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How Privatized is War?

By Pujya J Pascal

Nowhere has the role of Private Military Companies (PMCs) been more integral and more controversial than in the U.S. War in Iraq. The past couple of years have seen increased publicity, though much of it has been highly sensationalized by the media, of the activities and role of the PMCs operating in Iraq.¹ The war came to be known as the ‘the first privatized war’ primarily because it was estimated that around 15,000 to 20,000 private military and security companies were working in Iraq from the time the attack was launched.² Some security analysts believe that the private sector is so firmly embedded in combat and occupation that the phenomenon may have reached the point of no return.³ While there is a dearth of accurate accounting and monitoring of the contracts, the U.S. army estimates that of the \$87 billion earmarked in the year 2003 for the broader Iraqi campaigns including Central Asia and Afghanistan, one third has been spent on contracts to private companies.⁴

This article seeks to find out whether privatization of military is merely a symptom of corporate adventurism or has it already made inroads into the realm of international politics as an effective ‘force multiplier’ in the most recent wars conducted under the leadership of the USA.

Areas of Operations

The operations in Iraq are reflections of the changes in the ways states prosecute warfare. Though the lack of stability and security in Iraq has created the space for PMCs to step in and assist the U.S. and UK forces, the major driving force behind their engagement is the monetary gains involved in these services. Reportedly, more than 1,500 South Africans including members of the South African Police Services and former members of the South African National Defense Force (SANDF) are believed to be engaged in Iraq.⁵ Although a handful of U.S. companies have the lucrative contracts to train the new Iraqi

army and to recruit and train an Iraqi police force, it is a field in which British companies dominate, with nearly half of the dozen private firms in Iraq coming from the UK.⁶

While the PMCs offer military support functions during conflict, the private sector is even more deeply involved in the War's aftermath.⁷ It is a trend that has been growing worldwide since the end of the cold war, a booming business that entails replacing soldiers wherever possible with highly paid civilians and hired guns not subject to standard military disciplinary procedures.

Today well over 20,000 civilian contractors support the coalition forces in Iraq, and according to a May 4, 2004 letter to the House of Armed Services Committee from Secretary of Defense Donald Rumsfeld, that number was expected to increase after the June 28 handover of power to the Iraqis.⁸ Admittedly, private corporations have penetrated Western warfare so deeply that they are now the second largest contributor to coalition forces in Iraq after the Pentagon. A Guardian investigation established that the proportion of contracted security personnel in the firing line in Iraq was 10 times greater than during the first Gulf War. In 1991, for every private contractor, there were about 100 service men and women; now there are 10.⁹ It is important to note that official U.S. military doctrine has long held that critical operations must be kept inside the force. It has also held that civilians accompanying the force should not be put into roles where they must carry or use weapons, allowing the carriage of small weapons only in the most extraordinary circumstances. However, what used to be an exception has now turned into a rule.

The PMC contractors are as various in their duties as members of the military itself: they perform tasks as 'banal as preparing meals and operating supply trucks, as dangerous as conducting armed raids and driving the car in a convoy through hostile territory, and as sensitive as interrogating prisoners'.¹⁰ Private Military Companies have been carrying out three crucial functions in Iraq:

- military support dealing with prison interrogation,
- military training and advice, and

- tactical military roles of providing convoy security, non- military site security and personal security.

PMC operations in Iraq tread the difficult line in providing protection in a manner that meets the intricate demands of corporate, military and government ethics, and come at a significant price. Some of the significant PMCs and security companies operating in Iraq have been listed below:

