

War, Incorporated: Private, Unaccountable and Profitable

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War is being privatized at an accelerating rate. While it was initially argued that privatization would lead to cost savings, given the exorbitant salaries paid to private military contractors support for this argument is difficult to find. This paper suggests that the benefits from privatizing war accrue to the political and economic elite in that privatization reduces the political costs of war, allows for state crimes to be committed by proxy, turns war into a free crime zone, and has created new opportunities for war profiteering. However, the benefits to the political and economic elite are not without their costs to the remainder of the population. Bringing the profit motive to the battlefield has introduced a new agent to war whose incentives differ from those of the US military. The capital accumulation process impels companies to expand their markets in order to survive and grow, focus on efficiency in order to maximize profits, and concentrate on fulfilling the contract terms in order to acquire more business. The paper demonstrates how the introduction of these motives has negatively impacted the war in Iraq and foreign affairs.

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During Gulf War I, the ratio of private contractors to military personnel was approximately one in fifty eight. By Gulf War II that ratio increased to one in six (Avant, 2006). As these statistics indicate, war is being privatized at an accelerating rate. Yet, most Americans had no idea that private military contractors (PMCs) were present in Iraq until four Blackwater employees were murdered and mutilated in Fallujah on March 31, 2004 and the carnage was televised around the world.

US citizens were ignorant of the privatization of war because it occurred behind closed doors within the executive branch of the government without public debate. In 1992, Dick Cheney, then Secretary of Defense, paid Brown and Root, a subsidiary of Halliburton, \$3.9 million to produce a classified report on the feasibility of using private contractors for basic logistics in potential war zones. That same year Brown and Root won a five year contract to implement its own plans in war zones such as Somalia and Kosovo (Hartung, 2004a; Johnson, 2003; Singer, 2003). The privatization of war accelerated during the Balkans war, where Halliburton built bases, served meals and maintained vehicles while MRPI, another PMC, trained Croatian forces (Hartung, 2004a).

While ostensible cost savings from replacing a large standing army with temporary contract workers for logistics, maintenance, etc. was an initial argument for privatization, in a 2003 GAO report on the subject, cost savings was not even listed as a rationale why PMCs are used (Avant, 2004; GAO, 2003; Singer, 2003).¹ In fact, given

¹ Rather the GAO listed the following reasons: the need to by pass limits on the number of military personnel that can be deployed, the desire to gain specialized

the huge difference between salaries in the US Army and those of PMCs, it is difficult to believe that corporate mercenaries will save taxpayers money. The base pay for an experienced Army corporal of three years is \$55.5 per day assuming a seven day work week, while an American employee of the PMC Triple Canopy makes between \$400 to \$700 per day in Iraq (Bergner, 2005; Gutman, 2004).

If PMCs will add to the financial costs of war, not subtract from them, the payback from privatizing war must lie elsewhere. This paper argues that the benefits from privatizing war do not accrue to the taxpayer, but rather to the political and economic elite in that privatization reduces the political costs of war, allows for state atrocities to be committed by proxy, turns war into a free crime zone, and has created new opportunities for war profiteering. However, the benefits to the political and economic elite are not without their costs to the rest of us.

Bringing the profit motive to the battlefield has introduced a new agent to war whose incentives differ from those of the US military. PMCs do not go to war to pursue US policy, or to defend their nation, or out of a sense of patriotic duty. They go for one reason alone, to make money. As in all endeavors motivated by profit, conflicts between serving the best interests of the client and making money, taking the most ethical course of action or increasing revenues or decreasing costs, etc. will arise. This paper demonstrates that the antinomies between increasing profit and serving the nation has impacted the conduct of the Iraq War and foreign affairs in a negative way.

The paper proceeds as follows. The role of neoliberalism in rationalizing and legitimizing the privatization of war will be discussed first. Next, the paper will examine technical skills, and the wish to conserve scarce resources for future deployments (GAO, 2003).

the benefits to the political and economic elite from the privatization of war. First, the privatization of war reduces the political costs, making war appear to be a less risky endeavor. Second, PMC contracts are secret and beyond democratic control, allowing the executive branch of the US government to employ mercenaries to carry out covert activities, while creating conditions for plausible deniability. Third, PMCs operate in an atmosphere of legal ambiguity making their employees virtually untouchable by the law. An unaccountable mercenary force that operates with immunity allows the executive branch of the government to exert whatever level of coercive force is deemed necessary to achieve the desired result. Fourth, the paper describes how through the privatization of war the US political elite has been able to outsource death to foreign others, decreasing the political costs of war, while simultaneously allowing the economic elite to generate huge profits through unscrupulous labor practices. Lastly, the paper presents some of the consequences from privatizing war, such as issues surrounding PMC market expansion and human rights, and the impact on the course of the Iraq war and foreign relations from PMC cost cutting and contractual pressures.

