

## Security in Private Ownership?

### A Brief Study about the Outsourcing and Privatisation of Security Services in South Africa

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#### Abstract:

The movements 'Black Lives Matter' and 'Defund Police' provoked debates that were disputed in the late 1980s and early 1990s: "Should we choose privatisation or outsourcing of the Police?" Nowadays, the distrust in police in the USA by the movements mentioned above has been disseminating the idea of dissolution of armed forces.

The trend of NPM reforms, neoliberal measures from the United Kingdom, became popular in the post-apartheid South Africa: Cape Town had its security services partially privatised and outsourced, and this measure was then applied nationwide. This led to the birth of PSIRA and led to the foundation of modern private security companies.

However, the expectations were high about reducing crime, increasing professionalism, and providing solutions to the social issue of crimes committed by young people, and in the long-term the solutions that had been applied did not make Cape Town safe. This study is an effort to verify the Weberian statement according to which the police and security-related fields should be controlled by the state.

#### Keywords:

Cape Town, Military, Police, PSIRA, Security, South Africa.

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## *Introduction*

After the first democratic elections of 1994, the South African state still had a well-equipped, well-organized and well-trained police inherited from the era of the apartheid. Notwithstanding the change in the South African politics, the police was an organisation connected to the previous oppressive regime, which was based on racial segregation and policies that favoured the white minority.

The structure and the mission of the South African Police Service changed radically: people of colour could become officers and advance to high ranks, and the duties were not related to oppression of dark-skinned people anymore. This meant a transition, which contained a type of obscurity, as it is a feature of every major political change.

On the one hand, the South African Police Service became insecure about what they could do instead of reacting harshly, as they used to before 1994. On the other hand, South Africa became a member of the Commonwealth again, and the British policies turned trendy: privatisation meant higher quality and more efficient services and saving money for the state. Private ownership shifted responsibility onto the supplier; therefore, the NPM (New Public Management) reforms were seen as a solution for the problems of the public sector. (Abrahamsen and Williams, 2011, p. 173)

NPM reforms were typically implemented in English-speaking countries. The preferred methods were privatisation and outsourcing, but the goals could vary. Ewan Ferlie, Lynn Ashburner, Lousie Fitzgerald and Andrew Pettigrew classified the NPM-models into four groups: 1) The 'Efficiency Drive' that made the public sector similar to the private one; 2) 'Downsizing and Centralization' that created a strongly centralized, more democratic system; 3) 'Search for Excellence' that emphasized the work ethics and the role of the members of organization, and 4) 'Public Service Orientation' that implemented of the methods of the private sector in the public sector. (Ferlie et al. (1996) pp. 10-15) As it is going to be demonstrated in this paper, the privatisation of law enforcement in Cape Town is a mix of the second and fourth method.

## *The Context of Outsourcing*

The context of outsourcing is purely based on the social problems of Cape Town. After the collapse of the apartheid, the inhabitants of townships were not forced to stay there; they could walk in the streets of areas that were inhabited by wealthy people. This meant the spreading of crime to these areas, since uneducated young men of poor background sought to acquire goods from the rich. They organised themselves into gangs, and as a result the value and public safety decreased in the late 1990s. (Blerk, 2003, p. 558)

After 1994, the UN sanctions against apartheid were lifted, and South Africa could receive credits from international banks. (Hefeker and Menck, 2002, p. 6) This economic situation



created an opportunity to solve the problems stemming from unemployment. The unemployment was not only an issue of 'dark skinned people', since the implementation of sanctions led to the second wave of poor whiteism. The rise of AWB (Afrikaner Resistance Movement), led by Eugène Terre'Blanche is connected to the considerable number of impoverished white people did not receive any welfare benefits in the collapsing period of the apartheid in the 1980s. (Hyslop, 2003, p. 226)

Western Cape is the most developed and richest South African province. Widely-known cities such as Cape Town, Paarl, and Stellenbosch are all situated in this province, which pave the way for higher chances to have a job. In the case of Cape Town, the population dynamics shows the increase of previously racially discriminated population from 1996 to 2001: while the number of whites remained almost constant (small shrinkage from 543,425 to 542,581), the number of Coloureds and Black Africans grew. The Coloureds, which make up the majoritarian group, grew from 1,239,943 to 1,392,658. Within these five years, the Black African population of Cape Town grew rapidly from 644,181 to 916,520. (Western Cape Provincial Government, December 2001, pp. 4-5) The change in numbers can be explained by the traditionally high number of children within traditional communities, the internal migration, and emigration to other English-speaking countries.

The change in politics did not have an effect on the financial circumstances. On the one hand, young people living in vulnerable areas without proper life goals can be easily involved in criminal groups. On the other hand, the Police were not able to handle the new situation. Upon acknowledging this situation, Cape Town's leadership decided to outsource the security services in order to maintain safety in the city centre.

