

Towards a Privately Securitized Democracy: A Case Study of the Last Two Decades in Colombia

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Abstract

The paper addresses an interesting intellectual puzzle regarding the impact of militarization on democracy and economic growth. It aims to answer the following research question: despite the fact that militarization is held to be negatively associated with democracy and economic growth in Latin America, why does the militarization process in Colombia seem to have had a positive effect on democracy and economic growth? The main argument to reply to this question is that the private security industry that emerged and evolved in the country has had a particular and positive influence on the militarization process in the last decades. In other words, the privatization of security has minimized the negative effects of militarization on democracy and has encouraged economic growth. The inclusion of the privatization of security variable into the analysis of the country's militarization process provides at least four elements that help explain the positive impact of militarization on democracy and economic growth in Colombia. Without the private security variable, the militarization trend that took place in Colombia may have produced similar negative impacts as the reviewed literature on the region projected. Therefore, it is possible to affirm that at least in the last two decades, Colombia has in fact become a privately secured democracy.

Key Words: Militarization, privatization of security, private security companies, democracy, Colombia

Western Political Science Association 2013 Annual Meeting
Loews Hotel, Hollywood, California,
March 28-30, 2013

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1. Introduction

The state, the military, and the economic situation in Latin America have been widely studied for decades. In the 1960s, scholars of the so-called modernization school affirmed that militarization was crucial for the development and modernization of Latin American nations. Their understanding of militarization referred exclusively to the scale and preparedness of states' national armed forces, and they argued that these armed forces were the only ones capable of promoting democracy, economic development, and social change. Since these modernization scholars characterized Latin America as a "region of extreme social stratification, weak economies, and political apathy, with little respect for constitutional and democratic procedures" (Lieuwen 1967: 162), they believed that national governments necessarily had to rely on the use of force to remain in power.

Later on, another school of thought criticized the assertions of the modernization scholars, arguing that their theoretical assumptions and research methodologies were inappropriate. Kirk Bowman was one of these critical researchers. His perception of the role of the military with regard to democracy and development was diametrically opposed to that of the modernization school. His research proved that "militarization is inversely related to political development, social spending, citizen well-being and social development, democracy, and food consumption" (Bowman 2002: 183). This negative effect of militarization on democracy and development became widely accepted among Latin American researchers and has been the leading theory in most studies on the subject in the decades since.

However, the current situation in Colombia seems to supply a contradiction to Bowman's theory. The country has strengthened its national armed forces while democracy ratings have remained stable, and the tendency towards economic

growth continues to increase; in sum, there does not seem to be a negative effect of militarization on democracy and development. This discrepancy between the existing theory on the effects of militarization and the reality in Colombia will be addressed in this paper.

In order to do so, the paper aims to answer the following research question: despite the fact that militarization is held to be negatively associated with democracy and economic growth in Latin America, why does the militarization process in Colombia seem to have had a positive effect on democracy and economic growth? The central argument to reply to this question is that the private security industry that emerged and evolved in the country has had a particular and positive influence on the militarization process in the last decades. In other words, the privatization of security has minimized the negative effects of militarization on democracy and has encouraged economic growth. The research included a preliminary quantitative analysis and continued with an in depth qualitative analysis. For the qualitative analysis, various interviews were conducted (see Appendix 1 for the list of interviewees).

This paper begins by presenting a brief literature review on militarization in Latin America and the relevant democracy ratings and economic growth statistics in Colombia for the last two decades. The following section elaborates on the rise of the private security industry in Colombia analyzes the role that the industry has had in the country. Then, it highlights the main elements which may have positively influenced the militarization process. The next section describes the risks encountered during the experience of privatizing security in Colombia. Finally, the last section includes a summary of the paper and concluding remarks.

2. Militarization, Democracy, and Economic Growth in Colombia

In recent history, scholars such as Max Weber, Michael Mann, and Charles Tilly have related military institutions and the use of coercive force to the formation and consolidation of the modern state. Later on, such research expanded in scope and focused on the relationship between force and democracy and democratic regimes, highlighting significant differences among the various regions of the world. Latin America became one of the most interesting areas of focus due to its relative cultural homogeneity, ample available data, and the region's "significant experience with both the establishment and the decline of democratization" (Bowman 2002: 51). This context motivated various recognized researchers such as Oscar Arias, Kirk Bowman, Dietrich Rueschmeyer, Evelyne Stephens, and John Stephens, to deepen their research on Latin America. Their studies have posited the conclusion that militarization has had, in fact, a negative effect on democracy in the region. However, an overall look at the statistics of militarization and democracy in Colombia question the previously stated generalization.

Likewise, studies analyzing the impact of militarization on economic growth in Latin America have existed for decades. It could be argued that the modernization school led those types of studies implying that militarization encouraged development. Later on, other large-N, cross-sectional analysis carried out by researchers such as Erich Weede, who came after the modernization scholars, agreed with the earlier findings. Their quantitative studies seemed to be more robust and therefore more significant than those completed by the modernization school, yet they also arrived at the conclusion that strong militaries had a positive effect on development. Nevertheless, a strong wave of criticism arose after the 1980s. These critics included Oscar Arias, Carlos Escudé, Barry Ames, Mark Ruhl, Matías Funes, Deborah Schulz, Donald Schulz, and Kirk Bowman. They argued that militarization negatively affected development, public spending, and food consumption (Bowman 2002: 183-184). In order to support his

work and especially to explain why his findings differed from those of other quantitative studies, Bowman claimed that

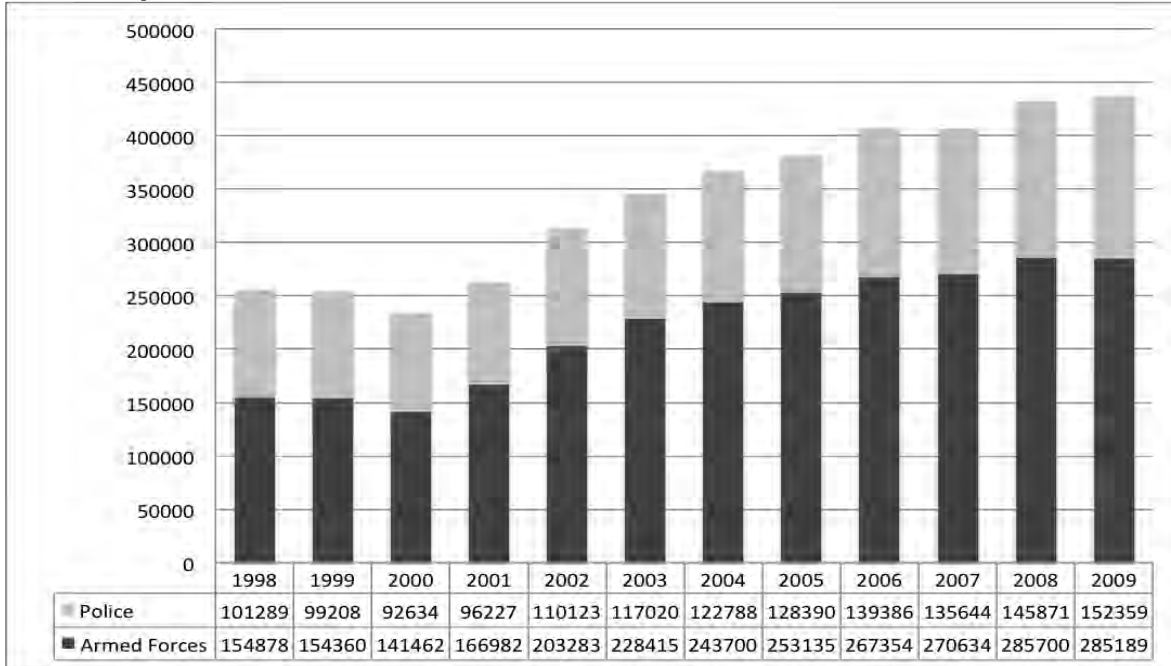
“Many large-N quantitative scholars have made a serious mistake by treating all LDC militaries as the same variable. I contend that the Latin American military during the Cold War is not comparable to other LDC militaries and that the relationship between militarization and material development (equity and growth) in Latin America will be substantially different than that found by the myriad studies that found a positive relationship” (Bowman 2002:186).