- **Aegis Defense Services (UK):** Won a contract valued up to \$293m for three years to provide men to provide security in all major Iraqi government projects following the handover of sovereignty.
- **ArmourGroup (UK):** Has a £ 876,000 contract to supply 20 security guards for the Foreign Office. The firm also employs about 500 Gurkhas to guard executives with the U.S. firms KBR and Bechtel.
- **Blackwater (US):** The companies' personnel guarded Paul Bremer, the head of the CPA among other duties. The firm was awarded a \$21m no-bid contract to supply security guards and two helicopters for Bremer. Also when an attack by hundreds of Iraqi militia was launched on the U.S. governments' headquarters in Najaf, it was not repulsed by the U.S. military but by eight Blackwater commandos. In a field that often lacks transparency and sometimes includes dubious characteristics, Blackwater is a firm with reputation for professionalism. It has never had a major allegation of malfeasance against it.
- **Control Risks Group (UK):** UK government's largest contract has reportedly earned the company £ 23.5m. It has won the contract to distribute the new Iraqi currency, a job it also carried out in 2003.
- **Dyncorp (US):** Dyncorp International, a unit of Computer Sciences Corporation (CSC), has been prominent for its hiring of police officers in the US to train police recruits in Iraq.
- **Titan (US):** Being awarded the contract of providing translators to the U.S. Army since 1990, the services in translation has been listed as the single most important source of income, accounting for 10.3 per cent of its \$1,800 mi revenue. Titan has

been involved in supporting both reconstruction efforts and military interrogation and later got involved in the prison abuse for which it withdrew its demand as well.

The private military sector has been undergoing a significant quantitative and qualitative change in the past few years. But it is Iraq that has focused world attention on the activities performed by them in the battlefield. Though not noticed for their post-combat operations, PMCs gained prominence due to their commitments during the war itself. The U.S. Navy relied on civilian contractors to help operate the guided missile systems on some of its ships apart from relying on them for base operations such as equipment maintenance, biological and chemical detection, fuel and material transport and medical services. In fact, there have been instances, many more than reported, where experienced PMC personnel have gone to the rescue of U.S. soldiers in danger zones.

A host of tactical and operational functions is performed by the PMCs. Often the role is not to act as a substitute for the military or to be adjunct to the campaign. Rather, it is to provide reconstruction agencies and those companies involved in the rebuilding process with on the ground risk assessment and security support to enable them to work as safely and effectively as possible. This is not entirely the privatization of war, but an established private sector activity in many parts of the world. Iraq is different only in the scale and complexity of the assignment.

Costs Involved in Operations: The Economics

PMCs and their parent companies usually do not make details available concerning their contracts, salaries, or number of employees. Given the obvious danger of working in war zones where personnel are potential targets, it seems reasonable that PMC contractors especially those with highly sought after skills in short supply, can command high salaries. PMC personnel with skills similar to Special Operation Forces (SOF) personnel are mostly in a position to command high salaries. Some claim that they can earn more

than £ 80,000 a year. Reportedly, companies are offering yearly salaries ranging from \$100,000 to nearly \$200,000 to entice senior SOF personnel to switch careers.¹¹ Short term, high risk work can fetch higher pay packages and it is claimed that a personnel working for a seven-day contract in cities like Fallujah can make \$1,000 a day.¹² However, most of the financial rewards can be overplayed especially since the downsides for PMC contractors can be considerable, such as:

- Most companies enforce regular periods of unpaid mandatory leave out of country on their employees every few months for rest and recharge;
- The dangers are considerable, and the work frequently demands a high level of experience and training;
- Although for some the income is tax-free, under U.S. law, U.S. citizens are liable to U.S. tax if they reside within the country for more than one year;
- Additional insurance and retirement contributions are the responsibility of individual contractors.

The lure of higher salaries is reportedly causing an exodus of the U.S. military's most seasoned members of SOF to higher-paying civilian security jobs. While few details have been released about the amounts involved in specific contracts, it is estimated that of the \$18.6 billion allocated by the Bush administration for Iraq's "reconstruction," at least 25 percent will be used to pay security companies.¹³ David Claridge, director of a London based security firm has estimated that Iraq contracts have boosted the annual revenue of British-based PMCs alone from \$320 million to over \$1.7 billion.¹⁴

Just as information regarding the money involved in operations undertaken by PMCs in Iraq is not disclosed totally, the number of contractors working in there is not certain either. With the growing demand for PMCs in Iraq, many former SOF personnel are planning to form their own security firms. However, it seems likely that any proliferation of security companies will precede a period of consolidation.

