

4-1-2011

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## Repository Citation

Mani, Kristina. 2011. "Militares Empresarios: Approaches To Studying The Military As An Economic Actor." *Bulletin Of Latin American Research* 30(2): 183-197.

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# Militares Empresarios: Approaches to Studying the Military as an Economic Actor

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In the twentieth century, Latin American militaries developed economic industries, organised businesses, and provided security and development assistance in lieu of the state. Despite shifts to democracy and the market, the military remains an economic actor in many countries in the region. This article seeks to open debate and suggest ways to approach the subject theoretically. It examines the concept of military entrepreneurs and scholarship on the topic, and then suggests how three approaches from the domain of comparative politics – rational, structural and cultural – can be useful to develop theoretical frameworks for studying the military's role in the economy.

Keywords: armed forces, business, economic development, industrialisation.

## Introduction

Over the last three decades, the spread of democracy and the market in Latin America has enabled a remarkable break from the past – it effectively removed the military from positions of overt political power. Yet in that same period the military's influence and autonomy as an economic actor has held out, or even grown. In Ecuador, the military runs and profits from its own business enterprises, with an estimated value of \$100 million. In Cuba, it manages state-owned enterprises in key economic sectors such as tourism and agriculture, while in Honduras it is called in as the apparent manager-of-last-resort to run public companies or build national infrastructure. In El Salvador, Guatemala, Honduras and Nicaragua, armed forces' pension funds are key stakeholders in enterprises ranging from construction to finance. In Bolivia, Colombia and again Ecuador, the armed forces provide essential security for the facilities of oil and gas corporations of both the state and private sector. In only a handful of cases have militaries been divested of substantial economic holdings, most notably in Argentina in the 1990s, in a fire sale that netted the government some \$820 million.

These examples represent a diverse collection of economic activities and bear a range of historical antecedents, yet they have at least one consequence in common: their economic activities allow the military to secure for itself significant sources of revenue that depend not on appropriation by elected officials, but rather on dynamics

in domestic and international economic markets and on interest and initiative within the military itself. What is more, where the military acts as protector or purveyor of the inputs for national economic development, whether intentionally or not, it effectively alters the role that state and private sector actors play in the national economy. In other words, the economic role militaries can assume has inherent political implications. Studying the military's role as an economic actor can offer insights into civil–military relations and serve as a measure of democratic civilian control of the military.

The premise for this article is that military entrepreneurship, which I define as the military's ownership, management or stakeholding of economic enterprises, is a potentially powerful means to enhance its autonomy from civilian control and even to exert influence within the state and society. Yet what do we know about military entrepreneurship? How can we sort out the complex terrain of its origins and what sustains it, of how it has changed over time and what impact it has had?

In this article I make the case for a systematic examination of the military's role in economic activities and suggest several ways to approach the subject theoretically. Reviewing debates and potential approaches from the major orientations in comparative politics – rational, structural and cultural – I also outline a theoretical framework that integrates elements from each of these orientations to begin identifying historical trajectories of military entrepreneurship. In brief, that framework focuses on the structural factor of a *critical economic juncture*, which triggers an examination of national economic priorities in the armed forces; the cultural factor of the *military's strategic-ideological priorities*, which condition the kind of entrepreneurship it is likely to pursue; and the rational factor of *coalitional opportunities* the military encounters with state or private sector actors, which impacts the degree of legitimacy the military will likely have in its economic undertakings.

The article proceeds in four sections. The first section examines the concept of military entrepreneurship, particularly in the context of the developing world. The second section places military entrepreneurship in a broader terrain of scholarship on the military in Latin America. It examines in particular how studies of military economic activity have gone from explanatory examinations to ones focused almost exclusively on policy problem-solving, and argues for a return to the former if we really wish to address the latter. In the third section I suggest three approaches social scientists can take to the topic – rational, structural and cultural. I refer to examples of military entrepreneurship to demonstrate how each of these approaches could work and what the promise and limitations in each might be. In the final section I raise additional questions for research on the topic and lay out a potential theoretical framework, noted above, for explaining the development of military entrepreneurs.