Bowman’s argument to rule out the generalized conclusions of the large-N quantitative studies is compelling and his quantitative research is a valid proof of that. Besides, other scholars have also come to conclude that the evolution of militaries in Latin American is significantly different from other regions (Centeno, 2002); this group has supported criticism of the generalization of the results of the large-N studies and has strengthened the theory that large militaries have a negative impact on development. However, Bowman’s findings regarding the relationship between militarization and economic growth do not seem to map onto the situation in Colombia. Up to 2009, the Colombian national armed forces increased in number and the national defense budget showed significant enlargement as well (see Graphs 2.1 and 2.2). Despite the trend towards greater militarization in Colombia, various country indicators of economic growth also showed positive changes during a similar period.

The militarization process that took place in Colombia in the last decades is evidenced in Graphs 2.1 and 2.2. Graph 2.1 showed the expansion of the Colombian national armed forces in the period between 1998 and 2009. The combined personnel of the military and the police also famously increased, from 256,167 in 1998 to 437,548 strong in 2009. In the same way, Graph 2.2 traced Colombian public spending on national defense between 1990 and 2010. The

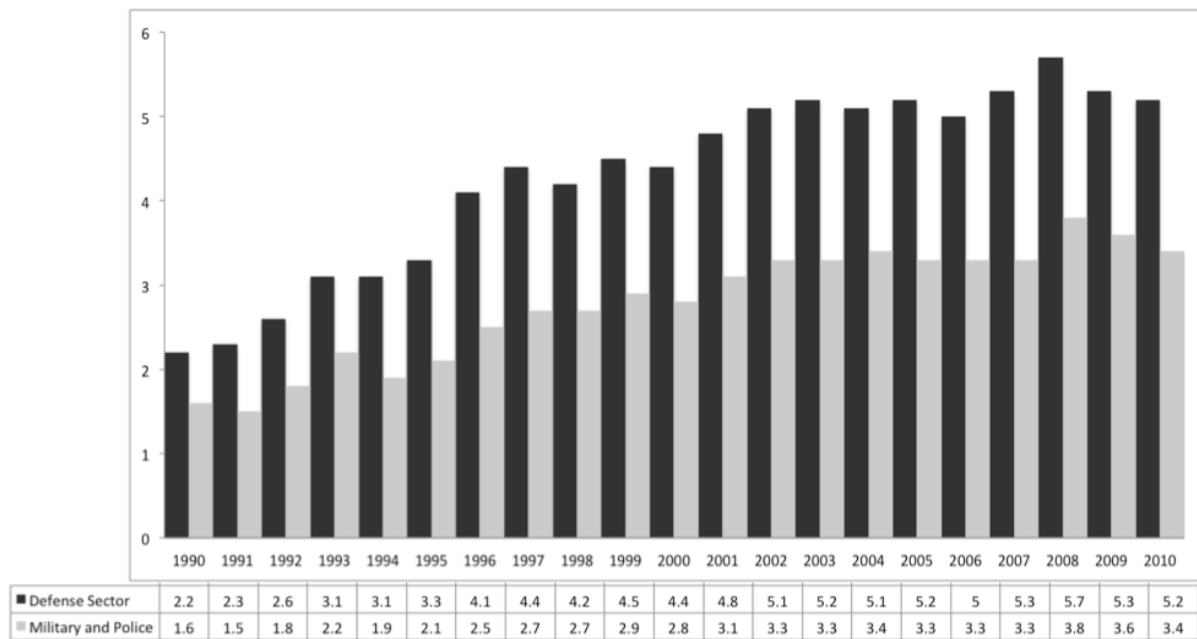
defense sector's budget more than doubled over this time frame: from 2.2% of the GDP in 1990, to 5.2% in 2010.

Graph 2.1 Increase of Colombian National Armed Forces 1998-2009



Source: Ministry of Defense of Colombia. (Graph elaborated by the author)

Graph 2.2 Colombian Public Expense on National Defense 1990-2010
(as a percentage of 1994-based GDP)

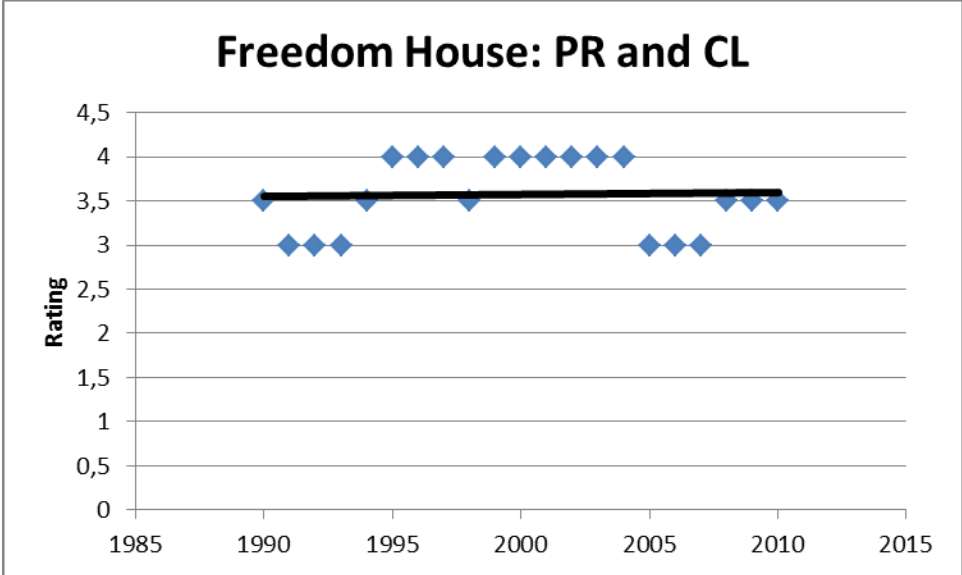


Source: Colombian Ministry of Defense (Graph elaborated by the author)

It would be expected that, according to the reviewed literature including Bowman’s research, after such an evident strengthening of the country’s military and defense institutions, Colombia’s democracy levels should decline in parallel. Nevertheless, democracy ratings did not decrease, but instead showed a slight positive tendency during the same period, per Freedom House reports and evaluations based on Worldwide Governance Indicators.

Freedom House is an independent organization that indexes political rights and civil liberties for countries around the world. Freedom House reports have been widely used in academic studies as means of determining the degree of democracy of a given state. Freedom House classifies countries as “not free,” “partly free”, or “free” as a general evaluation. The specific index assigns ratings between 1 and 7, where 1 indicates the “most free” and 7 indicates the “least free”. Graph 2.3 shows the ratings given to Colombia by Freedom House between 1990 and 2010. As can be seen in the graph, there was a slight positive inclination of the trend line throughout the two decades instead of the expected negative slope that an increasing level of militarization would foresee according to previous academic studies.

Graph 2.3 Political Rights and Civil Liberties in Colombia 1990-2010

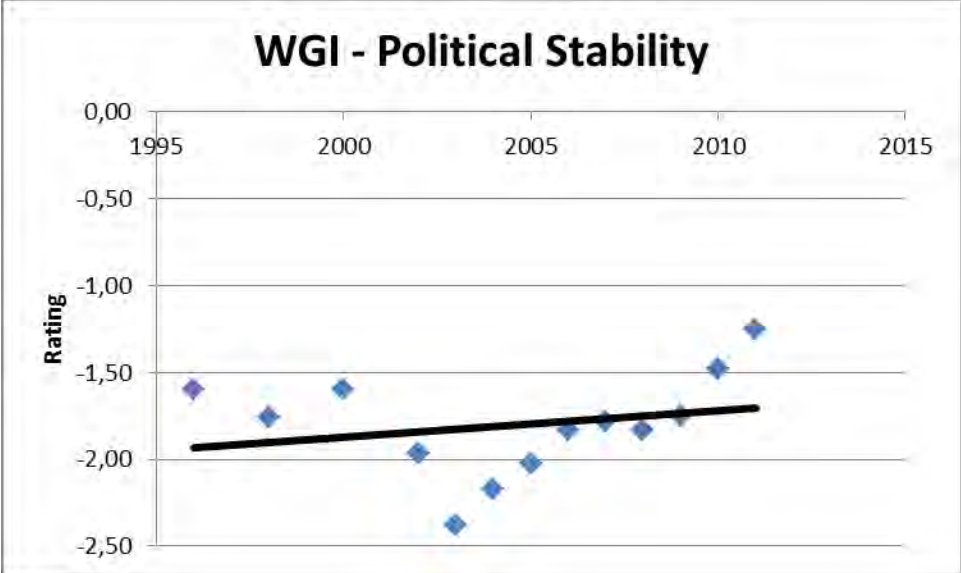


Source: Freedom House (Graph elaborated by the author)

Although the civil liberties and political rights ratings provided by Freedom House are among the most used to determine the level of democracy in a given country, there are other reports that include more indicators in their evaluation. This is true of the Worldwide Governance Indicators (WGI) proposed by Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi in a World Bank policy research working paper, which includes a total of six indicators: political stability and absence of violence; government effectiveness; rule of law; voice and accountability; regulatory quality; and control of corruption. Unfortunately, since the WGI approach includes country data only from 1996 on, its ratings may not be used as the main ones in this study; nevertheless, WGI data is useful to validate that reported by Freedom House.