THE PRIVATIZATION OF WAR

The privatization of war could not have occurred without legitimating practices and norms already existing in society. One of these is the increasing trend towards privatizing security in general. One of the hallmarks of the modern state was its claim to be the core apparatus for the governance of social life through commanding the institutions that could legitimately use violence (Johnson, 2000; Zedner, 2006). The establishment of a public police force in the nineteenth century helped to solidify the modern state's control of the social by allowing its authority to have a clear presence in

the community (Johnson, 2000; Jones & Newburn, 1998). As a result of the modern state being ideologically constructed as possessing a monopoly on violence, for many years the state served as the primary referent point for understanding policing institutions.

However, as the costs of providing collective internal security spiraled out of control, the state started holding citizens responsible for their own risk management by promoting personal responsibility and private insurance (Sheptycki, 1998; Zedner, 2006). As security became a marketable commodity, the provision of social control transferred away from the state towards private forms (Johnson, 2000; Sheptycki, 1998). These processes were fostered by neoliberalism, which created a permissive environment in which the privatization of security could flourish (O'Reilly & Ellison, 2006). Neoliberalism views commercial enterprise as the definitive form along which most institutions should be modeled (O'Malley, 1997). As such, it marks as irrational a state that continues to engage in activities that the private sector could perform.

However, while the state has been relinquishing its responsibility for protecting the citizenry, it has attempted to maintain control of security governance (Johnson, 2003). This is due to the fact that while neoliberalism has not created a robust global economy for the many, it has succeeded in restoring power to the economic elite and making them much richer (Harvey, 2005; Tabb, 2003). A coercive law and order state that relies on mass incarceration of the economically excluded for social control has emerged in order to protect the haves from the have-nots (Gill, 2003; Giroux, 2005; Giroux & Giroux, 2006; Lipman, 2006). Programs such as "No Child Left Behind" in the US which rely on an enforced school curriculum, standardized testing and penalties for poor performance, contribute to legitimizing state surveillance and punishment as normal practices (Lipman,

2006). Security in a disciplinary, not social sense, has become the focus of neoliberal government activity (Steinmetz, 2003).

Under neoliberalism a state's function is being reduced to surveillance, repression and coercion, creating the need to enlarge the security apparatus. Further, the end of the Cold War brought with it a plethora of new security concerns (e.g., terrorism, transnational crime, etc.) which the federal government lacked the resources or expertise to combat (Krahmann, 2003). The pervasiveness of neoliberal market ideology ensured that the federal government would look to the private sector to fulfill the increased demands for security services.

However, not only has neoliberalism created the demand for a authoritarian state and the rationale for outsourcing suppression, it has also changed the nature of empire. The neoliberal version of imperialism is concerned with the spread of markets, not the territorial expansion of nation states. A denationalized imperialist war will need mercenaries to fight it (Rutherford, 2005). Yet for legitimacy sake, these mercenaries cannot be the ragtag bands of old, but rather sophisticated businesses with board of directors, marketing literature, websites, etc.. In sum, the privatization of war is an outgrowth of the privatization of security in general, and of neoliberalism which requires repression for social control but simultaneously demands minimal interference from the state, creating the need for a market for force. The next section discusses some of the benefits accruing to the political elite from the privatization of war.

REDUCTION OF POLITICAL COSTS AND RATIONALIZATION OF FOREIGN POLICY

Privatization first and foremost decreases the political costs of war by rendering invisible many of the sacrifices and hence silencing some disapproval. First, PMCs decrease the number of troops that need to be called up, limiting the criticism and political friction from reservists, who often complain the loudest (Bianco & Anderson Forest, 2003; Mayer , 2004; Singer, 2003, 2005). Second, contractor casualties are not listed on public roles, making one of the primary costs of war, death, less visible (Singer, 2004a, 2005). Third, the use of PMCs allows the executive to shift part of the cost of the war to another budget. For instance, in Iraq the cost of PMCs are primarily in the reconstruction budget (Gutman, 2004). Hence, PMCs allow the ruling elites to decrease political interference with the use of force by reducing the visibility of a war's consequences to the US public.

