar to the bureaucratic politics models of Allison and Jones. The foreign policy of a state and its behaviour will be in line with the dominant conception of the national interest.

A distinction is made between crisis and strategic decision making. Every type of decision making includes different actors in the decision making process. Based on the involved actors in the crisis model and the strategic model, I argue that these two models both qualify as high level decisions. Both models include high ranking government officials and department leaders. The distinction between crisis and strategic decision making determines which high ranking actors are involved. The type of issue, crisis or strategic, determines which actors are involved in the decision making process. For example the decisions in the U.S. during the Cuban missile crisis (*crisis*) involved different actors than were present when decision on health care reform in 2009 was made (*strategic*).

This decision making process will be a political game. Each actor will act according to his interests. The conception of the national interest of an actor is constructed by both governmental position and personal beliefs.

Contrary to Jones, I argue that not every actor has an equal impact on the decision making process. In the large group of actors involved in the decision making process there is an authoritative central decision unit (Hermann, 2001). This can be either a predominant leader, a single group or a coalition of autonomous actors whose perception will dominate the decision making process and the outcome. I assume a single group to be a like-minded group of individuals, while a coalition will be group of individuals with diverging conceptions of the national interest.

If the authoritative decision unit is a predominant leader, it is likely that his conception of the national interest will affect the decision making process. His conception of the national interest will be the dominant conception of the national interest of the state. The same goes if a single group is the decision unit, then their vision will be the dominant conception of the national interest. If the authoritative decision unit is a coalition, the dominant conception of the national interest is likely to be a compromise between the various diverging conceptions of the national interest of the actors in the coalition. The dominant conception of the national interest is considered to be the state's national preference.

Low level-decision making

Low-level decisions are of the same level as what Jones calls structural decisions. Since this kind of decisions mainly concern the execution of high-level decisions, it is unlikely that high level players will be involved. Rather it will be governmental organisations who execute the main decisions made on a higher level. The organisations in charge of the execution of these policies will only have to make minor decisions, since the basic outline for the policy is already provided by the higher officials.

Members of an organisation will act upon their organisational interests through standard operating procedures. The behaviour of the state is the result of the execution of various standard operating procedures.

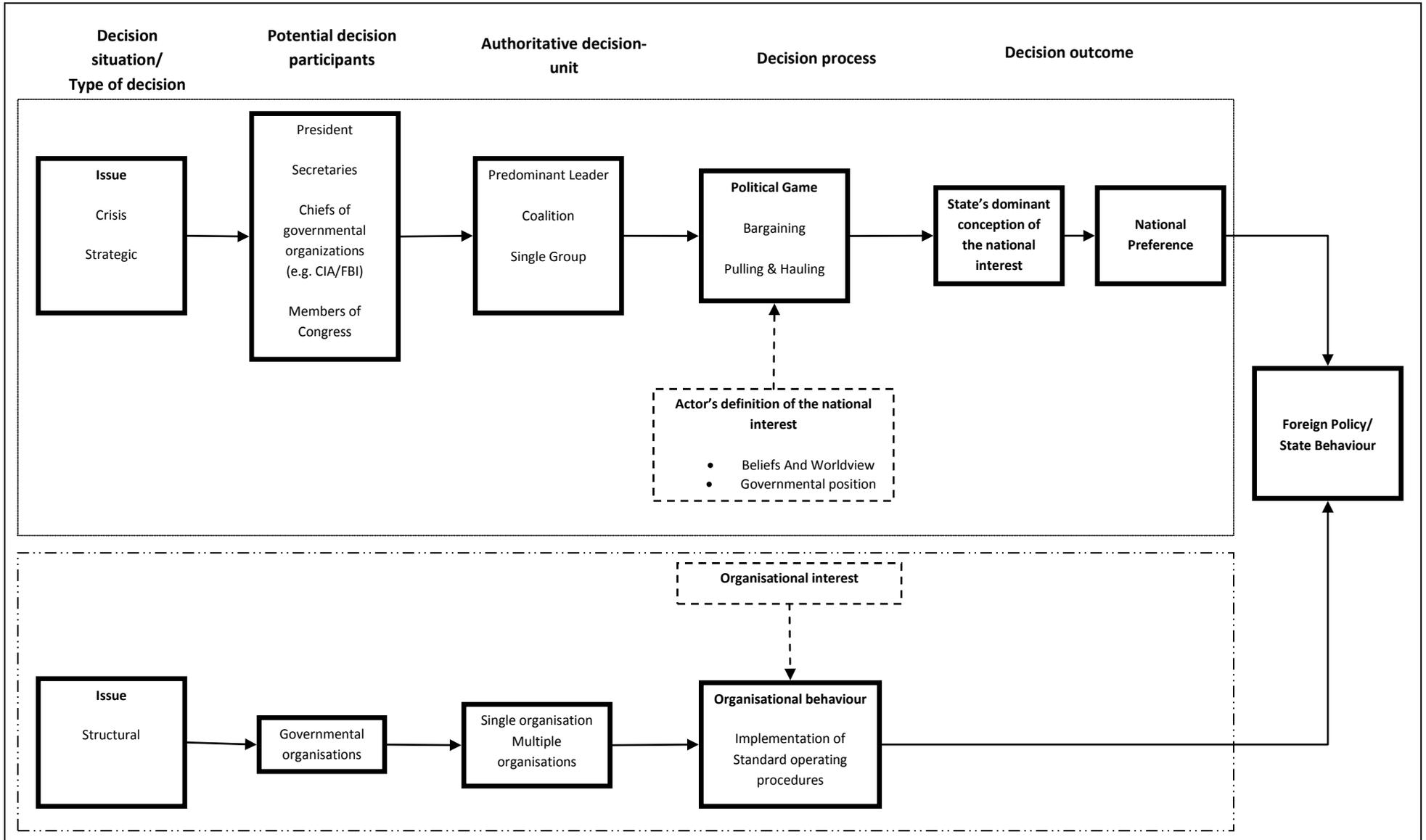
Contrary to Rosenthal (section 2.2.2) I do not think a political game will take place between the various organisations, since the primary decisions are already made. I concur with Rosenthal on the point that often multiple organisations are involved in the execution of policies. Therefore it is likely that when there are more actors involved, state behaviour will be according to multiple SOPs of different organisations. If there is a single organisation responsible, state behaviour will be according to the SOPs of this particular organisation.

Low-level decision making shows great resemblance to the organisational process model. The governmental organisations are the main actors, who act according to the logic of appropriateness. The organisations follow their SOPs blindly. The main difference is that the impact of organisations

on the decision making process is limited since the SOPs only have an impact on the eventual implementation of policies, where only minor decisions are made.

Model 2.2 conceptualises this new model of decision making. The small dotted lines show the high-level decision making process, the bloc with the striped-dotted lines shows the low-level decision making process.

Model 2.2 Integrated policy decision making



2.2.6 Hypotheses

On the basis of the new model, the following hypothesis can be formulated:

High-level decision making

H^a: If the authoritative decision unit is a predominant leader, then the predominant leader's conception of the national interest will determine the state's national preference and its according behaviour.

H^b: If the authoritative decision unit is a single group, then the conception of the national interest of the single group will determine the state's national preference and its according behaviour.

H^c: If the authoritative decision unit is a coalition, then the competing conceptions of the national interest of the coalition members will result in a compromise which will determine the state's national preference and its according behaviour.

Low-level decision making

H^d: If a single governmental organisation is responsible for the implementation of a state's policy, then the standard operating procedures of this organisation will shape the state's behaviour.

H^e: If there are multiple governmental organisations responsible for the implementation of a state's policy, then the various standard operating procedures of these organisations will shape the state's behaviour.

Similar to the hypothesis of neorealism, the above hypotheses will have to be more specific in order to tell us anything about the theory in relation to the problem at hand: privatisation of national defense.

High-level decision making

H1^a: If the authoritative decision unit is a predominant leader and the predominant leader perceives privatisation of national defense to be in the national interest of the state, then the state will privatise parts of its national defense.

H1^b: If the authoritative decision unit is a single group and the single group perceives privatisation of national defense to be in the national interest of the state, then the state will privatise parts of its national defense.

H1^c: If the authoritative decision unit is a coalition, and the competing conceptions of the national interest of the coalition members result in compromise in which privatisation of national defense is perceived to be in the national interest of the state, then the state will privatise parts of its national defense.

Low-level decision making

H1^d: If a single governmental organisation is responsible for the implementation of privatisation of national defense in a state, then the organisation's standard operating procedures will shape the state's behaviour in relation to privatisation of national defense.

H1^e: If multiple governmental organisations are responsible for the implementation of privatisation of national defense in a state, then the standard operating procedures of the various organisations will shape the state's behaviour in relation to privatisation of national defense.

This chapter has provided an overview of neorealist theory and various foreign policy analysis approaches. Based on a discussion of the various models, two new models for both neorealism and foreign policy analysis have been made. Based on these frameworks hypotheses regarding privatisation of security have been deduced. In the upcoming third chapter the research approach and methodology will be discussed and the central concepts will be operationalised. The hypotheses provided in this chapter will also be reformulated so that they can be tested for case of the United States.

Chapter 3: Research Strategy and Operationalisation

This chapter will provide the research strategy and operationalisation which will enable the testing of the hypotheses that have been derived from the neorealist and foreign policy analysis framework. The first section will discuss the research goals of this thesis. Section 3.2 will provide a discussion of the various research strategies and their benefits. In section 3.3 the earlier formulated hypotheses will be reformulated for the specific case of the United States and the final section 3.4 the central concepts will be operationalised.

3.1 Research goals

The primary goal of this thesis is to find out what theory can best provide an explanation for the United States' behaviour regarding the privatisation of national defense. This can be divided into two parts, first to test whether neorealism can provide an explanation for the privatisation of security in the United States since the 1990s, and second, to test whether the new foreign policy analysis approach can provide a better explanation.

3.2 Research Design: Case study

There are multiple ways to test theories. One of the research methods is the case study. I argue that the case study is the best approach to test the frameworks of neorealism and foreign policy analysis for this specific research question.

In a case study the researcher wants to explain an occurrence in a 'case'. According to Gerring a *case* is: 'A spatially and temporally delimited phenomenon observed at a single point in time or over some period of time (..) A case lies at the same level of analysis as the principal inference' (Gerring, 2007: 211). It is an in-depth examination of a historical period, which can be used to develop or test explanations that in turn can be used to explain other similar events. It can provide explanations which can be generalized to explain a broader scale of anomalies (George and Bennet, 2004).

The case study enables the researcher to unveil internal processes that take place within a single state. It creates the possibility to investigate all the causal mechanisms in detail, making it a proper method to explain outliers or deviant cases (ibid.). The great strength of the case study is the fact that it creates a high internal validity of the research, for it allows the testing of very specific predictions for each case. A large-N study can show that X is explained by Y but does not tell anything about the relation within each specific case. The case study shows the internal processes that take place, thus providing a more inclusive explanation of the single case. Furthermore, the case study allows the researcher to accurately pin-point how the independent variables affect the dependent variable, providing a more solid explanation of the variations within the case (than one would have with large-N analysis) (Van Evera, 1997).

Of course the case study approach also has certain disadvantages. The single case study suffers from a low level of external validity, since the predictions are so very specific for a single state, that it becomes hard to generalize conclusions drawn from it (Landman, 2003). Still, this is not a valid reason to prefer larger N-studies over small N-studies, since the case study provides more solid predictions (high internal validity) and contrary to large-N studies a case study can show not only whether theoretical predictions hold, but also why they hold. The theoretical generalisation is of importance, rather than the statistical value. Another disadvantage often mentioned is the argument that the case study does not account for the influence of so called 'third' variables affecting

variations in the dependent variable, since it is hard to include control variables in a case study. However, this critique can be side-stepped by the techniques that are used while conducting a case study. By using the congruence procedure and the process-tracing method, changes in the background conditions of the case are checked. Uniform background conditions reduce the impact of possible third variables (Van Evera, 1997).

The case study is an appropriate method to answer the research question of this thesis. The various dimensions of the state's national interest will have to be asserted to test the neorealist hypothesis. For the FPA hypotheses the governmental and personal interest of single individuals will have to be mapped, as well as the political games that take place. The case study approach makes it possible to test whether the case at hand is consistent with the expectations that can be derived from both theoretical frameworks. A large-N study could be done to show the national interest of multiple states and how they act upon this, but this would fail to assess the process of the construction of the state national interest. The political and economic dimensions of the national interest in the neorealist framework might be statistically measurable, but the ideological costs and benefits will be hard to measure that way. Similarly the complex causal mechanisms of foreign policy analysis would be hard to study by the means of statistical analysis. Since the goal of this thesis is to explain the construction of the national interest of the United States regarding privatisation of national defense, the case study is the most eligible approach.

3.2.1 Case selection

As has become clear in the first chapter, the behaviour of the United States regarding privatisation of security seems to be at odds with the predictions that can be derived from neorealist theory. According to neorealist theory it is in the national interest of the United States to remain as self-sufficient as possible, especially regarding military affairs. According to Kruck (2010) a state will only privatise a part of its security governance, when the state perceives its:

'public armies to lack essential material and/or immaterial resources for providing effective security governance, in terms of effectiveness and cost efficiency, from making use of PMSCs' valued resources are larger than expected costs and agency losses'. (Kruck, 2010: 9)

So states will only privatise their armies when the perceived benefits are greater than the loss of agency and expected economic costs (Kruck, 2010). Hence, if one expected a state to privatise security, it would be a state which lacked the necessary resources for providing security governance. A rich and powerful state such as the United States would be the very last, where one would expect to see the privatisation of national defense. According to neorealist thinking, a hegemon, like the United States, would at the very least try to retain the status-quo in order to maintain its power position. Privatising the national defense would weaken the power position of the hegemon, since it would become more dependent on actors in the private sector, thereby reducing its control and agency.

The behaviour of the U.S. seems to be *a crucial case* for neorealism. A crucial case is a case: 'that must closely fit a theory if one is to have confidence in the theory's validity, or conversely must not fit equally well any rule contrary to that proposed' (Eckstein, 1975: 118). The case of the United States seems to be a least-likely case, meaning that 'all dimensions *except* the dimension of theoretical interest, is predicted to achieve a certain outcome, and yet it does not' (Gerring, 2007: 115). The U.S. is the most powerful state in the world from a military and economic perspective

(Brooks, 2003). Despite this, the U.S. have increasingly moved tasks of the national military to companies in the private sector (cf. Markusen, 2003). This behaviour is at odds with the prediction that the hegemon should weigh every dimension of the national interest evenly; hence economic considerations should not prevail over political ones. This behaviour is remarkable because the United States is neither a small power nor does it lack military capabilities to ensure security governance. Therefore privatisation of national defense should be least likely to occur in the U.S. This is why the United States is a suitable case to test the neorealist framework and to see if the foreign policy analysis framework can provide a better explanation.

Time period

The privatisation trend in the U.S. government started in 1993 when the National Performance Review was initialised by the first Clinton administration under the supervision of vice president Gore. The first defense reforms were initiated in 1997 and then pushed to a higher level during the presidency of George W. Bush. Since the main goal of this thesis is to explain the privatisation of the defense in the United States, it makes sense to choose to investigate the period in which the privatisation started and what decisions were made leading up to the reforms of 1997 and the decision to further privatise at the Department of Defense in 2001-2002.

Another reason to investigate these two periods is because of the configuration of the U.S. government. Between 1993 and 2001 there was a Democratic government in office, but in Congress the Democrats only had a majority in both the House of Representatives and Senate between 1993 and 1995. In the 1994 midterm elections the Democrats lost their majority in both houses, which led to Republican dominance in both Houses between 1995 and 2001. From 2001 onwards there was a Republican government and the Congress was in the hands of the Republican party (website Congressional Elections). Since the foreign policy framework assumes that different people in government are likely to change the dominant conception of the national interest, thereby altering national preference, it is interesting to see whether there are differences between the definition of the national interest during the Democratic and during the Republican rule.

Based on these considerations the construction of the national interest of the United States and its behaviour regarding the privatisation of security will be investigated for the period between 1993 and 2002.

3.2.2 Strategy of analysis

For the case of the United States a within-case analysis will be conducted. The within-case comparison enhances the viability of small-n case studies such as this one. The congruence method is considered the best approach for this type of study. By using the congruence method the researcher begins by looking into a theory and then asserts whether this theory can explain the outcome of a specific case. In order to do this, congruence or incongruence between the values of the independent and dependent variable are measured. The outcomes of these measurements are compared with the expectations from the theory's hypotheses. If the outcomes are consistent with the theory's expectations there is reason to believe that a causal relation between the dependent and independent variable exists (George and Bennet, 2004).

The congruence method can be used for both theoretical frameworks. For the neorealist framework it is assumed that privatisation of national defense would take place if it were beneficial for the majority of the three dimensions of the national interest. If the perceived costs and benefits

outweigh the costs and benefits of national control over parts of the military (the current situation), then privatisation of national defense can be explained by neorealism. If this is not the case, then neorealism is unable to explain the behaviour of the United States with regard to this specific topic. In order to determine this, the perceived costs and benefits of privatisation of national defense, as well as the costs at the moment before the great wave of privatisation will have to be measured.

For the FPA framework privatisation of national defense is expected to take place when this is congruent with the perception of the national interest of the authoritative decision unit. The governmental position and the personal beliefs of a person are expected to shape this perception, so congruence between these two variables and the dependent variable, privatisation of national defense, is expected.

One of the problems of the congruence method is the problem of spuriousness. The congruence between the independent variables and the dependent variable does not necessarily mean that there is in fact a causal relation between the two. An unknown third variable Z might interfere with the apparent relation between X and Y. This possibility of spuriousness should be kept in mind when the research is conducted. Spuriousness can be reduced by checking the background conditions of the case. In order to do this, process tracing is an eligible approach. Process tracing enables the researcher to show the causal chain, and trace every step, the entire causal process can be mapped so all variables of importance are accounted for (Gerring, 2007). This way the background conditions are controlled and the changes of spurious relations are reduced. However, due to a lack of data and lack of time, even if the data were available, process tracing is not an option in this thesis. Therefore only the congruence method will be used, while keeping in mind the possible chance of spuriousness when rejecting or affirming the central hypothesis.

3.3 Specific hypothesis

In the previous chapter eight hypotheses have been formulated, three based on neorealist theory and five based on foreign policy analysis. These hypotheses will have to be made specific for the behaviour of the United States in the case of the privatisation of national defense. Since there are two key decision points, the foreign policy hypotheses will be formulated for the years 1993-1997 and another set for the years 2001-2002.

Specific hypothesis neorealism

H1: If the United States – considering that between 1993 and 2002 the international system was unipolar and the United States were the hegemon - perceived the benefits of privatisation to be greater than the costs of retaining the national control over defense, then the United States would privatise parts of its national defense

Specific hypotheses for foreign policy analysis

High-level decision making

H2^a: If the authoritative decision unit in the United States' government between 1993 and 1997 was a predominant leader and this predominant leader perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

H2^b: If the authoritative decision unit in the United States' government between 1993 and 1997 was a single group and this single group perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

H2^c: If the authoritative decision unit in the United States' government between 1993 and 1997 was a coalition, and the competing conceptions of the national interest of the coalition members resulted in a compromise in which privatisation of national defense was perceived to be in the national interest of the state, then the United States would privatise parts of its national defense.

