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Joery Matthys. *Private Security Companies and Private Military Companies: A Comparative and Economical Analysis*. Antwerp: Maklu, 2010.

The well-documented roles of Blackwater¹ in Iraq and Executive Outcomes in Sierra Leone in the last fifteen years have given the involvement of private actors in the provision of security a rather negative image. Critical voices argue that lines of accountability have become blurred, and critics of private security companies deplore the strong ties that many private companies have with the oil and mineral extraction sector, as was perhaps most famously illustrated in the 2008 Hollywood blockbuster *Blood Diamond*. This private sector involvement has been described by some leading scholars as a form of corporate mercenarism. (As suggested by the rather disdainful nod to such infamous characters as 'Mad' Mike Hoare and Bob Denard by some critics, it would be euphemistic to claim that private security companies (PSCs) and their military counterparts (PMCs) are not regarded fondly.) More generally, the industry's short-term focus on profit is seen as incompatible with the public need for sustainable safety and security.

In his doctoral dissertation, *Private Security Companies and Private Military Companies: A Comparative and Economical Analysis*, Joery Matthys takes issue with this negative image of PSCs. By pointing out that many elements of security provision have already been privatized in Western jurisdictions, he successfully demonstrates that the doomsday scenarios drafted by left-leaning scholars commonly fail to accord to reality. He takes his point even further, however, by arguing in favor of a new regulatory framework within which state interference is kept to an absolute minimum, and which concomitantly allows for greater market influences in the delivery of both security and military services.

In order to substantiate his argument, Matthys conducts a comparative analysis of the legal situation in Belgium, the United Kingdom, and the United States from the vantage point of the Law and Economics movement. In chapter two, he summarizes the main tenets of this academic model, which sprang up at the University of Chicago in the 1950s, and the essence of which is the application of economic methods to legal studies, a notion seemingly paradoxically inspired by both utilitarian and Marxist thinking. While adherents of the Law and Economics movement are not all in unanimous agreement, they are united in their reliance upon the same theoretical assumptions and methodological practices that underlie neoclassical economics.

The author proves himself an able explicator of terms such as methodological individualism, the Coase theorem, and rational choice, as well as an illustrator of the differences between the different schools of thought within the movement. It is in particular when he addresses the problems of adverse selection and moral hazard that Matthys manages the academic legerdemain of enlightening the economics novices while not offending more advanced readers by presenting them with simplistic, caricature-like descriptions. With this, the groundwork has been laid for the economic analysis of security laws, as Matthys frequently invokes these concepts throughout his dissertation.

¹ Blackwater was renamed as Xe Services in February 2009.

In the next chapter, Matthys employs an economic perspective to describe the development of the public police force and how an overhaul of the system is long overdue. Public security provision may have been the most rational solution in the eighteenth century, but now, arguably, transaction costs are lower, the Tragedy of the Commons can be avoided, and free-rider problems can be overcome. It therefore seems only logical to the author that parts of the six main functions of the police force² be privatized. Matthys freely acknowledges, however, that some groups in society might not be able to afford private security (p. 58), but he considers this a “separate discussion.” Problematically, this artificial distinction between the social and the economic is not only argued unconvincingly, but also hints at academic immorality. In concluding the chapter, Matthys even claims that the unlucky few that fall outside of the system will simply “have to rely on charity” (p. 72). With this comment, he sets the scene for the rest of the book, within which he often manages to provokingly blur the boundary between politics and academia.

In Chapter 4, the author applies the rationale of the Law and Economics movement to the legal situation pertaining to private security companies in Belgium, the UK, and the US. Legal students will be sure to appreciate the comprehensive way in which Matthys disentangles the myriad of laws, definitions, and systems that govern the private security industry in the respective jurisdictions. This attention to detail will be lost on those that are less interested or versed in legal studies, who might perceive the national breakdowns as dense and prolix, and who would be well-advised to skip ahead to the comparative analysis. In this, Matthys surprisingly mostly³ treats the US as a monolith, after having acknowledged that the lion’s share of laws applying to PSCs is decided upon at the state level. Consequently, following his ambiguously chosen American comparison of New York, California, and Texas, the author justifiably concluded that there is “no real uniformity in regulation” in the US (p. 107). It is thus scarcely fathomable how Matthys can credibly compare and contrast ‘the’ US to two other countries in the rest of the chapter.

Notwithstanding the observation that the similarities among the legal systems of all three countries outnumber their differences, the author’s grounding in the Economics and Law Movement leads him to favor the British system because it is the least likely to overburden the sector with redundant, competition-stifling regulations. Matthys is particularly scathing in his critique of the Belgian civil law framework, which he sees as lacking transparency, accountability, and cost-efficiency. Overall, however, all three jurisdictions are seen as rife with entry barriers and other methods of market distortion purposely put into place by budget-maximizing bureaucracies and already active companies, who want to prevent new players from entering the market. In short, he says, competition has been nipped in the bud across the board.

In order to remedy this inefficient status quo, Matthys puts forward a number of libertarian policy recommendations related to contractual obligations, citizen’s arrest laws, and liability laws. He offers both an ideal-type scenario within which state interference has practically entirely been eliminated, and a more politically feasible and pragmatic approach that balances the government-steered need for quality control with

² These six functions are: the maintenance of public order, general deterrence and prevention, consultancy, security, investigation, and information gathering.

³ With the exception of p. 180, where Matthys explicitly refers to interstate differences.

the ability of the market to mature freely and healthily. This line of reasoning is then extended to private military companies in Chapter 5. Matthys contends that the distinction between PSCs and PMCs is a flawed one because they are treated the same by law and because they are functionally similar. Given its short length and sole focus on the United States, this chapter seemingly serves mostly as an afterthought that enables the author to continue advocating privatization on the basis of policy recommendations that have been inspired by libertarianism and that center on the nature and content of contracting.

If the preceding chapter constituted an afterthought, Matthys well and fully digresses in Chapter 6, in which he returns to the conversation about domestic security and attempts to develop a novel construction by proposing an integrated security and insurance contract. Not only does the author himself readily admit that such a comprehensive approach is likely to require both a legal and practical utopia, the connection to the comparative economic-legal analysis seems labored at best. Overall, the main strength of this dissertation lies in its well-developed and detailed exposé of the legal situation in the respective jurisdictions. Matthys' theoretical overview of the Law and Economics movement is the book's other main achievement. However, whenever he strays from the factual, a sharp drop can be observed in the quality of his analysis. The arguments lose their academic rigor to the point that the author's case reads more like a libertarian manifesto than a scientific application of a theoretical framework to the provision of security and military services. As the most striking case in point, the author does himself no favors by borrowing from anarcho-capitalism in likening conscription to slavery (p. 210). When such overtly political statements are coupled with a sometimes unfortunate and borderline populist way of phrasing his sentiments (e.g. when he derides state for naturally holding back markets), Matthys runs the risk of alienating anyone who does not share his political philosophy but is nonetheless interested in a legal-economic analysis of PSCs and PMCs. The dissertation also does not seem to have been properly edited, resulting, among other things, in the misspelling of household names such as Niccolò Machiavelli and Paul Bremer, the consistent interchanging of 'then' and 'than,' and the inelegant 'economical' of the book's title. This further detracts from the credibility and quality of an analysis that otherwise has a strong foundation in theory and facts. In short, the style, structure, and explicitly political angle of *Private Security Companies and Private Military Companies* leave an unnecessary and disappointingly unsavory aftertaste.

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