However, the reduction of political costs is not the only benefit to the political elites from the privatization of war. Since the beginning of the war on terror, the leaders of the US have become increasingly reckless and violent, blatantly violating every global norm they declare to uphold (Boggs, 2003). While criminal behavior in the conduct of foreign affairs is not new, what has changed is the emphasis away from obfuscating and denying offenses to trying to manage them in order to minimize legal or political interference (Jamieson & McEvoy, 2005).

Privatization is one mechanism by which the executive branch of government can minimize public interference with the conduct of foreign affairs by contracting out state functions to entities that are democratically unaccountable. All one needs to start a PMC is an export license from the State Department's Office of Defense Transitions Assistance. Congress is notified of contracts awarded by the this office only if the

amount exceeds \$50 million. The State Department will not provide information on contracts given to PMCs due to their proprietary nature. PMCs will not disclose the contract's contents without government approval. The contracts are not subject to the Freedom of Information Act. While the Department of Defense is required by law to answer Congressional and press inquiries when US troops are deployed abroad, PMCs are not (Baum, 2003; Macomber, 2004; Mayer, 2004; Singer, 2003; Vest, 2001). Lastly, many PMCs require their employees to sign agreements that include fines up to \$250,000 if they discuss details of the contract or their work with outsiders (Neff & Neff, 2004; Sizemore, 2006; Witter, 2006).

Hence, privatized warfare allows the executive to “rationalize” foreign policy by bypassing the inefficiencies of democracy or just overriding democratic resolutions (Singer, 2003, 2005). As even the GAO (2003) admitted, PMCs allow the executive to get around Congressional restrictions on US troop deployments. For example, when Congress constrained the US involvement in Bosnia to 20,000 troops, the executive overrode this limit by hiring 2,000 private contractors. Similarly, the executive circumvented the Congressional upper bound on troops for the war on drugs in Columbia through the use of PMCs (Macomber, 2004; Wayne, 2002).

While the Bosnia limit was primarily the result of Congressional concern regarding the loss of US soldiers' lives, in Columbia Congress did not want the US to be perceived as supporting a military with an egregious human rights record (Singer, 2003; Yeoman, 2003). Thus, PMCs give the executive the flexibility to conduct foreign policy at a distance with the cover of plausible deniability. Unlike CIA front companies, etc.

these firms are not tied to the government and have no direct connection to the budget (Avant, 2004; Singer, 2003; Yeoman, 2003).

The case of Military Professional Resources Inc.'s (MPRI) contract in Croatia is illustrative of this point. Some members of the US State Department thought the Balkans war could be brought to an endgame by strengthening Croatia and countering the Serb's dominance. However, a 1991 UN arms embargo prohibited the sale of weapon systems or military training to any of the warring parties in the former Yugoslavia. It was under these circumstances that the Pentagon referred the Croatian Defense Minister to MPRI, a PMC that once boasted to have "more generals per square foot than the Pentagon" (Williams, 2004). While MPRI was ostensibly hired to merely offer advice to the Croatian military about the role of armed forces in a democratic society, just months after its arrival the Croatian army launched a series of bloody attacks against the Serbs. In a massive offensive in August, 1995, called Operation Storm, the Croatian army revealed that it had been transformed from a ragtag militia into a highly professional fighting force. While the assault, which violated a UN cease fire, left 170,000 people homeless and generated numerous reports of human rights violations including ethnic cleansing, it played an important role in reversing the tide of the war in a way that was consistent with US policy (Avant, 2005; Brayton, 2002; Silverstein, 1997; Singer, 2003; Wayne, 2002; Yeoman, 2003).

Although MPRI denied any involvement in Operation Storm, according to Roger Charles, a retired Marine lieutenant colonel and military researcher:

No one country moves from having a ragtag militia to carrying out a professional military offensive without some help. The Croatians did a good job of coordinating armor, artillery and infantry. That's not

something you learn while being instructed about democratic values (quoted in Silverstein, 1997, p. 14).

In sum, privatization allows the executive branch of the US government to hire a mercenary force that is unaccountable to the public. As a result, actions that would not receive democratic support can be carried out within conditions of plausible deniability, giving the executive branch of government incredible flexibility in the conduct of foreign affairs. However, increased secrecy is not the only benefit accruing to the political elite from the privatization of war. As the next section demonstrates, PMCs operate in an atmosphere of legal ambiguity making their employees virtually untouchable by the law. A mercenary force with legal immunity allows the political elites to use whatever level of violence is deemed necessary to create desired results.