## **Military Entrepreneurship: What Are We Defining and Where Do We See It?**

On first glance, it is surprising that modern militaries should be engaged in economic activity. By professional orientation and training their role is to provide national defence and war-making capabilities for the state and society. Yet military entrepreneurship is remarkably widespread, particularly in the developing world. An emerging literature points to the military's involvement in economic activities. It identifies militaries as economic actors engaged in a broad range of commercial and profit-making activities, from formally planning industrial development to informally procuring resources for

their own units. Since the twentieth century, military entrepreneurship of this sort has typically involved developing corporations, welfare foundations and even unit-level commercial operations to secure resources for the military institution and its members (Brömmelhörster and Paes, 2004; Mani, 2007).

We might define such military entrepreneurship as follows: the innovative creation of resources and means of production by commissioned military officers acting in an institutional capacity as formal owners, managers and stakeholders of enterprises that generate financial resources or goods directly benefiting the military. Their activities are generally legal and politically sanctioned, though not necessarily just or transparent. The institutional and legal-formal aspects are important, because they provide an apparent legitimacy that enables the military to more effectively lay claim to its holdings. (Though this three-way approach to the study of politics emerged from academics located mainly in the United States, the intention is not to impart a hegemonic approach – just the opposite. The approaches discussed below all have clear intellectual cognates in the work of scholars from Latin America and other regions.) Yet what stands out is that these military entrepreneurs are *public* actors whose loyalties are formally ascribed to the national state, while at the same time they are actively pursuing *institutional* interests through their economic activities. Their public loyalties and institutional interests are by no means always compatible.

### *Patterns in the Developing World*

Some of the most prominent cases – in China, Indonesia, Cuba, Pakistan and Turkey – suggest the wide range of regional, historical and military-organisational factors that can be subsumed in the military entrepreneurship vortex.

From its earliest days, Mao Zedong's People's Liberation Army (PLA) depended centrally on its own economic activities for survival and political relevance. It owned and ran enterprises that could both support the military's needs and the political agenda of the Communist Revolution, and in the shift to a market-based economy beginning in the 1980s the PLA became a multi-billion dollar business running over 20,000 enterprises for self-supply and profit (Bickford, 1999). In Latin America, the guerrilla-revolutionary path is best captured by Cuba's Fuerzas Armadas Revolucionarias (FAR), which since the early 1960s have been important economic developers at the behest of their Communist Party peers (Klepak, 2005). Similarly to China's PLA, the FAR became more deeply involved in managing firms in the Special Period since the 1990s, when the Communist regime initiated a controlled opening to market forces. The FAR has been instrumental in managing Cuba's key industries, such as tourism and sugar, and has frequently been a source of economic planning advice for the regime in its efforts to restore and renew its political and economic viability (Amuchástegui, 1999). The economic activities of Indonesia's armed forces also had roots in guerrilla warfare during the Second World War and later against Dutch imperial hegemony (Rabasa and Haseman, 2002). Here, however, corporatist-authoritarian structures rather than Communist ones provided the political-ideological framework. Until very recently, the Indonesian military's business activities have been among the most wide-ranging, including mining and oil interests, manufacturing and 'protection' for multinationals to generate assets estimated at more than US\$10 billion (Australian Associated Press, 2004).

Yet guerrilla-revolutionary origins are not typical for most militaries. More commonly, military entrepreneurs appear in a context where the military – a permanent, formally organised, professional organisation – developed before the state developed.

Sometimes industrialiser-modernisers, sometimes nation-builders, many of the most prominent cases reflect militaries assuming economic roles that initially involved both building the state and insuring increased revenues for the armed forces' benefit. Pakistan and Turkey reflect this dynamic as professional forces and modernisers in their national contexts, and both have long been political gatekeepers that frequently intervened in politics.

