Utah State University

DigitalCommons@USU

Undergraduate Honors Capstone Projects | Honors Program

5-2009

# Private Warfare: History of the Increasing Dependency on Private Military Corporations and Implications

Erika Morris
*Utah State University*

Follow this and additional works at: https://digitalcommons.usu.edu/honors

 Part of the Political Science Commons

## Recommended Citation

Morris, Erika, "Private Warfare: History of the Increasing Dependency on Private Military Corporations and Implications" (2009). *Undergraduate Honors Capstone Projects*. 3.
https://digitalcommons.usu.edu/honors/3

This Thesis is brought to you for free and open access by the Honors Program at DigitalCommons@USU. It has been accepted for inclusion in Undergraduate Honors Capstone Projects by an authorized administrator of DigitalCommons@USU. For more information, please contact digitalcommons@usu.edu.



# Private warfare: History of the Increasing Dependency on Private Military Corporations and Implications

**by**

**Erika Morris**

**Thesis submitted in partial fulfillment
of the requirements for the degree**

**of**

**DEPARTMENTAL HONORS**

**in**

**Political Science
in the Department of Political Science**

**Approved:**

| | |
|---|---|
| **Thesis/Project Advisor**<br>Veronica Ward | **Departmental Honors Advisor**<br>Veronica Ward |

**Director of Honors Program**
Dr. Christie Fox

**UTAH STATE UNIVERSITY
Logan, UT**

**Spring 2009**

# Private Warfare

## History of the Increasing Dependency on Private Military Corporations and Implications

Erika Morris
Honors Thesis
April 24, 2009

A history of the private military industry, how and why it emerged, and why nations around the globe are becoming increasingly dependent on them. Investigates limitations and implications of these corporations and possible policy prescriptions to correct many of the imperfections currently found in the system.

# Modern Warfare: Increasing Dependency on Private Military Corporations, Limitations and Policy Prescriptions

The art of war traces its origins with that of humanity. Over the decades of its existence, it has evolved into an entity that employs different laws, customs, and actions that define what it is and how it is practiced. One of the many factors that have consistently been involved with the art of war is the use of mercenaries, someone hired out to an entity to conduct warfare in return for monetary compensation. It is striking to consider how little is known about Private Military Firms and Private Military Corporations when one observes the massive role they play in how war is conducted in the Post Cold War world. It is a common misconception to classify PMC's and PMF's under the broad umbrella of "mercenary" and it is necessary to understand exactly what is classified as a PMC or PMF, how these entities came into existence, the role they play in government war-making, and most importantly, limitations that accompany the use of Private Military Firms. By learning how these corporations assist in war making and their implications on the U.S. military, it will help us to understand the nature of conflicts the United States currently engage in and conflicts engaged in the future. The military is changing in new and radical ways and by exploring these changes we can fully understand the new culture of warfare.

## WHAT ARE PRIVATE MILITARY CORPORATIONS?

Private Military Firms or Private Military Corporations are businesses that provide to government agencies certain services that are connected with various aspects of military activity. P.W. Singer, the most notable scholar on the subject of PMF's divide these industries into three main areas in which government hires various providers for their services. There are Military Provider Firms, which provide strategic assistance and advising, including combat assistance; Military Consulting Firms which consists mainly of retired military officers who offer their skills to train military personnel; and Military Support Firms that essentially alleviate the need for

more "boots on the ground" by allowing military personnel to focus on fighting while the employees of the company tackle logistical, intelligence, and maintenance needs (Outsourcing War 2).

Military Provider Firms many times include varying types of industries, including those that provide wide-scale operational assistance, to specific "specialized" roles on the battlefield; the employees of these firms take part in participating in actual combat or in other roles that involve action in the war zone. Because the role of this industry is so broad, they function in many capacities; from supplementing an inadequate force on the battlefield, or offering an alternative to a poorly trained and technologically primitive army. Although their numbers may be few in comparison to a conventional military force, their strength lies in their well trained men and their skill with high technology military equipment. The most common role for Military Provider Firms is their operations that augment the abilities of the client armies. It is these highly trained and highly skilled personnel that allow for advising and "specialized capabilities" that are commonly out of reach for small, poor countries (Singer 94). Although these nations are poor, they use resources such as low interest loans from international agencies to fund many of these projects. Some nations do go through the proper channels to find funding to hire PMF's, but we must acknowledge nations that are backed by private groups and organizations that can channel funds to these companies, or PMF's can be hired by dictatorships that can divert funds for these causes.

Military Consulting Firms work with clients to enhance efficacy on the battlefield, but unlike provider firms, do not engage in battle themselves. Their role is predominantly characterized by services that advise in logistical, operational, and administrative areas of war-making. The purpose of their services is to provide experience that is in many cases unattainable

to many militaries. Although many of these firms consider themselves to still play a strictly "advisory" role, the line often blurs between advising and implementation (Singer 96-97).

Military Support Firms consist largely of businesses whose services include aid and support of a "non-lethal" nature. These corporations are categorized as such because they are to assist in peripheral services that are not central to the client's core mission, creating a more effective and what could be a more cost-effective alternative and allowing for the client's own forces to focus primarily on combat, making it the most varied and lucrative branch of PMF's (Singer 99). These logistical services are often overlooked, being identified as contractors and not PMF's, but one must remember the crucial importance logistics play in large scale military campaigns. Vulnerability for attack for those undertaking logistical tasks is equal to that of the other aspects of a military operation, especially in the recent trend towards asymmetrical conflicts involving guerilla and other unconventional tactics.

## DIFFERENCES BETWEEN PMC'S AND TRADITIONAL MERCENARIES

Looking back to the history behind the mercenary, we can see many similarities between the arcane tradition of a paid soldier and the modern notion of a military corporation. Throughout history the demand for hired help in conflicts were primarily driven by the need for professional and highly skilled soldiers. Presently, the most valuable asset for these PMC's is their relative specialization and skill sets that are not attainable for some public military organizations. In many instances, the use of hired soldiers was used by nations with a fragile system of governance, such as poor African countries that hire PMF's to quell domestic insurrection or civil war. We also notice both mercenaries and PMF's share an unique impunity. Because they are outside the realm of public scrutiny, they are immune to many circumstances that may be questionable to those that must be loyal to their state; PMF's may engage in activities that would not be approved by their populace, but often fall under the radar because they are not held to the

same standard as the public military. We also observe that the clientele of many of these PMC firms to be unstable, newly emerging, or poor nations that are in need of military assistance.

One aspect that set PMC's apart from the traditional mercenary is the wide range of services they offer. They are marketed not as "trigger pullers" but as highly trained professionals that are capable of providing tactical and logistical services and also the operation of highly advanced military technologies. They are qualified to train troops and gather intelligence ( The Private Military Industry and Iraq, 1). Many of these groups are legal entities, unlike their historical counterparts. Once crucial distinction between PMC's and mercenaries is the capability to both engage in "passive" and "active" roles. The historical use of mercenaries was mostly in cases involving "active" roles; individuals armed in combat zones. Although this description does overlap into some areas where PMF's operate, there are a wide variety of PMF's that engage in "passive" activities, including technical and logistical support, that vary greatly from the traditional mercenary (Keefe 2-3).