WAR AS FREE CRIME ZONE

Given that the employees of PMCs are civilians, they are not subject to the military code of justice and they cannot be court marshaled (Bianco & Anderson, 2003; Hartung, 2004a; Singer, 2004b; Yeoman, 2003). As a result, these employees exist in a legal gray zone. Normally, a civilian's crimes fall under the laws of the nation in which they are committed, however PMCs are frequently operating in failed states where there is no local authority (Singer, 2004b; 2005; Trayor, 2003). Hence, crimes committed by PMC employees tend to go unpunished.

This is obvious in Iraq where not a single PMC employee has been prosecuted or punished for a crime despite the fact that over 20,000 of them have been there for over three years and that L. Paul Bremer, the former leader of the Coalition Provisional Authority in Iraq, issued an order that contractors are subject to the law of their parent country (Singer, 2005; Price, 2006). As Singer (2005, p. 4) notes, "Either every one of

them happens to be a model citizen, or there are serious shortcomings in the legal system that governs them.” However, one of the unique characteristics of the PMC market is that almost all employees are ex-soldiers (Singer, 2003) and according to Johnson (2004, p. 107), “Crime and racism are ubiquitous in the military.” It is difficult to believe that while hundreds of soldiers in Iraq have been prosecuted for crimes ranging from drinking to murder, the ex-soldiers employed by PMCs have done nothing wrong (Price, 2006).

Evidence indicates that the employees of PMCs have committed crimes in Iraq with no consequences. For instance, it is known that employees of PMCs have been involved in many shootings in Iraq, including at least one fatality in which the rules of engagement were not followed, yet no one has been prosecuted (Miller, 2005; Price, 2006). Further, an egregious example of unaccountable crime occurred in Bosnia, where employees of DynCorp allegedly bought and sold women and girls, some as young as twelve years old, as sex slaves, even videotaping a rape. Clearly, rape and human trafficking are illegal, nonetheless the employees were not prosecuted, they were simply fired and sent home (Macomber, 2004; O’Meara, 2002a; Wayne, 2002). In response to these crimes, DynCorp required its recruits to acknowledge in writing that “human trafficking and involvement with prostitution are considered illegal by the international community and are immoral, unethical and strictly prohibited” (Crewdson, 2002).

In addition, the nature of the work implies that disreputable players looking for the cover of legitimacy will apply. As a result, PMCs have made “mistakes” in recruitment for positions in Iraq. Hart Group and Erinys both hired men who were former assassins from apartheid South Africa, ArmorGroup employed a past member of a loyalist paramilitary group in Northern Ireland and SAIC engaged four previous

corrections officials who had been involved in prisoner abuse (Chatterjee, 2004; Yeoman, et al., 2004). Further, according to Holland (2006, p. 1), “One Special Forces operator told Amnesty International that some contractors are in it just because they ‘really want to kill somebody and they can do it easier there ... [not] everybody is like that, but a dangerously high element.’”

Given that the employees of PMCs carry guns in the chaos of a war zone, are not subject to prosecution if they commit crimes, and possibly have a high propensity to do so, one would think that if the US government cared about the citizens of an occupied country they would keep careful tabs on PMCs. However, this is not the case. No one in the US government knows for sure how many PMCs are operating in various war zones, nor does anyone know what they are doing (Bergner, 2005; Miller, 2005; Singer, 2004c). Such a lackadaisical attitude on the part of the political elite implies that there may be benefits from establishing conditions in which unaccountable crime can take place.

The outsourcing of interrogation and translation services at Abu Ghraib is informative here. All of the translators and half of the interrogators at Abu Ghraib were private contractors working for Titan and CACI (Singer, 2005). While Titan and CACI employees were alleged to have been involved in the torture of prisoners that took place there, no criminal charges have been brought against them (Anonymous, 2005; Ante & Crock, 2004; Borger, 2004; Hartung, 2004a,b; Niman, 2004; Pugliese, 2005; Yeoman, et al., 2004). In fact, according to Singer (2005, p. 5), “Indeed, the only formal inquiry into PMF wrongdoing on the corporate level was conducted by CACI itself. CACI investigated CACI and, unsurprisingly, found that CACI had done no wrong.” By privatizing interrogation to unaccountable PMCs and looking the other way, the

conditions for torture, which the Bush Administration deems necessary to win the war on terror, were set. In fact, according to McKelvey (2006, p. 3), “Some legal experts think contractors may have been hired to assist with harsh interrogation techniques specifically because they were not subject to the same legal standards as military personnel.”