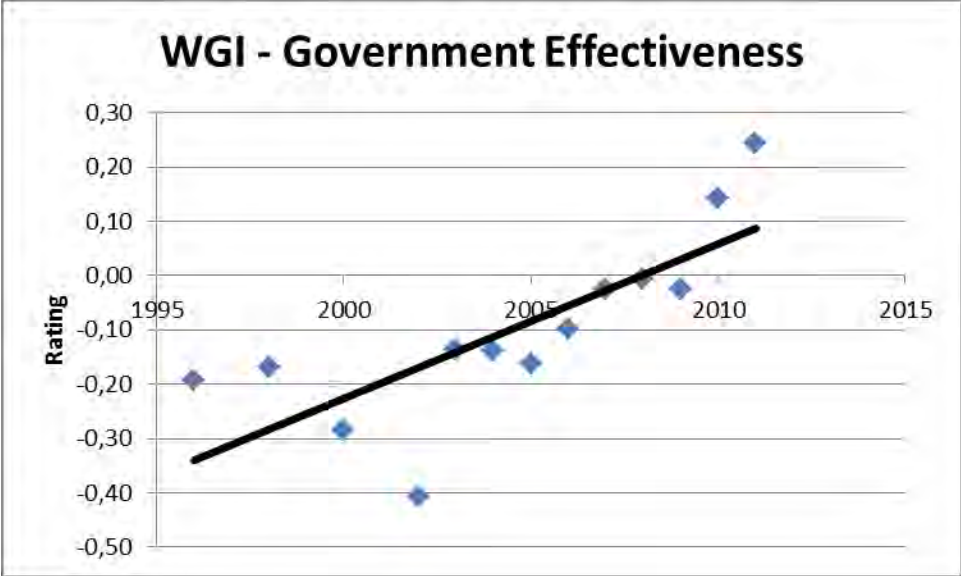
Graph 2.3 illustrates the WGI ratings of *political stability* in Colombia between 1990 and 2010. This indicator shows a slight positive tendency, confirming the findings obtained using the ratings of Freedom House. Although the country's ratings continued to be negatively signed over the last two decades, the trend line shows that the political stability improved. Likewise, the *government effectiveness* indicator pictured in Graph 2.4 also displays a positive trend, as does the magnitude of the *rule of law* and *voice and accountability* indicators displayed in Graphs 2.5 and 2.6, respectively. The two remaining WGI, namely *regulatory quality* and *control of corruption*, are not further analyzed in this section since their direct relation with militarization is presumed to be less significant than the other indicators.

Graph 2.3 WGI Political Stability Indicator for Colombia 1990-2010



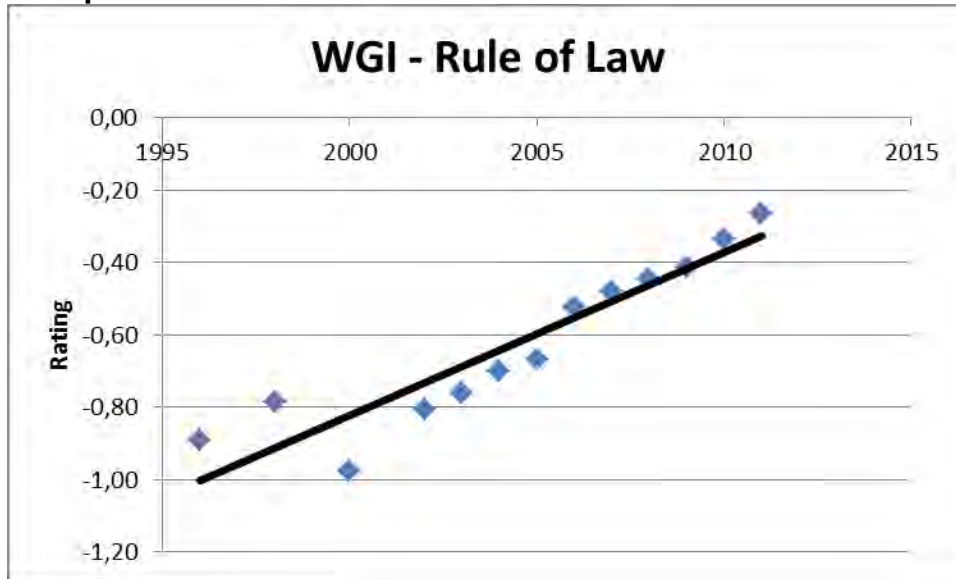
Source: Data from Kaufmann, D., Krray, A., and Mastruzzi, M. Worldwide Governance Indicators (Graph elaborated by the author)

Graph 2.4 WGI Political Stability Indicator for Colombia 1990-2010



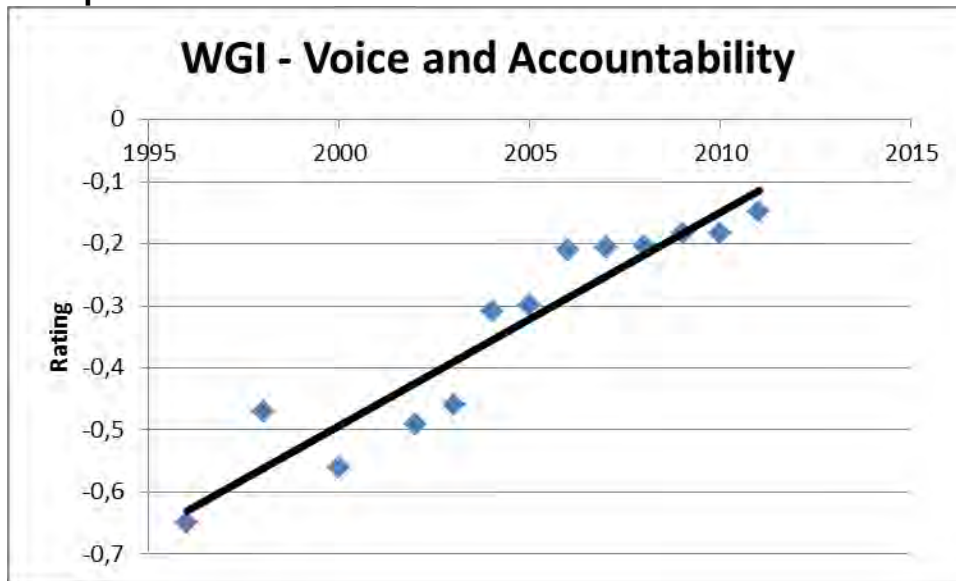
Source: Data from Kaufmann, D., Krray, A., and Mastruzzi, M. Worldwide Governance Indicators (Graph elaborated by the author)

Graph 2.5 WGI Rule of Law Indicator for Colombia 1990-2010



Source: Data from Kaufmann, D., Krray, A., and Mastruzzi, M. Worldwide Governance Indicators (Graph elaborated by the author)

Graph 2.6 WGI Rule of Law Indicator for Colombia 1990-2010



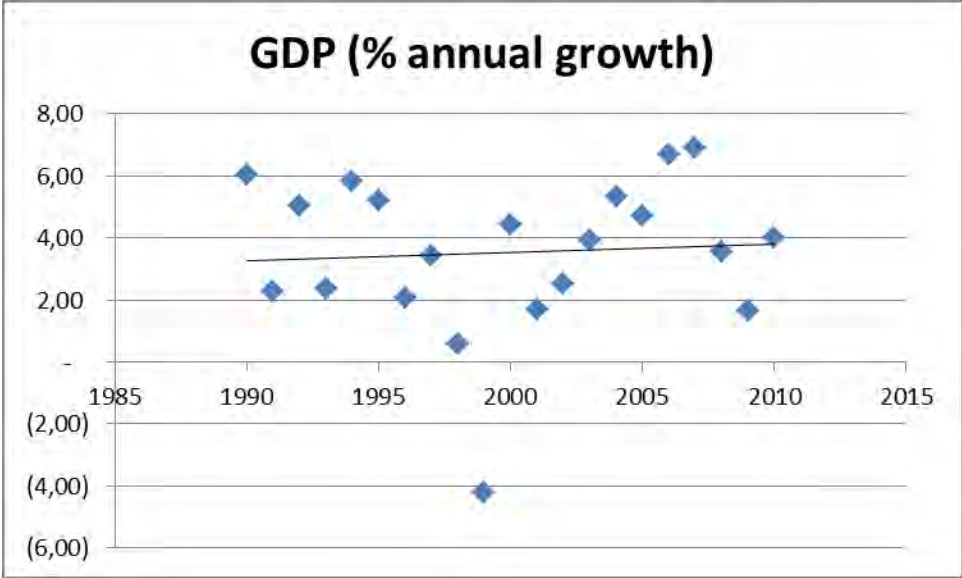
Source: Data from Kaufmann, D., Krray, A., and Mastruzzi, M. Worldwide Governance Indicators (Graph elaborated by the author)

If the findings of Bowman and all the other critics of the modernization school were to be applied to Colombia during the period between 1990 and 2010, the slope of the trend lines in Graphs 2.3, 2.4, 2.5, and 2.6 should have been negative. The same should be true for the behavior of national economic statistics.