H3^a: If the authoritative decision unit in the United States' government between 2001 and 2002 was a predominant leader and this predominant leader perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

H3^b: If the authoritative decision unit in the United States' government between 2001 and 2002 was a single group and this single group perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

H3^c: If the authoritative decision unit in the United States' government between 2001 and 2002 was a coalition, and the competing conceptions of the national interest of the coalition members resulted in a compromise in which privatisation of national defense was perceived to be in the national interest of the state, then the United States would privatise parts of its national defense.

Low-level decision making

H4^a: If a single governmental organisation was responsible for the implementation of privatisation of national defense in United States between 1993 and 1997, then this organisation's standard operating procedures would shape the United States' behaviour in relation to privatisation of national defense.

H4^b: If multiple governmental organisations were responsible for the implementation of privatisation of national defense in the United States between 1993 and 1997, then the standard operating procedures of the various organisations would shape United States' behaviour in relation to privatisation of national defense.

H5^a: If a single governmental organisation was responsible for the implementation of privatisation of national defense in United States between 2001 and 2002, then this organisation's standard operating procedures would shape the United States' behaviour in relation to privatisation of national defense.

H5^b: If multiple governmental organisations were responsible for the implementation of privatisation of national defense in the United States between 2001 and 2002, then the standard operating procedures of the various organisations would shape United States' behaviour in relation to privatisation of national defense.

3.4 Operationalisation

In order to test the hypotheses the central concepts will have to be operationalised. First, the key concepts in the neorealist framework will be operationalised.

3.4.1 Operationalisation hypothesis neorealist framework

From the general and specific hypothesis of the neorealist-framework it follows that:

If privatisation of national defense (1) is consistent with the national interest (2) [(political (3), economic (4) and ideological interest (5)] of the hegemon (7) in a unipolar system (6), then this state will privatise parts of its national defense.

Privatisation of national defense (1)

Privatisation of national defense can be seen as an element of privatisation of security, focusing specifically on the national defense of a state. First, privatisation needs to be defined. Privatisation is the 'delegation of public duties to private organisations' (Markusen, 2003: 473). This definition makes clear what the positive pole of privatisation is. In order to fully understand the concept of privatisation it also needs to be made clear what privatisation is not (Goertz, 2006). The easiest way to describe the negative of privatisation is non-privatisation, the absence of delegation of public duties to the private sector. However this does not provide a clear negative pole of privatisation. The opposite of privatisation can be considered to be nationalisation, when the state transfers private duties back into the public sphere. The middle ground between these two extremes is simply to retain the situation as it is, not to privatise or nationalise other elements of national defense.

In order to make the definition of privatisation of national defense clearer I will also define the concept of national defense. President Truman signed the National Security Act of 1947 in which the previously separate military organisations of the United States were merged into one organisation: *The National Military Establishment*, later renamed *The Department of Defense*. Directly linked to this act is Executive Order 9877, which specifies the primary functions and responsibilities of the United States military. The entire Department of Defense, including its various military departments (Army, Airforce, Marines and Navy) are to support and defend the Constitution of the United States at all times. It is to safeguard the external and internal security of the country. The Department of Defense is responsible for the preparation of forces necessary for the effective prosecution of war, and, in accordance with integrated joint mobilization plans, for the expansion of peacetime components of these forces to meet the needs of war. Furthermore, every military department is expected to 'develop its own weapons, tactics, techniques, organization and equipment' (Website The American Presidency Project).

Having defined these central concepts I argue that the privatisation of national defense is the outsourcing of the tasks which are made clear in Executive Order 9877. The nationalisation of national defense would be the exact opposite, for instance when the government would decide to re-nationalise the weapon production in the United States.

The national interest (2): political, economical and ideological interests

As argued in the second chapter, the national interest can be divided into three dimensions: political, economic and ideological interests. In order to determine if a certain behavioural action is in the interest of the state, the expected costs and benefits for each dimension of the national interest will have to be mapped.

The political interest (3)

The political interest of the state consists of a material dimension and an immaterial dimension. The material dimension relates directly to security and sovereignty. I will divide this dimension into two variables: the military power of the state and the self-sufficiency of the state. The military power is the relative strength of the national army. By self-sufficiency is meant that the United States is capable of operating independently of other actors (e.g. states, NGOs and the private sector). The immaterial dimension relates to the credibility of the United States. The behaviour to privatise national defense should not contradict earlier promises the United States made with other states or the expectancies other states have of the United States as the system's hegemon (Lieshout, 2007).

These three variables can obtain a different score based on the expected costs or benefits. They can take on three values: the expected benefits exceed the current costs (+), the expected costs exceed current benefits (-) and the expected benefits and costs equal the current benefits and costs (+/-). For example: the privatisation of the national defense is expected to increase the military power of the United States, the score will be high (+) whereas the United States expects the privatisation of the national defense to lead to a decrease of the military power of the state, the score will be low (-). If privatisation of national defense is neither to increase nor decrease the military power the score will be (+/-). The same goes for the other two variables.

The values of the three indicators will be added up and the means of these three variables will determine the value of the dimension of political interest. If two or more score the same value, that value is to be given to the dimension of political interest. If on either indicator a different value is scored, (+), (+/-) and (-), then the mean will be (+/-) which will be the value of the political interest.

The economical interest (4)

In chapter two it is stated that it is in the economical interest of a state to try and maximise its wealth and increase its prosperity. Whether an action is in the economic interest will be measured by three variables: the expected effect on the United States GDP, the effect on government spending and the effect on the efficiency of defense of the state. These three indicators added up will determine whether the privatisation of the national defense is in the economic interest of the state. Similar to the operationalisation of the political interest, these three variables can also score either (+), (+/-) or (-). All indicators will be tested and added up in a similar way as is done for the indicators of the dimension of the political interest.

The ideological interest (5)

The last element of the national interest is the ideological dimension. Privatisation of national defense is in the ideological interest of a state when this behaviour matches the state's identity and the role it upholds in the international system. I will refer to state ideology as what Snyder et al. (2009) call strategic ideology, which is an integrated whole of theories and goals which shape the social-political behaviour of a state (Snyder et al., 2009).

The state identity is a broad concept. For the purpose this thesis, the ideas of the United States regarding its own security, its army and what role the U.S. forces should uphold in the international system is mapped. If these views are consistent with the privatisation of the national defense, the privatisation of defense will expected to be beneficial, then a high score (+) will be attached to the dimension of ideological interest. If the views are inconsistent with the privatisation of the national defense, the privatisation of defense will expected to be costly. In that case a low score (-) will be attached to the dimension of ideological interest. If there are conflicting views, for instance one in favour and one opposing privatisation the score will be (+/-).

Table 3.2 provides an overview of the expected costs and benefits regarding the privatisation of national defense on each of the three dimensions.

Table 3.2 Measurement of expected costs and benefits privatisation of national defense (PoND)

Dimensions	Measurement of expected costs and benefits privatisation of national defense (PoND)	
National Interest	Costs	Benefits
<i>Political</i>	<p>Material</p> <ul style="list-style-type: none"> PoND has a negative effect on the US ability to maintain its military power (the status-quo) in the international system PoND has a negative effect on the self-sufficiency of the United States <p>Immaterial</p> <ul style="list-style-type: none"> PoND reduces the credibility of the US in the international community 	<p>Material</p> <ul style="list-style-type: none"> PoND has a positive effect on the US ability to maintain its military power (the status-quo) in the international system PoND has a positive effect on the self-sufficiency of the United States <p>Immaterial</p> <ul style="list-style-type: none"> PoND increases the credibility of the US in the international community
<i>Economical</i>	<ul style="list-style-type: none"> PoND decreases the United States GDP PoND increases government spending PoND decreases efficiency 	<ul style="list-style-type: none"> PoND increases the United States GDP PoND decreases government spending PoND increases efficiency
<i>Ideological</i>	<ul style="list-style-type: none"> PoND conflicts with the United States' identity and with the role prescriptions the state associates itself with. 	<ul style="list-style-type: none"> PoND is in line with the United States' identity and with the role prescriptions the state associates itself with.

Like the calculation of the value of each separate dimension, the total value of the national interest will be constructed in a similar fashion. If two or more results of the same value are scored that specific value will be given to the national interest regarding privatisation of national defense. If on either indicator a different value is scored (+), (+/-) and (-) then the mean will be (+/-) which will be the value of the national interest regarding privatisation of security. As made clear in hypothesis H1 privatisation of national defense is only expected to take place when the expected benefits outweigh the current costs of national defense (+). If the expected costs are higher than the benefits, or expected costs and benefits are equal to the current costs and benefits, privatisation of parts of national defense is not expected to occur.

Unipolar international system (6)

In order to speak of a unipolar international system, the greatest amount of power that can be distributed among states in the system should be concentrated in one single state. This superpower, the hegemon, has significantly more capabilities than any other power in the system. In order to determine the power position of the state, three different datasets will be used: de Composite Index

of National Capabilities (CINC) for the Correlates of War Project, Stockholm International Peace Research Institute dataset and World Development Indicators of the World bank, to determine: state power, military spending and economic strength.

The CINC score is based on the national material capabilities dataset of the Correlates of War project. This dataset contains the yearly score of each state on its total population, urban population, iron and steel production, energy consumption and military expenditure. These dimensions added up provide an overall score. This score shows the relative measure of the state's material capabilities as a percentage of the total capabilities in the system.

The overall defense spending of a state can be found in the dataset provided by the Stockholm International Peace Research Institute (SIPRI). The SIPRI dataset provides an overview of a state's spending on the national army, the defense department, paramilitary units and the research and development department of the military (SIPRI, 2011). SIPRI shows the spending per year, per country in millions of dollars.

The economic strength of a country can be determined by looking at its gross domestic product (GDP). The World Development Indicators of the World Bank provide an excellent overview of a state's economic status (Worldbank, 2011). GDP is measured in billions of dollars.

These three datasets provide an overview of the relative capabilities of a state. An overview of the years 1993, 1997 and 2002 shows what the capabilities of each power were. To see whether the system is unipolar a top six of most powerful states is made.

Table 3.1 State capabilities overview

	CINC 1993	Defense Spending 1993 (million \$)	GDP 1993 (billions \$)	CINC 1997	Defense Spending 1997 (million \$)	GDP 1997 (billions \$)	CINC 2002	Defense Spending 2002 (million \$)	GDP 2002 (billions \$)
United States	15,65	442,029	6,614,300	14,61	369,315	8,278,900	14,97	425,471	10,590,200
China	12,28	20,300	440,500	12,61	22,800	952,653	13,36	39,500	1,324,805
India	6,36	14,942	267,037	6,63	17,422	410,915	6,82	22,577	477,849
Russia	5,70	50,987	435,060	5,68	28,834	404,921	5,45	28,833	306,603
Japan	5,44	49,448	4,350,012	5,35	51,432	4,261,842	5,07	52,314	4,095,484
Germany	3,01	56,100	2,004,460	3,05	48,622	2,160,591	2,79	48,170	1,890,971

Source CINC: Correlates of War National Material Capabilities Data (March 2011)

Source defense expenditure: SIPRI Military Expenditure Data (March 2011)

Source GDP: World Databank World Development indicators (WDI) & Global Development Finance (GDF) (March 2011)

The hegemon (7)

Based on the table 3.1 it can be concluded that the international system was unipolar between 1993 and 2002. The United States was the most powerful state, since it has the highest score in the CINC index, on defense spending and on GDP, and can therefore be qualified as the hegemon in the system. The difference between the CINC scores of the USA and China may not be significant, but the difference between the USA's score on the GDP and the defense spending is significantly higher than that of all the other states. Therefore the United States is considered to be the hegemon⁸.

⁸ It should be emphasized that the defense spending of China has doubled in less than ten years. Therefore China can be perceived as an increasing threat to the United States. This development further strengthens the presumption that the hegemon should focus on its own national security, making the privatisation of national of defense less likely to occur.

3.4.2 Operationalisation hypothesis foreign policy analysis framework

Decision situation

Before turning to the operationalisation of the central concepts, the decision situation will have to be recalled. Model 2.2 shows that the decision-situation, crisis, strategic or structural, enables certain actors to be potentially involved in the decision making process (see section 2.2.3). Based on these three distinctions, the decision to privatise national defense can be seen as strategic decision making, for this involves strategic policies: 'designed to assert and implement the basic military and foreign policy stance of the United States toward other nations' (Ripley and Franklin, 1991: 23).

This means that the following actors are likely to be involved: the President, the heads of the executive departments, Congress, congressional committees and the private sector (Jones, 2007). In the case of privatisation of national defense this means that especially actors who have an interest in national defense are likely to be involved. Possible involved actors are: the Secretaries of the department of Defense, the Joint Chief of Staff, the leaders of the parties in both House and Senate, the heads of various Senate Commissions (e.g. the Senate Commission on Armed Services) and various agents from the private military industry (cf. Jones, 2007; Stanger, 2009). Since privatisation of defense is strategic decision making, only the concepts of high-level decision making will be operationalised.

Central concepts

From the general and specific hypotheses for the FPA-framework it follows that:

If the authoritative decision unit (8) is [a predominant leader (9); a single group (10); a coalition (11)] and privatisation of national defense (1) is by this authoritative decision unit perceived to be in the national interest of the state (12), then the state will privatise parts of its national defense.

Authoritative decision unit (8): The predominant leader, the single group and the coalition
The authoritative decision unit is an actor whose perception of the national interest determines the dominant national interest of the state, and the according national preference, on which state behaviour is based. Three types of authoritative decision units can be distinguished: the predominant leader, the single group and the coalition (Hermann, 2001; Hermann & Hermann, 1989).

Predominant leader (9): A predominant leader is a single individual able and willing to make a decision for the entire government. Other actors may be allowed to ventilate their opinions and visions, but in the end the conceptions of the predominant leader determine the political outcome (Hermann and Hermann, 1989: 365).

Single group (10): For a decision unit to qualify as a single group there should be a group of individuals who together make decisions through an interactive process. This group should be the only group in the state with the capacity to determine the actions of the state on a specific topic (ibid.). Contrary to Hermann and Hermann, I assume the single group to be a small group, with overlapping minds-sets and ideologies. In other words: they are like-minded. The Hermanns argue that when the individuals are not like-minded, they can still be a single group, but they are likely to be influenced by other factors outside the group (ibid.). However, by assuming this it becomes unclear how the 'single' group of not like-minded individuals differs from a coalition of actors with

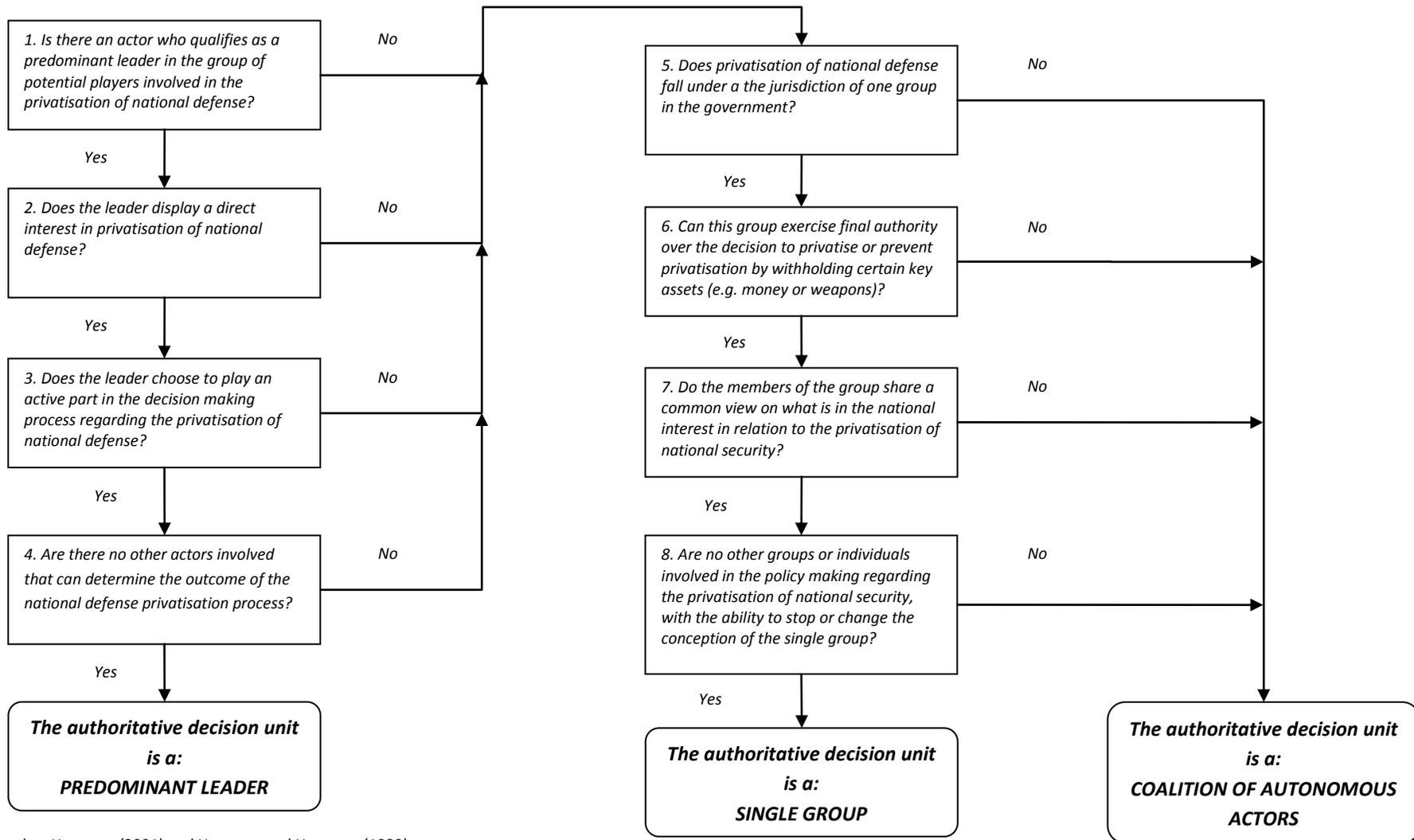
different views. For that reason I assume the members of the single group to be like-minded. If this is not the case one can speak of a coalition .

Coalition (11): The coalition is a group of actors from different positions and backgrounds, who can determine the actions of the government and the behaviour of the state. None of them are capable of determining the actions of the government on their own, not a single one of them can force the other into complying with his wishes or preferences. This makes the actions of a coalition likely to result in either deadlock or a compromise between the varying conceptions of the national interest (Hermann and Hermann, 1989; Hermann, 2001). Within the coalition a political game will be played. The outcome of this game will determine the dominant conception of the national interest.

Determining the authoritative decision unit

The Hermanns have devised a thirteen step method and a five step method to determine the authoritative decision unit (ibid.). The thirteen step method has many loops going back and forth between the various decision units making it overly complex, while the five step method is too limited, leaving out some essential steps (for instance the question whether unity exists within the single group). Therefore I have devised an eight step method in which the Hermanns earlier two models have been merged. This new model is has been made specific for the topic of privatisation of national defense. Model 3.1. presents these questions visually.

Model 3.1: Determining the authoritative decision unit



Based on Hermann (2001) and Hermann and Hermann (1989)

The perception of the national interest (12)

The perception of the national interest of a person consists of two elements: the personal beliefs and his governmental interests. Both concepts will have to be operationalised in order to understand the perception of the national interest of each actor involved in the political game.