Pakistan stands out as a case where the military is the most significant single player in the national economy. Through its pension and welfare funds it owns and manages corporations across Pakistan's industrial, manufacturing and agricultural sectors (Siddiqa, 2007). Similarly, Turkey's military owns and manages companies in sectors across the national economy through its pension and welfare funds. The main pension fund, OYAK, holds assets worth \$8 billion and has begun investing abroad (Gumbel, 2008). In both countries, military-run enterprises receive special tax benefits and subsidies that privilege them over private-sector competitors, potentially fuelling long-term animosity between the military and civilian business elites. However, there are also convergences of interest between the military and private sector. In Turkey the military's defence modernisation plans begun in the 1990s, which foster development of a national defence industry, dovetail well with private sector industry ambitions (Hen-Tov, 2004). Similarly, Pakistan's civilian business elite has acclimated itself to a powerful military not least because incorporating military officers into their corporate management provides inroads to lucrative government contracts (Siddiqa, 2007). Despite these important parallels, there are also important differences between the often-compared military entrepreneurs in these two countries: the Pakistani military's holdings expanded significantly in the 1970s in the context of military rule and state-led industrial development of the import-substituting industrialisation (ISI) era (Bose and Jalal, 1998: 230–233), while in Turkey the rapid expansion took place in the context of civilian government and neoliberal reforms in the 1980s (Demir, 2005), suggesting that the military's economic endeavours can flourish in starkly different political and economic contexts.

A look at examples such as those sketched out above suggests that what drives it in most cases is a complex combination of material, ideological and political factors. Material factors matter as militaries often develop business activities in order to supplement defence budgets, and because they have technical skills, for example in engineering or communications, that can position them well to develop certain sectors of the economy (Brömmelhörster and Paes, 2004: 13). Ideology matters as military doctrine and role orientation often serve to legitimate the military's economic activities. For instance, military doctrine may require national industrial development to support defence capabilities, or the armed forces' role may outright include promoting social and economic development in place of the state (Varas, 1985; Rouquié, 1987). Not least, politics matters in that political powerholders, including not only politicians but also private sector elites, frequently determine the institutional context that provides the incentives or constraints within which state-based actors such as the armed forces operate. How state capacity develops, for instance, and how it directs national economic projects such as industrialisation is frequently a function of such political dynamics (Kohli, 2004), and efforts to develop state capacity have often incorporated the military (Stepan, 1978). In short, the military's involvement in the economy can be a very logical phenomenon, but to explain it probably requires exploration of the interplay among a broad range of factors. In later sections of the article, I return to the idea of incorporating material, ideological and political components into an approach to theorising military entrepreneurship.

## **The Political Economy of the Military in Latin America: What's Been Explored?**

Given the rich range of cases and historical or contemporary contexts, military entrepreneurship should be a fertile area for research, particularly in a region such as Latin America where the military has had such powerful and wide-ranging influence. Yet there are surprisingly few studies on this topic. Over the last two decades most attention has gone to stand-out contemporary cases in which the military has assumed a prominent role in business activities. Cuba, Central American countries such as El Salvador, Guatemala and Honduras, and Ecuador have won the most attention from scholars. Yet single case studies remain the norm and there are few close comparative studies of cases within the region or across regions. Since the 1990s, the Central American cases have been treated in a comparative volume commissioned by the Arias Foundation (Brenes and Casas, 1998) and Cuba's military entrepreneurs have seen comparison with peers in other Communist countries (Mora, 2002). Cross-regional comparisons, particularly ones that offer conceptual or theoretical frameworks that can be applied across different settings, are rarer still, though they do exist (Brömmelhörster and Paes, 2004; Mani, 2007). While single case studies can point to important factors unique to a particular place, a comparative approach to understanding the nature of the military's engagement in the economy is more useful in identifying important patterns and conditions that may be key causal factors.

Not least, this recent literature on Latin American military entrepreneurship has often been produced by scholars with close ties to policy-making circles. (For instance, within US academic circles the most prominent analyses of Cuba's military entrepreneurs are from Frank Mora, US Department of Defense, and Domingo Amuchástegui, a former Cuban intelligence official who defected to the United States in the 1990s. Similarly, one of the authors of the only major comparison of 'soldiers in business' in Central America is Kevin Casas, who served as vice president of Costa Rica and now works at the Brookings Institution in Washington, DC.) The point here is not to suggest that such work is politicised or 'unscholarly'. Rather, it is to raise the interesting question of why the topic of the military's role in the economy has not garnered *more* attention from scholars whose work is not necessarily intended to result in policy prescriptions. Yet even policy prescriptions are likely to be defined with greater care and appropriateness if they are based on a clear conceptual understanding of the issue at hand, something that requires systematic, theoretically grounded and, ideally, comparative studies. In fact, the trend has not been in this direction with respect to interpreting the economic activities of the military in Latin America.