However, what this graphs do indicate is that between 1990 and 2010, while militarization increased, democracy levels maintained a relatively positive tendency. Interestingly enough, Colombia’s GDP, GDP per capita, and FDI also had a similar performance as shown in Graphs 2.7, 2.8, and 2.9.

Graph 2.7 presents the behavior of the Colombian GDP for the period between 1990 and 2010. Interestingly, during all the years in that reference period, the GDP experienced positive growth – except for 1999, a year in which the world economy fell in a deep crisis. Furthermore, the national economy reached years in which the GDP was above 6%, and the trend line of the plotted results throughout the two decades has a positive inclination.

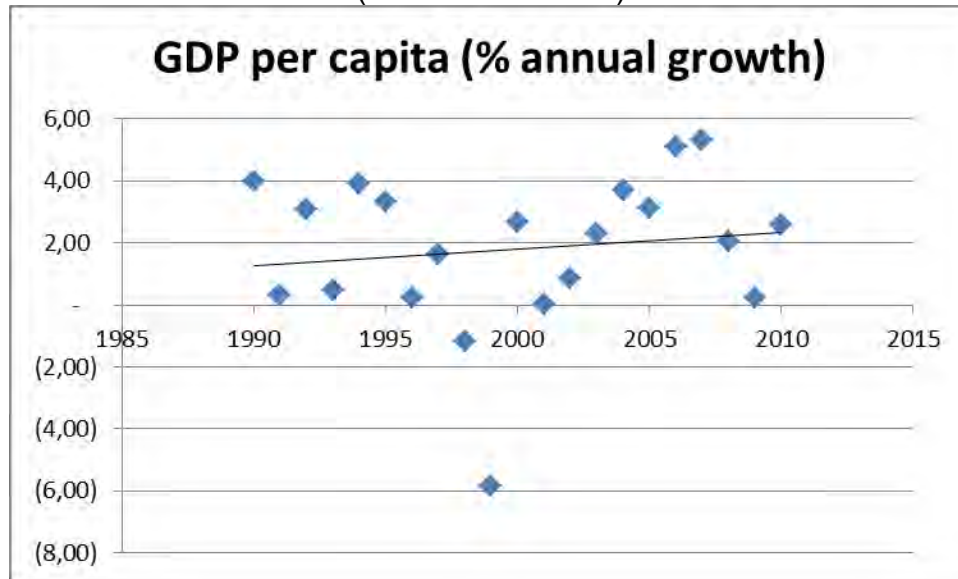
Graph 2.7 Gross Domestic Product in Colombia 1990-2010
(% Annual Growth)



Source: World Bank (Graph elaborated by the author)

Graph 2.8 shows the GDP per capita in Colombia over the same time frame. The tendency is very similar to the previous graph, but the slope of the trend line is slightly greater: while the R² in Graph 2.7 is 0.0045, the R² in Graph 2.8 is 0.019.

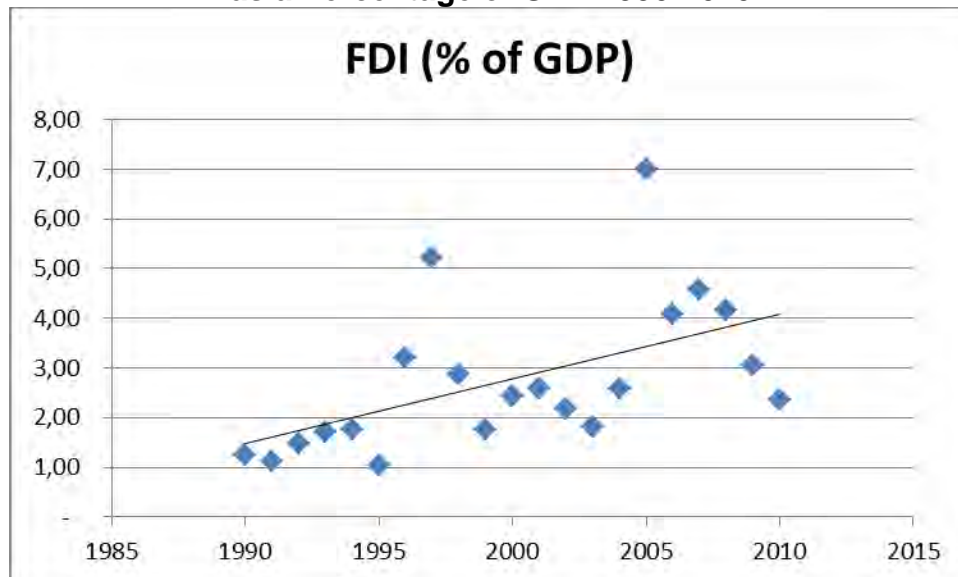
Graph 2.8 Gross Domestic Product Per Capita in Colombia 1990-2010
(% Annual Growth)



Source: World Bank (Graph elaborated by the author)

Finally, Graph 2.9 shows the evolution of the FDI in Colombia as a percentage of GDP in the same period. The increasing tendency of Colombian FDI is more evident than the annual growth of the GDP. It could even be argued that the increase in FDI is one of the major contributors to the positive GDP growth.

Graph 2.9 Foreign Direct Investment in Colombia as a Percentage of GDP 1990-2010



Source: World Bank (Graph elaborated by the author)

3. The Private Security Industry and Militarization in Colombia

3.1. Characterization of the Private Security Industry

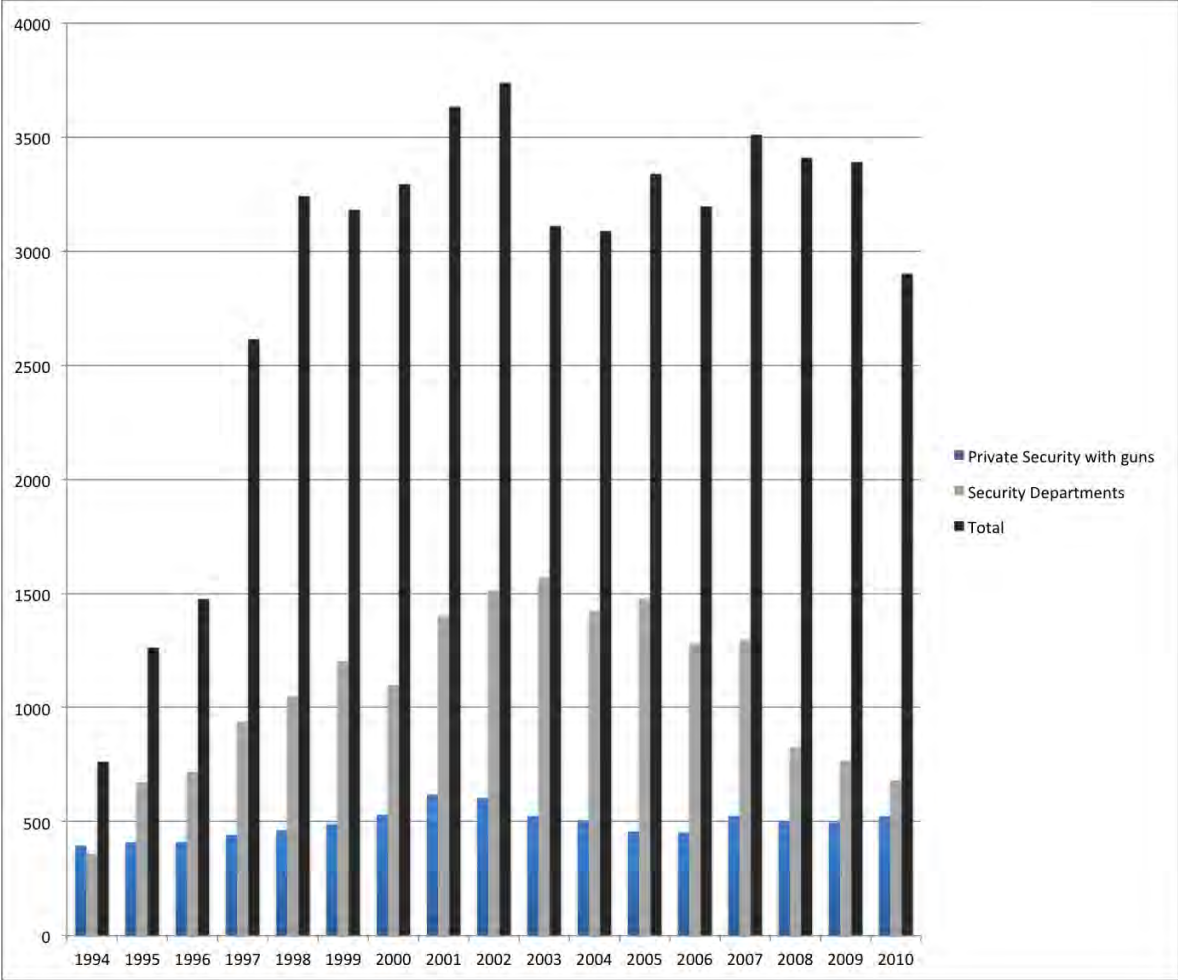
Colombia survived a critical political phase between 1989 and 1991, during which time various presidential candidates were murdered, extradition policies for drug trafficking charges were discussed, and a new constitution was crafted. These circumstances motivated the illegal armed groups and drug cartels present in the country to turn to violence in the cities in order to increase pressure on decision makers and to terrorize the population. These acts of violence were evidenced in the escalation of the armed conflict in mayor cities in 1991 and 1992. The *urbanization process* of the internal armed conflict generated a higher sense of insecurity among the populations of major urban areas throughout the 1990s and especially after 2002.