Personal beliefs and world view

A person is assumed to have an individual belief system, in which some beliefs matter more than others. The most important beliefs are the so called 'master beliefs'. The master beliefs are the most resilient and are leading in the way a person sees the world. Consequently, since the master beliefs shape the belief system of an actor, they also partly shape the decisions an actor makes. There are two commonly applied techniques to measure the personal beliefs and worldviews of a person, namely the Operational Code and the Cognitive Map technique (Verbeek, 2003).

In this thesis the Operational Code will be used, since the Cognitive Map technique is less accurate in determining the central beliefs of a person and it only maps the instrumental beliefs of people and not their philosophical beliefs. The Operational Code can provide both. The Operational Code is a structural approach, developed specifically for foreign policy analysis. It uses a set of questions focussing both on the instrumental and philosophical beliefs that are relevant for foreign policy making. On the basis of these questions, memoirs, documents and speeches are analysed to determine the master belief of the person involved. The master belief is the belief of a person that keeps recurring and remains stable over time. Since the Operational Code has been effective in explaining the impact of the belief system of an actor on foreign policy (Verbeek, 2003), I will follow this approach in this thesis, since the personal beliefs are key factors that shape a person's conception of the national interest. Since the privatisation of national defense not only concerns foreign policy, but national policy as well it is important to include in the philosophical beliefs questions regarding the nature of the state and government. These questions will be added in the Operational Code in a new header referring to the nature of the state.

The following questions provide the outline for determining the Operational Code

Figure 3.1 The Operational code

Philosophical Beliefs

1: Referring to the nature of politics

- 1.1 What is the “essential” nature of political life?
- 1.2 Is the political universe essentially one of harmony or conflict?
- 1.3 What is the fundamental character of one’s political opponents?

2. Referring to the nature of the state (*)

- 2.1 What is the “essential” nature of the state?
- 2.2 What are the fundamental purposes of the state?

3: What are the prospects for the eventual realization of one’s fundamental political values and aspirations? Can one be optimistic, or must one be pessimistic on this score, and in what respects the one and/or the other?

4: Is the political future predictable? In what sense and to what extent?

5: How much “control” or “mastery” can one have over historical development? What is one’s role in “moving” and “shaping” history in the desired direction?

6: What is the role of “chance” in human affairs and in historical development?

Instrumental Beliefs

1: What is the best approach for selecting goals or objectives for political action?

2: How are the goals of action pursued most effectively?

3: How are the risks of political action calculated, controlled, and accepted?

4: What is the best “timing” of action to advance one’s interest?

5: What is the utility and role of different means for advancing one’s interests?

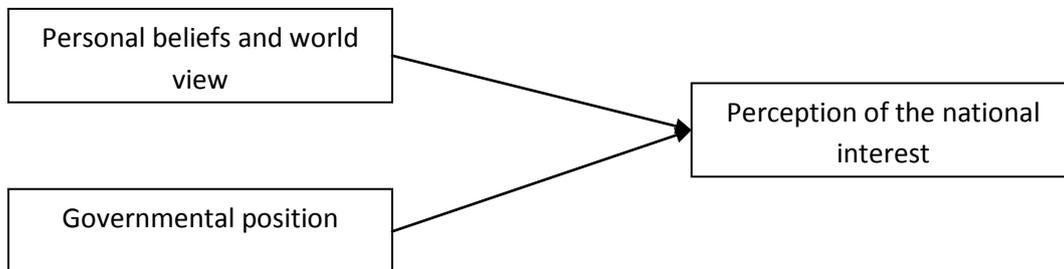
(Based on Verbeek, 2003: 29 and Renshon, 2009: 641. The * indicates my addition to the Operational Code)

Governmental position

In order to determine the governmental interest, the main objectives of each organisation involved will have to be mapped. This can be achieved by looking into secondary literature and looking at the websites of the organisations. Nearly every website provides an overview of the main goals and objectives of the organisation they strive to realise. If these goals are in line with the privatisation of national defense or the organisation is likely to benefit from the outsourcing, then it is likely to shape the actors conception of the national interest regarding this issue in a positive way. If perceived to be at odds with the organisation’s interest, then the governmental position is likely to shape the actors perception in a negative way.

The construction of the perception of the national interest can be illustrated as follows:

Model 3.2 Construction of the perception of the national interest



A distinction should be made regarding the impact of the two variables that construct the perception of the national interest, for the weight attached to each variable may vary based on the type of authoritative decision unit. The impact of personal beliefs will be greater than the impact of the governmental position, if the actor holds a higher position in government. The higher the governmental position the more likely the actor is to act upon his personal views (Art, 1973).

In other words: the more powerful the actor, the greater the impact of personal beliefs on the perception of the national interest will be. This can be applied to the authoritative decision unit. I argue that the more powerful the authoritative decision unit is, the greater the impact of the personal beliefs and worldview will be, or conversely, the less powerful the decision unit, the more his perception of the national interest will be shaped by his governmental interest.

The predominant leader and the single group are not constrained by other actors. Since they do not have to share their power, they can shape the dominant conception of the national interest. Therefore both are powerful authoritative decision units in the government, for they are the only actors with the ability to make a decision on their own. The coalition on the other hand is less powerful than the predominant leader and the single group, since neither of the actors in the coalition has the power to make an individual decision.

These variations in power between the authoritative decision unit determine what element shapes the perception of the national interest. The predominant leader and the single group are the most powerful decision units. This means that the perception of the national interest of the predominant leader and the single group are primarily shaped by their world view and personal beliefs. At first glance this might seem counterintuitive since the single group consists of various members with each their own personal beliefs. However, since the single group is considered to be a like-minded group it is assumed that they share a certain world view. For that reason it is possible to speak of the worldview of the single group, so the Operational Code can also be applied to the single group (cf. Leites, 1951).

Since the members of the coalition are less powerful they are less likely to act like a 'player', which makes them more likely to act on their governmental interests, rather than on their personal ideas (Allison & Zelikow, 1999). For these reasons I assert the personal beliefs and world view to be dominant when the authoritative decision unit is a predominant leader or a single group and the governmental position to be dominant when the decision unit is coalition.

3.5 Data collection

According to Verschuren and Doorewaard there are five different sources of data a researcher can access: people, media, reality, documents and literature (Verschuren & Doorewaard, 2007). Not all of these sources will be accessed in this thesis. Reality will not be source of information, since experimentation is not a part of the research design. Also people will not be a source of data. Although interviews with key decision makers might provide a high amount of information, this will not be possible due to a lack of time and funds.

A distinction should be made between the data that are necessary to test the neorealist hypothesis and the data that are needed to test the FPA hypotheses. In order to test the neorealist predictions the political, economical and ideological dimensions of the national interest need to be measured. In order to do this, data will have to be obtained concerning the expected military and economic effects of privatisation of national defense. A source that can be accessed is the Quadrennial Defense Review. Additionally, secondary literature such as scientific articles and books can be used as well. The works of Brooks (2005), Stanger (2009) and Markusen (2003) are likely to provide insight in how beneficial privatisation could be for the political and economical interest of the state. To determine the ideological costs and benefits, I will look into the works of the Founding Fathers. *The Federalist Papers* of James Madison and Alexander Hamilton provide an excellent source to determine what ideological values outline the basis for the United States' view on government and security politics.

In order to determine the conception of national interest of the various actors in the FPA-model other data sources will have to be addressed. One of the most effective ways to determine the position of an actor would be to interview the group of actors involved in the decision making process. Since this is not possible, other primary sources such as the media, governmental documents, and additional literature will be used to determine the position of the actors. Governmental documents, such as congressional reports, can provide insights in the position of the various actors. For this the website of Congress, the Government Accountability Office, and CSPAN⁹ will be used. In order to determine the mindset of key players the previous mentioned sources as well as memoirs, biographies and secondary literature can be used. These data sources can provide the necessary information to determine the perception of each actor on privatisation of national defense.

3.6 Confirmation and refutation

Based on this operationalisation the hypotheses are tested. In order to determine when a theory is confirmed or refuted I will specify what should be observed in order for the hypothesis to be falsified.

The neorealist framework will have to be considered falsified when the analysis shows that privatisation of national defense takes place, while this is not the national preference of the state. So if the score on the national preference is either (-) or (+/-) and privatisation of defense in United States did occur, then theory of neorealism will have to be considered refuted for this specific case. Consequently, the theory is confirmed when the score on the national preference is a (+), in that case privatisation of national defense was expected to be beneficial and therefore it likely to have taken place because of this.

⁹ CSPAN, or Cable-Satellite Public Affairs Network, is Congress' political TV channel. Its website provides recordings of nearly every formal hearing and discussion in Congress.

The same line of reasoning applies to the foreign policy analysis framework. The FPA framework will be falsified if privatisation of national defense is not consistent with the dominant conception of the national interest of the authoritative decision unit. The FPA framework will be confirmed when the dominant conception of the national interest of the authoritative decision unit prescribes privatisation of national defense.

If the predictions of the neorealist framework are confirmed, the FPA framework will still be tested, since confirmation of the neorealist framework does not mean there are no longer any reasons to focus on the FPA dimension of international relations. Although the neorealist framework predicts how states should behave based on external pressures from the international system, it does not show how the actual behaviour is constructed. Foreign policy analysis can show what processes took place within the state, how state behaviour eventually came to be. While neorealism merely predicts that X leads to Y, FPA can show what the relation between X and Y actually upholds. By opening up the black box, it can show how actors in the state responded to the external pressures. Furthermore, if neorealism can explain the privatisation, but FPA can explain it as well, this opens up new research possibilities for the integration of the two frameworks, merging the impact of international politics on the conduction of foreign policy, with domestic politics (cf. Alons, 2010). So even if neorealism is not refuted there are enough reasons to test the FPA framework.

In conclusion: if one of the two frameworks is refuted and the other is confirmed, the latter will be considered as offering the best explanation. If the two are both confirmed, both frameworks can explain the privatisation decision, this opens up new research possibilities for the integration of the two frameworks. When both theories are refuted no clear statements can be made whether one theory provides a better explanation than the other. Should this happen, there is no reason to put aside both theories. Additional research will have to be done, to find a sufficient explanation for the privatisation of defense in the United States.

This chapter has discussed why the case study is best research strategy to explain the privatisation of national defense in the United States. Also the hypotheses have been made specific for this case and the central concepts have been operationalised. In the next chapter the process of privatisation in the United States national defense will be discussed.

Chapter 4: The United States and the Problem of National Defense

The United States has a long-standing history of privatisation of the national defense, starting at the birth of the nation during the American Revolution. During the First and Second World War the weapon production was outsourced to the private sector. After the Second World War the government struggled for forty years with low efficiency at the Department of Defense (DoD) and high costs of national defense. After the Cold War the first real attempt to change this was proposed¹⁰. This process will be discussed in this chapter. First, the defense reforms of the Clinton government (1993-2001) will be assessed. Secondly, the reforms of the Bush administration between 2001 and 2006, the so called 'Rumsfeld Reforms' will be discussed.

4.1 Privatisation in the Department of Defense during the Clinton administration

In 1993 Bill Clinton became president and one of his prime goals was to reform the way the national government operated. Consequently, this was also going to lead to changes at the most expensive department of the government, the Department of Defense (McBride, 2003).

4.2.1 Les Aspin and the Bottom-up Review (1993-1994)

With the presidency of Clinton changes were made to the way the United States government operated. The Democratic administration faced a large budget deficit and Clinton had made it clear at the beginning of his term that one of his main goals was to reduce this massive debt (Clinton, 1993).

One of the ways the government wanted to achieve this goal was by reforming the national government. The Department of Defense was not the only department coping with high costs and low efficiency, the other departments faced similar problems as well. All departments had to become more efficient and most of all cheaper. In order to find out what reforms needed to take place Clinton created the National Performance Review (NPR). The goal of the National Performance review was to 'create a government that works better, costs less and gets results Americans care about'(Website NPR). In order to achieve this slimmer and more efficient government nearly every branch of the government was subjected to a set of studies to assess the problems at hand. Based on the results of these studies the necessary reforms could then be implemented.

The DoD was also subjected to a series of studies to assert the main problems in the department. In 1993 Secretary of Defense Les Aspin initiated the Bottom-Up Review (BUR). The BUR was to show how the national defense strategy should be changed for the post-War Era and to what extent the budget cuts proposed by the Clinton government could be implemented. Aspin's review was completed in October that same year, and it made clear that the DoD could save \$91 billion in four years through reforms.

Congress was less convinced by the results of Aspin's review and issued an investigation by the General Accounting Office (GAO). The report of the GAO showed that Aspin and his colleagues had designed a new military structure far larger than necessary, considering that the Soviet Union no longer posed a serious threat. The BUR was not accurately conducted and in fact the DoD would not

¹⁰ For a complete overview of the history of the U.S. national defense from the 18th century until the end of the Cold War see: McBride, M.T. (2003). *The Proliferation of Contractors on the Battlefield: A Changing Dynamic that necessitates a strategic review* and Stanger, A. (2009). *One Nation under Contract: The Outsourcing of American Power and the Future of Foreign Policy*.

save 91\$ billion in the following years, but rather exceed the budget Clinton had set (GAO, 1995). So while the DoD officials wanted to retain their Cold War budget, the Clinton administration and Congress wanted reforms. These opposing parties left Aspin torn between his administration and his department. Clinton, discontent with the progress that had been made to shrink 'the deficit monster' in which the DoD shared a large portion, needed someone at the DoD to carry out the necessary reforms. Aspin's additional failure to handle the conflict of the United States in Somalia led to an uproar in Congress. These failures ultimately led to the resignation of Aspin in January 1994 (Korb, 1993; Politico.com; EBSCO host).

4.2.2 William Perry: Reforming defense acquisition (1994-1997)

Aspin was succeeded by Deputy Secretary of Defense William Perry in February 1994. Perry immediately took up the task of reducing the United States forces and thereby reforming the defense department. Perry made the reform of the DoD and the downsizing of its budget one of his main tasks. Only a week after his confirmation he issued an acquisition reform policy. This new policy was to make the DoD 'the smartest, most efficient, most responsive buyer of best value goods and services that meet the war fighters' needs, relying upon a globally competitive national industrial base to satisfy the DoD's requirements (Annual Defense Report, 1997). More commercial business practices within the Department were to streamline funding and save considerable amounts of money.

Reform through acquisition was not the only way the Clinton administration intended to change the DoD. The national defense should focus on its core tasks. Supporting tasks such as housing, weapon depot maintenance, data processing and property control could be transferred to the private sector. By competitively selecting these companies efficiency could be increased, while costs could be reduced up to twenty percent (Directions for Defense, 1995).

To find out how these changes could be achieved Perry established a new committee of the Defense Science Board in November 1995: the Task Force on Privatisation and Outsourcing. This task force consisted mainly of members from the private sector. In August 1996 the Task Force reported its recommendations which again emphasized the need to outsource: 'all DOD support functions should be contacted out to private vendors except those functions which are inherently governmental, are directly involved in war fighting, or for which no adequate private sector capability exists or can be expected to established' (Report Task Force on Outsourcing and Privatisation, 1996). Furthermore, individual training and support in military hospitals could also be outsourced to the private sector.

While determined to take up the advice of the Defense Science Board regarding outsourcing, the Clinton government had problems implementing their policies. In order to translate their policies into actual actions, they had to be approved by a Congress that was dominated by a Republican majority. The proposal of Perry to cut the DoD budget for the fiscal year 1996 met heavy resistance from the House Republicans. The Republicans had won the midterm elections of 1994 mainly by their 'Contract with America' - election program which involved increased defense spending rather than budget cuts. After a struggle with Congress' Republicans, the administration reduced the budget cuts. In return Congress approved the budget plans for defense, which enabled the implementation of the Comprehensive Acquisition Policy in March 1996 (Website Defense History Perry)

The DoD remained a point of interest for Congress, for in 1996 the Senators Lieberman (Dem.) and Coats (Rep.) amended the National Defense Authorization Act of 1997 to include a Quadrennial Defense Review (QDR). This happened in the Military Force Structure Review Act of

1996. This law directed the DoD to perform an top-down review assessing the strategies, programs and budgets of the entire department. Based on the QDR a new national defense policy was to be made. Additionally, the Republicans insisted on the creation of an independent panel to review the QDR, since the previous review conducted under Aspin was done entirely by the Department of Defense and had proven to be considerably biased.

It would, however, not be William Perry to lead the QDR for he resigned in November 1996 after the re-election of President Clinton (Website DoD - Biography William Perry; Isenberg, 1998).

4.2.3 William Cohen: The Defense Reform Initiative (1997-2001)

In order to prevent additional struggles and secure partisan support for the defense policies, Clinton selected the Republican William Cohen to be Perry's successor as Secretary of Defense (Isenberg, 1998). In his confirmation speech Cohen made clear that he would not follow all the targets the Clinton administration had set for the Department of Defense. He opposed further budget cuts and supported the increase of spending on advanced weapons. Cohen asserted that the base closings and the acquisition reform introduced by Perry would probably not generate the money necessary to buy these new weapons. In order to generate this amount of money, cuts in the military personal were deemed necessary. Cohen was going to create a corporate vision of the DoD, by revolutionizing the business affairs of the department (Stanger, 2009: 86; Website DoD – Biography William Cohen).

In February 1997 Cohen installed the National Defense Panel which was to review the upcoming Quadrennial Defense Review. The panel consisted of a mix of former government officials, retired military officers and defense contractor executives. They were to check the findings presented in the QDR. When the QDR was released in May 1997 it turned out that the DoD had integrated many recommendations of the task force of the Defense Science Board on Privatisation and Outsourcing in the QDR. The QDR stated that DoD was to outsource a great part of its non-core functions, for this was expected to reduce costs and increase efficiency. 'A guiding principle of the American government is that the government should not perform private sector-type functions, and this should also be true of the defense sector unless a compelling military need is demonstrated' (QDR, 1997). The National Defense panel largely agreed with the findings of the DoD in the QDR, but stressed the importance of additional acquisition reforms (Assessment NDP of the QDR).

In response to the QDR and the report of the NDP, Secretary Cohen established a Defense Reform Task Force. This task force was to work closely with Congress and the private sector to create a plan to implement the QDR. The task force completed its work in November 1997, resulting in a new reform plan: The Defense Reform Initiative (DRI). The DRI focused on four specific pillars: *Reengineer* – adopt best practices, *Consolidate* – reorganize, *Compete* – apply market mechanisms, and *Eliminate* – reduce excess support structures. The DRI included the shifting of many governmental functions to the private sector. This would be achieved through the so called *OMB Circular A-76*-procedure, which basically meant the creation of competition between private and governmental organisations. This was to greatly reduce government spending (DRI, 1997; website DoD Reform).

Meanwhile Congress had also taken actions after the publication of the QDR. In June 1997 the Representatives Floyd Spence (Rep.) and Ronald Vellums (Dem.) introduced the Defense Reform Act in the House of Representatives. The Defense Reform Act called for similar reforms as in the DRI. The plans articulated in the Defense Reform Act became largely integrated in the National Defense Authorization Act of 1998 (Defense Reform Act 1997; National Defense Authorization Act of 1998).

The combination of the DRI and the Acts and Laws of Congress ultimately enabled the start of actual reforms in the Department of Defense. Between 1998 and 2001 DoD managed to implement 93 percent of the reforms prescribed in the DRI. However, despite being able to save \$11.7 billion through competitive and strategic sourcing, the crucial elements such as the military housing project and the implementation of the A-76 procedure were still off track (DRI Transition Report 2001). So although Clinton started with the first reforms at the DoD, more rigorous reforms would take place after George W. Bush took office in 2001.