### **The CCID**

The main goal of this measure was to decrease crime in Cape Town City Centre. In 1999, Cape Town was led by Gerald Morkel and the New National Party. The Christian democratic-oriented predecessor party of the former National Party decided to create a public-private partnership within a new public management reform. The implementation of this reform promised higher efficacy of crime prevention. (Abrahamsen and Williams, 2011, p. 175)

"A public-private partnership, the Cape Town Central City Improvement District (CCID) was established in November 2000 by local property owners with a vision for the Cape Town CBD [Central Business District] to rise from the 'crime and grime' scenario it had fallen into, to once again become a safe, clean and caring urban environment." (Cape Town CCID) Since 2000, the CCID has been working as an organization responsible for not only the development, but also the maintaining of the internal order.

The necessity of outsourcing of security services can be explained by the importance of Cape Town's special role: Cape Town is the centre of economy and tourism of Western Cape, and also the centre of legislation of South Africa. Therefore, the CCID is in charge with

“guarding of ‘public-private spaces’ such as shopping centers, the company is involved in policing the public space of the city” (Abrahamsen and Williams, 2011, pp. 175-176)

The ‘public element’ of the CCID refers to the traditionally public duties connected to the duties of Cape Town. To avoid injustice and breaking the law, the CCID has got permanent connection to the South African Police Service. This practically means that the CCID does not perform police duties. The ‘private element’ is related to classical outsourcing, which in this case means the involvement of a private security company, the G4S. The British Group 4 Securicor took part in the development of the CCID. (Abrahamsen and Williams, 2011, p. 174)

To understand the process in the context of public administration, there are several points to clarify regarding the administrative structure of Cape Town. As Rudy Giuliani had been elected mayor of New York City in 1994, he led actions against crime in vulnerable areas, which especially targeted the nightlife. (Hae, 2012, p. 571) The new leadership of New York City established Business Improvement Districts, which were non-profit organisations that were founded from additional tax. Cape Town implemented this structural administrative reform, and created 15 City Improvement Districts. One of these, the CCID, received the mission to maintain law and order. However, the CCID is mainly a security organization, with its budget divided to fund several tasks: in the 2000s, 50% of its budget was allocated to security, 25% to cleaning the city, 17% to the city marketing, and only 8% to social development. (Abrahamsen and Williams, 2007, p. 246)

However, a typical NPM reform is based not only on privatisation, but also on a strongly limited role of public bodies. Cape Town’s City Council and the South African Police Service is very influential within the CCID; hence, the CCID can be called a ‘hybrid security network’. The establishment of CCID pushed criminal elements from the City Centre into Cape Town’s vulnerable areas. In the suburban areas, the South African Police Services and the city police are responsible for maintaining law and order. (Abrahamsen and Williams, 2007, pp. 247-248) A form of symbiosis came into existence between CCID and police forces: meanwhile, the officers of CCID are preserving the security of the City Centre and the police do not need to deal with less dangerous felonies, since the presence of CCID officers is enough to deter the criminals. Nevertheless, the CCID officers are members of a regular authority, which in practice means the involvement of police forces in serious issues.

### ***Birth of the PSIRA***

Wealthy people are able to pay high taxes in order to have a benefit of security in return. If public authorities cannot provide security, they will purchase it from the free market. The free market was full of former soldiers of the South African Defence Forces, the ‘old Weermag’. The fluctuation within the South African military and police helped these soldiers to find their luck in the private security industry. The experiences and expertise of these former soldiers and policemen are widely known in Africa; people around the world could learn about this

fact from the movie 'Blood Diamond' released in 2006, in which Colonel Coetzee, played by Arnold Vosloo, commands a well-equipped private security company. The more knowledgeable people met South African contractors in various news reports, when a significant number of former South African soldiers and policemen were also involved in various African peacekeeping operations, partly in security and other positions. (Besenyő, 2021, p. 160.) In the case of Darfur we should note the official presence of the South African National Defence Force: "Only the South African contingent was totally equipped to comply with the requirements of a fully capable battalion in the mission area. They had their own logistics platoon and a lot of officers who had logistics qualification and experience." (Besenyő, 2006, p. 49)

According to the hypothesis postulated by American economist George J. Stigler, „every industry or occupation that has enough political power to utilize the state will seek to control entry” (Stigler, 1971, p. 4). (Stigler, 1971, p. 4) It was stated by another European Academics too, when it came to researching the defence industry. (Ilchenko, et al, 2021, p. 439) This, in the case of security industry in South Africa, means a remarkable power of former soldiers and policemen who were connected to the era of the apartheid. On the one hand, these people were well-organized thanks to their expertise, and on the other hand the South African state had to avoid any form of escalation of tensions. However, a possible civil war was mostly emphasized by White supremacists, e. g. members of the AWB, as men who were trained to fight wars were seen as capable to start one. And as Mancur Olson, another American economist proved, smaller groups are able to use their power more effectively than large ones. (Olson, 1997, p. 80)

The free market offered opportunity to match the two sets of needs: wealthy people needed a higher grade of security in order to defend their properties and the area where they lived, and the veterans of SADF, who could not find a civil job or build a new career, could cater to this need of the rich. The equilibrium, which was born as a lovechild of the interests of these groups, created a new form of private security industry.