During major combat operations phase of the Iraq War, private military officials carried out important tasks. They have been essential to the US effort in Iraq, helping

Washington to make up for troop shortage and doing jobs that US forces would prefer not to. They have also been involved in some of the most controversial aspects of war including prison abuse.¹⁵

Working in over 50 conflict zones, the industry is representative of a broader globalization.¹⁶ The PMCs in Iraq are carrying out essential jobs that soldiers have done in the past- from handling logistics and maintenance to training to fighting battles- and they have taken more casualties than an ally. However, while performing tasks crucial to the operation, they are not formally part of the force, creating a critical disconnect in such areas as intelligence sharing as well as confusion over rights and responsibilities in the midst of combat.

During the occupation of Iraq, the demand for private assistance skyrocketed and led to the most important of all functions- the dramatic and the controversial expansion of the Private Military Companies in the realm of combat. Before Iraq PMCs had fought in several combat zones, the most notable being Executive Outcomes' (EO) participation in the Sierra Leone and Angola wars. But Iraq is the first time that companies have played tactical roles alongside large numbers of U.S troops in the field.¹⁷

The costs have been high. The mounting deaths and injuries to civilian contractors in Iraq have cost the federal government millions of dollars for hundreds of workers and their compensation claims. Federal law requires all U.S. government contractors and subcontractors to obtain workers' compensation insurance for civilian employees who work overseas. If an injury or death claim is related to a "war-risk hazard," the War Hazards Compensation Act provides for government reimbursement to insurance carriers. Since January 2003, there have been claims for 476 injuries and 80 deaths in Iraq.¹⁸

Among the many casualties reported, the most gruesome deaths recorded were of the four civilian security personnel who got killed on March 31, 2004 in Fallujah. Their bodies were mutilated and burned and the remains of two were hung from a bridge. The four

men killed in Fallujah were professionals who had gained entry into the private military industry on the basis of their Special Forces expertise.

Labor department officials said they had no cost estimate for reimbursements of Iraq-related claims, but given the maximum payment of \$1,030.78 per week and the number of injuries and deaths, it could well climb into the multimillions. In past years, annual reimbursement costs under the War Hazards Compensation Act have ranged from \$1 million to \$2 million.¹⁹

The Employees Compensation Fund, which pays war hazard claims as well as workers' complain claims for federal employees, is allocated about \$2.3 billion annually, according to the labor department.²⁰ Coverage for employees of U.S. contractors, regardless of citizenship, is required under the 1941 Defense Base Act, just as workers in the United States must have workers' compensation insurance. Military personnel are not eligible and have a separate programme. Insurers are not required to provide coverage under that act so as an enticement the government promises reimbursement to carriers for war-related claims.

The rebuilding of Iraq and other areas around the world would be more difficult without these laws because insurance premiums would rise dramatically, causing some contractors not to take on jobs in challenging and faraway locations and raising the overall cost of the rebuilding effort. But escalating claims are creating concerns for insurers despite the promise of government reimbursement, mainly because it can take the government months to investigate the claims and pay the insurers. In the interim, insurers are responsible for paying the claims, which creates cash flow problems even though they get to keep the premiums.

Insurance data analysis reveals that rates have ranged from an early low of \$10 per \$100 of an employer's payroll to as much as much as \$40 per \$100 of payroll in recent months which means an employer with a million-dollar payroll would pay between \$100,000 and \$400,000 in premiums.²¹ Insurers are limiting the terms of policies, such as not offering as much coverage in some locations or for certain types of jobs and raising deductibles.

