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GENERALS IN THREE-PIECE SUITS – CONTRACTORS IN CAMOUFLAGE:

A CRITICAL ASSESSMENT OF CONTRACTORS IN IRAQ

by

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ABSTRACT

GENERALS IN THREE-PIECE SUITS – CONTRACTORS IN CAMOUFLAGE: A CRITICAL ASSESSMENT OF CONTRACTORS IN IRAQ

Wyman E. Shuler, III
Old Dominion University, 2008
Director: Dr. Regina Karp

Contractors compose part of the total force for U.S. warfare capability in Iraq.

Some augment U.S. warfare capability; others do not. Some of the contractors are controlled by the military; others are controlled by civilian (nonmilitary/political) government agencies. The problem: Who are the contractors and how has the nature of government oversight and control over contractors determined whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War?

Argument: It is the degree of government control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability. Ultimately the findings support this argument.

My method is a single case study that compares two groups of individual cases. The first group is composed of firms that have military contract administrators; the second has nonmilitary/political administrators. The individual cases are framed by a research question set to trace contractor control and contributions to changes in warfare capability. The firms are identified by function type and contract administrator.

The military had procedures for controlling contractors when the war started, but failed to follow through on them. Contractor fraud and the Abu Ghraib scandal were the result. With congressional oversight and military control, contractors contributed to the size of the military force structure and augmented warfare capability. Contractors modernized military capability with technology support; in addition, they provide

specialized skills such as language capability and oil well maintenance. All of these functions augment warfare capability. However, both military dependence on contractors and contractor lobbying are fundamental threats to military readiness and warfare capability.

Nonmilitary/political administrators had no force structure, plans, or procedures for contractor control at the start of the war; control policy was written as an afterthought. Contractors provided the force structure, building skills, and police training essential for the warfare capability goal of rebuilding and stabilizing Iraq. However, armed security firms that were used to protect rebuilders became a threat to political order because the nonmilitary/political control policies for contractors did not change with the political situation. Thus, the nonmilitary/political administrators' failure to control contractors is linked to the erosion of warfare capability.

To Elaine C. Holmes

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ABBREVIATIONS

AOR	Area of Responsibility
BUR	Bottom Up Review
CFT	Contract Field Teams
CIC	Commander in Chief
CPA	Coalition Provisional Authority
CPATT	Civilian Police Advisory Training Team
DOD	Department of Defense
DOI	Department of the Interior
DSS	Defense Security Service
EPSS	Electrical Power Security Service
FAR	Federal Acquisition Regulation
FFCA	Federal False Claims Act
FPS	Facilities Protection Service
GAO	U.S. Government Accountability Office
GLS	Global Linguistic Solutions
HMMWVs	High Mobility Multi-purpose Wheeled Vehicles
IECI	Independent Electoral Commission Iraq
IG	Inspector General
INSCOM	Intelligence and Security Command
IPOA	International Peace Operations Association
IRMO	Iraq Reconstruction and Management Office
IT	Information Technology

ITAR	U.S. International Traffic in Arms
LOGCAP	Logistics Civil Augmentation Program
MBO	Management Buy Out
NGOs	Nongovernment Organizations
NSPD	National Security Presidential Directive
OPF	Iraqi Oil Protection Force
ORHA	Office for Reconstruction and Humanitarian Assistance
PCO	Project and Contracting Office
PMCs	Private Military Companies
PMFs	Private Military Firms
PMO	Program Management Office
PNGDF	Papua New Guinea Defense Force
PSCs	Private Security Companies
QDR	Quadrennial Defense Review
RIO	Restore Iraqi Oil
RMA	Revolution in Military Affairs
ROCs	Reconstruction Operation Centers
SAS	Special Air Service
SIGIR	Special Inspector General for Iraq Reconstruction
SOFA	Status of Forces Agreement
SOW	Statement of Work
STAMIS	Standard Army Management Information System
UCMJ	Uniform Code of Military Justice
UKMOD	United Kingdom Minister of Defense

UNEAD	UN Electoral Assistance Division
USAID	U.S. Agency for International Development
USCENTCOM	U.S. Central Command

CHAPTER I

INTRODUCTION

There is a spirited debate about the extent and nature of the role that contractors¹ should play in the Iraq War. I argue that contractor contributions either augment or diminish U.S. warfare capability in Iraq. The key to understanding the impact of contractors on warfare capability is the nature of governmental oversight and control. Ultimately, I argue that

It is the degree of government control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

The fact that Pentagon policy now includes contractors as part of the total military force is an important national security issue. More to the point, now that contractors are a part of the total force it is important to know how contractors either augment or diminish U.S. warfare capability.² However, there have been few studies that can inform the debate. For that reason, I have taken up the challenge to analyze the contractors' specific contributions in the Iraq War in light of the numerous issues related to the fundamental debate of whether contractor contributions enhance or diminish U.S. warfare capability.

This dissertation follows the format requirements of *The Chicago Manual of Style*, 15th edition.

¹ Contractors are private actors. My preferred term for my units of analysis is contractors. I will occasionally have to refer to "private actors" or "armed private actors" or use other terms to conform to another author's description when necessary. Contractors are operationally defined as the firm and/or the employees of a firm that are of interest for this study. The contractors who provide security are armed actors, while those who are builders or who provide special expertise are not. I argue that all of these contractors' services, armed or not, can either augment or reduce warfare capability.