Based on the success of Cape Town's experience, the private security industry has begun to bloom from the 2000s, and nowadays their development and spreading seem to be unstoppable: today the private security companies in South Africa are not only working in the field of protection of certain people or their properties, but services of technology-related fields, cyber protection, and also accountancy can also be included into the various packages provided by any well-equipped security company. Further development needed new regulations, which secured the private security industry market for former soldiers and policemen.

The Private Security Industry Regulation Act No. 56 of 2001, which regulates the whole security industry in South Africa, was passed in 2001. According to the definitions of this act, a security officer can be a natural person who 1) is employed by another person or the state; or 2) provides assistance to a security provider; or 3) offers security service controlled by

another security provider; or 4) makes security service available as an employee of a security provider. Security officers receive remuneration, rewards, fees or benefits in return for their service. (Republic of South Africa, 2002, p. 8)

The post-apartheid South Africa has got deep-rooted traditions of trade unionism. Based on the Tripartite Alliance, members of the COSATU (Congress of South African Trade Unions) and the South African Communist Party have had mandates on the list of the governing party, the ANC (African National Congress) since 1994. This coalition is the ruling one in South Africa. Trade unionism is a core element of the South African welfare state; thus, the regulatory public policy seeks to avoid racial and structural antagonisms between employers and employees in the labour system. (Gordon and Maharaj, 2014, pp. 126-128)

The industry is supervised by the Private Security Industry Regulatory Authority, a juridical person with its head office in Pretoria, South Africa's capital city for executive power. The PSIRA, as it is officially abbreviated, oversees the legality, the professionalism and the transparency of the industry, and determines the standards of the security providers. These standards provide for equipment and training of the security officers. (Republic of South Africa, 2002, pp. 10-14)

Quis custodiet ipsos custodes? To ensure legality, the authority is led by a council. The councillors include a chairperson, a vice-chairperson and three additional councillors who are appointed by the current Minister of Safety and Security. The Council of PSIRA exercises general control over the private security industry. The public control is based on the accountability of the Council: the Minister of Safety and Security has to be supplied with information about current activities, such as annual financial reports. (Republic of South Africa, 2002, pp. 16, 18) To ensure professionalism, "the Department of Labour determines the wages and employment standards for security companies, and the Safety and Security Sector Education and Training Authority (SASSETA) monitors security training". (Diphoorn, 2016, pp. 167-168)

### *Improvement the Wrong Way?*

The private security system does not have glaring drawbacks, nevertheless; there are various definitions of what we label as success, improvement, and poor decisions. Therefore, we should examine the advantages and disadvantages of this system closely.

The 1990s were an optimistic era of history: dictatorships ended and new structures of cooperation began to emerge. This period was influenced by neoliberal political theories, which are based on the balance of mutual interests and criticism of the state power connected to totalitarian regimes. According to neoliberal theories, reducing the power of the state can elevate the level of freedom in general. Until the anti-terrorist wars on Middle-East led by the United States, this optimistic mindset influenced various policies. Individual freedom and privatisation were walking hand-in-hand until the Millennium.

Hans-Hermann Hoppe, who is a German-born American libertarian anarcho-capitalist economist and thinker, strongly believes that the privatisation of security can solve the problems, which are related to exploitation, wars, and basically the collapse of our civilization. According to his theories, the state is the core of the problem, since the state can exploit its citizens with no limits: Having total control over police and military, the state is robbing money from the citizens via taxation, and this phenomenon causes oppression and exploitation. At the same time, the (welfare) state finances the life of the poor, which means support of weak elements of the society. Based on this phenomenon, the weaker elements will always outnumber the useful elements of the society, and this leads to 'decivilisation'. Hoppe's book 'The Democracy the God that Failed' has a proposition to abolish all these problems, which are connected to taxation and redistribution: All states should be abolished, since their existence is based on oppression and exploitation. The state should be replaced by micro communities, where the citizens are the owners of every good. These citizens will be interested in defence of their goods, and they will contract a private security provider. To avoid the harmful conflicts, the best providers will survive on the free market, and bargaining and cooperation can create peace and smash the exploitation and the unlawful actions. This means practically the full privatisation of security and defence. (Hoppe, 2001, pp. 274, 278-287)

Since the states are existing recently, Hoppe's theories seem to be rather utopian than realistic, although, we should emphasize, that effective cooperation of citizens can solve a lot of problems, and the does not need to allocate its sources, which means decreasing the role of bureaucracy. Moreover, this leads to stronger morals in the society, which can elevate mutual trust. However, in the current, very non-utopian situation, the state has to provide security and defence in order to avoid harmful outcomes. Therefore, we should take seriously what Max Weber wrote about the role of the state and its monopoly in executive power.