Hired hands have played a role in war making for the majority of the modern age, but the explosion of military corporations in government military strategy around the world can be traced back to the 1990's. Scholar P.W. Singer attributes the emergence and success of PMF's to three main causes. The collapse of the Soviet Union and subsequent end to the Cold War, the evolution of modern war making that has obscured the differentiability between civilian and combatant, and a worldwide trend of the privatization of public functions (Outsourcing War 2).

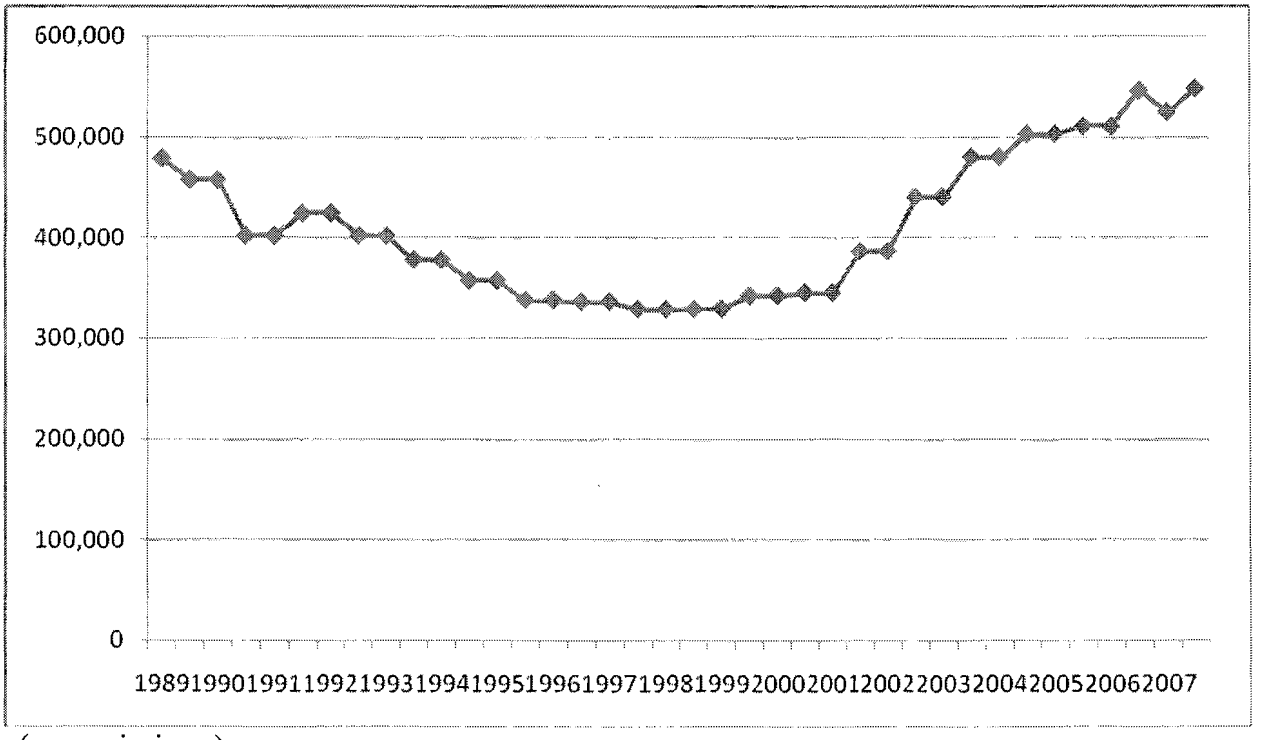
EMERGENCE OF PMC'S GLOBALLY

After the end of the Cold War, nations around the world joined the trend in reducing the number of troops of their standing armies. From the time the Berlin Wall fell, a global trend of decline in troop strength began: U.S. troops has been cut from 2.1 million to 1.4 million; the former U.S.S.R. decreased troops from 5,227,000 to 977,000 in 2001; France from 547,000 to

295,000; Germany from 469,000 to 284,000; Italy from 389,600 to 200,000; the Netherlands from 102,600 to 53,000; Hungary from 64,000 to 33,000; and neutral Sweden from 64,500 to 34,00 (Schrier 4).

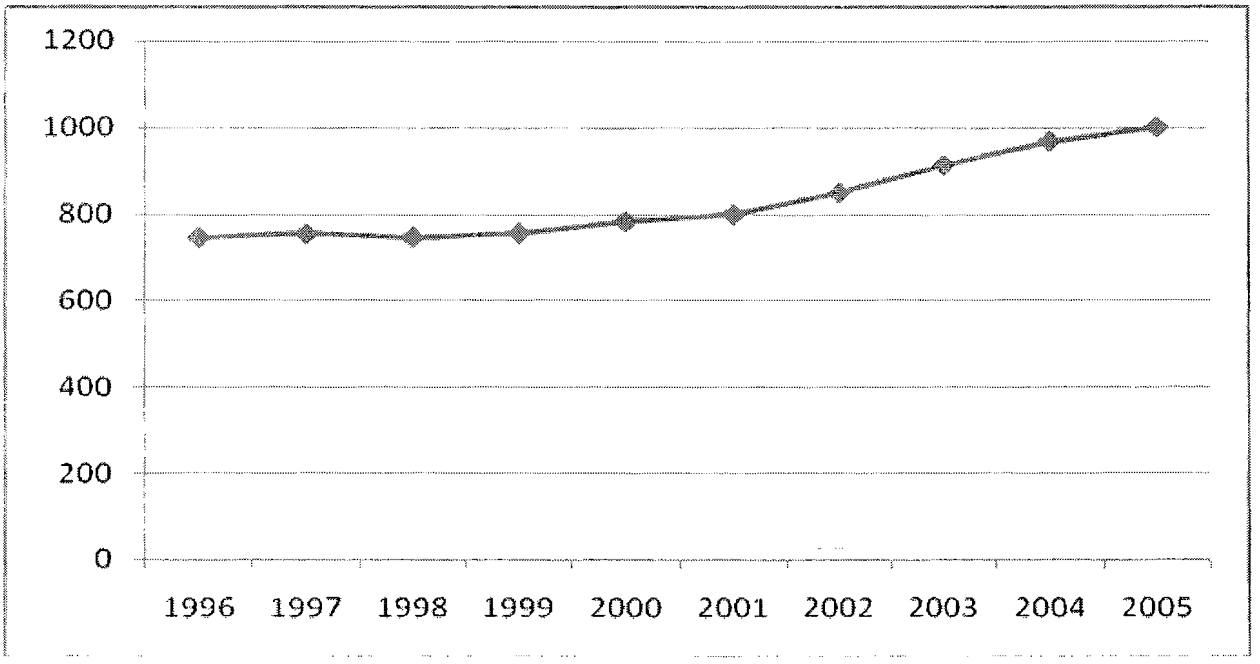
Although we see a constant trend of demilitarization worldwide, we also observe a worldwide increase in defense spending. This paradox begs the question, if military spending is increasing, but the number of military personnel is decreasing, where is the money being spent? The answer is found in observing the trend in PMC activity since the early 1990's.