In addition, by outsourcing war to PMCs, the US political elite can employ ex-soldiers and police officers from some of the world’s most repressive regimes - apartheid South Africa, Pinochet’s Chili, Milosevic’s Yugoslavia, and Argentina’s Dirty War – in their war on terror through their proxies (Bergner, 2005; Franklin, 2004; Navaer, 2004; Pugliese, 2005; Yeoman, et al., 2004). Richard Goldstone, a South African who served as the chief prosecutor for the UN war crimes tribunal for former Yugoslavia and Rwanda, was revolted when he learned that South African mercenaries were working in Iraq (Yeoman, et al., 2004). Goldstone stated:

The mercenaries we’re talking about worked for security forces that were synonymous with murder and torture. ... My reaction was one of horror that that sort of person is employed in a situation where what should be encouraged is the introduction of democracy. These are not the people who should be employed in this sort of endeavor (quoted in Yeoman, et al., 2004, p. 33).

Yet, they are. In sum, privatization has made war a free crime zone for the employees of PMCs, meaning kidnap, torture, murder, rape, human trafficking, etc. are given a blanket check of approval. As the US becomes a rogue nation, openly defying international laws and customs, and even the will of its own citizens, it will need an unaccountable mercenary force that operates with immunity in order to exert whatever level of coercive power is deemed necessary to achieve the desired result. The next section describes how through the privatization of war the US political elite has been able to outsource death to foreign others, decreasing the political costs of war, while

simultaneously allowing the economic elite to generate huge profits through unscrupulous labor practices.

OUTSOURCING DEATH AND UNSCRUPULOUS LABOR PRACTICES

The ideology of corporate globalization holds that it is capital's inalienable right to search the globe for the lowest possible labor costs. As the forces of neoliberal globalization have been unleashed on war through its privatization, it is not surprising that the owners and managers of PMCs, in particular those with logistics contracts, have tried to increase their returns by recruiting labor from countries plagued by poverty and, as a result, willing to work for miniscule wages.

The structural adjustment programs of the World Bank and other neoliberal institutions have led to such social deprivations, that poverty, which used to be cultural and relative, is becoming absolute and life threatening (Shiva, 2005). If we simply focus on the children of the world, 1 out of 2.2 billion live in poverty, 640 million do not have adequate shelter, 400 million lack access to safe water, and 270 million go without health care (Shaw, 2006). Further, according to UNICEF, 30,000 children die each day due to poverty. They "die quietly in some of the poorest villages on earth, far removed from the scrutiny and the conscience of the world. Being meek and weak in life makes these dying multitudes even more invisible in death" (quoted in Shaw, 2006). Such destitution has created a reserve labor force in the global south that is willing to risk their lives in a war zone to earn as little as fifty cents an hour (Hess, 2005; Rarabici, 2006). According to one Philippine soldier working in Iraq, it is "better to become a mercenary rather than join a kidnap-for-ransom gang or a bank robbery syndicate" (quoted in Robles, 2006, p. 12).

While most of the Iraqi logistics, reconstruction and security contracts have been awarded to companies from the US or other Western nations, a large percentage of the work is being done by migrant workers from the global south. These migrant workers are referred to as third country nationals or TCNs for short. For example, Kellogg, Brown & Root (KBR), a US firm, won the contract to provide base construction and services, such as food and laundry, to the troops stationed in Iraq (Chatterjee, 2004). Of the forty eight thousand employees working for KBR in Iraq, thirty five thousand are TCNs (Simpson, 2006).

Most TCNs in Iraq were hired through a shadowy maze of recruiters and labor brokers in several different countries. Typically, the recruiters scour the rural areas and cities of desperately poor nations, enlisting workers by promising them jobs in wealthier countries. The workers are frequently charged exorbitant broker's fees for which they need to borrow money to pay (Miller, 2006). Many of the TCNs in Iraq were tricked into going there by recruiting agents who told them they would be working in Kuwait or Jordan. Once in Iraq, they cannot quit their jobs and return home because they have no other way to pay back the loans for the broker's fees. Further, to prevent them from leaving, many of the employers confiscate their passports (Cha, 2004; Chatterjee, 2004; Phinney, 2005; Simpson & Madhani, 2005).

While Americans make between \$70,000 and \$100,000 per year, sleep in air conditioned trailers, drink bottled water, eat in cafeterias, and are issued helmets and bulletproof vests; TCNs, on the other hand, make between \$64 and \$122 weekly, sleep in crowded trailers and tents, drink Iraqi tap water, are fed slop and receive no workplace protection (Ahles, 2004; Cha, 2004; Phinney, 2005; Simpson & Madhani, 2005). As Cha

(2005, A01) notes, “The vast differences in the recruiting, compensation, accommodations and protection of some foreigners versus their American counterparts is raising uncomfortable questions about how companies calculate the value of life in Iraq.”