4.2 The Rumsfeld Reforms: Transforming defense (2001-2006)

Defense reform was one of the key elements in the Bush campaign in 2000. During his speech in The Citadel military college in South Carolina he made clear that: 'As president I will begin an immediate, comprehensive review of our military' (Garrison, 2001). Bush emphasized the importance of reshaping the military for the post-Cold War era, and that the current government had failed to do so. Change in the Department of Defense would only be achieved through a top-down approach (Cohen, 2009).

When Bush took office defense reform thus became one of his priorities. In order to achieve this reform he appointed Donald Rumsfeld to be his new Secretary of Defense. When Rumsfeld assumed office he started a fundamental review of the entire DoD and installed an expert panel to develop a transformation strategy for the Pentagon (Mahnken and FitzSimonds, 2009).

However, Rumsfeld's efforts for transformation were not met with cheers, for both Congress and the officials at the DoD criticized his plans. The budget cuts Rumsfeld proposed were ill received by the army generals, while some members of Congress complained that the Secretary did not keep them up to date about his reform plans. Rumsfeld, not impressed by this criticism, steadily continued the review for his upcoming reforms with the support of both President Bush and Vice President Cheney (Ricks, 2001). After supplying the Armed Services Committee of the Senate (SACS) with an update on his review in June that same year, Rumsfeld was able to ease the tensions that had emerged between him and Congress (SACS, 2001, Review).

Rumsfeld reported the findings of his review to the employees of Pentagon on September 10 2001. In his 'From Bureaucracy to the Battlefield' speech he labelled the Pentagon's organisations wasteful, slow and inefficient. In order to achieve a flexible national defense and an efficient Pentagon, all non-core functions would have to be outsourced to the private sector. For Rumsfeld non-core functions were functions not linked to war fighting. These functions were to be directly outsourced to the private sector. Functions indirectly linked to war fighting would be shared between the private sector and the government. By working closely with the private sector on multiple levels, the United States would finally become ready for the post-Cold War age (QDR, 2001).

The attacks on the World Trade Centre and the Pentagon the next day triggered a change of perception in Congress about the need for adequate reforms in national defense. Suddenly faced with a direct threat the time had come for the United States to make the right sort of changes. Reforms at the Pentagon suddenly became essential in the view of many members of the government and Congress (Stanger, 2009).

On the 30th of September Rumsfeld released the new QDR 2001, which encapsulated most of his outsourcing and privatisation plans. The Congress, now aware of the need for change in national defense embraced Rumsfeld's proposals. In the National Defense Authorization Act of 2003 (NDAA 2003) most of the proposed reforms were made into public law. This triggered the transformation in defense, involving more business practices, outsourcing and privatization (QDR, 2001; NDAA 2003). It

is safe to say that 'the Rumsfeld vision quickly sank deep roots, producing a huge across-the-board transformation in the Pentagon' (Stanger, 2009: 87).

Rumsfeld pushed his reform onwards from 2002. He urged the military staff to think and act more like 'venture capitalists and less like bureaucrats' (ibid.: 86). In 2003 the administration issued the Transformation Planning guidance, which provided the outline for the strategy for transformation in the military services. With these plans set in motion transformation finally came to the Pentagon. Between 2002 and 2005 the number of contracts with the private sector grew from 3.4 million to 5.2 million. The private sector took over many administrative functions, but also more war fighting related branches of defense such as the training of soldiers, aerial surveillance and base build-up (Mahnken and FitzSimonds, 2009).

After a period of more than ten years, change came to the Pentagon. The Democratic government of Bill Clinton made the first steps towards privatisation of national defense, but the Bush administration created the actual transformations in the military. One can pin-point two key decision points. The first is the introduction of the Defense Reform Initiative and its integration in the National Defense Authorization Act of 1998. The second is the integration of the Rumsfeld Review and the Quadrennial Defense Review 2001 into the National Defense Authorization Act of 2003.¹¹

The question still remains whether this change was in the national interest of the state. In the next chapter the developments in the national defense, and especially the two central decision points will be analysed on the basis of both theoretical frameworks. Based on the analysis it should be possible to determine which of the two frameworks can best explain the privatisation of national defense.

¹¹ For an overview of the history of the defense reforms between 1993 and 2006 see Appendix I.

Chapter 5: Analysis

In this chapter the two earlier discussed hypotheses will be tested to see which of them can best explain the privatisation of security in the United States. For the neorealist framework this means that the privatisation of national defense between 1993 and 2002 must have been consistent with the national interest of the U.S., while for the FPA framework this means that privatisation of national defense must have been consistent with the ideas of the authoritative decision unit. The results of this analysis will make it possible to determine which theory can best explain the privatisation of defense in the United States.

5.1 Analysis of the neorealist framework

In order to analyse the neorealist framework we will first have to return to the hypothesis derived from the theory. In chapter 3 the following hypothesis was formulated on the basis of the neorealist framework.

H1: If the United States – considering that between 1993 and 2002 the international system was unipolar and the United States were the hegemon - perceived the benefits of privatisation to be greater than the costs of retaining the national control over defense, then the United States would privatise parts of its national defense

As made clear in section 3.1.4, one can only speak of perceived benefits and costs (at $t+1$) compared to another point in time (t). The starting point to compare these perceived benefits and costs will be the situation of the United States national defense just after the Cold War in 1993, when it became clear the United States had become the sole hegemon in the international system. The costs and benefits of the situation of national defense for the three dimensions of the national interest in 1993 will first be assessed, after which the situation in 1993 will be compared to the perceived costs and benefits of privatisation of national defense as proposed in the National Defense Authorization Act of 1998 and the National Defense Authorization Act of 2003.

5.1.1 Analysis of the expected effects of privatisation of national defense

Political dimension of the national interest

The political dimension of the national interest is constituted by three factors: military power, self-sufficiency and credibility. Neorealism expects the United States to start to privatise (parts of) its national defense if this is beneficial for the majority of these factors.

Military Power

The military power the United States in 1993 was enormous. The U.S. had 'the best and most ready military force in the world' (Aspin, 1993: 77). This was not merely a matter of perception, since the CINC-index (Chapter 3 - table 3.1) shows that the U.S. in fact had the greatest military power and the highest defense spending of all major powers. However, the government asserted that if the United States wanted to retain this power position, the army would need modernisation. With the Soviet Empire disintegrated, there was no longer one clear enemy in the international system. The United States would thus have to be able to respond to new kinds of threats. This would require a flexible

and agile army which would enable the U.S. to retain its role as 'sole superpower, as the indispensable nation' (QDR, 1997). In order to achieve this, reforms in defense needed to be made, which would feature modernisation and privatisation.

The question at hand is whether privatisation of national defense would improve the military power of the country. Analysis of governmental documents shows that there was no clear consensus on whether privatisation of defense would benefit the military power of the United States.

Generally, privatisation is considered to reduce costs and increase the efficiency of the tasks that are transferred from the public to the private sector (Brooks, 2005). This freeing up of additional resources would enable the United States to modernise its army. According to the national security committee of the House of Representatives, privatisation would help to preserve 'the critical military capability of the United States' (Report on the Defense Reform Act 1997). This is also articulated in multiple reports from the Department of Defense:

'As our war fighting scenarios have changed, so too have attendant support functions. Best business practices, tempered by risk and threat assessments, must be used to determine where outsourcing, privatization and competition can improve the performance of these activities'. (DoD Report, 1996)

'DoD's experience with outsourcing thus far demonstrates that it can enjoy many of the benefits that private industry has gained from outsourcing - tighter focus on core tasks; better service quality; more responsiveness and agility; better access to new technologies' (QDR,1997).

So on the one hand there was a clear conception that privatisation of parts of the military would increase the military power the United States. On the other hand, different actors in the government asserted that the privatisation would reduce the force of the military. Privatisation included reducing the numbers of troops, which would weaken the military power of the United States (CSPAN, 1997a).

The expected effects of privatisation of military power were twofold. It could transfer money from the supporting sector of defense (non-core functions) to the war fighting sector of defense (core-functions). This would enable modernisation and would create an agile and more effective army which would benefit the military strength of the U.S. On the other hand, privatisation would reduce the number of troops, thereby reducing the readiness of the forces. It was conceived to be a trade-off between the benefit of efficiency and the costs of having a smaller army. Privatisation of national defense could both strengthen and weaken the military power the States.

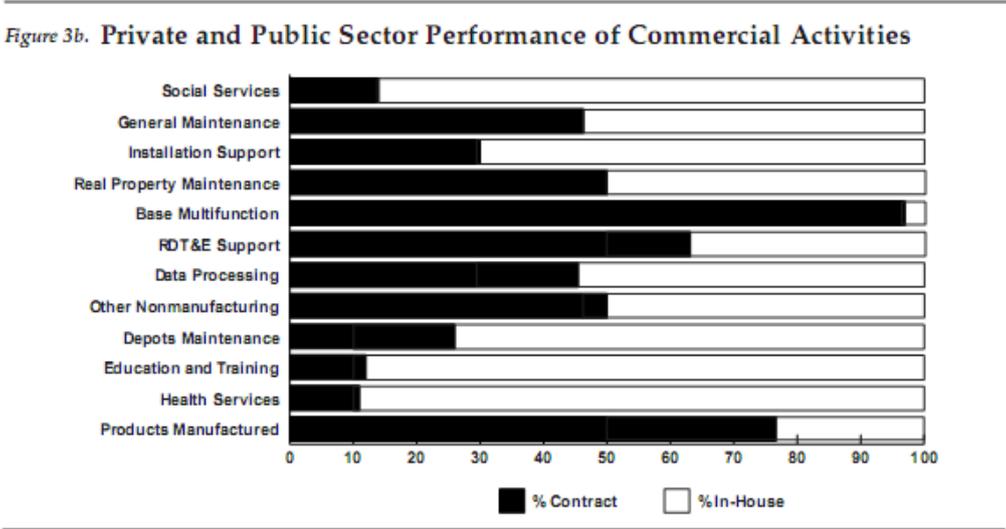
Since the expectations were that privatisation would preserve the current state of the military, but at the same time could also weaken the military power the United States, I assert that privatisation of national defense to be neither beneficial nor costly for the military power of the United States. This means that an average score can be attached to the variable of military power.

Self-sufficiency

In 1993 the United States was largely self-sufficient in maintaining its national defense. During the Cold War almost every task relating to national defense was executed by the Pentagon. The only sector on which the United States was heavily dependent was the weapon industry, for these tasks had been outsourced to the private sector since the Second World War and the situation had remained the same ever since (McBride, 2003; Brooks, 2005).

Between 1993 and 1997 the process of outsourcing started. In 1996 the ratio between public and private at the DoD was 1: 4.7. So for each public official there were nearly five private actors. Figure 5.1 shows what the situation was like in 1997. As becomes clear, a majority of tasks is still provided by the Department of Defense.

Figure 5.1 Private Public Ratio at DoD in 1997 (DRI, 1997)



This ratio was expected to shift in the following years due to the privatisation plans. The privatisation of national defense not only meant the privatisation of civilian tasks at the Pentagon, but also of supporting military tasks such as base, weapon and depot management and inherently governmental tasks like the training and education of soldiers. All functions not directly related to war fighting could be outsourced to the private sector (QDR, 1997; 2001). The prognosis in figure 5.2 shows how between 1997 and 2002 at least 225.506 jobs would be outsourced.

Figure 5.2 Expected outsourcing of personnel (GAO, 1999)

Component	Fiscal year							Total
	1997	1998	1999	2000	2001	2002	2003	
Army	13,173	13,484	13,477	8,146	8,138	0	0	56,418
Navy	10,500	15,000	20,000	20,000	15,000	0	0	80,500
Air Force	13,367 ^a	21,195	18,494	10,107	0	0	0	63,163
Marine Corps	0	800	1,700	1,700	800	0	0	5,000
Defense agencies ^b	0	2,151	6,442	3,002	2,288	6,542	0	20,425
Total	37,040	52,630	60,113	42,955	26,226	6,542	0	225,506

As mentioned in the first chapter, the privatisation of any governmental function, or delegation from the public to the private sector, always entails a loss of control. Since the U.S. increasingly privatised parts of its national army this would affect the self-sufficiency of the United States. With their military industry globalized, the United States can no longer do business with solely American companies. By working together with these multinational corporations its degree of autarky has significantly decreased. By working closer with the private sector it has increased its dependency on other actors, which in turn can be considered a loss of the self-sufficiency of the state. On the other hand, the United States tried to reorganise their national defense in order to be capable of fighting (and

winning) two wars on different fronts. Through privatisation this would be made possible, so in that sense it was expected to increase the self-sufficiency of the United States.

For that reason I consider privatisation of national defense to have neither a positive nor a negative impact on the self-sufficiency of the United States. I therefore will attach an average value to the variable of self-sufficiency.

Credibility

The United States defined its credibility mainly in a military way. The United States considered itself the new and only superpower in the international system. They saw it as their main task to promote democracy and ensure peace in the international system (Clinton, 1993). The U.S. wanted to live up to promises they made as the new hegemon.

In order to do so they thought they should be able to respond to new threats in the post-Cold War environment. These new threats included the spread of nuclear weapons, terrorism and threats from upcoming regional powers. The government asserted that the U.S. national forces were still in a Cold War stage, which made the army less suited to respond to these new threats. So despite the fact it had the most powerful army in the world, the United States deemed its current army unfit for these new challenges. The inability to respond to these new types of threats would hamper the credibility of the United States (Aspin, 1993; GAO, 1995).

One of the solutions for this problem was increasing the quality and readiness of the army and this could be achieved through privatisation. Privatisation would help the state to: 'maintain "leading edge" technology; encourage innovation and increase the efficiency of the national forces' (BUR, 1993). This consideration also returns in the Quadrennial Defense Reviews of 1997 and 2001:

'Through its willingness to use force in its own defense and that of others and to advance common goals, the United States demonstrates its resolve and steadiness of purpose and the credibility of the U.S. military to meet the Nation's commitments and responsibilities'. (QDR, 2001)

For this reason the turn to privatisation can be considered a benefit for the United States' credibility. Privatisation enabled the United States to change its war fighting capacities in order to respond to new threats. A more flexible and modern military would likely enhance the credibility of the United States as the systems hegemon. Privatisation would modernise the national forces, enabling the United States to deploy their army all over the world. With a modern army focused solely on war fighting, the United States could live up to the expectations the other states had of the hegemon, as the guardian of peace and security. In that respect privatisation of national defense would benefit the credibility of the U.S.

On the other hand, through outsourcing the United States significantly increased its dependence on other actors. This development might weaken the U.S. credibility as hegemon. It creates the belief that the United States is in fact not an all powerful hegemon, but is just an 'ordinary' state dependent on other actors to fulfil its needs. Through outsourcing the autonomy of the state is reduced. Without full mastery over its agents, these agents could act on their own, becoming able to counter the interest and promises made by the United States. An example of privatisation decreasing the credibility of the United States are the shooting and torture incidents in Iraq, where private actors acted on their own. This ultimately resulted in a loss of credibility for the U.S. (Singer, 2008).

Taking this into account, privatisation of defense is both a benefit and a cost to the United States credibility. Therefore an average score will be attached to the variable of credibility.

Economic dimension of the national interest

In order to determine whether the privatisation of national defense was beneficial for the economic interest of the United States, we will have to look into the three variables which constitute this interest, namely: the Gross Domestic Product (GDP), government spending and efficiency. If privatisation of national defense was likely to improve the majority of these variables, privatisation will be seen as beneficial for the economic interest of the United States.

Gross Domestic Product

The economy of the United States was slowly recovering from the recessions of the eighties and the more recent recession of 1990. After 1991 the economy started to grow and the United States gained the highest GDP of all states in 1993. The question is whether privatisation of national defense would increase the United States' GDP.

Privatisation in general is considered to have a positive effect on the economic growth of a country. Leading economists such as Hernando de Soto and William Easterly have asserted that: 'reallocating assets and functions from the public sector to the private sector, appears to be a factor that could play a serious role in the quest for growth' (Filipovic, 2005: 1). Still, on the effect of privatisation on the GDP of a country there is no clear consensus. The research of Cook and Uchida suggests that there might in fact be a negative correlation between privatisation and the growth of the GDP of a state (Cook and Uchia, 2003). Economic research in developed countries shows how privatisation has no significant impact on the growth of a country. Florio and Grasseni show that the privatisation in the United Kingdom between 1979 and 1997 has provided no aggregated growth in the British GDP (Florio and Grasseni, 2003).

Therefore it can be asserted that privatisation has no significant positive or negative impact on GDP of a country. Because of this there is no reason to assume that the privatisation of national defense would either be costly or beneficial for the GDP of the United States. For that reason privatisation of national defense will be considered neither a cost nor a benefit in relation to the GDP of the United States. Accordingly, an average score will be attached to this economic variable.

Government spending

The U.S. had to cope with a budget deficit which had rocketed sky high during the last decades of the 20th century. The Cold War had triggered a huge increase in defense spending, which ensured that the second greatest portion of the federal budget went straight to national defense. Figure 5.3 illustrates this: from the total budget of 1408 billion dollar for the federal year of 1993, \$291 went to the Department of Defense. This process of government spending led to an increasing budget deficit. In 1993 the budget deficit upheld \$254,7 billion (Galbraight, 1994). Consequently, the United States had to deal with high government spending while the budget deficit kept increasing.

Figure 5.3 Budget Outlays U.S. Government 1992-1995 (Galbraight, 1994)

	Fiscal year						
	1992	1993	1994	1995	Change from preceding year		
					1993	1994	1995
Budget outlays	1,380.9	1,408.2	1,483.8	1,518.9	27.3	75.6	35.1
National defense	298.4	291.1	279.9	270.7	-7.3	-11.2	-9.2
Social security	287.6	304.6	320.5	337.2	17.0	15.9	16.7
Net interest	199.4	198.8	203.4	212.8	-0.6	4.6	9.4
Income security	197.0	207.3	214.8	221.4	10.3	7.3	6.6
Medicare	119.0	130.6	143.7	156.2	11.6	13.1	12.5
Health	89.5	99.4	112.3	123.1	9.9	12.9	10.8
Education, training, employment, and social services	45.2	50.0	50.8	53.5	4.8	.8	2.7
Veterans benefits and services	34.1	35.7	38.1	39.2	1.6	2.4	1.1
Commerce and housing credit	10.1	-22.7	.5	-6.6	-32.8	23.2	-8.0
Natural resources and environment	20.0	20.2	22.3	21.8	.2	2.1	-0.5
Agriculture	15.2	20.4	18.9	12.8	5.2	-3.5	-4.1
General science, space, and technology	18.4	17.0	17.3	16.9	.8	.3	-0.4
International affairs	16.1	16.8	19.0	17.8	.7	2.2	-1.2
Energy	4.5	4.3	5.0	4.6	-0.2	.7	-0.4
Transportation	33.3	35.0	37.8	38.4	1.7	2.8	.8
Administration of justice	14.4	15.0	16.5	17.3	.6	1.5	.8
General government	13.0	13.0	14.3	13.8	0	1.3	-0.5
Community and regional development	6.8	9.1	9.3	9.2	2.3	.2	-0.1
Undistributed offsetting receipts and allowances	-39.3	-37.4	-37.9	-42.4	1.9	-5	-4.5
Addenda:							
Social security, net interest, health and medicare	695.5	733.4	779.9	829.3	37.9	46.5	49.4
All other functions	685.4	674.8	703.9	689.6	-10.6	29.1	-14.3

Source: The Budget of the United States Government, Fiscal Year 1995.