Figure 1 - Chart of United States Military Spending 1988-2008 (U.S. Dollars)




(www.sipri.org)

Figure 2 – Chart of World Military Spending 1996-2005 (U.S. Dollars – Billions)




(www.sipri.org)

WHY PMC'S ARE SO PREVALENT WORLDWIDE

PMF's have found clients in diverse places and meet just as many diverse needs. Wealthy nations that already have a highly trained military, Latin American countries to fight drug wars, Southeastern Asian countries fighting against terrorism, failing and failed states that need assistance in rebuilding stability, and multinational corporations or non-governmental organizations to assist in humanitarian aid campaigns (Schreier 19).

Another facet of the international nature of PMF's are those working in these corporations. Most PMF's have actively recruited the best, most highly trained individuals to provide the services they market. The most highly recruited personnel include those that are former Navy Seals, Delta Force, Special Forces, Rangers, British Special Air Servicemen, Special Boat Servicemen, Airborne commandos, Russian Alpha Team and Special Forces within the former KGB or former Red Army. Although many of these firms elect to hire only from

within their home country, others have a broader hiring pool, including Nepali Gurkhas, South African apartheid defense forces, former French Foreign Legion officers, former-Soviet Union and Chilean soldiers, and paramilitary forces from Southeast Asian nations (Schreier 20).

The end of the Cold War is partly the reason why wealthy nations have been driven to contract so widely with PMF's. As the era of power politics is, arguably, drawing to a close, the need for a large standing army has become unnecessary and this drawdown of troops has required entities to hire soldiers and services from outside the public sphere. Just in the span from 1994 to 2002 (before the military had even entered the war in Iraq) the Department of Defense signed over 3,2000 contracts (Schreier 22). When the war in Iraq began, the Pentagon increased its contractual agreements with a single U.S. PMF from $900 million dollars to over $3.9 billion (Schreier 22). The Pentagon estimates that if all contracts are branched out to use all of their options, the bill after occupation could be as much as $18 billion dollars (Schreier 22). British PMF's have made record profits in recent years as well, from $320 million to $1.7 billion (Schreier 22).

The Cold War also affected poor nations as well. With the international balance of power altered, new levels of conflict have arisen and old tensions gave way to conflict; the notion of "total war" between two large states has largely faded, and small, irregular warfare is becoming more prevalent. With the fall of the Soviet Union, many former Soviet satellites are now erupting in various forms of conflict on their quest for self-determination. Under-developed and nations now experimenting governance independent from colonial ties are dealing with ethnic conflict and counter-terrorism. These failing or fragile nations have not had the ability to assemble national volunteer armies, and thus turned to PMC's to procure a sense of national security and also internal stability. PMC's have also been used on the behalf of poorer nations. Because powerful nations are now less willing to use their power on behalf of the oppressed, civilians

have been targets in many of the conflicts in these areas, creating a large number of refugees fleeing conflict zones. Non-profit organizations and international organizations have used the help of PMC's to distribute aid and to protect those that are targeted (Schreier 5).

Military firms such as MPRI have involved themselves in countries such as Saudi Arabia, Macedonia, Angola, Nigeria, North Korea, Cuba, Colombia, Croatia, and Sri Lanka (Singer 130-132). Halliburton and related companies have been involved in Kosovo, Somalia, Cuba, Afghanistan, and Uzbekistan (Singer 145-148). Control Risk Group has 27 offices worldwide, including India, Germany, Indonesia, Algeria, Iraq, and the United Arab Emerites ("Control Risks").

## WHY PMC'S ARE SO PREVALENT IN THE UNITED STATES

The Berlin Wall fell, and along with it one aspect of United States foreign and military policy. No longer faced with one specific threat, the United States now had to prepare to meet varied and obscure threats to national security. New threats unimagined by former military experts such as, counter-terrorism operations on a large scale, peace-keeping operations, and nation building, created left a large gap in the ability to meet these new threats and also created a vacuum in the security market to meet these needs. Without an imminent threat, the United States government, along with many nations around the globe, downsized it's military, while overall global instability and violence, both state and non-state, was on the rise; thus creating both an increase in the supply of skilled military professionals, and an increase in the demand of specialized forces.

It is also during this window in time that we witness a drastic shift in the conduct of war in many areas of the world. Unconventional tactics are now being used that employ the use of civilians in warfare for ideological purposes, women and children being used as protection for combatants, the increase in suicide bombings and guerilla tactics. As these problems plague

under developed nations, world powers were becoming less inclined to get involved in these issues (Outsourcing War 2).

Lastly, a trend in privatization of many government services has spilled over into the security sphere as well. In an attempt to be cost-efficient and shrink government, the privatization of lower level services, such as education, correctional facilities, and local utility resources began. In the security arena, the government began to look for sources to privatize aspects of the military and began to rely more on contractors for logistical services, such as transportation and weapons manufacture. Many observers now link the use of privatized security with conflicts involving major powers. The origins of these corporations actually lie with poorer, emerging nations and their influence can now be felt in times of conflict and during times of peace in nations across the financial spectrum and across the globe. A handful of examples involving PMF's can illustrate the vast scope of roles they can play and the sense of worldwide activity that is becoming more commonplace.

## PREVALENCE OF PMC'S IN GLOBAL CONFLICTS

The multinational nature of many PMF's have made them easily accessible to nations of all sizes and budgets. The new balance of power have left many areas particularly susceptible to violence, and has given fragile parts of the world access to modern technology and skill sets that were never available before. In using a handful of PMF's as examples, one can illustrate the vast impact these corporations have had in recent global conflicts.

Executive Outcomes, along with Sandline International, and MPRI, are well known for their role in many conflicts in African countries, including Sierra Leone and Angola. (Occ. 19) The example of Angola can easily demonstrate how a PMF can play a definitive role in the outcome of a foreign conflict. Since 1975 when Angola was granted independence from Portugal, the power vacuum was filled with large numbers of warring guerilla factions vying for

control. When the Berlin Wall fell, the communist regime in power lost its backing from the USSR and the UNITA faction, backed by the United States, jumped at the opportunity and captured a town called Soyo and the oil facilities located there. Executive Outcomes was hired by the Angolan army to recapture these precious oil assets and a specialized unit from EO was dispatched, quickly recapturing Soyo (Singer 108). The magnitude of the operation undertaken by EO set a global precedent that it was now acceptable for PMF's to market their ability for combat operations. EO was later hired by the Angolan army to train soldiers in order to replicate effective operations as were conducted in Soyo.