### *The Diminishing Arc of Exploration*

If scholarship on Latin America has paid relatively little attention to issues of national defence in the last decade (Pion-Berlin, 2009), it has paid even less attention to mining the intersections of the military and economics. Yet those intersections do exist and are significant in many countries in the region. In the voluminous literature that has addressed the development of democracy and civil-military relations in Latin America since the 1970s, scholars have drawn attention to the military's involvement in the economy. Interestingly, though, as democracy grew in the region, scholars came to pay less attention to interpreting the causes and sustaining factors in military

entrepreneurship and instead focused on hypothesising implications for current policy efforts to establish civilian control of the military.

In the 1970s, in the wake of the military's sponsorship of defence-industrial enterprises championed foremost in the region by Argentina and Brazil, scholars probed the structural economic factors underlying *la industria militar*. They studied the relationship between military-industrial growth and the development of international capitalism; transnational ties among multinational corporations and the state; and ideological developments that refined military geopolitical thinking and required military-controlled industries (Reich and Finkelhor, 1974; Solberg, 1979; Hilton, 1982; Varas, 1985). Similarly, Alain Rouquié's (1987) epic *The Military and the State in Latin America* was exceptional in breadth, attending to institutional, historical and sociological interpretations of military economic behaviour in a larger study of the military's involvement in politics in the region. Writing in the early 1980s, when military rule was still prevalent in the region, he described the plethora of economic activities in which militaries-in-power engaged, from the industrialisation projects championed by the Argentine military in the 1940s to the Ecuadorian military's management of the petroleum industry and Bolivia's cocaine-trafficking colonels in the 1970s (Rouquié, 1987). Literature such as this, offered by historians, sociologists and political scientists alike, reflected the rich theorising that had become prominent in an era that analysed macro-level developments such as international dependency and bureaucratic-authoritarianism.

It was Alfred Stepan who was among the first scholars of civil–military relations to suggest that the military's role in the national economy not only could remain a significant vehicle to empower the military in the new democratic era, but also could prove difficult to dislodge. Writing in the late 1980s, in the midst of the wave of transitions from military rule in Latin America, he enumerated the major military institutional prerogatives that could present challenges to the establishment of civilian control over the military and included among them the military's role in state enterprises (Stepan, 1988: 97). At the time, in the waning years of state-capitalism, military officers ran state-owned industries from Guatemala to Argentina and this particular form of military entrepreneurship was both widespread and obvious. Less apparent at the time were new forms of economic activity that would emerge or hold out in the new period of the market-based economy.

Analysts of civil–military relations in the post-authoritarian period in the 1990s took note of military involvement in industry and business, especially in the context of surveying the new kinds of roles and missions Latin American militaries had assumed in the post-Cold War era. Even more explicitly than had Stepan, they raised the important question of whether the military's continued involvement in the economy could be detrimental for achieving civilian control of the military, and in the broader context for consolidating democracy (Goodman, 1996; Rial, 1996).

Yet it was Consuelo Cruz and Rut Diamint who asserted that military entrepreneurship was unequivocally detrimental for the establishment of democratic civilian control of the military, because military businessmen retained privileged access to the state (through state contracts, fixed rents and state guarantees of their assets), and thereby maintained the patronage practices that had long characterised authoritarian Latin America. In particular, by securing sources of funding independent from government allocations, militaries were de facto less dependent on the political guidance and oversight of elected officials. The result, they argued, was the military's 'new autonomy' – an autonomy that manifests itself not in coup-making or overt acts of political control, but one in which the military is largely left to its own devices, 'crafting institutional and



individual strategies to meet an expanded definition of “threats to national security”, even as they take advantage of new opportunities to pursue profits’ (Cruz and Diamint, 1998: 116). Since this exploration, other policy-oriented accounts have analysed the topic, developing a similar critique – that entrepreneurship is one of the ways through which militaries have reinvented themselves as significant players in a new political-economic security environment, and that the lack of civilian concern for defence reform and ‘things military’ leaves many of today’s militaries in the position of being well-resourced but poorly guided by today’s political elites and civil societies (Centeno, 2007; Donadio, 2007).