There is a clear consensus that privatisation decreases government spending. By reducing the size of the public sector and shifting governmental tasks to the private sector money can be saved. By allowing various companies to compete in the market for contracts with the government the costs for the government are lowered. Furthermore, when governmental tasks are outsourced to the private sector, these companies can then again be taxed by the national government which increases the income of the government. In short, privatisation could be a win-win situation for a country (Filipovic, 2005: 3).

For the United States privatisation of national defense could reduce government spending on various strands of the defense department. As figure 5.4 shows over nearly six billion dollars was expected to be saved through privatisation of defense.

Figure 5.4 Prospected Savings from Privatisation 1997-2003 (GAO, 1999)

Dollars in millions					
	Army	Air Force	Navy	Marine Corps	Total
Investment Costs ^a	\$48	\$0 ^b	\$195	\$34	\$277
Savings	\$1,272	\$1,825 ^c	\$2,533	\$215	\$5,845^d

More concrete savings could be made in various sectors of defense. The United States would no longer have to pay for the pensions of the employees. If the United States were to hire foreign contractors this would even further increase the savings, since the United States is not obliged to give

social support to non-American citizens. Through outsourcing and additional subcontracting within the private sector the labour costs at the DoD could be reduced. Additionally, by employing already trained soldiers, engineers etc. the U.S. could reduce spending, for these employees no longer needed to be trained and educated first (Stanger, 2009).

Taking these potential benefits into account it becomes clear that privatisation of national defense would reduce government spending and would thus be beneficial for the economic interest of the United States. Therefore the score for this variable will be high.

Efficiency

Generally, privatisation is considered to have a positive impact on the efficiency of the government. The private sector will likely work more effectively because it responds to incentives of the market. The market pushes the private sector to maximise production and allocated resources effectively, leading to a low-costs high-income enterprise. The public sector on the other hand is not motivated by these economic incentives (Filipovic, 2005).

In 1993 the dominant conception held by the U.S. government was that the federal government was ineffective and reforms were necessary. This applied to Department of Defense as well. The department was slow, communications were imperfect and the army itself was oversized and unfit for the 21st century (Aspin, 1993; website NPR).

For the U.S., privatisation would also entail an increased efficiency: 'the committee initiated a number of reforms in the areas of acquisition policy, infrastructure and support services, and DOD organization. These reforms were intended to increase the overall efficiency of the Department' (Report on the Defense Reform Act 1997). By working more closely with the private sector the efficiency of the national forces would increase (Gore, 1997; Cohen, 1997; Rumsfeld, 2001).

For that reason privatisation of national defense can be considered beneficial for the overall efficiency of the United States. The score on this variable will be high.

Ideological dimension of the national interest

As made clear in section 3.4.1.4 the ideological dimension of the national interest is not specifically bound to a certain period of time but rather refers to the general founding ideas of the United States regarding the nature of the state. In this case a special emphasis will be laid upon the ideas constituting the United States' traditional view on national defense.

The Federalist Papers provide a clear insight in what the primary tasks of the United States' government would be. The Founding Fathers stressed the importance of a small federal government, but assert that common defense is 'the primary principle for our political association', hence the foremost reason for the States to unite in a federal institution (Madison et al., 2009). The main task of the federal government was to provide protection for its citizens. It was to grant security for the preservation of peace and tranquillity and had to protect the people from dangers from foreign and domestic threats. National defense and the organisation of the American forces should be in the hands of the government. The government was responsible for the build up of the navy and the army, the equipment of the troops and the directions of their operations (ibid.).

This general idea of the Founding Fathers has in turn been incorporated in the Constitution. The Constitution vindicates the view that sovereignty belongs essentially to 'the People'. The citizens delegate their sovereign powers to the political government, which in turn should lead to a form of democratic governance. The greatest part of the duty to govern is assigned to the President and his staff (the Executive), while Congress controls the legislation. Congress has all legislative powers

including those relating to national defense (Verkuil, 2007). Article 1, Section 8 states that Congress shall have the power to raise and support the national defense and:

'for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.' (Website US Constitution)

Another part of Article 1 indicates that inherently governmental tasks cannot be delegated (the so called non-delegation doctrine). This basic rule states that already delegated tasks, from the People to the Government, cannot be delegated again, for this delegation would be lacking constitutional authority. The only exception to this rule is provided in the Appointment Clause which enables the President to appoint public officials (e.g. Secretaries and advisors) with consent of the Senate. The Appointment Clause is a necessity, for the President cannot rule the country all by himself. The Subdelegation Act in turn enables the appointment of additional subordinates without specific legislation (Verkuil, 2007).

The clause and corresponding act also show that no inherently public function can be delegated to any other actor but an actor in direct service of the federal government (ibid.). Accordingly, this applies to national defense as well. National defense should be checked by the People (e.g. Congress).

The ideological interest of the United States is constituted by two ideas. The first idea is that the government should be as small as possible. The second is the idea that the government has certain core functions, its primary and most important one being the protection of its citizens. These core functions are not to be delegated to any other actor.

Privatisation of national defense seems to be at odds with the ideological interest of the United States. The ideology on which the United States has built its constitution emphasises the importance of a small government, but also asserts the primary tasks of the government to be the protection of its citizens from internal and external threats. The Constitution stipulates how the People (Congress) should be in control of the army.

The privatisation of defense between 1993 and 2002 runs contrary to these ideas. The plans of Secretary of Defense Cohen to outsource all military support functions (QDR, 1997) and Rumsfeld's plans to expand privatisation to everything but frontline war fighting (NSAA 2003) are at odds with the ideological interest of the United States. When an increasing number of military tasks are outsourced to the private sector the public can no longer check this strand of the army and its sub-delegates. This in turn leads to a loss of control over the national forces.

Furthermore, the extensive outsourcing in the military also conflicts with the prescribed tasks of the Executive. The non-delegation principle states that delegated tasks cannot be delegated again, which is precisely what happens when it comes to outsourcing of the national forces. Therefore the score on non-delegation of the government's core functions will be low.

On the other hand the privatisation of government functions is in line with the idea of a small government. So in that respect privatisation of support functions of national defense are consistent with this element of the state's ideology. So the small government indicator will have a positive score.

For that reason it can be concluded that privatisation of national defense is partly at odds and partly compatible with the philosophy of the Federalists. The overall score on the ideological interest of the United States will therefore be average.

5.1.2 Conclusion neorealist analysis

Based on the information presented above, it becomes possible to determine whether the privatisation of the national defense can be considered to be in the national interest of the United States. Table 5.1 provides an overview of the expected costs and benefits of the privatisation defense.

Table 5.1 United States perceived costs and benefits in relation to privatisation of national defense

Expected costs and benefits of privatisation of national defense compared to the situation of the United States in 1993	
Political Interest	
Military power	+/-
Self sufficiency	+/-
Credibility	+/-
Sum political	+/-
Economic Interest	
Gross Domestic Product	+/-
Government spending	+
Efficiency	+
Sum economic	+
Ideological Interest	
Non-delegation of the government's core functions	-
Small government	+
Sum ideological	+/-
Sum total	+/-

+ = benefits > costs; +/- = benefits equal costs; - = benefits < costs (see section 3.4.1)

It becomes clear that with regard to the economical dimension benefits of privatisation of national defense exceed the costs, while in the political and ideological dimension the costs and benefits are equal. As stated in chapter three, neorealism assumes the state to be a rational actor carefully weighing the costs and benefits of each decision it makes. The United States were only to privatise its national security if the expected benefits exceeded the expected costs.

Therefore it can be concluded that privatisation of national defense was neither a cost nor a benefit for the United States. Still, as stated in hypothesis 1 privatisation was only expected to take place when it was expected to be a clear benefit to the United States' national interest. For this a majority of the dimensions (two or more), would have to have a high score (+). Since this is not the case and the overall score is (+/-) it is not possible to speak of a clear expected benefit from privatisation of national defense for the national interest of the United States.

So although privatisation of national defense was not contrary to the U.S. national interest, it can neither be considered to be beneficial. This consequently means that hypothesis 1 will have to be rejected, for the expected benefits were equal to the expected costs. In conclusion, it can be stated that neorealism is unable to fully explain the privatisation of national defense in the United States.

5.2 Analysis of the Foreign Policy Analysis Framework

In order to analyse the privatisation of national defense from a foreign analysis perspective we will have to look into the perceptions of the various involved actors in the decision making process. The key decision points are the enactment of the National Defense Authorization Act of 1998 and the National Defense Authorization Act of 2003. In both cases the various perceptions of the involved actors will be mapped, as well as how these perceptions shaped the process leading to the decisions. I will first determine which actors were involved as well as the type of authoritative decision unit. After determining the authoritative decision unit, the stand of each actor will be analysed and I will look at how this attributed to the privatisation of national defense in the United States.

5.2.1 1993-1997: Post Cold War Reform

5.2.1.1. *Determining the authoritative decision unit*

As made clear in chapter four there were various individuals and organisations involved in the process leading up the first wave of privatisation of national defense. Main players are considered to be:

Executive Branch

President Bill Clinton

Vice President Al Gore

Secretary of Defense Les Aspin

Secretary of Defense William Perry

Secretary of Defense William Cohen

Legislative Branch

House of Representatives

Senate

Advisory Branch/Private Sector

The Defense Science Board on Privatisation and Outsourcing

The National Defense Review Panel

The process leading to the decision to reform the Department of Defense and the privatisation process was not dominated by a predominant leader or a single group. There was no single actor that qualified as a leader with a specific interest in national defense. Vice President Gore took on the responsibility for the National Performance Review, but delegated a large part of the review and the corresponding reforms to the individual departments (Stanger, 2009; Website NPR). The Secretary of Defense was not in full control of the defense reforms. He laid out the reform plans, but for the eventual legislation he was dependent on Congress. Since Congress from 1995 on was dominated by a Republican majority one cannot speak of a single group of actors with a shared background or ideology. Therefore I assert that the authoritative decision unit was a coalition of autonomous actors. With the authoritative decision unit being identified as a coalition the following hypothesis will be tested¹²:

¹² Since the authoritative decision unit is a coalition, the other hypotheses H2^a and H2^c are no longer applicable. They will not be tested.

H2^c: If the authoritative decision unit in the United States' government between 1993 and 1997 was a coalition, and the competing conceptions of the national interest of the coalition members resulted in a compromise in which privatisation of national defense was perceived to be in the national interest of the state, then the United States would privatise parts of its national defense.

5.2.1.2 Expected Position-Based Perception of Each Actor

According to model 3.2 (chapter 3) the governmental position of the actor will be leading in determining the position and perception of each actor, if the authoritative decision unit is a coalition. In order to be able to analyse whether the position of the various actors is consistent with their governmental position we will first have to determine what stand each actor is expected to take based on their respective position in government.

President

The president has multiple roles in government, for he is the head of state, chief executive, chief legislator, chief diplomat, commander-in-chief of the armed forces and head of his political party. The President also plays a major part in the legislative process. Although he does not have formal legislative power, he can apply pressure on legislative process and use his veto (Grant, 2004). The presidency has no specific departmental goals. As the leader of the nation he is supposed to have a broad general interest. Simply 'to lead' does not tell us anything about which shape this interest could take. His main goal is to implement the policies envisioned by himself and his party. The President will want to achieve the goals he set out in his election campaign (Grant, 2004; Krasner, 1973).

Vice-President

Contrary to the president, the Vice President has little formal power. As John Adams, the nation's first Vice President, said: 'My country has in its wisdom contrived for me the most insignificant office that ever the invention of man contrived or his imagination conceived' (Grant, 2004: 112). Since the Vice President is second in line after the president, he must be ready to take over all the responsibilities of the President should an event occur that would disable the President to execute his tasks. Similar to the President, the Vice President will want to achieve the goals he and the President set out in the election campaign.

Secretary of Defense

The Department of Defense considers the following to be its central mission: 'the mission of the Department of Defense is to provide the military forces needed to deter war and to protect the security of our country' (Website DoD). The Secretary of Defense has to take care of the security interests of the United States and guide the military operations of the nation. Additionally he has to direct the Department of Defense and tend to its interests (DoD Directives, 2010).

Based on the governmental position of the Secretary of Defense it can be expected that the Secretary will tend to the organisational interests of the DoD. The health of the defense department will be essential for the Secretary. Therefore he is likely to oppose budget cuts in his own department and be supportive of extra funds for the DoD (Allison and Zelikow, 1999).

Congress (House of Representatives and the Senate)

Congress' primary task is to make legislation and check the executive office. Their parochial interest is mainly defined by elections. In order to maintain their position in government Representatives and Senators have to be re-elected. This means that Congressmen will have to weigh many decisions in the light of their electorate. Both Republican and Democratic Congressmen will have to live up to the expectations of their respective voters (Halperin, 2006).

Although local electoral interest could have a significant impact on the voting behaviour of members of Congress, it is nearly impossible to assess the electoral issues at hand for every Senator or Representative in his respective State or district. It is also not possible to keep track of all the minor interest changes of the electorate in the various constituencies. However, it can be assumed that a Democratic voter would affiliate himself with the general program of the Democratic party and a Republican voter vis-a-vis. Therefore I assume that a Democratic Congressman will want to appeal to the Democratic voter and the Republican Congressman to the Republican voter. For that reason it will be assumed that Congressmen will try to legislate the general policies of their own party (Ripley and Franklin, 1991).

Despite the fact that both parties in the United States have tended to move to the political middle, clear distinctions can be made between the policies and programs both sides envision. The Democratic base is traditionally in favour of government regulation of the economy, large spending programs for social security, health care and education. The Democrats are generally pro reform and favour a strong federal government. The Republican voters, on the other hand, generally favour a far smaller role of the government and oppose state intervention in the economy (Grant, 2004).

Advisory Branch/Private Sector

Members of advisory groups are considered to be loyal to their base. For representatives of the private industry this means that their main goal is retaining their close ties with the government. Since the main goal of a private organisation is to make profit, they will also strive to improve the relationship with the government, attracting more work, so that more profit can be generated (Leander, 2005).

5.2.1.3 Actual ideas and perception of each unit on the situation at defense

Having defined the expected perception of each actor based on their governmental position, the actual ideas and perception of each actor are now analysed. Table 5.2 provides an overview of the political game. For each actor the perceived problem, preferred solution and the motivation for this solution is considered. Additionally, the consistency of the perception of each actor with its expected perception based on his governmental position is also assessed. The results presented in the table are discussed in the next section¹³.

¹³ For a more elaborate overview of the positions and motives of each actor, see Appendix II.

Table 5.2 Overview Political Game and Governmental Positions

The Political Game				Governmental position
Actor	Perceived Problems	Preferred Solution	Motivation for Solution	Consistent with governmental position
President Clinton	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The high defense budget (B) General inefficiency of the government (C) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Downsizing of the army (1) Focus on fighting capabilities (2) Limited privatisation of non-core defense tasks (3) 	The reforms at defense would: <ul style="list-style-type: none"> Reduce government spending Increase efficiency of the national forces 	Yes, the policies Clinton tried to enact were mainly consistent with the Democratic election program.
Vice President Gore	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The high defense budget (B) General inefficiency of the government (C) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Downsizing of the army (1) Focus on fighting capabilities (2) Limited privatisation of non-core defense tasks (3) 	The reforms at defense would: <ul style="list-style-type: none"> Reduce government spending Increase efficiency of the national forces 	Yes, the policies Gore tried to enact were mainly consistent with the Democratic election program.
Secretary of Defense Aspin	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The high defense budget (B) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Downsizing of the army (1) Focus on fighting capabilities (2) Limited privatisation of non-core defense tasks (3) 	The reforms at defense would: <ul style="list-style-type: none"> Increase the military power of the U.S. national forces Increase efficiency of the national forces Reduce government spending 	No, Aspin proposed further budget cuts and a decrease of military units. This was contrary to the organisational interest of the Department of Defense. His perception was more consistent with Clintons view and the Democratic election program.

Actor	Perceived Problems	Preferred Solution	Motivation for Solution	Consistent with governmental position
Secretary of Defense Perry	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The high defense budget (B) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Downsizing of the army (1) Focus on fighting capabilities (2) Moderate privatisation of non-core defense tasks (4) 	The reforms at defense would: <ul style="list-style-type: none"> Reduce government spending Increase efficiency of the national forces 	No, Perry proposed further budget cuts and a decrease of military units. This was contrary to the organisational interest of the Department of Defense. His perception was more consistent with Clintons view and the Democratic election program.
Secretary of Defense Cohen	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The low defense budget (D) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Focus on fighting capabilities (2) Reducing the budget cuts (5) Investing in new training, technologies and material for the forces (6) Large privatisation of non-core defense tasks (all not related to war-fighting) (7) 	The reforms at defense would: <ul style="list-style-type: none"> Enable new investments in the Defense Department Increase the military power of the U.S. national forces 	Mixed. Cohen opposed further budget cuts at DoD, and proposed more investments. He also issued large scale privatisation, which would reduce military units, and would be contrary to the departments interest. His perception can be seen as shaped both by his DoD-position and the ideological program of the Republicans in Congress.
Democrats in Congress <i>Senator Nunn</i> <i>Senator Levin</i> <i>Senator Liebermann</i> <i>Representative Dellums</i> <i>Representative Skelton</i>	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The high defense budget (B) General inefficiency of the government (C) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Downsizing of the army (1) Limited privatisation of non-core defense tasks (3) 	The reforms at defense would: <ul style="list-style-type: none"> Reduce government spending Enable money to be spend on other strands of the government 	Yes, the Democrats acted on their election promises which included defense cuts.

Actor	Perceived Problems	Preferred Solution	Motivation for Solution	Consistent with governmental position
Republicans in Congress <i>Senator Dan Coats</i> <i>Senator Warner</i> <i>Senator Strom Thurmond</i> <i>Senator John McCain</i> <i>Representative Floyd Spence</i> <i>Speaker of the House Newt Gingrich</i>	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) The low defense budget (D) Balancing U.S. overall budget (E) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Focus on fighting capabilities (2) Reducing the budget cuts (5) Investing in new training, technologies and material for the forces (6) Large privatisation of non-core defense tasks (all not related to war-fighting) (7) 	The reforms at defense would: <ul style="list-style-type: none"> Enable new investments in the Defense Department Increase the military power of the U.S. national forces 	Yes, the Republicans lived up to the promises made in the Contract for America. They advocated more spending on weaponry and wanted greater efficiency and readiness in the national forces.
Private Actors <i>Defense Science Board</i> <i>National Defense Review Panel</i>	<ul style="list-style-type: none"> U.S. defense was not ready for the post Cold War Era (lacking effectiveness and equipment) (A) 	Conversion and modernisation of the forces, through: <ul style="list-style-type: none"> Large privatisation of non-core defense tasks (all not related to war-fighting) (7) 	The reforms at defense would: <ul style="list-style-type: none"> Increase the military power of the U.S. national forces Enable the private sector to make profit 	Yes, The private actors proposed the privatisation of a large number of military tasks (all non-frontline activities could be outsourced).
Outcome/eventual Policy	The U.S. national forces were not ready for the new era in which they were to act as the hegemon of the system (A)	The eventual policy in the NSAA 1998 was a reflection of multiple visions. The overall budget and number of troops was partly reduced (1, 5) . Investments in new weaponry were made (6) . Trough moderate privatisation of non-core functions (4) the forces could focus on the fighting capabilities (2) .		