Another prime example of how PMF's determine the outcomes of foreign wars is the activity of MPRI in Croatia in 1991. The Croatian army was a band of local militia and needed some assistance in order to effectively exercise control over their enemies, and the US was interested in keeping Croatia afloat to balance the power of the Serbs in the region. At the time, a UN embargo was issued that did not allow the sale of munitions to warring factions, so the head of the Pentagon introduced MPRI to Croatian military officials. Beginning in 1995, after signing two contracts with the Croatian military, MPRI began training with the Croatian army. By August, the Croats began "Operation Storm," seizing territory from the Serbian army. The execution and strategic aptitude of the offensive took the global audience by surprise. (Singer 126) MPRI did not espouse the same tactics as EO in actually releasing combat troops to take over the hostile regions themselves, but their advisory role and strategic assistance determined the outcome of that battle.

## PREVALENCE OF PMC'S IN U.S. CONFLICTS

PMF's working for the United States has been present in nearly every military conflict engaged in since the end of the Cold War. Beginning in the 1991 Gulf War, PMF employees numbered one to every fifty U.S. Army personnel in combat and undertook almost all of the

logistics support and maintenance for the Saudi Army (Singer 98). Not only have these corporations been active in war zones, but many of the contracts signed between companies and the U.S. government are within the United States itself. These domestic contracts can vary from training, to logistics, to maintenance. One major domestic contract was signed in 1996 when the United States military decided to privatize the Reserve Officer Training Corps (ROTC). Military positions as professors and administrative personnel were replaced by those that are no longer on active duty (Singer 123). Other domestic contracts by the PMF MPRI include instructors at Fort Leavenworth and the Command and General Staff College, support to Combined Arms Support Command and the Army's Training and Doctrine Command, development for U.S. Army Staff, U.S. Army Space and Missile Defense, Joint Forces Command and the Office for the Secretary of Defense (Singer 124).

It is obvious that since the outbreak of the War on Terror and American excursions into Afghanistan and Iraq that U.S. dependence on contractors has increased. The scope and magnitude of United State's use of PMF's will be discussed in detail in Part II.

## PART II:

## PMC'S AND THEIR ROLE IN THE WAR ON TERROR

The United States War on Terror has brought with it an unprecedented employ of Private Military Corporations. As noted in Part I, the reasons for this can be attributed to a number of causes, but in the case of Afghanistan and Iraq, there are other possible reasons why the use of these corporations are so extensive, many of which are the shortcomings in the unregulated use of PMC's. The rise of Private Military Corporations in the modern war making age can be observed in the years after the end of the Cold War, but the supremacy of these corporations in conflicts today can be observed by investigating the role of PMC's in the War on Terror and their implications and caveats in the future of war-making.

### WHY PMC'S WERE USED IN IRAQ

There are many reasons why the use of PMC's was a beneficial in the conflict in Iraq. One reason is that the United States military used these corporations as an effective means against reconstituting the draft. Understaffed and overextended, many of the volunteer forces have served a long tour in Iraq and policy makers were faced with a decision, either decrease the number of boots on the ground or institute conscription. The use of PMC's was a third option that was an "'effective force multiplier'...they will free a 'trigger puller to fight, or they provide technical expertise to the force." (Keefe 3)

Since the rise of private military corporations, many of the military branches find it hard to recruit those with necessary skills and the necessary experience to conduct operations in Iraq. These corporations offer a much higher paying salary and benefits that cannot be matched by the public sector. Thus, the military in the end has little choice but to employ private firms in order to have the job done correctly. It appears the war could not have been possible without the

assistance of hired help, but although these sources of assistance have alleviated major problems with troop numbers and "doing jobs that U.S. forces would prefer not to," many of the personnel hired from these firms have also been part of some of the controversies in the Iraq conflict (Outsourcing War 3).

## THE ROLE OF PMC's DURING THE IRAQI CONFLICT AND RECONSTRUCTION

Perhaps one of the most visible roles played by PMF's in the conflict in Iraq may be that of security personnel; one of these firms is the famous company, Blackwater. The CEO of Blackwater, Erik Prince, wrote an article in the Wall Street Journal, hoping to alleviate some of the criticism PMF's like Blackwater had been facing. Prince outlines the jobs done by his personnel, that of security and protection of State Department officials, and argues that his employees are motivated by patriotism. He states, "Our teams are not cooking meals or moving supplies. They are taking bullets. They are veterans who have chosen to serve their country once again." (Prince 2) Although Prince is proud of the work his employees have done in Iraq thus far, he is not the only one that boasts of the security provided by numerous other PMF's hired by the United States government.

Although Blackwater boasts the most skilled and able veterans with previous experience, other contractors do not have the same credentials, yet have taken advantage of the free market system. In Rajiv Chandradekaran's book, *Imperial Life in the Emerald City*, he mentions a PMF, Custer Battles, and their enterprising motivation to make a quick buck in Iraq. He arrived in Iraq with no resources and $450 dollars in cash. He made his way around the Republican Palace, handing out his business card, and eventually got wind of a contract to supply security personnel for an Iraqi airport. When the CPA began to receive bids, because Battles did not have any regulations to follow, such as properly trained personnel and standardized housing regulations, he underbid and could work under conditions that other established security firms would not.

Those hired by Battles were ignorant of the details of the contract and were never to assigned to assess the parameters of their operation before construction began. He collected millions of dollars of U.S. dollars in a duffel bag and hired guards from Nepal (Chandrasekaran 155-160). The quality of the product the United States is buying is as risky as the market in the United States for common citizens; except in this case a cheap deal may end up being a big mistake.

It is not clear what many of these firms do and exactly what their contracts allow them to do. One prominent way the public gathers information on what these PMF's do in Iraq is through controversy and media attention. We know that some of these firms provide security detail because we see them linked with high ranking officials, such as Paul Bremer. We know that the United States has hired corporations in prisons because of the atrocities that have been exposed at various prisons such as Abu Ghraib. These often get more publicity than the contractors that supply services and tasks that are less visible, such as the firm KBR, that conducts mundane operations such as building barracks, creating camps, providing rations, and mail delivery, but is ironically the highest paid firm in the business (Schreier 24). It is also these companies that often fall under the radar for the more unconventional tasks they undertake, such as assisting and providing logistical support for those searching for weapons of mass destruction (Schreier 24).

Although many times we cannot pinpoint exactly which companies are handling each task, scholars have organized the functions of PMF's in the Iraq War into basic categories. Consulting firms are complicated in that they can offer consulting services in a variety of sectors, ranging from consultation on energy and resources, to consultations on security, training, and operations to military sectors. Training operations vary from the training of armies in tactical and logistical operations, to training police officers to effectively guard government property to crisis management. Operations conducted for intelligence purposes can involve firms recruiting locals to provide intelligence on impending threats to providing high-tech equipment, such as

unmanned aerial crafts to capture images in strategic locations. One category is entitled "securing key locations and headquarters," with the use of firms to guard and protect headquarters and secure operational sites used by the United States. Companies are hired to escort convoys and deliver supplies, such as the operation to circulate newly printed Iraqi currency to banks across the country. Lastly, the protection and "personal security" for senior officials, including both those from the United States and also Iraqi officials as well (Schreier 31-33).