Coverage under the Defense Base Act (DBA) is getting harder to obtain, even as demand increases. Underwriters are being very selective and are taking a very hard look at new clients because they are all concerned about their capacity and concentration in Iraq. The violence in Iraq is in fact, reflected in rising insurance rates for coverage under the DBA.

This only proves the fact that private military industry is clearly on the rise and its growth is best evidenced in the way the rates of insurance and coverage parameters have expanded. The competition over elite troops from private companies is so intense that many armed forces have formulated new pay packages, benefits and incentives to try to retain the officers quitting their services for private gains. This is clearly an indication that the privatization of military and war is nothing short of corporate adventurism.

In fact, one could argue that the role played by the PMCs goes beyond the corporatization of the military where the industry uses complex corporate financing to engage in a variety of deals and contracts.²² Most PMCs present themselves as ‘business with a natural niche in an often-complicated post-Cold War world order’ and as entities more than willing to fill the security gap. This highlights that the profit-motivated PMCs have become not only a viable option but also a favoured solution for both public and private institutions driven by the forces of globalization.²³

Implications of PMC Operations: The Politics

It is interesting to note that apart from the monetary considerations, political connections are also paramount when striking a deal with a government or a PMC. PMCs extensively use political campaigns and employ lobbyists to influence government officials. For instance, both CACI and Titan involved in the Iraqi torture scandal made considerable political donations that favored the Republican Party.²⁴ Such political linkages not only suggest that privatization of military is an offshoot of globalization and outsourcing but also a result of national and international power-relations.

An assessment of the civilian contractors in Iraq would further prove that they have become a shadow army- one that is largely unregulated and unpoliced, and operates beyond the reach of the law. One obvious rationale for this high number of armed civilians in what continues to resemble a war zone is the desire on the part of the Pentagon to maintain order and security without recourse to a draft. The Taguba Report on abuses at Abu Ghraib prison stated that contractors in civilian clothes roamed freely in the prison, answering to no one because they were effectively outside the chain of command.

It appears that the actions of the numerous contractors in Iraq are not governed by any comprehensive body of criminal laws. It might appear that if military and American law was not to apply to many of the civilian contractors in Iraq, Iraqi law, such as it is, could provide a substitute. But in June 2003, in a proclamation known as Order 17, Paul Bremer, granted broad immunity from local prosecution to civilian contractors working in the country.²⁵ A year later, as the symbolic handover of sovereignty to the Iraqis approached, American officials made it clear that they wished to extend contractors' immunity past June 30. Although Iraq's interim Prime Minister, Ayad Allawi, replied that continued blanket immunity for contractors seemed excessively broad, Bremer signed a revised version of Order 17, which extended contractors' immunity until a transitional Iraqi government gets elected.²⁶ In March 2002, the then Army secretary, Thomas White, wrote a memo warning the Pentagon that there was inadequate control of contractors. In June 2003, Congress's Government Accounting Office (GAO) released a study that drew on extensive interviews with military personnel, and pointed to the inadequate management and oversight of contractors.²⁷ In response to the revelations about prison abuses in Abu Ghraib John Ashcroft announced that the Justice Department had jurisdiction to prosecute those civilian contractors who committed crimes in Iraq but the pronouncement seemed cosmetic.

In the eyes of some critics, the events at Abu Ghraib are proof that PMCs in Iraq cannot be held accountable. While Titan strongly denied that its employees tortured the Iraqi prisoners, it revealed in a later announcement that DoD had awarded a contract with a

potential value of over \$255m to support comprehensive intelligence and information technology support worldwide. This effectively indicates that the acceptance of crime by Titan would have meant the withdrawal of contract it had with the DoD.²⁸ The Pentagon subsequently announced that it is preparing a new rule to increase its oversight of contracts with more stringent guidelines and approval after it was proved that PMCs had a major role to play in the prison abuse.