Such practices, led to a Department of Defense inspection of PMC contracting activities in Iraq. The inspection revealed violations of human trafficking laws and other abuses including all those listed above - the withholding of TCNs passports, deceptive hiring practices, excessive fees paid to job brokers and substandard living conditions. An April 19, 2006 memorandum from the Joint Contracting Command – Iraq/Afghanistan ordered all contractors and their subs to cease and desist in the practice of withholding passports or face serious consequences (Simpson, 2006).

While KBR is the primary contractor for logistics in Iraq, much of the effort has been delegated to over 200 subcontractors who in turn contracted out more of the work (Simpson, 2006). Just as the outsourcing of war provides the US political elite with the cover of plausible deniability should things go wrong, this layered system of subcontracting allows Western PMCs to bolster their bottom line through the use of cheap labor, while outsourcing the human rights violations required to do so. As war become more unaccountable, it also becomes more profitable.

However, PMCs are not the only beneficiaries from the outsourcing of a war’s grunt jobs to TCNs. The US political elite benefit from the hiring of foreign “others” by rendering many of the deaths required for the war effort in Iraq invisible. If the US Army was providing the logistics for the war, the deaths of people serving food or doing laundry would appear in the official count. However, the deaths of TCNs do not make the public role.

In sum, globalization combined with the privatization of war has set the conditions for the economic elite to reap exorbitant profits through unaccountable and unscrupulous labor practices, while simultaneously decreasing the costs of war to the political elites through the outsourcing of death. The last section of the paper demonstrates that the impact of privatization on war and foreign affairs has not been innocuous. Both are changing as a result of introducing profit seeking behavior.

THE CONSEQUENCES OF PRIVATIZING WAR

As noted in the introduction, PMCs did not go to Bosnia, Croatia, Iraq, Columbia, etc. to pursue US policy, or support the front line soldiers, or out of a sense of patriotic duty. They went for one reason alone, to make money. Further, PMCs are not accountable to a nation, like a sovereign military, but to an employment contract and the market place. Unfettered by political constraints, war is a business opportunity. As in all endeavors motivated by profit, conflicts between doing the right thing and increasing the bottom line will arise.

For example, market expansion is necessary for a firm to continuously accumulate capital. In the mercenary business, however, market expansion and US strategic interests may not always align. MPRI's contract with Equatorial Guinea to evaluate its defense department and determine the need for a coast guard illustrates this point. In 1998, when MPRI first applied for a license to work with Equatorial Guinea the State Department rejected the request listing the country's poor human rights record as a reason. In Equatorial Guinea, gatherings of ten or more people are illegal, and citizens have been tortured for possessing photocopies of foreign newspaper articles. Further, in 1995

Washington closed its embassy there and in 1999 the International Monetary fund pulled the plug on assistance because of government corruption.

Nonetheless, after two years of intense lobbying the State Department reversed its position and issued a license to MPRI. MPRI persuaded the State Department to do so by arguing that its training could help Equatorial Guinea improve its human rights record, and its presence in the country would position the US positively for access to the oil reserves there. MPRI also reasoned that if it did not get the contract, another company would, and that company may not have the US interests at heart (Avant, 2005; Dare, 2002; Singer, 2003; Wayne, 2002; Yeoman, 2003). MPRI has since been acquired by L-3 Corporation. As a subsidiary of a major conglomerate, the company will become even less responsive to the needs of the US government and more reactive to the desires of institutional investors, who want constant growth and high stock prices (Singer, 2003). If industry expansion lies with human or drug traffickers or rogue states, will profits or honor dominate?

Another complication introduced to war by the profit motive is that the objectives of PMCs and those of the military differ. A PMC is concerned with efficiency, the military with effectiveness. One of the most dramatic examples of the consequences of introducing efficiency concerns to the war theatre is Blackwater's role in the Battle of Fallujah. Fallujah was considered so dangerous that the military division in charge of the area would not conduct a patrol, even in the countryside, without at least three vehicles with eight or more soldiers in each, guns covering every angle. Yet, on March 31, 2004 four Blackwater employees in two separate vehicles, escorting three empty trucks drove right through downtown. Employees of security firms in Iraq are an easy mark for the

insurgents because they all drive new SUVs with tinted windows. (Democracy Now, 2006; Price, et al, 2005). As the employees drove through town in heavy traffic, a group of men with AK-47 assault rifles sprang into the street and fired so quickly the contractors had no time to react. The vehicles were set aflame, and when the fires died down, people pulled the contractors' dead bodies out of the SUVs, hitting and kicking them, eventually hanging two of the charred corpses from a bridge. Arab journalists captured the episode on videotape which would be seen around the world (Price, et al, 2005).