IMPACT OF PMC's IN IRAQ

We will never know the difference in the cost and benefit in using PMC's instead of regular troops in Iraq, but what we do know is that the cost of employing these corporations has been astronomical. More than 60 firms deployed over 20,000 employees specifically to work in "military operations," an amount almost equal to the number of forces deployed by the United States and which surpasses any other coalition force deployed thus far (The Private Military Industry and Iraq 4). To put this in perspective, one company, KBR, has been estimated to have profited $13 billion dollars in Iraq to date, approximately two times the cost of the Persian Gulf War in 1991 (The Private Military Industry and Iraq 5).

According to the New York Times, a government report stated that since 2003, the U.S. has spent $100 billion dollars in the war in Iraq, and contracts are still being awarded. (Risen, 1)

Figure 3 - Post Conflict Contracts 2002-2003

| | | | | | |
|---|---|---|---|---|---|
| Kellogg, Brown & Root (Halliburton) | $11,431,000,000 | Raytheon Technical Services | $12,412,573 | Advanced Systems Development, Inc. | $259,959 |
| Parsons Corp. | $5,286,136,252 | Kropp Holdings | $11,880,000 | Triumph Technologies | $228,924 |
| Fluor Corp. | $3,754,964,295 | Military Professional Resources Inc. | $11,433,491 | Nuttall, James S. | $187,000 |
| Washington Group International | $3,133,078,193 | General Electric Company | $8,525,498 | Alexander, Deborah Lynn | $168,625 |
| Shaw Group/Shaw E & I | $3,050,749,910 | Foster Wheeler Co. | $8,416,985 | International Global Systems, Inc. | $157,383 |
| Bechtel Group Inc. | $2,829,833,859 | Inglett and Stubbs LLC | $8,175,245 | Night Vision Equipment Company | $153,118 |
| Perini Corporation | $2,525,000,000 | Stanley Consultants | $7,709,767 | Reabold, Miguel (Michael) | $136,603 |
| Contrack International Inc. | $2,325,000,000 | Liberty Shipping Group Ltd. | $7,300,000 | Native American Industrial Distributors Inc. | $123,572 |

| | | | | | |
|---|---|---|---|---|---|
| Tetra Tech Inc. | $1,541,947,671 | TECO Ocean Shipping Co. | $7,200,000 | Ward Transformer Sales & Services | $115,000 |
| USA Environmental Inc. | $1,541,947,671 | University of Nebraska at Omaha | $7,072,468 | EGL Eagle Global Logistics | $111,000 |
| CH2M Hill | $1,528,500,000 | PAE Government Services Inc. | $7,007,158 | Young, Brian | $106,150 |
| American International Contractors, Inc. | $1,500,000,000 | Anteon International Corporation | $6,800,000 | Paro, Amy K. | $94,457 |
| Odebrect-Austin | $1,500,000,000 | Michael Baker Jr., Inc. | $5,999,566 | Tekontrol, Inc. | $85,146 |
| Zapata Engineering | $1,478,838,958 | Detection Monitoring Technologies | $5,584,482 | Sampler, Donald L. | $81,000 |
| Environmental Chemical Corporation | $1,475,000,000 | American President Lines Ltd. | $5,000,000 | Giesecke & Devrient America | $72,700 |
| Explosive Ordnance Technologies Inc. | $1,475,000,000 | Ocean Bulkships Inc. | $5,000,000 | GTSI Corp | $70,220 |
| Stanley Baker Hill L.L.C. | $1,200,000,000 | S&K Technologies Inc. | $4,950,385 | Expedited World Cargo Inc. | $55,004 |
| International American Products Inc. | $628,421,252 | Signature Science | $4,704,464 | Lab Safety Supply | $53,379 |
| Research Triangle Institute | $466,070,508 | United Defense Industries, L.P. | $4,500,000 | LandSea Systems, Inc. | $47,750 |
| Titan Corporation | $402,000,000 | Simmonds Precision Products | $4,412,488 | Comfort Inn | $47,324 |
| Louis Berger Group | $327,671,364 | AllWorld Language Consultants | $4,051,349 | Cartridge Discounters | $40,492 |
| BearingPoint Inc. | $304,262,668 | Sealift Inc. | $4,000,000 | Bald Industries | $35,734 |
| Creative Associates International Inc. | $273,539,368 | MZM Inc. | $3,640,896 | CDW Government, Inc. | $35,174 |
| Readiness Management Support LC | $214,757,447 | SETA Corporation | $3,165,765 | S&C Electric Company | $34,800 |
| Chemonics International Inc. | $167,759,000 | Chugach McKinley, Inc. | $3,068,407 | John S. Connor Inc. | $34,153 |
| Harris Corporation | $165,000,000 | Diplomat Freight Services Inc. | $2,604,276 | Outfitter Satellite, Inc. | $33,203 |
| Science Applications International Corp. | $159,304,219 | Federal Data Corporation | $1,991,770 | Logenix International L.L.C. | $29,000 |
| DynCorp (Computer Sciences Corp.) | $93,689,421 | Stratex Freedom Services | $1,978,175 | Landstar Express America Inc. | $24,396 |
| Raytheon Aerospace LLC | $91,096,464 | Social Impact Inc. | $1,875,000 | Redcom Laboratories | $24,375 |
| Lucent Technologies World Services, Inc. | $75,000,000 | Global Container Lines Ltd. | $1,850,000 | Export Depot | $21,182 |
| EOD Technology Inc. | $71,900,000 | Midwest Research Institute | $1,765,000 | Intelligent Enterprise Solutions | $19,835 |
| NANA Pacific | $70,000,000 | Camp Dresser & McKee Inc. | $1,700,000 | GPS Store, Inc., The | $19,761 |
| CACI International Inc. | $66,221,143 | Cellhire USA | $1,465,983 | Transfair North America International | $19,351 |
| Earth Tech, Inc. | $65,449,155 | J & B Truck Repair Service | $1,353,477 | Atlas Case, Inc. | $17,243 |
| Development Alternatives Inc. | $49,117,857 | Artel | $1,254,902 | Mediterranean Shipping Company | $13,000 |
| Vinnell Corporation (Northrop Grumman) | $48,074,442 | Structural Engineers | $1,113,000 | Capital Shredder Corporation | $11,803 |
| Abt Associates Inc. | $43,818,278 | Dataline Inc. | $1,028,851 | Bea Mauer, Inc. | $9,920 |
| Parsons Energy and Chemicals Group | $43,361,340 | Red River Computer Company | $972,592 | SPARCO | $9,215 |
| International Resources Group | $39,230,000 | Global Services | $910,468 | Electric Generator Store, The | $6,974 |
| Management Systems International | $29,816,328 | AOS, Inc. | $866,988 | Cybex International | $4,838 |
| SkyLink Air and Logistic Support (USA) Inc. | $27,200,000 | McNeil Technologies, Inc. | $716,651 | Total Business | $4,696 |
| Ronco Consulting Corporation | $26,131,923 | DHS Logistics Company | $601,497 | Hardware Associates | $4,304 |
| AECOM | $21,610,501 | Global Professional Solutions | $590,232 | Staples National Advantage | $4,194 |
| Blackwater Security Consulting L.L.C. | $21,331,693 | Dell Marketing L.P. | $513,678 | EHI Company | $3,956 |
| World Fuel Services Corp. | $19,762,792 | Unisys Corporation | $435,000 | JSI Inc. | $3,376 |
| Laguna Construction Company, Inc. | $19,536,683 | Tryco Inc. | $400,000 | Complement, Inc., The | $3,358 |
| Weston Solutions, Inc. | $16,279,724 | Sodexho Inc. | $324,120 | MEI Research Corporation | $3,276 |
| Motorola Inc. | $15,591,732 | Segovia Inc. | $320,636 | WECSYS | $3,040 |
| Stevedoring Services of America | $14,318,895 | Force 3 | $274,651 | Smith Office Machines Corporation | $2,961 |
| Miscellaneous Foreign Contract | $13,489,810 | Baldino, George F. | $263,000 | Kollsman Inc | $100 |
| | | | | Kroll Inc. | Unknown Value |