In virtually all of the studies in the last two decades, attention has focused mainly on the implications of military entrepreneurship and the need for remedies to curtail it through public policies. Yet while policy implications are surely a vital area for analysis, it seems difficult to assess them effectively in the absence of clear and systematic exploration of factors that caused the phenomenon to exist and persist in the first place. This disconnect relates to a larger problem that has plagued scholarship on the military in Latin America for some time now. David Pion-Berlin has suggested that those who study the Latin American military ‘have too often been divorced from the major intellectual traditions, currents, and debates in political science and in the field of comparative politics. This is truer still for civil-military experts’ (Pion-Berlin, 2001: 16).

While it may be logical to assume that military involvement in economic activities is at best inappropriate and at worst harmful to society, that notion should be theorised, argued out and tested in a body of specific evidence. If military entrepreneurship is a dynamic phenomenon with historical roots in the institutional development of the military and state–society relations, then it is at least plausible that in some forms it might be beneficial and in other forms harmful to the development of the economy and the well-being of society. The task should be to explore such possibilities and examine similarities and differences across a range of cases – again, looking first for patterns in how military entrepreneurship develops and sustains itself, and then looking for potential policy responses. Attention to differences among cases or within them over time is crucial. The diverse paths taken by Latin America’s military entrepreneurs serve as an important reminder that not all trajectories lead to the same place.

### **Three Approaches to Studying the Political Economy of the Military**

How, then, should we study the phenomenon of military entrepreneurs? Pion-Berlin has sought to bring the study of Latin American civil–military relations into the orbit of the three major approaches that guide social scientific study of comparative politics – the rational, structural and cultural approaches (Lichtbach and Zuckerman, 1997; Pion-Berlin, 2001: 17–20). (Though this three-way approach to the study of politics emerged from academics located mainly in the United States, the intention is not to impart a hegemonic approach – just the opposite. The approaches discussed below all have clear intellectual cognates in the work of scholars from Latin America and other regions.) These approaches can provide essential orientations for scholarly study of the military’s economic activities. Each approach adopts a distinct set of premises and focuses on different sets of causal factors in explaining outcomes of political behaviour. Each can be used on its own yet, as is always the case with choosing one path over another, doing so involves trade-offs, hence this article’s conclusion suggests ways that might combine these approaches. In what follows, I explore how rational, structural



and cultural approaches might be applied to the study of military entrepreneurs, with examples drawn mainly from the Argentine case.

### *The Rational Approach*

Proponents of the rational approach focus on interests, in particular the self-interest of individuals. Individuals have preferences and make calculated choices based on these preferences, with the goal of achieving gains that are usually framed in material terms. Individuals are the main unit of analysis in the rational approach, though we can also impute rational choice to groups of individuals. Rationalist theorists recognise that context can matter in shaping preferences and opportunities for action; yet while they acknowledge that rational choice-making does not take place in a vacuum, an important premise of the rational approach is that similarly positioned actors will most likely identify the same goals and will pursue the same strategies to advance their goals. In this respect, the rational approach offers a spare and aggressively generalisable framework for examining political outcomes. Complicating the rational approach is the strategic interaction among actors that shapes choices for action – in other words, individuals assess the behaviour of others before making their choice. The bare-bones of rational choice can be fleshed out with theories of bargaining or coalitions, or with analytic narratives that call for close study of the actors, strategies and institutional conditions in a given case before developing any explanatory model. Yet as Margaret Levi describes, ‘rationalists are almost always willing to sacrifice nuance for generalisability, detail for logic, a forfeiture most other comparativists would decline’ (Levi, 1997: 21).

The rational approach can be useful in testing propositions about the self-interested motivations of military officers in assuming economic roles. As rationalists would suggest, militaries in Latin America (and elsewhere) probably have a core set of institutional interests, such as maintaining or expanding defence budgets, assuring access to arms, and generally enhancing their defensive capabilities. For instance, the Argentine military in the 1940s clearly privileged modern industrial development to strengthen its defence capacities. Its major motivation to industrialize was an autonomous industrial base that would shield Argentina in future from international market shortages and foreign embargos that characterized the Second World War. In consequence, the military became not only a major proponent but also an active manager of state-owned industrial conglomerates in steel, mining, petroleum and other sectors. Yet the military’s industrial agenda came to an abrupt end in the 1990s – not because its institutional interests had shifted, but because national political and international economic conditions had dramatically changed and now rejected both military autonomy and state or military ownership in the economy. In interesting contrast, the Ecuadorian military, which like its Argentine counterparts had justified its institutional holdings in economic enterprises as serving national development, was able to maintain its control over these interests for more than three decades since the end of military rule in 1979.