5.2.1.4 Analysis of the Political Game: Process and outcomes

Policy outcome

As mentioned in Chapter 4 the National Security Authorization Act of 1998 (NSAA 1998) encapsulates real reforms at the Department of Defense. In the NSAA 1998 the government decided to privatise a large amount of support functions to the private sector. This entailed the privatisation of depot maintenance, the outsourcing of jobs from military technicians to the private sector and outsourcing of the medical program (NSAA 1998: section 359). In the NSAA 1998 the Secretary of Defense is urged to actively explore the possibilities of privatisation of non war fighting tasks. Furthermore, the NSAA issued additional funding to go to the ballistic missile system, as well as to the construction of new M1-A1-Tanks and the restriction of dismantling of other heavy weaponry such as submarines (ibid.: section 1302). At the same time the NSAA imposed budget cuts compared to the original situation the United States defense was in at the start of 1993.

There are two questions to be answered with regard to this outcome. The first is whether this outcome can be considered a compromise between the varying conceptions of the actors involved in the decision making process and the second is whether the perceptions of the actors were consistent with their governmental position. First the question regarding the outcome of the political game will be answered.

The political game: a compromise

It turns out that the final policy formulated in NSAA 1998 was in fact the result of a political game played between the various actors in government and this result can be seen as a compromise between the different conceptions. In order to speak of a compromise the various views of the actors must have been translated to the final policy. If the vision of a single actor dominates the policy one cannot speak of a compromise.

It becomes clear that all the actors agreed on the definition of the problem. All shared the conception that the United States needed to change its military in order to maintain its power position in the post-Cold War era (A). All parties agreed that modernisation of the national forces was a suitable solution, but they held vastly different views on how modernisation should take place.

This is where the other problem definitions (B-F) come into play. The eventual reform plan can only be explained when taking into account the other problems the actors perceived. The Democrats (President, Vice President and Congress) saw the high defense budget (B) and the general inefficiency of the government (C) as main the problems. They thought that by reducing the number of troops (1), a focus on fighting capabilities (2) and limited privatisation (3), the national forces could be modernised, while the budget could be reduced. The Democratic Secretaries of Defense shared this view, although Perry put an even greater emphasis on new outsourcing and appropriation policies (4).

The Republican members of Congress and William Cohen, on the other hand, were in favour of a modern army, but not at the expense of a smaller budget (E). They shared the view that the military had to focus on its war fighting capabilities but thought the military had to modernise by investing in new technologies and weapons (6), while at the same time privatising the non-core functions of the defense department (7). The advisors from the private sector, the Defense Science Board and the National Defense Panel shared this last vision.

It becomes clear that the eventual policy is a reflection of the conceptions of nearly all players involved in the decision making process. Why defense policy has become a compromise with

a strong emphasis on privatisation of support functions has largely to do with the Republican majority in Congress. Although the Clinton administration wanted to reduce spending on defense, the Republicans wanted the exact opposite. Since the latter had the majority in Congress from 1995 onward, the Democrats were forced to work together with the Republicans if they wanted to enact any of their policies. Cooperation consequently meant that concessions had to be made, also on the topic of defense.

The Republicans gave the Clinton administration a hard time when they tried to implement the defense reforms of 1996. In response to these struggles, Clinton appointed Cohen to be his Secretary of Defense. From that moment on defense reforms were no longer a political priority for Clinton. As he states in his biography: 'I wanted a Republican in the cabinet, liked and respected Cohen, and thought he could fill Bill Perry's very big shoes. When I pledged to him that I would never politicize defense decisions, he accepted the job' (Clinton, 2005: 47).

A similar development of concessions and cooperation occurred in Congress in the lead up to the NSAA 1998. The Democrats opposed the spending and privatisation plans of the Republicans, for instance Representative Skelton (Dem.) made this very clear:

'While I do believe that some savings can be achieved by improving DOD business practices, I am very sceptical about claims that very large savings can be achieved. It may be true that there is waste in defense business practices--but waste is not a line item in the budget that can easily be eliminated. I am very concerned that proponents of revolutionary changes in government procurement practices are vastly overstating the savings that can be made'. (CSPAN, 1997b)

Despite the general opposition to the Republican plans, the Democrats did realise that if they wanted to achieve anything, concessions to the Republican majority had to be made. This happened both in the House and in the Senate. Representative Dillum (Dem.) co-introduced the Republican Defense Reform Act to the floor, while he did not fully support the bill:

'Although I do not personally agree with all of the provisions contained in the legislation, I do believe that the negotiations have proceeded in good faith in an effort to arrive at a package that the majority of members can support. I view this as the first step in the deliberative legislative process, one that will begin the debate which is meant to produce meaningful and necessary reform within the Pentagon'. (Dillum, 1997)

The Democrats, both in the administration and in Congress, made concessions to the Republicans. For that reason the final defense policy was in fact a reflection of the various interests of the actors involved. The administration partly got their defense cuts, while the Republicans managed to implement the extra spending on technology. The privatisation of national defense turns out to have been part of a bigger reform plan which was the result of the perceptions of three parties. The Democrats favoured the privatisation of some functions, while the Republicans and the advisors from the private sector envisioned the privatisation of nearly all support functions. As a compromise the NSAA 1998 included the privatisation of substantial parts of the national defense support systems, but not all.

The decision to start the privatisation of parts of the national defense was thus the result of a compromise between the opposing visions of the Republicans in Congress and the Democratic actors in the administration and Congress. Both parties saw parts of their proposed solutions for defense

become actual policy. The private actors in the Defense Science Board and National Defense Panel also saw their main goal, privatisation of additional functions of the military, become policy.

Governmental position and actual perceptions

One of the central assumptions for the coalition was that the actors' perception would be determined by their governmental position. Based on the actual preferences of the actors involved in the decision making process it can be concluded that this assumption is not confirmed for all actors in the political game. For the President and the Vice President their eventual perception on what needed to change at the Department of Defense was largely consistent with the vision they articulated in the election campaign.

The vision of the Secretaries of Defense was not shaped by their governmental position. Both Aspin and Perry were in favour of budget cuts and shrinking of the national forces, while based on their governmental position they were to oppose such developments. Rather they were executing the President's policies for defense. So rather than being loyal to their organisation, they were loyal to the President and the broader Democratic ideology.

The perception of William Cohen is more mixed. Although he opposed further budget cuts and was in favour of new investments, he also advocated the privatisation of large parts of the defense support system. This would inevitably mean that employees would have to be fired, which can hardly be considered in the interest of the organisation. It looks as though Cohen was mainly trying to enact the Republican view on defense, which meant a strong high tech-defense purely focussed on war-fighting, while support functions were regulated by the private sector. In that respect Cohen perception was mainly guided by the ideological principals of his party and the 'Contract with America'.

The Democrats in Congress have a perception consistent with their 'governmental' position. They tried to legislate the defense policies of the Clinton administration. The Republicans also tried to live up to their election promises made in 1994 with Gingrich's 'Contract with America'. They constantly tried to amend the Clinton policies to fit with their election program.

Finally, the private sector also acted in their organisational interest. They advocated privatisation of national defense, which was, logically, in their interest.

5.2.1.5 Conclusion

Based on this analysis we can return to the earlier formulated hypothesis:

H2^c: If the authoritative decision unit in the United States' government between 1993 and 1997 was a coalition, and the competing conceptions of the national interest of the coalition members resulted in a compromise in which privatisation of national defense was perceived to be in the national interest of the state, then the United States would privatise parts of its national defense.

The hypothesis can, based on the above results, be rejected. The decision to start privatising national defense was the result of various competing visions of the actors in government. In so far the theory holds. However, remarks need to be made regarding the varying perceptions. First of all, not all actors had a different perception on what was in the national interest of the United States. Most members of the Democratic party, Congress and administration alike, shared a similar view on how defense would need to be reformed in order to serve the United States' national interest. The same applies to the Republican Members of Congress and Secretary of Defense William Cohen.

The notion that each member of the coalition has a different interest based on their governmental position will have to be rejected. For the majority of the actors ideological interests turned out to be leading, rather than organisational interests. In a way this applies to the members of Congress as well. Although they did have a perception consistent with their position, this too has an ideological basis. For these reasons the hypothesis is rejected.

5.2.2 2001-2002: Rumsfeld's transformation for efficiency

5.2.1.1. Determining the authoritative decision unit

The decision to further expand the privatisation at the Pentagon was guided by a different authoritative decision unit than was the case for the reforms in the Clinton administration. This time there was an actor who qualified as a predominant leader with an interest in privatisation of national defense, namely Secretary of Defense Donald Rumsfeld.

The day he assumed office Rumsfeld made clear that a transformation of the national forces was necessary to maintain the military strength of the United States. Rumsfeld thought the Clinton administration had neglected the armed forces and wanted to strengthen the troops by increasing financial support and modernisation of the troops (Herspring, 2005).

[My fifth point of action is the]:'reform of DOD structures, processes, and organization. The legacy of obsolescent institutional structures, processes, and organizations does not merely create unnecessary costs—which, of course, it does—it also imposes an unacceptable burden on the national defense. In certain respects, it could be said that we are in a sense disarming or under arming by our failure to reform the acquisition process and to shed unneeded organizations and facilities'. (Rumsfeld, 2001c)

Rumsfeld was in favour of closer cooperation with the private sector, which also entailed shifting tasks from the government to the private sector. He asserted the private sector could perform these tasks better which would be beneficial for the U.S.:

'We also know that properly, in my view, the United States Government, including the military, are using more and more and should use more and more civilian capabilities for communications, for imagery, for a variety of things. It is efficient. They are good at it. A balance will be reviewed to assure that capabilities essential to national defense that cannot reliably be provided by the private sector will be provided by the government sector.' (Rumsfeld, 2001c)

Rumsfeld wanted to be in full control of the Pentagon. He was in charge and he was not keen on opposition of his views and policies. Those who dared to oppose Rumsfeld were soon transferred to other areas of the DoD or were even forced to leave (Herspring, 2005). Unlike his predecessors, Rumsfeld distrusted the Pentagon bureaucracy and the leaders of the national forces, and would therefore not let other people in on the decisions he planned to make. He tried to pull all decisions to himself and address every task personally. He would change DoD by himself:

'If that [*Rumsfeld's transformation plans; red.*] disturbs people and their sensitivities are such that it bothers them, I'm sorry. The Constitution calls for civilian control of this department, and I'm a civilian and it [*change; red.*] doesn't happen by standing around with your finger in your ear hoping everyone thinks that that's nice'. (Dyson, 2009: 335)

So although the military staff had a great interest in the reforms proposed by Rumsfeld, he managed to exclude them from decision process.

At the same time President Bush applied a 'business-style' of management to the White House. The President would only make the major decisions, which enabled his subordinates to exercise great control. Bush admitted he was not a military expert and allowed Rumsfeld to gain full control over the formulation of the national security policy (Herspring, 2005). This gave Rumsfeld the freedom to formulate his own transformation policy for the Department of Defense.

The influence of Congress on Rumsfeld's transformation and privatisation policies was limited. Although Rumsfeld from time to time faced Democratic opposition in the Senate (the distribution of seats in the Senate was 50-50 and shifted during the first two years between the two parties) the Republicans had a vast majority in the House of Representatives. Based on the considerations in the section 5.2.1.2 Republican Congressmen were likely to support the Republican administration and the Rumsfeld's plans.

Bearing the above in mind, one can state that Donald Rumsfeld can be qualified as a predominant leader. Rumsfeld had a clear interest in transformation of defense and he gained autonomy since President Bush delegated the majority of tasks to his Secretaries and Congress was dominated by a Republican majority. Rumsfeld wanted to play a part in the transformations of defense and was not hindered by other actors. With the authoritative decision unit being identified as a predominant leader such, the following hypothesis will be tested¹⁴:

H3^a: If the authoritative decision unit in the United States' government between 2001 and 2002 was a predominant leader and this predominant leader perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

5.2.2 The beliefs of Donald Rumsfeld

In order to test this hypothesis the beliefs of Donald Rumsfeld will be analysed by using an adapted version of the Operational Code. Since the goal is to determine what Rumsfeld's beliefs were before he became Secretary of Defense in 2001, the Operational Code will be applied to the period Rumsfeld was in Congress and the White House, until his time in the private Sector (1962-2000). The primary sources to map these beliefs are his biography *Known and Unknown* and his website *The Rumsfeld Papers*, which provides a large overview of his memos and speeches.¹⁵

5.2.2.1 Philosophical Beliefs

The nature of politics

Rumsfeld never expressed clear philosophical beliefs about the nature of politics. What does become clear in his memoirs and speeches is that he regarded politics to be uncertain. This concerned domestic politics but international politics in particular. Rumsfeld thought every politician had to act

¹⁴ Since the authoritative decision unit is a predominant leader, the other hypotheses H3^b and H3^c are no longer applicable. They will not be tested.

¹⁵ Rumsfeld's memoirs and speeches prior to 2001 focus largely on domestic politics. This makes it sometimes hard to determine his view on international relations in general. However, since the subject of this thesis is related to both international relations and domestic issues, I do not consider this to be a serious limitation for the analysis.

on incomplete information, which always led to decisions based upon imperfect knowledge: 'in politics, every day is filled with numerous opportunities for serious error' (Rumsfeld, 2001b). Similarly he asserted that you can never know the true intentions of a person. Since everyone has different objectives and goals it is hard to make friends in politics (Rumsfeld, 2011: 97).

This idea also returns in his view on international politics. Rumsfeld regarded the theatre of international politics to be one of conflict. The United States would have to take a firm stand against aggression from foreign nations. He believed 'weakness was provocative' and therefore it was important for 'America to be a rock of confidence and reassurance' (ibid.: 151). A strong defense would therefore always be necessary.

When it comes to the nature of his political opponents, Rumsfeld believed that neither he nor his opponents had a monopoly on the truth: 'Neither your own party, nor your opponent carries universal wisdom' (ibid.: 77). He believed that in national politics people should be able to make compromises despite their differences: 'You'll be back to today's opponents for their help tomorrow. Presidential proposals will need a Member of Congress' support on some issue, at some time, regardless of ideology, party or their positions on other issues' (Rumsfeld, 2001b). In politics concessions inevitably needed to be made if one wanted to achieve certain goals.

The nature of the state

Rumsfeld partly shared the Federalists' view on the nature of the State. He believed in small government and thought the government had three main tasks: It had to ensure a firm foreign policy and strong defense. It had to ensure the economic welfare of the people by stimulating effective economic growth, create a high degree of free trade and it should prevent a high national debt. And lastly, it should ensure the civil rights of its citizens (Rumsfeld, 2011). The federal government should only tend to tasks that could not be done by the private sector or by the lower brands of government: 'The federal government should be the last resort, not the first. Ask if a potential program is truly a federal responsibility or whether it can better be handled privately, by voluntary organizations, or by local or state governments' (Rumsfeld, 2001b).

Rumsfeld believed strongly in the free market. From his early years on he regarded government intervention in the market to be unconstitutional. He opposed many expansions of the federal government and in turn was in favour of tax relief (ibid.). Government intervention would always turn out to have a negative effect on the economy. As he refers to a plan of President Nixon to execute an economic stabilisation program:

'In my view, imposing wage and price controls may have been politically expedient, but it was probably the worst policy decision the administration made. I thought the proposal would subvert the free market's ability to allow consumers and producers across the United States to determine prices based on the laws of supply and demand. This couldn't be done by any centralized planning or planner, no matter how brilliant'. (Rumsfeld, 2011: 139)

Along with his belief in small government came a great a great aversion of bureaucracy. Bureaucracy in government, Rumsfeld believed, was a dagger in the back of effective government (ibid.). It hampered civilian control over the government: 'Bureaucracy is a conspiracy to bring down the big. And it can. You may need to be large to compete in the world stage, but you need to find ways to avoid allowing that size to mask poor performance' (Rumsfeld, 2001b). Rumsfeld's belief that a large bureaucracy is bad for government echoes through his entire autobiography. Two excerpts make this very clear:

'I thought most of his [*President Johnsons, red.*] initiatives, which promised more power for bureaucrats in Washington, were not well considered'. (Rumsfeld, 2011: 87)

'Cheney and I agreed that we needed to tighten the ship for the administration to be successful. We couldn't afford a sluggish bureaucracy or a string of independent operators. Naturally our approach tended to make the sluggish bureaucrats and independent operators less than pleased.' (ibid.: 179)

For Rumsfeld the state was to provide security through a minimal, small government. The rest could be left in the hands of the market, which he considered to be the innovative effective engine of the American society (Graham, 2009).

Values, history and the future

For Rumsfeld the chance that a person would realise his or her ideals was primarily determined by the power of that person. Power for Rumsfeld meant a high position in government, but information and good contacts were crucial as well (Rumsfeld, 2011). With this and a clear idea one might achieve something: 'History marches to the drum of a clear idea' (Rumsfeld, 2001b).

However, even with a clear idea and sufficient power one can never be sure that the outcome a person foresees will actually come true. In his early years the young Rumsfeld witnessed the trial of a Soviet Spy who had infiltrated the highest echelons of the U.S. government. Everyone was stunned how this seemingly trustworthy person turned out to be a spy: 'I saw how completely wrong the conventional wisdom – as well as first impressions- could be' (Rumsfeld, 2011). From that moment on Rumsfeld was not optimistic about one's impact on history, for nothing was what it seemed and the future could not be predicted:

'Uncertainty, gaps in knowledge and outright errors are inevitable'. (Rumsfeld, 2011: 430)

'Making policy and formulating strategy are not exact sciences in which outcomes are certain and measurable. Though it makes officials in both the executive and legislative branches of government uncomfortable, strategic thinking requires acknowledgment of the inevitability of considerable uncertainty'. (ibid.: 718)

Rumsfeld ultimately thought that it was important to gain control over events and try to master them, but always kept in mind that people's motives were unclear and political outcomes were uncertain.

5.2.2.2 Instrumental Beliefs

Rumsfeld believed control was essential to achieve his goals. Goals could be realised through a higher position in government, but also by expanding contacts. He thought it was necessary to have good contacts with all relevant actors in the political arena, even if those had a different perspective on the matter at hand (ibid.: 77). As he states in his rules: 'Include others. As Senator Pat Moynihan (D-NY) said, "Stubborn opposition to proposals often has no other basis than the complaining question, 'Why wasn't I consulted'?"' (Rumsfeld, 2001b).

Rumsfeld tried to achieve his goals by working in small groups. For instance in Congress he assembled a group called *'The Rumsfeld Raiders'* who in the heat of the debate tried to enact some of the reforms they had in mind (ibid.). To get in touch with superiors could help to achieve certain goals. Rumsfeld did not believe in large group deliberation. He opposed President Ford's 'spokes-of-the-wheel' approach in which nearly every clerk or staffer could deliberate with the Secretaries and the President on a decision. Rumsfeld believed only a selected group of people should have input in the decision making process, since that way he would retain control and increase efficiency (Rumsfeld,2011).

Moreover, he believed that it would be best if he himself would be in full control of the governmental tasks he was to perform. Rumsfeld did not think delegation of decision making would be beneficial. If his goals had to be achieved, he would do it himself. As Secretary he believed he had every right to use the power that came with the position to achieve his goals: 'Reserve the right to get into anything and exercise it. Make your deputies and staff realize that, although many responsibilities are delegated, no one should be surprised when the Secretary engages an important issue' (Rumsfeld, 2001b).When decisions were made, subordinates were to execute his decisions: '[Rumsfeld]: If you push people on everything, some of the things will get done and get done right' (Graham, 2009: 216).