# Post Conflict Contracts 2004-2006

| | | |
|---|---|---|
| 1 | KBR Inc (formerly known as Kellogg Brown and Root) | $15,447,831,814 |
| 2 | Unidentified Foreign Entities | $6,083,781,531 |
| 3 | DynCorp International (Veritas Capital) | $2,022,231,411 |
| 4 | Unidentified Foreign Entities | $1,199,856,920 |
| 5 | Unidentified Foreign Entities | $1,143,080,801 |
| 6 | KBR Inc (formerly known as Kellogg Brown and Root) | $1,110,850,779 |
| 7 | Unidentified Foreign Entities | $1,068,938,580 |
| 8 | Unidentified Foreign Entities | $1,036,119,038 |
| 9 | Unidentified Foreign Entities | $1,017,216,015 |
| 10 | Unidentified Foreign Entities | $788,908,449 |
| 11 | Unidentified Foreign Entities | $713,018,409 |
| 12 | Environmental Chemical Corp | $701,631,608 |
| 13 | L-3 Communications Holdings Inc | $537,120,730 |
| 14 | Orascom Construction Industries (OCI) | $515,202,184 |
| 15 | Unidentified Foreign Entities | $507,222,972 |
| 16 | Unidentified Foreign Entities | $486,913,401 |
| 17 | Washington Group International Inc | $459,372,435 |
| 18 | IAP Worldwide Services Inc ( | $450,116,220 |
| 19 | Unidentified Foreign Entities | $446,141,452 |
| 20 | Unidentified Foreign Entities | $442,275,450 |
| 21 | Unidentified Foreign Entities | $439,013,996 |
| 22 | Perini Corp | $433,558,489 |
| 23 | Blackwater USA | $422,390,292 |
| 24 | Fluor Corp | $419,799,032 |
| 25 | Unidentified Foreign Entities | $393,031,178 |
| 26 | Unidentified Foreign Entities | $390,415,902 |
| 27 | Unidentified Foreign Entities | $379,300,565 |
| 28 | Unidentified Foreign Entities | $376,017,573 |
| 29 | Parsons Corp | $368,376,897 |
| 30 | AECOM Technology Corp | $322,500,160 |
| 31 | Fluor Corp | $321,841,969 |
| 32 | Perini Corp | $317,265,394 |
| 33 | Unidentified Foreign Entities | $305,186,209 |
| 34 | KBR Inc (formerly known as Kellogg Brown and Root) | $305,015,561 |
| 35 | Laguna Pueblo (Laguna Construction Company Inc) | $289,549,156 |
| 36 | Unidentified Foreign Entities | $288,181,096 |
| 37 | AMEC PLC | $287,772,409 |
| 38 | Unidentified Foreign Entities | $243,730,393 |
| 39 | Washington Group International Inc | $242,594,658 |
| 51 | Unidentified Foreign Entities | $168,316,446 |
| 52 | IAP Worldwide Services Inc | $155,805,900 |
| 53 | General Dynamics Corp | $152,899,140 |
| 54 | Washington Group International Inc | $151,177,806 |
| 55 | Lockheed Martin Corp | $144,323,011 |
| 56 | Blackwater USA | $144,107,095 |
| 57 | L-3 Communications Holdings Inc | $141,948,189 |
| 58 | Tetra Tech Inc | $130,406,881 |
| 59 | Unidentified Foreign Entities | $127,926,159 |
| 60 | EOD Technology Inc | $127,428,620 |
| 61 | L-3 Communications Holdings Inc | $121,940,367 |
| 62 | The Shaw Group Inc | $116,889,535 |
| 63 | Unidentified Foreign Entities | $114,817,914 |
| 64 | Refinery Associates of Texas Inc | $108,533,683 |
| 65 | Environmental Chemical Corp | $108,491,178 |
| 66 | Ellis Environmental Group LC | $104,892,373 |
| 67 | Triple Canopy Inc | $104,344,007 |
| 68 | Mac International FZE | $99,443,490 |
| 69 | Innovative Technical Solutions Inc | $99,344,752 |
| 70 | Cape Environmental Management Inc | $99,128,868 |
| 71 | Unidentified Foreign Entities | $97,799,343 |
| 72 | IAP Worldwide Services Inc | $95,251,029 |
| 73 | Odebrecht-Austin Joint Venture | $92,778,821 |
| 74 | Aegis Defence Services Ltd | $92,310,681 |
| 75 | First Kuwaiti General Trading And Contracting Company Wll | $90,991,466 |
| 76 | Toltest Inc | $89,246,654 |
| 77 | Unidentified Foreign Entities | $86,717,215 |
| 78 | Petrol Ofisi A S | $85,320,240 |
| 79 | First Kuwaiti General Trading And Contracting Company Wll | $85,319,830 |
| 80 | Parsons Corp | $80,317,591 |
| 81 | First Kuwaiti General Trading And Contracting Company Wll | $77,740,502 |
| 82 | Ronco Consulting Corp | $72,695,582 |
| 83 | Innovative Technical Solutions Inc | $71,032,378 |
| 84 | URS Corporation | $68,229,301 |
| 85 | Environmental Chemical Corp | $68,196,805 |
| 86 | Unidentified Foreign Entities | $65,896,024 |
| 87 | Unidentified Foreign Entities | $65,716,041 |
| 88 | Tyco International Ltd | $64,436,896 |
| 89 | CH2M HILL Companies Ltd | $61,342,832 |