If core military interests did not shift, then what accounted for Argentina’s distinctive break from the past? A rationalist framework can analytically accommodate shifts (or continuity) in context and also in military interests through a coalitional or bargaining model. Military entrepreneurs frequently forge important alliances with other powerful social groups. In the 1940s in Argentina, the military’s aim to promote industrialisation initially fitted well with goals of the Peronist political leadership and the new industrial class emerging at the time. By the mid-1950s the military–industrial–labour coalition of Juan Perón had broken apart, but by then the military had established itself as

a powerful arbiter in politics, and was able to reconstruct a narrower supportive coalition, this time without the participation of labour. Yet in a confluence of domestic and international factors, the military's statist-nationalist coalition ruptured over the course of the 1980s, making continued involvement in major industries impossible (Solingen, 1998).

To capture such dynamics, a rationalist framework would require examining also the resources and capabilities of the bargaining parties, and how they understand each others' positions. Ultimately, however, the rationalists' strong suit of being able to predict actors' behaviour based on an understanding of their preferences, and to identify testable and generalisable hypotheses, would be diluted in a wash of specifying the actors' capabilities, experiences and interpretations of each other. In short, while a rational approach can help us to pay closer attention to what militaries care most about and also to the strategic interactions among actors that may lead the military to pursue economic roles, to do so in a satisfying way would require digging into detailed contextual factors that take us beyond the realm of focusing purely on interests.

### *The Structural Approach*

If rationalists focus almost exclusively on the individual or micro level, structuralists sit at the opposite end of the spectrum in focusing on macro-level environmental factors. Structural approaches emphasise the organised context that guides human behaviour, identities and interests. As Ira Katznelson describes it, what guides these are 'such large-scale features of modernity as capitalist development, market rationality, state-building, secularisation, political and scientific revolution, and the acceleration of instruments for the communication and diffusion of ideas' (Katznelson, 1997: 83).

In the last decades, institutions have loomed large across the spectrum of the rational, structural and cultural paradigms, but they are most closely associated with the structural approach: institutions from states to market rationality 'structure' politics. Institutions are frequently defined, as Peter Hall suggests, as 'the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy' (Hall, 1986: 19). Institutions can be powerful determinants. They shape the degree of power an actor can exercise, as well as how he/she defines his/her own interests, 'by establishing his institutional responsibilities and relationship to other actors. In this way organisational factors affect both the degree of pressure an actor can bring to bear on policy and the likely direction of that pressure' (Hall, 1986: 19). Perhaps most significantly, institutions impinge on pure rationality: 'they are fully capable of compelling rational individuals to behave in ways they might not have chosen on grounds of pure self-interest' (Pion-Berlin, 2001: 19).

A historical institutionalist approach may be particularly promising for the study of military entrepreneurs. It can explain how interests are shaped and can differ, which may be useful in explaining how even within militaries from the same country there are often important variations over which services do what and how deeply in the economy. This is because – unlike rational approaches that also sometimes incorporate the impact of institutions as a constraint on behaviour – historical institutionalists emphasise the central role of institutions in shaping not only strategies but also preferences, goals and interests (Thelen and Steinmo, 1992: 9). The structural-historical strand in institutionalism therefore has the greater purchase (which straight-up rationalists often undervalue) in specifying 'true' preferences and interests rather than imputed ones.

Historical institutionalism is also useful for the study of the military because it fundamentally emphasises institutional development. Militaries are themselves institutions with an often long and complicated evolutionary path, and a historical approach will pay necessary attention to changes over time that can influence how individuals or groups within the military institution turned toward or away from an economic role.