Abu Ghraib was not the first indication that contractors were insufficiently accountable. Though not all investigations have been completed and much of the relevant information is still classified, the bulk of evidence suggests that most of the abuses were carried out by regular military forces. Though several PMC contractors seem guilty of criminal behavior and merit prosecution, it does not appear that the use of translators and interrogators from private firms like Titan and CACI were part of any effort to deliberately avoid oversight. The incidents at Abu Ghraib are a reflection of the broader policy failings and the complex web of politics behind it.

In short, the Bush administration has tried to fight a war and nation-build at cheap rates. It has failed to commit the necessary number of trained and qualified personnel and failed to supply the necessary resources required to for an occupation force under international law. In such situations failure of policies and occurrence of criminal behavior by both private and public actors is virtually inevitable. In addition, while Abu Ghraib has shown that certain tasks, such as prisoner interrogation are too sensitive to be outsourced to the private sector without proper government oversight, it also reflects the current military reality that the US plans to continue using PMC personnel for the task because it lacks sufficient qualified personnel of its own.

An additional reason why PMCs will continue to play the kind of roles they have been playing in Iraq is their unmatched capacity to carry out brutal operations. If there is brutal military repression to be done, a private contractor or a man with a lifetime experience in South Africa's apartheid forces can work more brutally than an enlisted US soldier. This 'outside the army' brutality came out in the open when the prison abuse at Abu Ghraib

was disclosed. There are judicial consequences for military men and women who use excess brutality in war, but there seem to be few avenues for prosecuting such brutality among employees of the PMCs which operate in war zones. With this kind of norm, there is another nefarious reason for the use of PMCs in Iraq. As casualties mount in combat, using private military operatives allow the U.S. or UK to reduce the casualties of their forces by substituting them with foreign troops.

It is for reasons like these that the world of military contracts is a murky one. In Iraq and Afghanistan, important buildings in the capitals bristle with gun-toting Americans. They favour khaki photographers' vests and a few military accoutrements, but lack the name tags and identifying patches of a soldier. They are often secretive about their allegiance to the companies they work for. Contractors' deaths are not counted among the tally of more than 350 U.S. soldiers killed in Iraq.²⁹ No one is sure how many private workers have been killed or even how many are toiling in Iraq for the U.S. government. Estimates range from under 10,000 to more than 20,000, which could make private contractors the largest U.S. coalition partner ahead of Britain's 11,000 troops.³⁰

Global Risks Strategies, a security company with about 1,100 workers on the ground is among security companies that have more personnel in Iraq than some other countries taking part in the occupation.³¹ The size and scope of the private military contingent in Iraq also cut to the heart of the most troubling questions about the Bush administration's handling of the war. They point to the administration's inadequate planning and preparation, its lack of transparency about war's financial and human cost, and its sense of denial about whether it put enough American troops on the ground to accomplish the task handed to them.

The hiring of such a large force and the ensuing casualties that it has taken outside of public awareness and discussion have served as a novel means for displacing some of the political costs of the war. Even more troubling, the growth of such an *ad hoc* market arrangement, lying outside the chain of command, makes an already tough mission even more difficult and risks lives on both the troop and the contractor side.

The private firms' role in the region continues even today, with contractors now part of the CIA/military operations attempting to run down Osama bin Laden and his associates along the Pakistan- Afghanistan border.³² But the Iraq war is where the history books will note that the private military industry took full flight. Iraq has been the biggest privatized military commitments undertaken by US where private actors have played a major role in the Great-power warfare to an extent not seen since the advent of the mass nation- state armies in the Napoleonic Age.³³

Considering that military operations are merely a continuation of foreign policy by other means, many believe that the services of the PMCs are sought after in order to perform the functions of foreign policy in 'grey areas' of operation engaging both smart strategies and corporate adventurism.

¹ David Isenberg, "A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq", *British American Security Information Council*, Research Report 2004.4, September 2004, p. 9. URL:<<http://www.basicint.org/pubs/Research/research.htm>>

² Caroline Holmqvist, "Private Security Companies: The Case for Regulation", *SIPRI Policy Paper*, No. 9, January 2005, p.1.