In conclusion, Rumsfeld believed his interest could be pursued by gathering enough support which enabled him to exercise power and control. Only then goals could actually be realised. Table 5.3 provides an overview of Rumsfeld's beliefs.

Table 5.3 Overview of Donald Rumsfeld's Beliefs

Philosophical Beliefs	Instrumental Beliefs
<p>The nature of politics:</p> <ul style="list-style-type: none"> • Politics in the international system are characterized by uncertainty; • International politics are prone to conflict; • For survival in the international system a firm defense is crucial ; • Showing weakness in the political arena is not an option; • No actor has absolute knowledge; • In order to achieve something compromises have to be made. 	<ul style="list-style-type: none"> • Power and control are essential to achieve your goals; • To gain control you should work together with the powerful actors in the political arena; • Small group decision making is more effective than large group deliberation; • Delegation of decisions is not necessary when you have the skills and knowledge to do it yourself. • You should push people to do their jobs.
<p>The nature of the state:</p> <ul style="list-style-type: none"> • Government of the state should be small and tend only to tasks that cannot be done by the private sector. • The government's primary tasks are to ensure the security of its citizens from external and internal threats, enable a free market and ensure citizens right's; • Large government leads to bureaucracy and inefficiency • The free market is the nation's engine of welfare and prosperity. 	
<p>Values, history and the future:</p> <ul style="list-style-type: none"> • In order to achieve something in politics a clear idea is crucial; • Ideals can only be realised through power and control; • It is impossible to know people's true motives; • Uncertainty is ever present, so there is no need to be optimistic about your influence on history or the future. 	

5.2.3 Rumsfeld's beliefs and the privatisation of national defense

The question remains to what extent the worldview of Rumsfeld was consistent with his privatisation policies at national defense. As Verbeek (2003) mentions in his book, the Operational Code does not provide exact predictions for a politician's behaviour, but puts forth a number of available options of behaviour. So in this light Rumsfeld's beliefs will be linked to the reforms at the Department of Defense.

In the National Security Authorization Act of 2003 (NSAA 2003) the United States decided to further privatise part of their national defense. This included the privatisation of the protection of military bases at home and abroad, the privatisation of military training and a general plan to develop new methods to expand the cooperation with 'non traditional contractor' from private sector (NSAA 2003: section: 244; 332; 528).

These plans are largely consistent with the world view of Donald Rumsfeld. Rumsfeld saw the world of politics as one of uncertainty. For the U.S. to play their part in the international system, this meant that they should always maintain a strong military. Creating a stronger military for the U.S. is exactly what Rumsfeld tried to achieve when he became Secretary of State in the Bush administration. This can explain the push for additional military funding in both the NSAA 2002 and the NSAA 2003.

The fact that Rumsfeld wanted to achieve modernisation of the national forces through privatisation (NSAA 2003) can also be explained by his central beliefs regarding the nature of the state. A continuing theme in his memoirs is the view that a small government is the best way to govern the country. The bigger the government, the greater the 'sluggish' bureaucracy which Rumsfeld believed would only costs more money and reduce government's efficiency. In order to solve this problem privatisation was the key. As becomes clear in the QDR of 2001 and the NSAA 2003, Rumsfeld planned to delegate large parts of the military to the private sector. Unlike his predecessors these transfers were not restricted to military support functions.

This way of reform is consistent with his firm belief in the free market. The market was the place that created innovation and efficiency and that was exactly what the national forces needed in order to modernise. The privatisation would also enhance civil control over the nation since many layers of unnecessary government could be reduced.

The way Rumsfeld organised the transformation at defense is consistent with his strongest instrumental belief: control. As Secretary of Defense he tried to gain full control over the transformation process. Rumsfeld established a direct line with President Bush, the only person higher in hierarchy. He successfully left out his other colleagues involved in the decisions surrounding the reform processes. By spreading 'snowflakes', a continuous flow of memo's with decisions and instructions for his personnel, he expanded his control (Rumsfeld, 2011).

All in all, it can be concluded that the second wave of privatisation of national defense was consistent with the worldview and beliefs of Donald Rumsfeld.

5.2.4 Conclusion

Based on this analysis conclusions can be made regarding to the earlier formulated hypothesis.

H3^a: If the authoritative decision unit in the United States' government between 2001 and 2002 was a predominant leader and this predominant leader perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

It can be concluded that the privatisation of national defense was consistent with Donald Rumsfeld's perception of the national interest. Rumsfeld believed in a strong defense and a small government. He believed in the power of the free market and the efficiency the private sector could bring to the government. By outsourcing most non-war fighting tasks to the private sector the army could be modernised and strengthened, while the size of the government and its bureaucracy would be reduced. Rumsfeld's beliefs were consistent with his policy. For that reason the hypothesis can be confirmed.

5.3 General results and conclusion

In this chapter both the neorealist framework as well as the foreign policy analysis framework have been tested. In section 5.1 the neorealist framework was tested and it turned out that neorealism fails to explain the privatisation of national defense in the United States. Privatisation of national defense was not in the overall national interest of the United States. This runs contrary to the expectations of neorealism, since it assumes the state to only make decisions that are perceived to be in the national interest of the state. For that reason it can be concluded that the theory of neorealism cannot explain the privatisation of national defense in the United States.

In section 5.2 I analysed whether the foreign policy analysis framework could provide a sufficient explanation for the privatisation of national defense. It turned out that the FPA-framework can only partly explain privatisation wave at defense. The first wave of privatisation was the result of a compromise between the various conceptions of the national interest of the players in the government, but the players did not act upon their governmental interest. Therefore the first FPA hypothesis had to be rejected. The second hypothesis can be confirmed, for the second wave of privatisation was consistent with the perception of the national interest of the predominant leader, Secretary of Defense Donald Rumsfeld.

In conclusion, neorealism cannot explain the privatisation of national defense and foreign policy analysis can only partly explain it. In the next chapter these results will be taken into account in light of the central research question.

Chapter 6 Conclusion and Remarks

This sixth and final chapter contains the answer to the central research question and an overall conclusion. The following sections also contain a reflection on the research process and the test results as well as a reflection on the implications of these findings for both theoretical frameworks.

6.1 The problem of privatisation of security

In the first chapter I explained how privatisation of security is a global development taking place in multiple states. Several nation-states have outsourced multiple tasks of their police force and their military to the private sector. Most notable were the United States, who from 1993 on, increasingly privatised parts of their national defense.

This development turned out to be the problem for international relations theory, for neorealism in particular. In order to explain these developments a foreign policy analysis approach was used, which looks at the processes that take place within the state. Although neorealism seemingly failed to explain the privatisation of security in the United States, this had to be put to the test as well. By testing both the theories of neorealism and foreign policy analysis it could be determined how privatisation in the U.S. could be explained and what theory provided the best explanation. This led to the following central research question:

Can a foreign policy analysis approach provide a better explanation than neorealism for the United States' behaviour regarding the privatisation of its national defense in the period after the Cold War?

6.2 Theorizing neorealism and foreign policy analysis

In order to answer this question I first sketched a theoretical framework for both neorealism and foreign policy analysis.

For the construction of the neorealist framework the theory of the founding father of neorealism, Kenneth Waltz, has been used. One of his central claims is that states in the international system strive to survive, making this their prime national interest. Based on the works of Alons (2010), Bull (1995) and Van der Vleuten (2001) it was argued that the notion of 'the national interest' is in fact an empty concept. In order to make the concept of the national interest of the state more concrete, it has been divided in three dimensions: a political, an economic and an ideological dimension. This way it has become possible to determine what the national interest actually entails. Neorealists assume the national interest of a state to change under influence of the polarity of the system and the power position of the state. However, since there is no clear consensus among neorealist scholars what the exact impact is, I have constructed a new model through which I have tried to integrate the competing visions. In this model it becomes clear what dimensions of the national interest are leading in a decision a state makes and how the dimensions shift in priority when power position and polarity change.

For neorealism to be able to explain the privatisation of national defense in the United States, privatisation should be in the national interest. If this is not the case, neorealism would be unable to explain why the U.S. made the decision to privatise its security. This model made it possible

to test whether privatisation of national defense was consistent with the national preference of the United States.

In order to provide an alternative explanation I have merged elements from several foreign policy theories into a new framework. The new model attempts to explain situations in which crisis- and strategic decisions are made. In these decision situations various actors are involved (President, Secretaries, Congress, advisory bodies etc.). Each actor has governmental interests and personal beliefs which shape his perception of the national interest. Which of the two is dominant, is dependent on the type of decision unit. If the decision unit is a predominant leader or a single group, the beliefs of the actor(s) are likely to shape their perception of the national interest. If, on the other hand, the decision unit is a coalition their governmental interest will be leading. The behaviour of the state is shaped by the perception of the national interest of the authoritative decision unit. In order for the FPA framework to be confirmed, the perception of the various actors had to be consistent with the policy of privatisation. Both frameworks were applied to the case of the United States.

6.3 Results and Findings

In the fifth chapter I put both the neorealist framework and the foreign policy analysis framework to the test. For the realist framework, the following hypothesis was tested:

H1: If the United States – considering that between 1993 and 2002 the international system was unipolar and the United States were the hegemon - perceived the benefits of privatisation to be greater than the costs of retaining the national control over defense, then the United States would privatise parts of its national defense.

First, it was analysed whether the privatisation of national defense could be considered to be in the national interest of the United States from a neorealist point of view. It turned out that this was not the case. Privatisation of national defense would only be in the economical interest of the United States, since it would have a positive impact on the efficiency of the country and reduce the government spending. For the other two dimensions, the political interest and the ideological interest, privatisation of national defense would be neither a costs nor a benefit. This consequently meant that privatisation of national defense was not in the national interest of the United States and since the U.S. did privatise, hypothesis H1 was rejected. It can be concluded that the earlier presumption, that neorealism fails to explain privatisation of security, is confirmed.

With the hypothesis of neorealism being rejected, the foreign policy analysis framework was tested. Since there are two clear decision points, in 1997 and 2002, two hypotheses were tested. The first focused on the decision process leading up the decision in 1997:

H2^c: If the authoritative decision unit in the United States' government between 1993 and 1997 was a coalition, and the competing conceptions of the national interest of the coalition members resulted in a compromise in which privatisation of national defense was perceived to be in the national interest of the state, then the United States would privatise parts of its national defense.

This decision for privatisation was made by a group of autonomous actors. It involved the President, Vice President, the Secretaries of Defense and Congress. Based on the FPA hypothesis it was expected that privatisation of national defense should have been compromise between the various

perceptions of the national interest of the involved actors. Additionally, it was expected that the perception of the actors would be shaped by the interests of the organisation they worked for.

This is only partly confirmed. The decision to privatise defense was a compromise between the various actors involved. The majority of actors were in favour of defense reforms, but they had a different perception of how these reforms should be implemented. The Democrats, both in Congress and the Executive Office, proposed budget cuts in defense and modernisation through limited privatisation of support functions. The Republicans, on the other hand, opposed the budget cuts and thought it would be in the national interest of the United States to privatise the majority of tasks not directly related to war fighting. The private sector also shared this view. The eventual policy proposed in the National Security Authorization Act of 1998 was a reflection of these competing perceptions.

The compromise can primarily be explained by the Republican influence in both Congress and the Executive office. The Democrats were forced to make compromises, after the Republicans took over Congress. The appointment of the Republican Secretary of State William Cohen expanded influence on the final defense policy.

To that extent the hypothesis holds. The various perceptions on the national interest led to a compromise in the defense policy. However, the perception the actors had was not always consistent with their governmental position. This especially applies to the Secretaries of Defense who instead of opposing budget cuts and privatisation at their department, which would reduce the capabilities of their organisation, advocated the opposite. Their perceptions were mainly influenced by their personal ideas and ideology rather than by their governmental position. For that reason hypothesis H2^c was not corroborated.

In the decision process in 2002 there was a clear predominant leader making the decisions, in the person of Secretary of Defense Donald Rumsfeld. As stated in the hypothesis, the predominant leader (Rumsfeld) was expected to act upon his personal beliefs and worldview and this was expected to resonate in his policies.

H3^a: If the authoritative decision unit in the United States' government between 2001 and 2002 was a predominant leader and this predominant leader perceived privatisation of national defense to be in the national interest of the state, then the United States would privatise parts of its national defense.

After the analysis it turned out that Rumsfeld's philosophical and instrumental beliefs were indeed consistent with his privatisation policies. He believed a small government and a strong free market were essential for the national interest of the United States. Any governmental tasks that could be efficiently done by the private sector should be outsourced. This perception strongly influenced his policies, which in turn can explain the enhanced privatisation of national defense in the United States after 2002. Therefore hypothesis H3^a was confirmed.

These findings make it possible to answer the central research question in a positive way: Yes, a foreign policy analysis approach can provide a better explanation for the United States behaviour regarding privatisation of national security in the period after the Cold War.

Neorealism fails to explain privatisation of national defense in the United States, for privatisation of security was not consistent with the national interest and preference a hegemon in a

unipolar system was expected to have. Foreign policy analysis can partly explain the behaviour of the United States. Although not providing a full explanation for the privatisation decision in 1997, it can explain the decision in 2002. Despite the fact that only one hypothesis is confirmed, the FPA framework provides a plausible explanation for the United States turn to privatisation of defense.

The FPA approach made clear that the privatisation of national defense in the United States can be explained by two factors. First, from 1993 on there was a shared perception among the actors in government regarding the national interest, for the majority of actors perceived reforms entailing privatisation of defense to be beneficial to the state. Second, the beliefs of predominant leader Donald Rumsfeld in a small government and a strong free market enabled the further development of privatisation policies at defense after 2002.

These findings from the foreign policy analysis show how economic considerations were dominant in the construction of the national interest of the state. This gives reason to believe that the three dimensions of the national interest as specified by neorealism do not all weigh equally in this case. For the United States economic interests were dominant over the political and ideological interest.

6.4 Scientific progression

In chapter three I made clear how the research strategy in this thesis would be a case study focussing on the United States, for the privatisation of national defense in this country would be a least-likely-case for neorealism. In the fifth chapter it has been made clear how neorealism could not explain the behaviour of the United States, for according to neorealism it was not in the national interest of the state. The foreign policy analysis framework can, at least partly, explain this behaviour.

The question is how these findings affect the theory of neorealism in general? Does this mean the neorealist paradigm has been refuted? In order to provide an answer to this question it is important to turn to the philosophy of science of Imre Lakatos. According to Lakatos a new theory T^B can only replace an old theory T^A if three conditions are met: 1) T^B should predict new facts, 2) T^B should be able to explain everything T^A could explain and 3) T^B should have been corroborated a couple of times (empirical progression) (Lakatos, 1970).

The new FPA framework does not meet all of Lakatos' three conditions. It does predict new facts, for it can, in part, explain the privatisation of defense in the United States, but it cannot explain all other events neorealism can explain, nor has it been corroborated a couple of times. In this test only one hypothesis is confirmed, so more tests will need to be done before we can speak of empirical progression.

Despite their different levels of analysis, neorealism and foreign policy analysis are not necessarily incompatible. As Waltz and Lieshout suggest the first, second and third image approach are not mutually exclusive. If one truly wants to understand international relations all three images will have to be addressed. Neorealism provides the framework for international politics, but without policy analysis and the analysis of peoples' beliefs no knowledge is provided on the actual conduct of politics. Conversely, without a third image approach no concrete predictions can be made. All three levels are interlinked (Waltz, 1954; Lieshout, 2007).

In this thesis, it has become clear that neorealism fails to provide a concrete interpretation of the national interest, while FPA partly succeeds in explaining the construction of the national interest. By integrating neorealism and FPA a new approach may be developed which includes the systemic considerations of the international system with a domestic FPA approach. This would

enable one to explain the construction of the national interest and also be able to predict the behaviour of states in international politics.

6.5 Theoretical and methodological considerations

In retrospect it is useful to reflect on both theoretical and methodological choices made while writing this thesis.

In the framework of neorealism (based on Van der Vleuten and Alons) the distinction between the various dimensions of the national interest were incorporated. This can be considered an addition to the neorealist research, but can also be seen as a deviation from the hard core of neorealism which mainly emphasises the political and military dimension of the national interest of the state.

The fact that the neorealist hypothesis was rejected might have been affected by the way the national interest was constructed and operationalised. As made clear in chapter 2 there is an ongoing discussion on which of the three dimensions of the national interest is most important for each type of state in a unipolar system. I have chosen to weigh all three dimensions, political, economic and ideological, equally for the case of the hegemon, since it was not possible to fully explore the national interest formation discussion in this thesis. Still, there is reason to believe that one dimension can have priority over the others as Ikenberry (2009) and Wohlforth (2003) suggest. If these views had been incorporated in the neorealist model, my conclusions regarding the neorealism could have turned out very differently. Therefore the element of the multiple dimensions of the national interest might be up for re-evaluation in new research.

Furthermore, due to limitations in the collection of data the validity of the research has been reduced. This applies especially to the neorealist analysis since data on the expected benefits and costs for the military and economic power of the U.S. were hard to find.¹⁶ This negative effect on the validity of the test might be side-stepped if one could have access to the more formal documents of the Pentagon and Congress. Certain data might still be classified or only accessible in physical form in the federal library. By gathering this information the validity of test of neorealism could be increased.

The validity of the test of the FPA framework could have been increased by employing different data sources. For this analysis I have primarily relied on governmental reports and speeches to construct the perception of each actor. With these sources one can never be completely sure if the actor is articulating his personal views, the views of his governmental position or a little bit of both. Due to considerations of time and money I could rely on only those sources, while interviews with the involved persons could have made the individual perception of each actor much clearer.

The same goes more or less for the members of Congress. I have considered their perception to be shaped by their party's ideology, and them acting in line with their electoral base. However, interests of their constituency could also have an impact on how they perceive the national interest of the United States.

Another important point that I have not assessed in this thesis is how actors might influence each other's perceptions during the decision making process. I have considered the perception of

¹⁶ It needs to be taken into account that even the Government Accountability Agency of the U.S. considered it problematic to judge whether privatisation would be the national interest of the United States, because there was no sufficient data: *'During the long history of our work in this area, we have consistently found that evaluating the overall effectiveness of contracting-out decisions and verifying the estimated savings reported by agencies is extremely difficult after the fact. As a result, we cannot convincingly prove nor disprove that the results of federal agencies' contracting-out decisions have been beneficial and cost-effective.'* (GAO,1995)

each actor to be predetermined when entering the political arena, but is of course possible that actors influence each other, thus changing perceptions during the political game (cf. Leander, 2005; Fuchs, 2004). This is something that can be taken into account in future research when looking at decision making processes.

Bearing these considerations in mind, new possible research topics start to appear. First of all, new topics relating to privatisation of security. It will be interesting to find out whether the FPA framework can explain the privatisation of defense in other countries, for instance the United Kingdom. Also, one could look into the countries where privatisation did not take place (e.g. Germany or the Netherlands), to find out why the actors in government did not consider privatisation of security to be in the national interest. Additionally, one could also look further into the impact of the authoritative decision unit. In the United States, the predominant leader clearly accelerated the privatisation process. It would be interesting to see whether this also happened in other countries and whether the impact of a single group is similar (as the theory assumes).