Structural approaches to studying the military's economic activity could also follow other leads. They could focus on the global processes of capitalist economic development, for instance examining how major structural shifts in the economy – like the closing of export markets to Latin American economies in the Great Depression of the 1930s – set some militaries on a new entrepreneurial path at particular historical junctures. To parse the Argentine example further, the Depression hit export-oriented countries such as Argentina hard and was the catalyst for the emergence of Peronist rule that first brought industrialisation to fruit. The long-term industrial-developer and manager roles the military took up in the period from the 1940s through the 1980s has its origins in the military's concern that it should not be dependent on foreign sources for arms and industrial inputs. In general, examining global 'structuring processes' such as closings and openings in the global economy may be especially appropriate for studying militaries in the developing world, which is more frequently prone to vulnerabilities because of its dependent-peripheral position in the global economy. Unpacking how aspects of dependent development have impacted the rise of military entrepreneurs would also be an interesting area for researchers to revive and pursue.

For scholars methodologically opposed to investigating global processes because their impact is often hard to measure effectively, structural approaches offer mid-level alternatives.

They can examine aspects of the state, including its capacity to organise activity in the national economy, its ability to foster society-based innovation, or its provision of public infrastructure; similarly they can examine the formal legal structures that define the role of the state in the economy, or the legal structures that define the organisation and resources of the armed forces. All of these are compelling and measurable conditioners that define a context within which militaries operate.

### *The Cultural Approach*

The cultural approach points in yet another direction. It emphasises the role of beliefs, values and identities for shaping behaviour. Culture is a system of meaning humans construct collectively to make sense of their world, and culturalists locate central importance in how people understand their environments and interpret particular acts and events (Ross, 1997: 42). The implications of culture can be as powerful as those of self-interest or institutional steering. As Clifford Geertz described, culture is a system through which humans 'communicate, perpetuate, and develop their knowledge about and attitudes toward life' (Geertz, 1973: 89). Culture is a window into what matters in a given social group – what is contended, disputed, or agreed – and cultural beliefs can be powerful mobilisers (or tranquilisers) for action (Laitin and Wildavsky, 1988). Culturalist explanations are essentially subjective, exploring how individuals perceive and therefore act in their environment.

If institutions are the vehicle for helping us to observe the role of structure, ideas play a similar role in demonstrating culture. The study of ideas has a distinguished heritage as an analytical tool. For culturalists, ideas can hold independent value because they provide frames of reference to help actors to interpret their interests and

identities and may even stimulate the formation of new ones. So as in rational and structural perspectives, in cultural frameworks there can be quite specific mechanisms for constraining or enabling behaviour. The most important difference with the other perspectives is that culturalist explanations dig into the unique detail of specific cases and do not privilege the quest for developing generalisable theories.

A cultural approach to studying the military will pay close attention to the doctrines and beliefs that guide collective military activity. It would take up questions about how the armed forces define their proper role within the state and society, and it would examine the beliefs held within the military that might lead it to pursue economic action. A cultural approach could examine how military roles have guided the armed forces to actively participate in the economy. Military roles may have significant explanatory heft in identifying different forms of entrepreneurship. For instance, roles oriented purely toward defence may lead the armed forces to activity in developing national industry and infrastructure that can support defence capabilities; roles oriented toward internal security may lead military economic activity to take the form of private protection provision; and roles that emphasise national development may lead militaries to promote broad-based economic development to encourage national cohesion.

Similarly, views held within society (or powerful sectors of it) about the proper role of the military should not be left out. They can have an important impact on how the military will act because ‘culture is about what is held in common and regularly reinforced; there is a reward for “getting it right” and a cost – which most people are willing to pay at times – for not doing so’ (Ross, 1997: 66).

Returning to the Argentine case: even after military enterprises were divested in the 1990s, the military has sought to retain its identification as a part of the state vital to national development. This became particularly evident in the aftermath of the country’s devastating financial crisis in 2001. Perceiving that society was now more amenable to (or desperate for) state-led initiatives to rebuild the economy, military leaders began promoting to civilians in the private sector the idea of military collaboration working with small-business enterprises, for instance to become providers for Argentine forces in UN peacekeeping missions (La Nación, 2002). Gone was the grand industry-building outlook of the past, but not the idea of catalysing economic development to build the military’s now very meagre capacities.