As the acts of violence increased during the 1990s, insecurity and fear spread throughout the society and the demand for security services rose. Together with the increasing demand and following the flow of the market, private security companies began to offer the required services that the police were not able to provide. The demand was of such a magnitude and the companies offering private security services were so many in number, that in 1993 the government created a national institution called the Superintendency for Private Security and Surveillance to control and supervise the provision of private security services. The market for these services had developed and diversified to such extent, that the Superintendency could already categorize the business into the following subsectors: advisors, cooperative surveillance companies, security departments, armored services, armed surveillance companies, and unarmed surveillance companies, among others.

One of the named responsibilities of the Superintendency is to collate as much information about the industry as possible, but according to Ximena Tamayo,

current advisor to the director of the institution, it has been very difficult to gather complete and accurate data for the whole sector (X. Tamayo, personal communication, October 19, 2012). Nevertheless, even with the information available, it is still possible to appreciate the development of the private security market in Colombia. Graph 3.1 shows the growth trend of the industry.

Graph 3.1 Number of Private Security Companies in Colombia 1994-2010



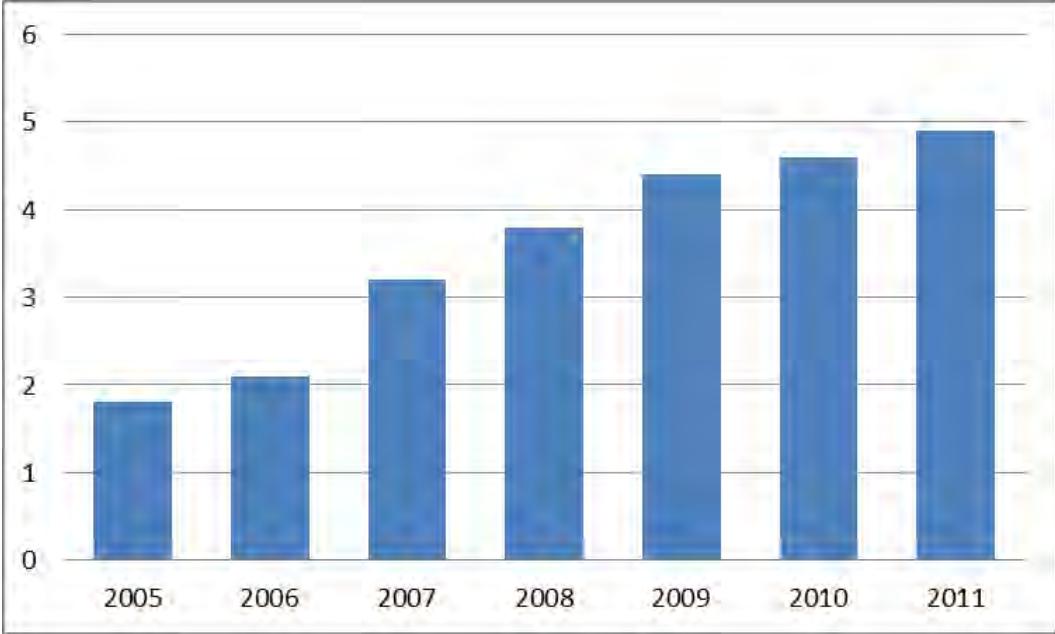
Source: Superintendency for Private Security and Surveillance.

The total number of registered private security companies operating in the country increased significantly after 1996, and after 1998, the total number of companies has not dropped below 3,000. Graph 3.1 also differentiates between two main types of private security services: security companies that offer armed services and security departments created within other companies. These security

departments were formed as companies preferred to provide their own security themselves – instead of hiring third parties. However, these security departments still need to register before the Superintendency in order to obtain a license to operate and to legally use firearms when required. It is interesting to see that, while the number of security departments peaked in 2003 and then began a decreasing trend, private security companies offering armed services have maintained a fairly constant presence throughout the past two decades.

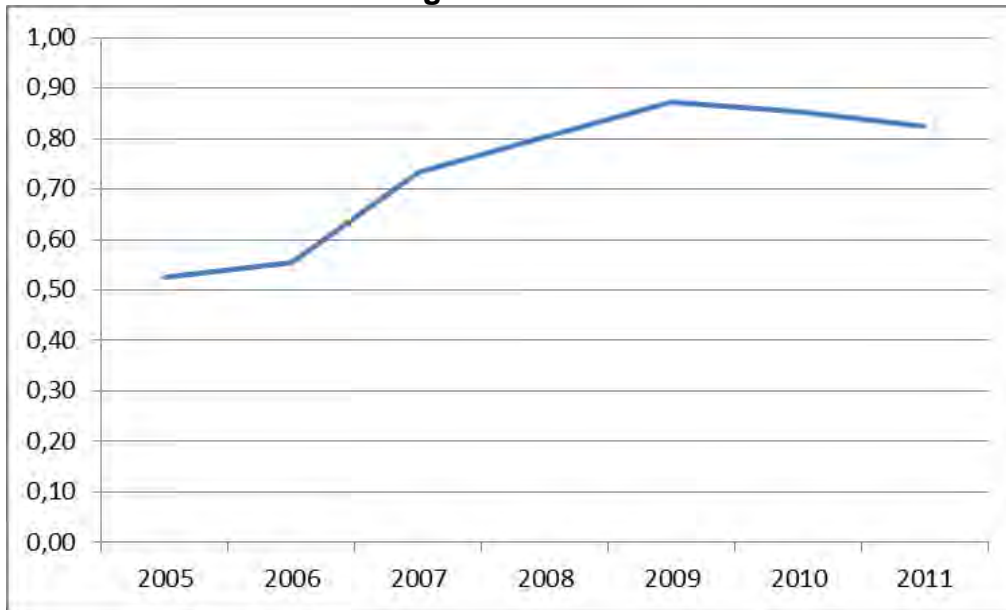
Although the total number of private security companies has varied in the last decades – and although after 2006 their numbers have dropped off, according to Graph 3.1 – the total income of the private security sector has only increased in recent years. Graph 3.4 shows the tremendous income rise enjoyed by the industry: 175% in 6 years, going from 1.8 billion pesos in 2005 to 4.9 billion in 2011. The significance of these figures is better understood in Graph 3.5, where the total income of the industry is represented as a percentage of the national GDP. The industry alone accounts for a little bit less than 1% of the national GDP, placing it as the country’s second most important industry.