| | | | | | |
|---|---|---|---|---|---|
| 40 | Tetra Tech Inc | $238,686,311 | 90 | DynCorp International (Veritas Capital) | $61,029,210 |
| 41 | Unidentified Foreign Entities | $234,820,178 | 91 | IAP Worldwide Services Inc | $60,664,067 |
| 42 | KBR Inc (formerly known as Kellogg Brown and Root) | $228,100,000 | 92 | Turcas Petrol A S | $59,265,078 |
| 43 | Weston Solutions Inc | $222,054,165 | 93 | I and S Acquisition Corporation | $59,160,571 |
| 44 | Unidentified Foreign Entities | $208,278,256 | 94 | Rizzani de Eccher SpA | $56,705,000 |
| 45 | First Kuwaiti General Trading And Contracting Company Wll | $199,172,106 | 95 | Unidentified Foreign Entities | $55,446,589 |
| 46 | Red Star Enterprises Ltd | $196,931,826 | 96 | The Shaw Group Inc | $55,331,004 |
| 47 | Washington Group International Inc | $189,043,588 | 97 | Unidentified Foreign Entities | $53,794,262 |
| 48 | U.S.-Afghanistan Reconstruction Council | $182,700,305 | 98 | Technologists Inc | $53,683,896 |
| 49 | Toltest Inc | $177,348,475 | 99 | Unidentified Foreign Entities | $52,500,049 |
| 50 | USA Environmental Inc | $175,692,711 | 100 | L-3 Communications Holdings Inc | $51,111,434 |

(Windfalls of War; Windfalls of War II)

## IMPLICATIONS AND LIMITATIONS OF PMC's

One of the more unsettling implications that have come to light because of PMC's is, as Peter Singer puts it, "they can accomplish public ends through private means" (Outsourcing War 4). The government can and does hire private corporations to handle military objectives that would otherwise be impossible to prosecute because of lack of legislative approval or public support. Because the Bush administration was able to employ large numbers of military corporations, the number of military personnel has been able to stay low in an effort to keep public support high. Public scrutiny is minimized: deaths and kidnappings of those working for contractors are hardly reported, records are not mandated to be kept, safety regulations do not apply, and these corporations are not subject to appeals made based on the Freedom of Information Act (Outsourcing War 4).

Another implication is the legal dilemmas created by the use of these companies. Historically, the U.S. military has created a special legal category for contractors calling them "civilians accompanying the force." This term is quite archaic, given that this was once used to categorize merchants and camp followers of the 19th century and the PMC employees are carrying weapons and at times carrying out operations that are critical to the overall military mission (The Private Military Industry and Iraq 12). Many employees of these companies do not

fall under a specific categorization and fall into a "grey area" that are not quite civilian or combatant. Since they are working for a private corporation they are not quite combatants, but since they carry weapons and many times function in military operations, they are not civilians either. Ambiguity can spell disaster for both the combatants and also the United States government. Since they are not defined in these terms, in the event that contractors are captured or kidnapped, the enemy decides their status (Outsourcing War 5). Instances in the past suggest that those captured are not afforded any of the Geneva Convention regulations or any other guidelines that distinguish appropriate treatment for a prisoner of war or a civilian.

Conversely, because these employees fall through the cracks, they are not covered by international law, such as the Geneva Conventions or Hague Conventions. When crimes are committed by those employed by corporations, it is difficult to determine which authority is responsible for prosecuting the offense. Those within the military have strict guidelines to which they can turn to prosecute offenses committed by soldiers. Civilians committing crimes in foreign nations are subject to local law enforcement. Since PMF's are neither military nor civilian, it is easy for many misdeeds to fall through the cracks. One telling example of this is the incident at Abu Ghraib prison involving both military and contractor personnel involved in prisoner abuse. All of the translators and half of the interrogators were personnel of two PMF's, Titan and caci. A U.S. Army investigation proved that these personnel were involved in 36% of the incidents and proved that 6 people were directly at fault. A year after the incidence, the U.S. Army has tried each of the soldiers involved while both caci and Titan have still yet to be brought to court (Outsourcing War 5).

These PMF's are operating in a global market and there are not enough controls to regulate who is qualified to work for these firms and who is allowed to hire them. Hiring is controlled by the private corporations and public entities that hire them have no knowledge of

who was hired and what credentials they possess. Problems of unqualified employees and infant corporations were exacerbated by what Singer calls "the gold-rush effect:" an overwhelming demand emerged and the vacuum was filled with many inexperienced corporations and those that had expanded to take on new services (Outsourcing War 4). An example of this problem can be seen in the aforementioned company Custer Battles. Outside the company itself, another unregulated factor in the market is the freedom of choice in what kinds of nation-states or intra-state groups hire these companies. In the past, PMC's have been hired by "democratic governments, the UN, and several humanitarian NGO's." On the other hand, PMC's have also worked for dictatorships, rebel groups, drug cartels, and pre-9-11, two al Qaida linked jehadi groups" (The Private Military Industry and Iraq 9).

Contractual issues are another of dilemma arisen from the United States' operation in Iraq. The military has dealt with problems generally dealing with caveats that are evident in any contractual arrangement. Investigations such as those regarding Halliburton and Custer Battles are becoming more common. Halliburton is disputed for insufficient documentation, overcharging by 40%, and at least $1.8 billion is currently being investigated (The Private Military Industry and Iraq 7).

Since these businesses are in the civilian sphere, that is barred from military and judicial control. There are decision making arenas that are not present within the military. Firstly, the decisions made at the corporate level, such as whether or not a business wants to accept a contract, or if a company decides to withdraw from an operation because it is too dangerous. It is these types of decisions that is outside the discretion of the military and causes issues with the security and the welfare of the U.S. military (The Private Military Industry and Iraq 8). When private employees fail to create safe living quarters or withdraw their logistical support when the activity on the ground becomes too dangerous, U.S. soldiers are affected. The second level of

decision making is at the individual level. Those who are employed by any one of these companies have the choice to decide the work they do, where they will be stationed, how much they will get paid, and have the ultimate say in whether they stay or leave (The Private Military Industry and Iraq 8). This created instability within the corporations themselves. This predicament is exacerbated by the fact that many of these groups sent over to Iraq have never worked together or there are third party nationals that are introduced in Iraq to reduce costs, thus implanting further feelings of personal gain and not a nationalist or loyalist feelings (The Private Military Industry and Iraq 8).

These are only some of the implications that have been explored by scholars. There are other limitations that have not been explored including how these companies handle local economic enterprises, how they handle natural resources, and the environmental implications of their presence. Not only are there caveats that are not explored, there are definite problems that have not yet been examined, such as the "real" cost of war in terms of dollars and also in the sheer loss of life: there are no records on exactly how much the government is paying for "cost-plus" contracts, or is there a body count for all of the killed and wounded employees of PMF's; the problem of real competition between companies: many of these contracts go uncontested and are awarded without any competition; and the lack of transparency of PMC's in the actions and also in their dealings with the government: none of the records kept by these firms, if they even exist, cannot be made public even under a request through the Freedom of Information Act. Until there are investigations that will put private records in public hands, these questions will go unanswered.