However, more remarkable still is that it is the country’s political leaders of the 2000s, those who have done more than any others in Argentina’s post-authoritarian period to diminish the autonomy of the military, who have on this one point picked up the mantle traditionally carried by the nationalist military of old. So, in language more reminiscent of the 1940s than the 1990s, Argentina’s civilian defence ministry officials now embrace the goal of reviving a national defence industry and industries related to defence needs to ‘recover the connections linking industry, science, and technology with defence’ (Información Defensa y Seguridad, 2009). The essential idea remains, reflecting goals of industrial development and sovereign independence from foreign domination, though the protagonists and their methods have changed substantially. Such convergences between military and civilian actors, particularly ones so surprising, merit attention. They suggest that the shared cultural understandings held even by antagonistic groups may be more profound than the actors themselves might want to accept.

Where, then, do these three perspectives leave us? In laying out these alternative paths for research we can also see intersections between the major approaches that may be particularly useful to explore theoretically and empirically. The final section of the article suggests one way to do this.

## Conclusion

This article has suggested that the study of military entrepreneurship offers a rich terrain for research, that there is a need to develop theoretical explanations for how and why the military often plays an important role in the economy, and that theoretical approaches from the study of comparative politics can provide useful paths to organise such explanations. Yet these propositions are only a first step. The next step is to identify a research agenda of questions for study.

We might consider the following questions, focusing on comparisons of military entrepreneurship within Latin America: What are the most significant factors that have encouraged militaries in Latin America to become entrepreneurs? How has military entrepreneurship evolved over time? What is new or different about the military's role in the economy since democratisation? Why has economic liberalisation encouraged military entrepreneurship in some cases and curtailed it in others? How, exactly, do militaries benefit from economic activity, and how do they pursue these beneficial ends? How do military businesses compete or cooperate with those in the private sector, and what consequences follow? Not least, to what extent are Latin American military entrepreneurship patterns similar to those identified in other regions? To answer this last question would require first locating the patterns within Latin America, to identify the factors that have been most important there as a basis for the comparison.

To demonstrate at least one possible approach to questions like these, I will sketch out a preliminary theoretical framework that can serve as a starting point for further study. To explain the emergence of particular patterns of military entrepreneurship, we might draw from all three major perspectives in a comprehensive theory that identifies critical historical junctures (structure), ideas and values within the military (culture), and strategic interaction between the military and other actors in the state and society (rationality).

Structural approaches tell us the most about broad opportunity conditions in the economy, such as openings in which the military can insert itself. So we should look to critical historical junctures as likely starting points for military entrepreneurship to develop. Militaries generally took up economic activities as a result of watershed events – the closing of international markets (Argentina, Brazil in the 1940s), civil war (El Salvador, Guatemala, Honduras in the 1980s) and the end of international alliances (Cuba in the 1990s).

Yet to understand how militaries would act in this context we must turn to cultural approaches to investigate ideas and strategic priorities within the military, which would be the most likely stimulus for new activities. Militaries prioritizing external defence and successful international competition would likely pursue defence-related industrial development (Argentina and Brazil); militaries privileging social development and cohesion would more likely create economic projects with direct popular benefits (Ecuador in the 1970s, Cuba in the 1990s); and militaries oriented toward internal security, often to protect the interests of economic elites, would likely pursue activities that could serve their personal gain (El Salvador, Guatemala, Honduras in the 1980s).

Even so, structural and cultural factors alone are unlikely to suffice in explaining the development of military economic activities. Thus from rational approaches we can incorporate arguments about how strategic alliances among relevant actors matter in fostering or curtailing potential entrepreneurship. For instance, where the military could ally in its economic project with state or private sector actors, it was likely to take up such activities more boldly, as allies can help to generate resources, innovation

and political legitimacy. Military entrepreneurs in all the major cases were able to rely to some extent on civilian allies as they got underway, and where they did not (Chile in the 1930s), or where the coalition broke down (Argentina in the 1990s), military enterprising foundered.

Ultimately, the military's role in the economy remains under-explored, in Latin America and elsewhere. One aspect that this article has not addressed is issues of access to data and methodology, which may prove to be important considerations in moving research ahead on this topic. However, if the study of civil military relations has gone at times very far in digging into militaries' rationales and records even as they wielded awesome political power, it should be no less able to dig into their economic activities. Those of us who study civil–military relations might do well to begin serious exploration in this domain, and there is good fit with the field's existing interests in issues of civilian control and the development of new military missions. The study of military entrepreneurship may be the path less taken, but it is surely the one that now needs wear.

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