Secondly, it is important to not immediately discard the neorealist framework, for only one hypothesis of the framework has been tested and rejected. The framework also makes assumptions on the preference formation of the national interest and national preference of minor and major secondary powers. It might well be that these assumptions hold for explaining privatisation of security in for instance China (major secondary power) or the United Kingdom (minor secondary power). So it is important to apply this framework to other cases as well. Not being able to explain the one case of the hegemon, does not automatically nullify the entire framework.

6.6 Final Remarks

Based on these conclusions and considerations it is of importance to shed light on some commonly made claims.

The first relates to traditional international relations theories. It is often suggested by neorealists that every consideration of a state is merely a rational cost-benefit analysis with a focus on survival and security (cf. Waltz, 1979; Mearsheimer, 2007). Privatisation of national defense would be merely a cost-benefit analysis. A contrary claim made is by some critical scholars, which is that the private sector controls the government and that privatisation of national defense is only in the interest of the private sector, reducing the state to merely a tool of the transnational companies (cf. Leander 2005; Markusen; 2003).

This thesis shows that the situation is a little more delicate and complex than both schools of thought suggest. Privatisation of national defense in the United States was able to take place because the majority of actors in the government shared the view that privatisation would be beneficial for both the military strength of the national forces and the economic situation of the state. The call for privatisation started in 1993 with a large group of actors in the United States' government calling for reforms at the Department of Defense. Although partly motivated by the idea that reforms would enhance the military strength of the U.S., the main consideration for privatisation of defense was economic gain and efficiency. In 2001 Donald Rumsfeld, with his clear views of small government and a free market, ensured that this process was accelerated.

This brings this thesis to its final conclusion. I have made an attempt to give a plausible explanation for privatisation of national defense in the United States. The foreign policy framework I developed

only passed its first test moderately well, so there are still a lot of improvements to be made. Privatisation of national defense in the United States was driven by economic concerns, and, although the decision process has been mapped, the question of how the actors were influenced by each other still remains. Also, new and more extensive research will have to show why other countries made the decision to privatise their national security. I have only lifted a small bit of the veil surrounding the process of privatisation of security and there is still a lot more to be uncovered.

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Image on the cover

The Colbert Report. The Stephen Colbert Portrait Gallery.

http://comedycentral.mtvimages.com/images/shows/colbert_report/portraitgallery/mar2011/Alan_Wansom_colbert_freedomtroops.jpg?width=353&height=450

Appendix

Appendix I: Short Chronology of the defense reform between 1993 and 2006

Date and year	General Politics	Congress	Defense Administration
January 1993	Bill Clinton becomes President of the United States.		Clinton appoints Les Aspin as his new Secretary of Defense.
March 1993	<p>National Performance Review is initiated:</p> <p>The Clinton government starts the National Performance Review (NPR). Its goals are to reform the federal government, increase its efficiency and reduce costs. Vice president Al Gore is in charge of the program. The NPR is to review all departments, including the Department of Defense (DoD).</p>		Secretary of Defense Aspin initiates the Bottom-Up-Review (BUR) as part of the NPR.
October 1993			<p>Results of the Bottom-Up-Review are published.</p> <p>In response a critical Congress orders a new review of the BUR by the GAO. Aspin's reform plans and budget prognoses turn out to be unrealistic.</p>
January 1994			Aspin finds himself torn between the reforms envisioned by his administration and his department. After pressure from the president, he resigns and William Perry becomes the new Secretary of Defense.
February 1994			Perry takes up the reform tasks and issues an acquisition reform policy.

Date and year	General Politics	Congress	Defense Administration
November 1994		Mid-Term elections result in the 'Republican Revolution'. The Republicans gain a majority in both House and Senate.	The reforms of defense envisioned by the Democratic administration are hampered by the Republican majority in Congress
November 1995			To provide guidelines to additional reforms Perry installs the Defense Science Board on Outsourcing and Privatisation.
March 1996		Despite the struggle with the Republicans in Congress, the Comprehensive Acquisition Policy is implemented, enabling the first reforms of defense.	The first defense reforms are initiated.
April 1996		Senator Lieberman (Dem.) and Coats (Rep.) issue DoD the conduct a Quadrennial Defense Review (QDR).	The DoD starts preparations for the QDR 1997
August 1996			The Defense Science Board on Outsourcing and Privatisation advises the DoD to start regular outsourcing in the Department in order to cut costs.
November 1996	Clinton is re-elected as President.	Congress remains in the hands of the Republican party.	Perry resigns. Senior Republican senator William Cohen becomes the new Secretary of Defense.
February 1997			Cohen creates a National Defense Panel (NDP) to review the QDR.
May 1997			The first Quadrennial Defense Review (QDR) is presented. The QDR discusses the current state of the DoD and the plans for the future. After the NDP confirms the findings in the QDR Cohen creates a Defense Reform Task Force. The task force is to develop a strategy to implement the findings of the QDR.

Date and year	General Politics	Congress	Defense Administration
June 1997		In response to the QDR 1997 Congress issues the Defense Reform Act. The act is incorporated in the National Defense Authorization Act of 1998.	
November 1997			Based on the findings of the task force the Defense Reform Initiative is initiated. 230.000 jobs will be transferred from the public sector to the private sector.
Spring 2000			The DoD releases the DRI Transition Report: Better Business practices for a Better business of Defense. Its main conclusions: strategic sourcing has created budget cuts, but the reforms are not yet finished.
January 2001	George Bush becomes president of the United States.	The Republicans retain their majority in both House and Senate.	Donald Rumsfeld becomes Secretary of Defense.
Spring 2001			Rumsfeld starts his department wide review, to create a new transformation strategy for the national defense.
September 2001	Al-Qaeda attacks the World Trade Centre and the Pentagon. The attacks spark the urge to reform national defense.		Rumsfeld introduces the Strategic Defense Review in the QDR 2001. His new vision entails increased military transformation and a top-down approach.
December 2001		Congress eases up to the Rumsfeld Reforms in light of the 9/11 attacks The small reforms are issued in the National Defense Authorization Act of 2002.	

Date and year	General Politics	Congress	Defense Administration
2002		Congress embraces the Rumsfeld Reforms in light of the 9/11 attacks. Privatisation and transformation are issued in the National Defense Authorization Act of 2002.	
2003			Plans for transformation are unveiled in the <i>Military Transformation: A strategic approach</i> guideline.
2003-2006			The DoD starts increased outsourcing of all non-war fighting tasks to the private sector.

Appendix II: Overview of the Perceptions of the Actors in the Clinton Government

The Executive office

President Clinton and Vice President Al Gore

In the executive office both President Clinton and vice President Gore thought the way national defense was organized after the Cold War had to change. The main problem for the security of the United States was that the current military was not ready for the new era of U.S. hegemony. The U.S. should be able to respond to modern threats: 'our goal is to reshape our forces to provide us with the capabilities we need to defend our continuing interests, deal with new problems and threats, and contribute to the promotion of democracy, prosperity and security in a new world' (Clinton, 1993: 69).

The military should not become hollowed out, meaning that it would be large but lacking effective capabilities (weapons, training etc.). In order to maintain and further strengthen the military power of the United States the national forces needed to be converted and modernised. For Clinton modernisation entailed a restructuring of the national forces and the Pentagon. The forces could be trimmed which would enable a focus on their core capabilities thereby creating a national force that would be mobile, agile, flexible and ready. This reduction of the forces could be achieved by working closer with the private sector for other tasks currently being executed by the government (ibid.: 70). This he made clear in election program and he kept this position in later years. 'We must continue our aggressive work at defense conversion to save and create American jobs and to maintain our industrial base¹⁷ that is so critical for our national defense' (Clinton, 1994).

Gore, being in charge of the Reinventing Government Program, shared this view on closer cooperation with the private sector. He emphasized the need for 'a more businesslike government', which included the Department of Defense:

'It is all about what we have been learning from America's best companies. It's full of stories about private companies teaching government agencies how to work better and cost less, and lots of the stories in the book are about defense'. (Gore, 1997)

For both Clinton and Gore modernisation by reducing the size of the military force was motivated by the thought that it would be beneficial for the economy. For them the defense reforms were in line with one of the main goals they had set when they came to office, namely to reduce the budget deficit of the country. The savings in defense would at the same time push the DoD to modernize, while at the same time \$37 billion would be saved (Clinton, 1993: 71). Reducing the size of the government was both the President's as the Vice President's main drive to modernise the army this way. As Gore stated:

'We have the money we need to keep America's military forces fully modern and fully capable, but we are spending too much of our defense money on the wrong stuff, (...)'"Government should emulate the best in business, learn from them and adopt their best business practices'. (Kozaryn, 1997)

¹⁷ The industrial base refers to the defense industry (both governmental and private) which forms the foundation for the support of the U.S. national forces e.g. weapon production, supplies etc. It is to ensure capabilities and capacities of the material requirements for the national forces during peace- and war time. (CSBA Report, 2008; Army Industrial Process, 2004).

Aspin and Perry: the Democratic Secretaries of Defense

A clear distinction can be made between the perceptions of the Democratic Secretaries and their Republican counterpart. While Aspin and Perry perceived the same problems at defense and envisioned the same solutions, Cohen had a profoundly different view.

The Democratic Secretaries Aspin and Perry both considered the national forces to be in suboptimal condition. They were costly and the technology and weapons of the army were outdated. In this situation the U.S. national forces were not ready for fighting new post-Cold War threats (Aspin, 1993). On top of that they both regarded the high government spending on defense to be a problem. In order to solve these problems the army had to be modernised and reformed. This could be done by downsizing parts of the army (base-closing), but also through management reforms, which Aspin expected to save money as well as to increase the efficiency of the Department Defense (CSPAN, 1993). 'One is economic conversion more narrowly defined, as we change over from a larger army to a smaller army, certain assets are no longer required' (ibid.). Perry also emphasized this:

'The decline of the defense budget is consistent with the declining threats to the United States interests'(..)'I believe that the world we are in today allows us to safely reduce the number of forces we have deployed and the number of bases we have maintained through the Cold War'. (CSPAN, 1994)

In order to reduce costs the Department of Defense would have to work together with the private sector. Aspin thought that by privatising infrastructure and logistic functions of the DoD, money would be saved and efficiency would increase. Privatisation could take place in communication services, depot maintenance and transportation (ibid.). In order to maintain the United States' military power he dubbed it essential to: 'shift work to less expensive private contractors, change acquisition practices, and dispose of material surpluses. Only with this kind of streamlining can the nation's military power be sustained sufficiently' (Aspin, 1994: 256). Aspin thought this was the proper solution for the military power of the United States to increase. He thought that, since the threat of the Soviet Union had disappeared, the U.S. finally had gained a moment to address the status of the military. The military was so crucial at the time of the Cold War, the government would not question any spending on defense. Now this would finally change and budget cuts could be enforced at the Department of Defense (Website Defense History Aspin).

Perry put an even greater emphasis on the benefits of the private sector, as he pledged before Congress that he would make acquisition reform his primary objective in the defense reforms (CSPAN, 1994). The DoD would benefit from privatisation and would benefit even more if it behaved more like the commercial business. The DoD should turn to suppliers in the private sector to execute non-core functions (Perry, 1996: xiv-xvi). For Perry training and education and Research and Development could also be outsourced (Perry, 1995: 151; 1996:75-76).

Perry and Aspin both believed budget cuts would keep the United States healthy: 'If you are looking at national security on the short run it depends on our military forces, on the long run it depends upon the strength of our economy'(CSPAN, 1993). Perry firmly believed privatisation would strengthen the economy and increase the efficiency at DoD.

'Major opportunities exist for the Department to operate more efficiently and effectively by turning over to the private sector many non-core activities. For example, private sector companies are already under contract to perform some commercial activities on bases around the world. This type of outsourcing can be expanded.' (Perry, 1996: xvi)

William Cohen: the Republican Secretary of Defense

Although William Cohen shared the view of his predecessors that the national forces needed to be modernised, he did not think this should be done solely by reducing budget, troops and material (QDR 1997):

'A priority for me is the modernisation of the forces, which is essential to the military readiness of tomorrow. The massive reduction of force structure following the end of the Cold War allowed us to either determinate or defer programs with acceptable risks, but that trend must be reversed. Another priority is the modernisation of the support elements of defense which is to include such matters as a continued process in acquisition reform and adopting best business practices'. (CSPAN, 1997a)

Cohen envisioned that more investments in the national forces were necessary to retain an effective military. Furthermore, he believed the forces could be modernised by implementing best business practices from the private sector: 'The Department will continue to pursue other efficiency initiatives such as examining excess infrastructure, adopting best business practices, and pursuing outsourcing and privatization initiatives where appropriate, as a means to do all we can to work smarter and more efficiently' (Cohen, 1997: viii). For Cohen privatisation meant the outsourcing of non-core functions, so war fighting activities were excluded from potential privatisation. He thought privatisation would have great economic advantages for the government and the Pentagon: 'Competition is the best way to ensure DoD benefits - it drives organizations to improve quality, reduce costs, and better focus on their customer's needs over time' (Cohen, 1997: 119).

Cohen's plans were primarily motivated by the idea that the international system was still a dangerous place: 'We tend to forget that it is a very unsettled dangerous world and this does not mean that since we are not engaged in combat, there is no need for a combat capability' (CSPAN, 1997a). Therefore the defense budget needed to increase. Convinced this would be hard to achieve under Democratic Rule, he put great effort into privatisation. These savings could then be invested in the core-functions of the Pentagon, namely war fighting.

The Legislative Branch

The Democrats in Congress

The Democrats in Congress mainly regarded the inefficiency of the government as a problem. In relation to this they shared Clinton's view on cutting the defense budget, deeming high spending defense no longer necessary now that the Cold War had ended. As the chairman of the Senate Armed Services Committee Sean Nunn said: 'We endorse the idea of a base-line (maximum of spending on defense). I hear the savings are about 20 billion dollars, and I hope that is wrong, I hope it will be more'. His fellow Democratic colleague Levin also made this clear: 'There are real savings to be achieved at defense' (CSPAN, 1993).

Like the Secretaries of Defense, the Democrats in Congress were in favour closer cooperation with the private industry. They thought efficiency could be increased and money saved through both dual-use technologies and partial privatisation. For instance, Senator Robb favoured shifting additional procurements to the private sector which previously were core-government. (CSPAN, 1994). Motivated by their campaign program the Democrats hoped that by imposing budget cuts, more money could be transferred to social policies and healthcare reform (Democratic Party of Platform, 1992).

The Republicans in Congress

The Republicans in Congress were in favour of modernisation of the army, but, like Secretary Cohen, they opposed further cuts at defense, because of the unknown threats that could arise the post-Cold War Era. The budget cuts proposed by the Democrats would likely leave the U.S. national forces

unequipped and ill prepared for the 21st century. In order to turn the tide defense cuts had to be significantly reduced and a new review of the capabilities of the United States forces had to be done. For that reason, instead of cutting the budget, investments needed to be made in defense (Coats, 1996).

Several Congressmen (Mack and Warner) continuously made clear how the army would be unable to function due to the budget cuts. Senator Coats stated that: 'A threat-based force is not realistic, for one does not know with what kind of treats you will be confronted (CSPAN, 1993). To paraphrase John McCain: 'The reforms would create 'an erosion of readiness' which would lead to a slippery slope that is very dangerous for this nations national security interests' (CSPAN, 1994).

Although they believed stopping the budget cuts was a solution for the DoD, they also strongly believed in defense reforms, which entailed privatisation and outsourcing of non-combat functions. Money saved in these areas could then be reinvested in new technology and weaponry. According to various members of the Republican Party, privatisation would have a positive effect on the power of the national forces. Representative Bonilla stated, regarding the privatisation of military bases: 'any day anything we can do to get the private sector to help us would be a huge advantage in the future' (Bonilla, 1997). This view was also shared by the Republicans who lead House Armed Services Committee:

We encourage privatization of non-core functions where a highly competitive marketplace exists and real savings can be achieved (...) When appropriate, teaming and partnership between our national asset organic Centres of Industrial and Technical Excellence and the private sector for the performance of these depot maintenance activities should be encouraged and enabled. (Hansen, Fowler and Ortiz, 1997)

The majority of Republicans in Congress favoured a change in the cutbacks and modernisation through privatisation. This view was mainly motivated by the electoral campaign of the mid-term elections of 1994. At that time the Republicans had joined together in 'The Contract with America' under the supervision of Newt Gingrich (Website House and Senate). In the Contract the Republicans had presented a list of things that needed to change and were in opposition of the plans of the Clinton administration. One of these plans was the defense reform plan of Democratic government (Contract with America, 1994). The plans called for new investments to be made in the high technology weapons program and cooperation with the private sector to make a new reform plan for the DoD.

Private Sector

The private sector was represented in both the Defense Science Board Task Force (DSB TFOP) on Outsourcing and Privatisation and the National Defense Panel (NDP).¹⁸ Both organisations were chaired by Philip A. Odeen, CEO of BDM, a company active in the space and military industry.

DSB Task Force

The task force had to reflect on how the DoD could best reform and modernise its forces. For that reason they started off by stating the same problems as the administration and Congress: the budget needed to be cut, while modernisation had to take place. The Taskforce regarded privatisation to be crucial for the needs of the United States military. Although they did not consider privatisation to be an end in itself, but merely a way for the U.S. national forces free up resources, they did envision the outsourcing of all supporting functions at the Department of Defense. They believed that:

¹⁸ Although the panels consisted of multiple members from both the private sector and former military officials, I regard the panels to be solely private actors, since the majority of the members originated from the private sector or were working in the private sector at the time.

'All DoD support activities that are commercial in nature should be provided by private vendors. The private sector is the primary source of creativity, innovation, and efficiency in our society, and is more than likely than government organisations to provide cost-effective support to the Nation's military forces. Moreover, government should not be in the business of competing with its own citizens to provide support services that can be performed effectively by the private sector'. (Report Defense Science Board, 1996)

The task force believed that all non-combat tasks of the military could be outsourced to the private sector; only direct combat functions were inherently governmental tasks. The task force believed that an 'aggressive outsourcing policy' was to eliminate most problems the Department of Defense faced (e.g. high costs and low efficiency). Additionally privatisation of governmental tasks would be in the direct interest of the members of the task force, since by privatisation they could create new jobs and generate more profit.

National Defense Panel

The NDP shared a similar view as the task force. Its members believed that the national forces needed to be transformed and made ready for the 21st century: 'the Pentagon today is really burdened heavily by many legacies of the cold war, in particular an excessive infrastructure, too many bases, an expensive support structure which relies on outmoded ways of doing business' (NDP, 1997a).

They envisioned a transformation at the DoD not just in concepts and structure, but also in procurement and support functions (NDP, 1997b: i). The defense panel believed that the: 'Department of Defense support systems are often inferior to those in the private sector' (NDP, 1997b: 79). For this reasons the panel asserted that it would be beneficial for the Department of Defense if 'the Department and Congress would establish a partnership to develop and aggressively implement far-reaching reforms' (ibid:81). These reforms would primarily have to take place in the management and support functions of the department.

'We believe that it's essential that over the next several years, we take active steps to not only close bases, have additional rounds of BRAC -- to close bases is important -- but also to take advantage of the new ways of doing business that the American business community has pioneered so effectively. So, outsourcing, re- engineering of business processes and things are also important. It will also free up significant dollars to do the investments that will require it'. (NDP, 1997a)

Like the DSB the members of the NDP believed privatisation would increase the efficiency of the government and enable the forces to operate with the same strength at lower costs.