Graph 3.4 Income of the Private Security Industry in Colombia 2005-2011
(In billions of Colombian pesos)



Source: Superintendency for Private Security and Surveillance

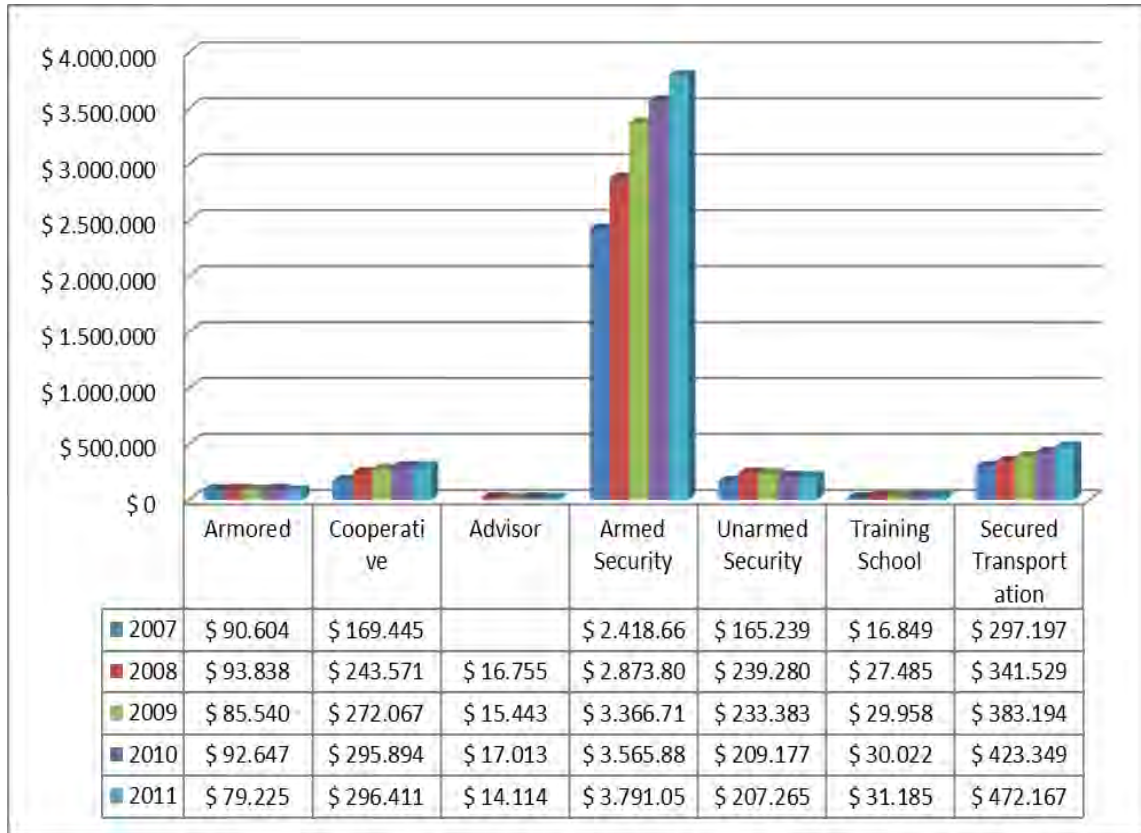
Graph 3.5 Income of the Private Security Industry in Colombia as a Percentage of GDP 2005-2011



Source: Superintendency for Private Security and Surveillance

In the private security industry in Colombia, the type of service that generates the highest revenues is the provision of armed security. This branch of the industry represents almost 75% of the total income of the sector, a fact that highlights that the most demanded private security service is armed security. Graph 3.6 presents a detailed comparison of the main security services provided by the industry, excepting security departments.

Graph 3.6 Income of the Private Security Industry by Type of Service in Colombia 2007-2011



Source: Superintendency for Private Security and Surveillance

The existence of a consolidated private security company industry, in a country where the most demanded service is armed security, cannot be left aside in any in-depth analysis of security or militarization within the context of the internal armed conflict in Colombia. The rise of the private security industry has definitely complemented the strengthening of public defense. The urbanization of the armed conflict expanded the field of action of counterinsurgency operations, and therefore a larger public security force base was required; however, the presence of private security companies allowed members of the public defense forces to concentrate more on the counterinsurgency and less on other security issues that could be fulfilled by private operators. This is one of the reasons that may explain why the government is considered one of the best clients of the private security industry (C. Krüger, personal communication, November 7, 2012).

3.2. Privatization of Security: A Possible Explanation

The militarization process that took place in Colombia towards the end of the 20th century answered to the dynamics of the internal armed conflict that had existed since the 1960s. As was explained before, the merger of the main security threats that affected the country – namely, insurgent movements and illegal drug trafficking – took place during the 1990s. The situation obliged the government to adjust its defense and security policies. The increases in the defense budget and in the number of personnel of the armed forces were among the adopted measures. Another such response was the formalization of Plan Colombia, and with it, the possibility for foreign PMSCs to enter the country.

With this in mind, it proves interesting to recall once again Bowman's claims. He argued that "where the armed forces are focused on internal threats, militarization has serious opportunity costs and undercuts two pillars of state capacity: economic resources and organizational resources/priorities" (Bowman 2002: 245). His findings are very well supported by extensive quantitative research and case studies analyses, but as it has been shown in the previous sections of the chapter, Colombia does not seem match Bowman's conclusions. The internal threats that still affect the country today have forced the government to raise the defense budget, increasing opportunity costs as economic resources and organizational priorities have been diverted to security matters. Why, then, have the indicators that measure democracy levels and economic growth shown signs of stability and improvement?

The privatization of security in the country might be a possible answer to the previous question. In the various existing analyses of the impact of militarization on democracy and development carried out by scholars of the modernization school and also by their succeeding critics such as Bowman, Arias, and Hadenius, among others, private providers of military and security services were not included as

additional variables. However, the presence of these private companies does importantly affect the consequences of increasing the defense budget and armed forces personnel due to the relationship established in the previous chapter. Hence, the role played by the privatization of security in the process of militarization is very relevant, especially in order to understand the puzzling trends observed with regard to indicators of democracy and economic growth.

The insertion of the privatization of security variable in the analysis of the impact of militarization on democracy and economic growth provides at least four new elements capable of explaining why the current theory does not appear to extend to the Colombian case. First of all, the service provided by private security agents complemented the service that had been traditionally provided by national security forces. Second, private security providers helped reduce the risks posed by the urbanization of the conflict in Colombia during the 1990s, a situation that otherwise would have created more political and social instability. Third, the private security industry enabled national and foreign companies to continue performing and expand their commercial activities throughout the country, increasing their sense of security in the middle of the internal conflict. Finally, the privatization of security created a significant number of quality jobs that had a positive impact on the nation's unemployment rate.

3.3. Complementarity of Private and Public Security Provision

In the words of Colombian Congressman Carlos E. Barriga, the high levels of violence, crime rates, and the general feeling of insecurity, together with the strong perception of the ineffectiveness of the security forces in Colombia in the last years, generated an increasing demand for private security (Barriga 2012, 23). Although this growing demand was evident, as has been shown in the previous chapter, it would not be completely accurate to believe that private security in

Colombia has tried to completely replace the constitutional functions assigned to the military and police forces.

For Christian Krüger, the current director of the Superintendency for Private Security and Surveillance in Colombia, there is a huge difference between the services provided by private security companies and national security forces. While the main purpose of the latter is to *react* against any security threat, the central objective of the former is to *prevent* a possible threat from happening. For example, a private security guard would not get involved in any type of riot taking place near the building that he has been assigned to protect because it is not part of his jurisdiction. His jurisdiction entails only the property assigned to him, and he is expressly prohibited from intervening in the riot if beyond his jurisdiction. However, using the same example, if the same security guard considers that the safety of the property he is guarding is compromised due to the ongoing riot, he should alert the authorities so that they can intervene. Only in an extreme case, in which there might be a threat against his life or the life of a third party, may the security guard react in self-defense (C. Krüger, personal communication, November 7, 2012).

The different approaches that may exist between public and private agents towards security threats have been highlighted in the previous example. However, this distinction has not always existed as such. The current Political Constitution of Colombia issued in 1991 established that, upon the manifestation of any threat against national sovereignty, territorial independence and integrity, constitutional order, the exercise of public rights and liberties, or the peaceful coexistence of its citizens, it would be a matter for the national armed forces (Political Constitution of Colombia 1991, 163-164). It is clear that the duty resides with the national armed forces to counter any threat to national defense and security; there is no indication of any role assigned to private providers of security. Yet, as Congressman Barriga asserted, the demand for more and better security was not being adequately fulfilled by the public forces, especially during the 1990s. Therefore, the rise of a

private security industry controlled and supervised by the national government through the Superintendency for Private Security and Surveillance became the perfect solution.