³ Ian Traynor, "The Privatization of War", *The Guardian*, December 10, 2003, p.1 <<http://politics.guardian.co.uk/foreignaffairs/story/0,11538,1103724,00.html>>

⁴ *Ibid.*

⁵ David Isenberg, *Op.cit.*, p. 23.

⁶ Ian Traynor, *Op. cit.*, p.1.

⁷ *Ibid.*

⁸ Patrick R. Keefe, "Iraq: America's Private Armies", *The New York Review of Books*, Vol.51, No. 13, August 12, 2004, p. 1.

⁹ Ian Traynor, *Op.cit.*, p.1

¹⁰ *Ibid.*

¹¹ James Dao, "Private US Guards take big risks for right price", *New York Times*, April 2, 2004, p.1

¹² *Ibid.*, p.2

¹³ *Ibid.*

¹⁴ Conachy, James, *Private Military Companies in Iraq: Profiting from Colonialism*<<http://www.wsw.org/article/2004/pc.mo3.shtml>>

¹⁵ Peter W. Singer, "Outsourcing War", *Foreign Affairs*, March 1, 2005, p.1

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- ¹⁶ David Shearer, "Globalization at Work: Outsourcing War", *Foreign Policy*, Fall 1998, p.12.
- ¹⁷ David Shearer, "Private Armies and Military Intervention", *Adelphi Paper*, No.316, 1998, p. 46.
- ¹⁸ US Government contracts for Contractors in Iraq.<http://www.showmenews.com/2004/Jun/20040617News022.asp>.
- ¹⁹ Contractor deaths in Iraq have steep costs for U.S. Government pays for claims related to 'war-risk hazards.' See <http://www.showmenews.com/2004/Jun/20040617News022.asp>.
- ²⁰ *Ibid.*
- ²¹ David Isenberg, "A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq", *British American Security Information Council*, Research Report 2004.4, September 2004, pp. 25-26. <<http://www.basicint.org/pubs/Research/2004PMC2iv.pdf>>
- ²² Peter W. Singer, "Corporate Warriors: The Rise and Ramifications of the Privatized Military Industry", *International Security*, Vol. 26, No.3, Winter 2001/2002, p.7.
- ²³ *Ibid.*, p. 13.
- ²⁴ David Isenberg, "A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq", *British American Security Information Council*, Research Report 2004.4, September 2004, p. 34. URL: www.basicint.org/pubs/Research/2004PMC2iv.pdf
- ²⁵ CPA Order No. 17 was subsequently revised but the essential point regarding the contractor's legal immunity remained unchanged.<<http://www.iraqcoalition.org/regulations/index.html#Regulations>>
- ²⁶ *Ibid.* Also see David Isenberg, "A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq", *British American Security Information Council*, Research Report 2004.4, September 2004, p. 63. <http://www.basicint.org/pubs/Research/2004PMC2iv.pdf> A set five legal options for seeking prosecution of the activities uncovered at Abu Ghraib have been listed.
- ²⁷ Peter W. Singer, "Outsourcing War", *Foreign Affairs*, March 1, 2005, p. 5
- ²⁸ "Titan Wins \$225 million Department of Defense Joint Intelligence Support Contract", Titan Corp. July 23, 2004.URL: <http://www.defense-aerospace.com/cgi-bin/client/modele.pl?prod=43022&session=dae.4430928>
- ²⁹ Jim Krane, "Private Firms Do US Military's Work", *Associated Press*, October 29, 2003, p.1
- ³⁰ *Ibid.* p.1
- ³¹ David Isenberg, "A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq", *British American Security Information Council*, Research Report 2004.4, September 2004, p. 35. <<http://www.basicint.org/pubs/Research/2004PMC2iv.pdf>>
- ³² *Ibid.*, p.2
- ³³ *Ibid.*