The killing of the four Blackwater employees changed the course of the war. The marines in charge of the area had planned to win the hearts and minds of the residents by living in town in small groups, building relationships with the locals, and distributing money for reconstruction projects. Instead, the White House, who viewed the murders as a threat to American resolve, ordered the military to change tactics and pound the city into submission, even though the US Marine General responsible for the area opposed the attack. The violent response, rather than quelling the insurgency, drew more Iraqis to its ranks (Anonymous, 2004; Chandrasekaran, 2004; Democracy Now, 2006; Harnden, 2004; Price, et al, 2005; Sizemore & Kimberlin, 2006b).

A lawsuit filed by the surviving relatives of the slain Blackwater employees alleges that the attack was a result of Blackwater failing to follow the terms of the contract with ESS, the company they were escorting trucks for. The contract called for three men per team. Because the men were sent out in two man teams, they did not have a rear gunner, allowing for an ambush from behind. The original contract between Blackwater, Regency and ESS called for armored vehicles to be used. Blackwater

subsequently drew up a subcontract with Regency, unbeknownst to ESS, which removed the requirement for armored vehicles, saving Blackwater \$1.5 million. Lastly, Blackwater refused to buy machine guns that could fire 850 rounds per minute, as required by the contract, instead issuing lighter and cheaper semiautomatics (Anonymous, 2004; Democracy Now, 2006; Price & Neff, 2004, 2005; Price, et. all, 2005; Scahill, 2006).

According to independent journalist Jeremy Scahill, “Had they had a rear gunner, had they had armored vehicles, a very strong case could be made that they never would have been killed” (Democracy Now, 2006, p. 5). If the allegations are correct, then the battle of Fallujah, which changed the course of the war in a very bad way for the US, was caused by war profiteering.

PMC’s focus on efficiency has allegedly led some companies to cut costs by hiring unqualified personnel for positions crucial to the war effort. Two examples illustrate this point. First, when the US government outsourced the maintenance of US combat aircraft to DynCorp, according to several whistleblowers, the company hired former security guards, cooks, waiters, store clerks, etc. to work on the aircraft (O’Meara, 2002b). As one employee stated, “The management here is looking at the bottom line, and they surely do not seem to care what kind of person works on the helicopters. I guess that makes good business sense, but to me not at the cost of our servicemen and women” (O’Meara, 2002b, p. 12).

Second, as the number of suspects brought to Abu Ghraib exploded, CACI was forced to hire a large number of interrogators quickly (Borger, 2004; Schooner, 2005). According to Torin Nelson, a former private interrogator at the jail, “the quality of

CACI's interrogators dropped sharply as demand rose" (Borger, 2004, p. 4). Further, Susan L. Burke, a lawyer who has filed a lawsuit against Titan for its alleged complicity in the torture at Abu Ghraib, stated:

There will be a huge paper trail about their intent to make money and their failure to train or supervise their employees and their reluctance to pull people out of the theater when things went wrong. Titan and CACI want to make money. They sent untrained interrogators and translators over to the theaters even though they were dangerous to the prisoners (quoted in Anonymous, 2005, p. 14).

However, Abu Ghraib also represents another contradiction introduced to war through the profit motive. In order to win future contracts companies must demonstrate that they can produce the results desired by the US government. At Abu Ghraib, the desired output was intelligence. Hence, the law suit mentioned above also alleges that Titan and CACI engaged in heinous and illegal acts in order to prove their ability to gain useful knowledge from detainees and thereby obtain more contracts from the government. According to Susan L. Burke:

We believe that CACI and Titan engaged in a conspiracy to torture and abuse detainees, and did so to make more money. It is patently clear that these corporations saw an opportunity to build their businesses by proving they could extract information from detainees in Iraq, by any means necessary (Center for Constitutional Rights, n.d.).