The categorization of preventive and reactive actions against security threats turned out to be a practical solution to legitimize the role of private security companies without breaking the existing national law. In this way, the reactive character assigned to the national armed forces was perfectly complemented by the preventive role assigned to private security companies. Their complementarity helped to fulfill the increasing demand for security and also enabled the national armed forces to focus more on reacting in the case of real and potential threats – a very relevant task in a country facing an internal armed conflict. This complementarity has become so natural for some sectors within the government and Colombian society that in many official statistics regarding security issues, the personnel of private security companies is counted as part of the total national security force, which once consisted only of military and police forces (W. Vargas, personal communication, December 13, 2012).

Without the existence of a private security industry in Colombia, the militarization process that took place in the 1990s would not have had been able to target insurgent groups and drug traffickers. The total increase in the defense budget and in the personnel of the national security forces would have had to be distributed among the various security threats affecting the country, preventing the strengthening of counterinsurgency and counternarcotic operations. That situation would have weakened the national government, very probably destabilized the democratic regime, and deteriorated economic development. Therefore, it may be argued that the privatization of security prevented some of the negative impacts of militarization from being realized.

3.4. Private Security and the Urbanization of the Conflict

Until the 1990s, armed conflict in Colombia had taken place mainly in rural areas. The activities of illegal armed groups and individuals involved in the drug trafficking business rarely reached the main cities of the country. However, the Colombian Presidential Program for Human Rights and International Humanitarian Law developed a study that analyzed the intensity of the conflict in the ten largest cities in the last two decades, and the findings showed geographic variation to the conflict's development. The results of that study are shown in Graph 4.5.1. The graph shows that throughout the 1990s, urban conflict events accounted for an overwhelming majority of the total.

Various scholars have agreed that after 2002, the escalation of conflict-related actions in the cities was definitely bringing the conflict to a new, urban stage. Illegal armed groups started using rural combatants in very specific violent acts in the cities in order to magnify these acts' psychological and political impact at a very low cost (Rangel 2003: 16-17). Examples of this shift include the kidnapping of twelve members of a local parliament in Cali, an ambush against a presidential candidate that left three dead in Barranquilla (Libreros 2002), a car-bomb in a social club in Bogotá that left 36 dead, and a house-bomb that left 16 dead in Neiva (Leal 2004: 90-91).

The increased sense of insecurity in the cities after 2002 contrasted with the alleged lack of commitment from urban centers until that moment (Echandía 2006: 17). Since the internal armed conflict had traditionally taken place mainly in rural areas, urban sectors had not been directly affected by the negative consequences of the confrontation. Therefore, the rising insecurity about the evolution of the armed conflict – together with the astonishment awoken by the conflict-related events occurring in urban hubs – created an increasing demand for security that called for immediate attention. The impossibility for the national armed forces to

adequately provide the demanded services would have likely generated unrest if it had not been for the private security industry.

The total number of private security companies, shown in Graph 4.5.2, exploded in the 1990s in response to the increasing violence occurring in the main cities of the country. The national armed forces were not able to address this situation because “although no one ignores their patriotic and selfless attitude and no one forgets their great efforts and sacrifices (...), they were never trained to confront the challenge of an urban war” (Libreros 2002, own translation). The private security industry, acting as part of the private sector, understood the immense possibilities of the new market niche created by the growing sense of insecurity in the cities and exploited this. The dynamics and demands of the market have evolved to a point where the private security industry has actually had to specialize the services it provides by subsector (C. Krüger, personal communication, November 7, 2012).

3.5. The Private Security Industry and the Private Sector

The urbanization of the conflict that intensified during the 1990s, besides increasing the perception of insecurity among Colombian civilians, also raised the potential risks for new national and foreign investments. This translated into a growing fear among local and international investors and entrepreneurs who began to reconsider their priorities amid the security environment in Colombia. It was clear that if the capacity of the national armed forces was not sufficient to fulfill the country’s counterinsurgency and counternarcotic demands, those forces would not be in a position to offer the additional security services required by the private sector.

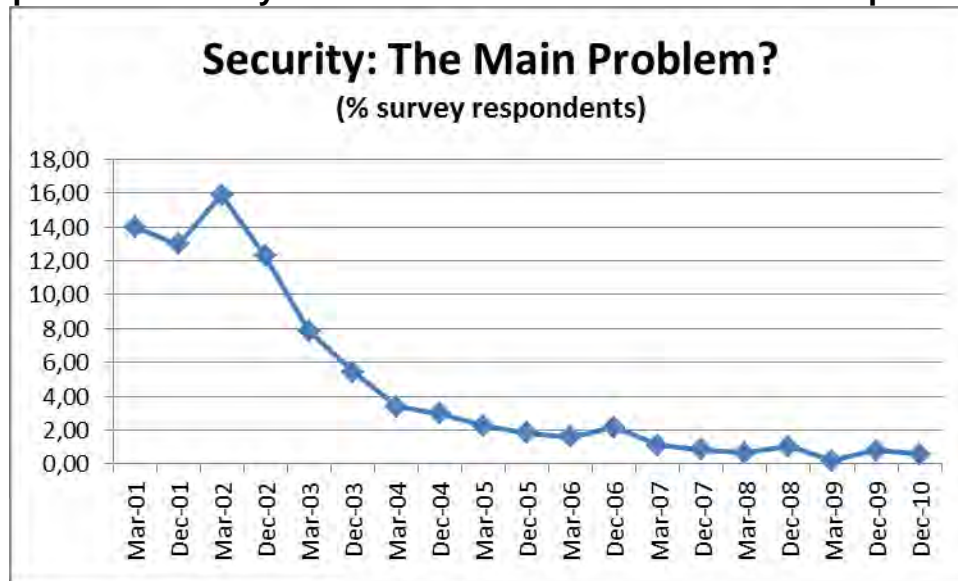
The private security industry became once again the most viable option to overcome the country’s growing security needs. The services provided by these

private companies were able to mitigate the perceived threats to the security of current and future investments in the national economy. In other words, the possibility of hiring a private security company restored the entrepreneurs' trust and confidence that had been lost or weakened due to the increasing conflict-related violence. This more trustful environment motivated the appearance of new constructions, buildings, and malls, each one of them guarded by private security companies (L. Murgueitio, personal communication, November 19, 2012).

This situation is better depicted in Graph 3.7. The graph shows the results of one of the questions of a permanent member survey conducted by the National Business Association of Colombia¹ regarding what respondents considered as the main problems or obstacles hindering the economic performance of their companies. In 2001, 14% of the survey respondents believed that security was their companies' main problem, but that percentage lowered drastically after 2002. From that moment, and until the end of 2010, the percentage of survey respondents that identified security as their main concern was not over 2%. This reaction on the part Colombian entrepreneurs is perhaps partly owing to the militarization process encouraged by the national government, but appears more significantly tied to the availability of private security services.

¹ In Spanish: Asociación Nacional de Industriales (ANDI)

Graph 3.7 Is Security the Main Problem for Colombian Entrepreneurs?



Source: ANDI and PROEXPORT

A more secure setting also encouraged the entry of foreign companies and foreign investment. Consequently, the growing presence of foreign companies and foreign capital generated even a greater demand for security services (C. Krüger, personal communication, November 7, 2012) forming a kind of virtuous cycle. This demand was again fulfilled by the private security industry, and the result is evidenced in the rise of the total number of providers in the sector. It is not a coincidence that the incredible rise in the number of security departments during the 1990s and early 2000s shown in Graph 3.1 took place at the same time as national and international businesses in the private sector increased their demand for security.

Private security companies and the security departments that supplied the services required by the private sector enjoyed a mutually beneficial relationship. This relationship improved the security environment in the national economy and drew in even more national and international investors. More investors translated into higher demand for security services, which in turn encouraged the appearance of more private security companies and security departments. “The economic growth of the private security sector is closely linked to the country’s economic

growth” (D. Velásquez, personal communication, November 14, 2012, own translation).

A study conducted in Colombia in 2011 regarding the oil extraction business and the internal armed conflict, highlighted the impact of companies’ demand for security in this sector. One of the findings of the study stated that private security companies “have an impact in the regions where oil companies operate and are perceived by the community and other interest groups as inherent to the sole presence of international oil companies” (Posso 2011: 33, own translation). The private security industry has become essential for this economic activity – even more so, as the extraction of mining resources has turned out to be the most important industry in Colombia in recent years.