In Weber's theory, the 'legitimate order' is emphasized. The legitimacy can be derived from tradition, the virtue of effectual attitudes, virtue of rational beliefs, and anything that is recognized to be legal. This order is based either on the basis of voluntary agreement or on the basis of legitimate authority. (Eisenstadt, 1968, pp. 11-12) The voluntary agreement is the key element of Hoppe's theory. There is considerable difference in the concept of power: "The 'Power' (Macht) is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests." (Eisenstadt, 1968, p. 15.) If we compare Hoppe's theory to the Weberian one, only the state has got the real power, but the individuals who created a community, cannot have this.

This sociological point of view about the meaning of power needs to be mentioned, since we can identify the problems of privatisation of security. In the anarcho-capitalist theory, the security provider companies can introduce tyranny, based on their well-trained and well-equipped quasi armies. The situation of South African security provider companies can be similar; hence, the authority of the state based on the role of the Minister of Safety and

Security guarantees the control over the security industry. The well-trained former soldiers and policemen, especially those, who were involved in certain conflicts, are able to create anarchical circumstances.

As it happens frequently, security officer behaves like a policeman in certain situation. When a security officer faces a persona non grata, the security provider (ab)uses the power in order to replace the police. The experience can be harmful on a daily basis, and some of the 'old reflexes' can come back to practice, just like in the case of the incident on Clifton Beach. (Tilburg, 2019)

### **Evaluation**

There is no chance to evaluate the South African model of outsourcing and privatisation of security in a descriptive narrative. Therefore, two types of normative analysis are needed to create a wholesome description of this unique phenomenon.

On the one hand, a free market-oriented evaluation is needed. Based on this point of view, the reform was a successful one: The well-trained soldiers of the former SADF and the policemen of the apartheid-era could find jobs on the free market. They can use their skills to fulfil the needs of the wealthy people. In this case, the private security providers can give something extra, and this makes the services more efficient compared to the public one. This means equilibrium in this sector.

On the other hand, the evaluation of social and legal context is absolutely needed. This reform meant only the outsourcing and involvement of the actors of the private sector. The measure was not about helping the poor, just only their removal from the city. The broad group of South African youth which is called the 'lost generation' could not enjoy any remarkable change within the new circumstances. Actually, what happened to them is quite the contrary, since they are treated as outcasts based on their wealth instead of their skin colour. Furthermore, according to the current statistics, the outsourcing of the security and the birth of PSIRA was not able to provide higher level of security, since there are the following South African cities among the twenty most dangerous cities in the world of 2021: Pietermaritzburg (No. 11), Pretoria (No. 13), Durban (No. 15), Johannesburg (No. 16), Cape Town (No. 19). (Armorax, 2021)

### **Conclusion**

This study verified the *raison d'être* of monopoly of the state in the case of law enforcement. This statement does not refer to exclusion of private security services. It is rather about emphasizing the obligation and the right of the state to have monopoly in certain sectors. Security belongs to this sector mostly: the state can provide the security as a public good, when it comes to control the borders and maintain the law and order inland.





For this reason, the privatisation of security leads to legal particularism. This phenomenon can cause the abolishment of legal certainty, since the private security officers are doing the job of the policemen; meanwhile, the policemen are the only authorized people who can act that way.

The fact that well-equipped, well-trained, well-paid police and military have no alternative, should be an axiomatic argument. These features of armoured forces can maintain a legal, sustainable, and transparent system, which can provide real security for citizens as a public good, career for the participants who intend to be soldier or policeman, and achieve high level of calculability of the whole system.

### **Conflict of Interest**

The author hereby declares that no competing financial interest exists for this manuscript.

### **Notes on Contributor**

László Pálfi is a Hungarian historian. He is writing his doctoral dissertation about the history of the German-namibian relations at the Eötvös Loránd University. He wrote his bachelor thesis about the history of Namibia, and his master's thesis about the history of the apartheid in Rhodesia and South West Africa, both were written at the Eötvös Loránd University. His main field of interest is the modern history, especially the history of Africa and Central Europe. He has a master's degree in Public Policy and Management at the Corvinus University of Budapest, and his thesis is about the private security companies in South Africa. Currently, he is working as an external researcher of the Pilecki Institute.

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