Blackwater's actions to fulfill its contract to protect Paul Bremer also illustrates how focusing on the narrow pursuit of satisfying the terms of the contract can negatively impact the broader quest of winning the war. Blackwater's reputation and prospects for future business would have been severely tainted if Paul Bremer had been killed by the insurgency. As retired Marine Cornel Thomas X. Hammes stated, "Can you imagine being Blackwater, trying to sell your next contract, saying, 'Well, we did pretty well in Iraq for about four months, and then he go killed'" (Frontline, 2005). If you are a

government or company looking to protect key people, you will probably select a firm with a better track record.

However, in order for Blackwater to ensure that Bremer stayed alive, they needed to use very aggressive tactics. They habitually pointed guns at Iraqi men, women and children to keep them at bay and their high speed convoys frequently ran Iraqis off the road. In so doing, Blackwater alienated ordinary Iraqis, hurting the military's counterinsurgency effort (Frontline, 2005; Miller, 2006; Sizemore & Kimberlin, 2006). As Hammes noted, "You may lose an ambassador in an insurgency ... but you have other ambassadors. You don't get another shot at the insurgency" (Frontline, 2005).

Another contradiction introduced to war through the capital accumulation process is the fact that the market is morally indifferent, while people are not. Abu Ghraib yet again illustrates this contradiction. While the international reputation of the US was severely tainted by the Abu Ghraib scandal, the market's reaction to Titan and CACI was close to indifference. Although CACI's stock price did initially suffer, according to an article in *Business Week*:

The company's fundamentals have remained intact, so no one on the Street, even with the prisoner-abuse scandal, has yet to turn very negative. And over time, if CACI can shake off the Abu Ghraib connections, the stock might stage a comeback (Tsao, 2004).

Further, in July, 2005 when L-3 Communications announced it had reached an agreement to acquire Titan, "investors appeared to cheer the deal" (Ross Sorkin, 2005). After all, Titan had a backlog of more than \$6.6 billion in contracts with the US government far outweighing a prison abuse scandal (Ross Sorkin, 2005). Given that PMCs are answerable to a contract and a market that is indifferent to how results are produced, how ruthless and heinous will future wars directed by the market become?

However, the severe suffering of many Iraqis and the damage to the international reputation of the US, were not the only costs of allowing market forces to direct activities at Abu Ghraib. According to Anthony Zinni, retired US Marine Corp general who served as chief of the Central Command for the US military headquarters for the Middle East from 1997 to 2000, “The most angry groups I saw were the marines and soldiers who were out in the villages and provinces who were trying desperately to connect with people, to build credibility. To them Abu Ghraib pulled the rug out from under them” (quoted in Miller III, 2006).

In sum, the capital accumulation process impels companies to expand their markets in order to survive and grow, focus on efficiency in order to maximize profits, and concentrate on fulfilling the contract terms in order to acquire more business. This section provided examples of how the introduction of these motives to war and foreign affairs has added behaviors which have negatively impacted the possibility for peace in Iraq and the world’s opinion of the US. While the privatization of war shifts more power to the political and economic elite and makes them richer, the contradictions introduced through privatization may destroy the credibility of their hard power base.

CONCLUSION

This paper demonstrated that while the paybacks from privatizing war accrue to the political and economic elite, the negative consequences are born by others. The political and economic elite have gained in general from the increased secrecy and unaccountability privatization yields them. Privatization has allowed the political elite to mask the cost of war by outsourcing death to US contractors and foreign others. It has also increased the opportunities for state crime to be committed by proxies while

establishing conditions for plausible deniability. It has unleashed a new force on the war theatre that is able to act with legal immunity, allowing for transgressions to take place. Lastly, it has opened up new avenues for profiteering through unscrupulous labor practices.

On the other hand, the consequences from privatization, such as the torture at Abu Ghraib and the Battle for Fallujah, have not been born by the political and economic elite but by Iraqi citizens, US military personnel and their families, and the people of the world whose hopes for a quick end to the war were shattered. Further, while the privatization of war has opened up employment opportunities for the destitute of the global south, it has required the assumption of great personal risk on the laborer's account and has demonstrated the expendability of such workers.

While the privatization of war continues unabated, essential questions such as what will these firms do once the contracts in Iraq end, is it wise policy to allow a corporation that builds weapons systems to have its own paramilitary force, such as Northrop Grumman's purchase of Vinnell, etc. have not been asked. Further, Blackwater was able to capitalize on the media attention from Fallujah to become one of the most profitable PMCs in Iraq (Scahill, 2006). Will the profit motive drive PMCs to put their employees in positions of great risk in order to produce spectacular media grabbing results and how will such publicity stunts impact war? If laissez-faire continues, the capital accumulation process will answer these questions. We need to decide soon whether or not we want the market to fight wars for us.

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