## POLICY PRESCRIPTIONS

In assigning policy prescriptions, we can effectively do this by examining the limitations associated with the use of PMC's. Many of these problems are most effectively solved by the

client, in this case, the United States government. The first of these to consider are possible solutions to the issue of transparency. The U.S. government must first assess the outcomes of the previous use of PMC's; it must assess exactly the breadth of what they have outsourced and their efficacy in executing their contract. They must also release the records of the government associated with these firms to the public, making them accessible through requests under the Freedom of Information Act. Items to be considered for request might be, the names of employees, their functions within the operation, the contract, the allocations of the money, and the amount that each employee is being paid (The Private Military Industry and Iraq 17).

Along with the assessment of past contracts, the United States must now create oversight measures for contracts that will be made in the future. In layman's terms, regulating the industry to ensure that these private contractors are more cost-efficient and more effective than their public counterparts. This oversight must be present, while leaving the free market system to find the most cost efficient and best qualified competitor. Singer creates the most effective strategy to achieve positive results. He asserts that the task should be put up in an open market to get the best price, this way the firm can specialize in a given field, the client must be a "careful steward" of the process protecting the interests of the U.S. government, and thus the firm is motivated through the contract and the fear that strict oversight can lead to termination if the terms are not met, then success is achieved. It is common business practice of the clients to research their productivity before deciding to outsource, to be sure outsourcing will be more efficient. Unfortunately, in recent history, the contracts signed by the U.S. government were not researched and moreover, were not competitive. Various departments of the U.S. governments took the word of contractors that presented themselves to them and did not research whether these contracts were actually more effective and less costly. This problem was only worsened by the lack of competition to drive prices down and bring quality up. Some 40% of Department of

Defense contracts were non-competitive and over $300 billion dollars were allotted to these contracts (The Private Military Industry and Iraq 19).

The murkiest of the policy prescriptions, yet one of the primary caveats within the system is creating an atmosphere where legal accountability can be placed upon these corporations and the organizations that hire them. There are many things to consider, but the main issues that need to be solved including restrictions on who can be hired by corporations, what types of organizations and entities that can hire these corporations, and what judicial system will "investigate, prosecute, and punish" any abuses (The Private Military Industry and Iraq 21).

It is obvious that international regulation will have to be set in place alongside domestic restrictions. Some of the options that might be implemented include broadening the UN mandate to allow the UN Special Rapporteur of mercenaries to include PMC's, international measures to provide transparency and sharing of information on PMC's, and mandating necessary safeguards within PMC's to protect against human rights abuses abroad. This could mean allowing PMC's to adopt a voluntary code of conduct or legally defining legitimate and illegitimate activities that PMC's may or may not engage in. Another level might be to require licensing for those wishing to market services abroad or a blanket registration for all international PMC's (Schreier 116-125).

The other level of regulation is at the national level. These options are far more specific and require rigorous oversight. One of the ways to regulate the industry is by establishing a licensing system where standards are delineated as to contracting and hiring practices that includes what activities are permitted and restricted. Standards may be put in place that requires financial transparency and minimum levels of training and screening for those they hire. The surest way to keep up with the rapidly changing industry is to establish Congressional oversight that can assist in a plethora of issues, including compliance with regulations, establish a system

to assess and approve when outsourcing would be appropriate, rather than the use of our private military capabilities (Schreier 134-126).

## CONCLUSION

There is overwhelming potential in the Private Military industry. The opportunities and benefits that are possible for both the global economy and the nation-states able to contract with these firms are endless. The start of the industry is somewhat unstable, with little market oversight or regulations. Because of this we have seen many financial, legal, and human rights abuses. There must be a clear delineation of where the use of PMC's crosses over from a support for public military and assuming the roles of the public military itself. When these issues can be solved, the benefits of PMC's may outweigh the risk assumed. Until then, we will still observe corruption, greed, unqualified firms, and market mismanagement that is now inherent in the system. The United States has already observed how the use of unregulated PMC's can affect the outcome of an entire mission, but let us hope that by living these experiences in Iraq, we will be able to more authoritatively provide insights to protect against the abuses that has been written into our recent history.

WORKS CITED


Beelman, Maud. "Windfalls of War." The Center for Public Integrity. 31 Oct 2003. The Center for Public Integrity. 22 Apr 2009 <www.publicintegrity.org>.

Bennett, Brian. "Outsourcing the War." *Time Investigation* 169(2007): 36-40. Print.

Buzenberg, Bill. *"Windfalls of War II."* The Center for Public Integrity. 2008. The Center for Public Integrity. 22 Apr 2009 <www.publicintegrity.org>.

Chandrasekaran, Rajiv. Imperial Life in the Emerald City: Inside Iraq's Green Zone. New York: Alfred A. Knopf, 2006.

Chesterman, Simon, and Chia Lehnardt. *From Mercenaries to Market*. New York, New York: Oxford University Press, 2007. Print.

*Control Risks*. Control Risk Group. 13 Apr 2009 <http://www.control-risks.com/default.aspx>.

Keefe, Patrick Radden. "Iraq: America's Private Militaries." *The New York Review of Books* 51(2004): Print.

Prince, Erik. How Blackwater Serves America." *The Wall Street Journal* [New York]16 Dec 2008, east. ed.: A23. Print.

Risen, James. Use of Contractors in Iraw Costs Billions, Report Says." *The New York Times* [Washington] 12 Aug 2008, late ed.: A11. Print.

Schreier, Fred and Marina Caparini. Sweden. Geneva Centre for the Democratic Control of Armed Forces (DCAF).*Privatising Security: Law, Practice and Governance of Private Military and Security Companies*. Geneva: 2005. Web. 1/16/09. <http://www.dcaf.ch/publications/>.

Singer, P.W.. *Corporate Warriors*. Ithaca, New York: Cornell University Press, 2003. Print.

Singer, Peter W.. "Outsourcing War." *Brookings Institution* 16 Jan 2009 1-8. Web.1/16/ 2009. <http://www.brookings.edu/articles>.

Singer, Peter W.. Sweden. Geneva Centre for the Democratic Control of Armed Forces. *The Private Military Industry and Iraq: What Have We Learned and Where to Next?*. Geneva: 2004. Web. <http://www.dcaf.ch/publications/ >.

Stålenheim, Petter . "Chapter 5: Military Expenditure." *SIPRI Yearbook 2008*. 2008. Stockholm International Peace Research Institute. 23 Apr 2009 <www.yearbook2008.sipri.org>.

Whyte, Dave. "Lethal Regulation: State-Corporate Crime and the United Kingdom Government's New Mercenaries." *Journal of Law and Society* 30(2003): 575-600. Print.