3.6. High Employment in the Private Security Industry

The most flourishing industries in successful economies tend to increase the overall demand for labor. This has also been the case of the private security industry in Colombia. The industry posted a total income revenue of \$1.8 billion Colombian pesos in 2005, which rose to \$4,9 billion in 2011, an increase of 172% in 6 years. In the last few years, the total income of the industry has been very close to 1% of the nation’s GDP, as shown in Graph 3.5, an outstanding percentage that ranks it as the second-most important productive sector in the country’s economy. The private security sector stands just behind the mining sector and outperforms other traditional industries, such as flower-growing and banana plantations (L. Murgueitio, personal communication, November 19, 2012).

The extraordinary economic performance of the industry, strongly related to the security demands in urban and rural areas, has generated a great number of new jobs in the last years. In 2009, the approximate number of employees working for private security companies was 190,000. Official statistical data in Colombia

established that, for that same year, the total number of formal jobs in the country was 18,526,000, meaning that the private security industry provided more than 1% of the total jobs in Colombia. The only industry capable of generating a larger number of jobs was the construction sector, which is naturally more work-intensive (Barriga 2012, 26).

The private security industry has not only generated *new* jobs: it has offered *quality* jobs. On one side, it has offered employment to a very specific segment of society that would otherwise find it very difficult to get a job (J. Martínez, personal communication, October 16, 2012). Usually, the retirement benefits and allowances given to retired personnel from the national security forces has not been enough to cover the living expenses of their households, and they have been forced to find other sources of income. However, finding a job has not been easy for individuals with skills and abilities pertaining to security and defense activities. Therefore, the appearance of the private security industry has been very important since it demands especially this type of personnel (C. Navas, personal communication, October 23, 2012).

On the other side, the private security sector is obliged to offer jobs that fulfill all the social security requirements prescribed by law. All the registered companies in the sector must hire personnel using full employment contracts. These types of contracts involve the need to establish a formal professional relationship between employer and employee, according to which the employee is afforded corresponding benefits while employed. (L. Murgueitio, personal communication, November 19, 2012). This legal requirement tries to prevent the expansion of informal jobs that have a negative impact on the national economy.

4. The Risks of Privatizing Security

The privatization of security might improve the impact of militarization on democracy and economic growth, but that does not mean that privatizing security is the perfect solution. The privatization process entails certain risks and dangers that need to be recognized in order to reduce the negative effects that they may generate. In Colombia, the following three main risks have been identified: the national armed forces may become dependent on the private security companies; the privatization of security poses a threat to the state's monopoly over the use of force; and the current regulations for the private security sector are out of date. These risks have not been too harmful yet – either because they have been insignificant in practice or because adequate control measures have been taken in response.

The complementarity of the national armed forces and the private security companies can easily result in a relation of dependency. One of the reasons for the rise of the private security industry was the impossibility for national military and security services to attend to the increasing demand for security in the country. Once the private industry supplied services meeting demand, the national armed forces could concentrate on other security threats and rely on the private actors to continue fulfilling those other security needs.

This situation became evident in one of the sectors of Bogotá, the capital city of Colombia. A university in the center of the city hired a private security company to protect its students from ordinary crime and other security threats during their transit from the bus station to the campus. The total area of control covered between 20 to 25 blocks. Although this private company was hired to protect the students going to the university, the whole population present in that same area of control gained the same security benefits. After more than five years marked by the constant presence of the private security company, the police office that had jurisdiction in the center of the city was not concerned about sending

officers to the 20 blocks between the university and the bus station because the private security company effectively covered the zone. Although this was possibly true, it is still a duty of the police to exercise control over their entire jurisdiction (W. Vargas, personal communication, December 13, 2012).

The predominance of private providers of military and security services has raised alarms regarding their threat towards the state's monopoly over the use of force. The academic and political debate on this issue is very complex and is open for further analysis. The current legislation in Colombia allows its citizens to possess and carry certain types of weapons, subject to prior approval by national authorities. Likewise, legally registered private security companies are also allowed to carry and use certain types of weapons under the same type of permitting process. It should be noted that under no circumstance may an individual or private company in the country carry weapons categorized for use exclusively by the military and police forces.

The reasoning behind this is that, although individuals and private companies have the capacity to carry weapons, the state continues to have final control over the use of force in its territory since it is the only one with the authority to extend rights to third parties. There are three official entities that approve any petition to possess and carry a weapon and exercise control and oversight over those permissions: the Office for Control and Commercialization of Weapons, the National Military Industry, and the Ministry of Defense (L. Onzaga, personal communication, November 15, 2012). This high level of control and oversight minimizes any threat posed by the private security companies to the state's monopoly over the use of force in Colombia.

5. Conclusions

The existing theory regarding the impact of militarization on democracy and economic growth in Latin America, which counters the argument of the modernization school, states that “militarization is inversely related to political development, social spending, citizen well-being and social development, democracy, and food consumption” (Bowman 2002: 183). However, data on militarization, democracy, and economic growth in Colombia shows that the country challenges the accepted theory. In order to address this puzzling situation, this paper has tried to explain why the militarization process in Colombia appears to have had a positive effect on democracy and economic growth.

The privatization of security that took place between 1990 and 2010 – the same period in which militarization intensified in the country – proves a likely answer to the stated question. In order to test this assertion, the second part of the paper analyzed the role played by the privatization of security in the particular militarization process in Colombia and the risks that such privatization entailed.

The quantitative data from Colombia presented in this paper suggests that between 1990 and 2010, the militarization process strengthened, levels of democracy slightly improved, and economic growth indicators likewise showed positive trends. This evidence clearly contradicts the expectations of Bowman and all the other critics of the modernization school. The studies conducted by these researchers did not take into account the process of privatization of security as an additional and very relevant variable, however, and since the private security industry emerged rapidly in Colombia in close connection to the militarization process, it could be the reason why the country stands out as a distinct case.

The inclusion of the privatization of security variable provides at least four elements that help explain the positive impact of militarization on democracy and economic growth in Colombia: first, the complementarity of the services security

services provided by the national armed forces and the private security companies; second, the reduction of additional security threats posed by the urbanization of the internal armed conflict in the 1990s by private security providers; third, the provision of more secure environments for national and foreign companies (and their investments) thanks to private security; and fourth, the creation of additional jobs in the private security sector that helped to reduce the national unemployment rate.

It is important to annotate that although the private security industry may have helped to minimize the adverse effects of militarization, the process of privatization of security entails certain risks and threats that could hinder the provision of security in any given place. Fortunately, in the case of Colombia, these risks have been adequately handled. However, close attention over the evolution of those threats is mandatory and both national authorities and representatives of the private sector should hold that responsibility.

The research has revealed that an increase in the total number of military and police personnel, together with the proliferation of the total number of private security companies, help explain the stability of the indicators that measure democracy and the growth of the national GDP and the GDP per capita. A larger amount of security providers over the reference period created a safer environment for national and foreign private investment. Private businesses had the possibility to hire private security companies or constitute security departments that, along with the national armed forces, protected them from any security threats. Furthermore, as the personnel of the national armed forces increased and the private security industry raised its hiring rates, the employment levels improved and the national economy received another boost.

The positive influence of the private security industry on the militarization process in Colombia and its resulting effects on democracy and economic growth highlight the relevance that such industry has had in the country. Without the

private security variable, the militarization trend that took place in Colombia may have produced similar negative impacts as the reviewed literature on the region projected. Therefore, it is possible to affirm that at least in the last two decades, Colombia has in fact become a privately secured democracy.

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Appendix 1: List of Interviewees

Echandía, Camilo: Researcher at Universidad Externado de Colombia. Specialist on the Colombian conflict. Interview conducted on November 15, 2012.

Krüger, Christian: Current director of the Superintendency of Vigilance and Private Security. Interview conducted on November 7, 2012.

Martinez, Juan C.: Member of the Second Chamber of the House of Representatives (the Second Chamber deals with security issues). Interview conducted on October 16, 2012.

Murgueitio, Luis F.: Former director of the Superintendency of Vigilance and Private Security. Interview conducted on November 19, 2012.

Onzaga, Luis: Advisor to Senator Juan Lozano, member of the Second Chamber of the Colombian Senate (the Second Chamber deals with security issues). Interview conducted on November 15, 2012.

Navas, German: Member of the Colombian House of Representatives. Interview conducted on October 23, 2012.

Tamayo, Ximena: Advisor to the director of the Superintendency of Vigilance and Private Security. Interview conducted on October 19, 2012.

Vargas, William: Coordinator of the Specialization Course on High Management of National Defense at the Universidad Militar Nueva Granada. Interview conducted on December 13, 2012.

Velazquez, Diego A.: Advisor to Senator Emiro Barriga, member of the Second Chamber of the Colombian Senate (the Second Chamber deals with security issues). Interview conducted on November 14, 2012.