² Warfare capability includes both military capability and political capability, which are further defined in Chapter III. Warfare capability integrates military capability and security protection to enable or support political governance or stability. Political capabilities include the skills to build and protect infrastructure and to provide protection for people.

Hence this is a logical analysis of the relationship between government control of contractors (the independent variable) and warfare capability (the dependent variable). Warfare capability includes both military and political capability. I have answered this problem by way of structured analysis of (1) who the contractors are; (2) how they are controlled by warfare administrators;³ and (3) the specific contributions contractors have made for warfare capability in the Iraq War.⁴

Warfare capability includes both political capability and/or military capability for achieving the U.S. objectives for rebuilding and stabilizing Iraq.⁵ The administrators that control the contractors are either civil-political administrators or military administrators. Contractors' contributions can augment warfare capability in a number of ways; for example, by increasing the mass and readiness of the military force. Contractors can augment warfare capability by eliminating obstacles that would otherwise hinder military and political, tactical, and operational success. For example, contractors can help eliminate civil-political instability by training police and repairing electrical service as part of the U.S. warfare goal to rebuild and stabilize Iraq. However, the nature of contractor contributions can also diminish military and therefore warfare capability by damaging the military principle of unity of command. Contractors may also perpetrate

³ Warfare administrators are the U.S. military and civilian government officials such as the Coalition Provisional Authority. The administrators are involved with making policy decisions for the administration or governance of Iraq. Until Iraqi sovereignty was declared, the U.S. military handled most governance issues. The Coalition Provisional Authority also played a role. The issue of how contractors react with administrative governing authorities in Iraq will be further defined in Chapter III. I use the term *warfare* because civil order is out of control and the political issues have not stabilized.

⁴ The characteristics observed include the nature and function of the contractors, and how their support has impacted on U.S. warfare capability in terms of force structure, modernization, readiness, and sustainability.

⁵ The U.S. operational objectives include the removal of Saddam Hussein from power, the stabilization of the civil order, the rebuilding of infrastructure, and the establishment of a democratic form of government. The role or services performed by contractors are analyzed to answer how they augment their clients' ability to achieve both political and military objectives. The operationalization of the characteristics observed and the plan used to observe them are set out in Chapter III.

criminal acts such as fraud and human rights abuse, which diminishes domestic U.S. and Iraqi public confidence in political and military policy makers. When contractor contributions damage Iraqi perceptions of the United States, the results are at cross-purpose to the U.S. objective of establishing Iraqi stability. This dissertation takes a critical approach to analyze whether and how contractor contributions have benefited or diminished the U.S. warfare capability in Iraq.

THE PROBLEM

The best way to explain the problem of how contractors contribute to U.S. warfare capability is to start with an example. On March 31, 2004, an angry mob hung the desecrated bodies of four Blackwater USA⁶ security contract employees on a bridge outside of Fallujah in Iraq, thousands of miles from the Blackwater USA corporate headquarters, which is located in Moyock, North Carolina. When they were ambushed and killed by Iraqis, these Americans were providing armed protection for a convoy of military kitchen appliances. This incident brought instant and widespread media attention to the presence of contractors in Iraq. Why were four armed U.S. civilians involved in such an incident in Iraq? There are simple answers for the question as it relates to this specific incident. However, a more complex analysis is needed to evaluate the specific problem of whether contractors contribute to or diminish U.S. warfare capability in Iraq.

The research question, the problem I seek to answer, is this:

⁶ Blackwater USA is one of the most successful security contractor firms. The video scenes of this incident were shown worldwide on news networks. Blackwater USA is a firm that is analyzed as a case study in Chapter VI.

Who are the contractors, and how has the nature of government oversight and control over contractors determined whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War?

The research problem is focused on the administrators' control of contractors, which compose part of the total force for warfare capability in Iraq. The research problem critically addresses whether and how the contractors are controlled by their administrators, as well as the varied contributions contractors make that augment or diminish U.S. warfare capability in the Iraq War. The process of developing a detailed and exhaustive answer for the stated research question is based on (1) identifying and describing the nature of the contractor companies, which includes identifying the contractors' clients (and/or administrators) along with the functions the contractors are expected to perform; (2) identifying empirical evidence of the interactions between the contractors and their administrators, their contractual arrangements, and specifically how contractors are controlled by warfare administrators; and (3) detailing specific contractor contributions or functions that augment or detract from both the military and the political dimensions of warfare capability.

The Fallujah incident, by showing that contractors are combatants, indicates that the composition of the total force the United States is using in Iraq may have changed to integrate contracted private firms rather than the predominantly professional military force it deployed in the first Gulf War.⁷ According to Deborah D. Avant, an expert on the market for contractors, there was a ratio of one contractor to fifty-eight military members

⁷ The Quadrennial Defense Review (QDR) of 2006 states that contractors are a part of the "total force." The QDR is an important source that identifies the policies and evolving status of U.S. military capability as it is at the beginning of each new presidential term. The QDR process is covered in the literature review.

in Gulf War I; as of February 2006, the ratio was one contractor to every six military members working in Iraq.⁸

This is evidence of a dramatic increase in the numbers of contractors, but that does not fully answer how contractors change warfare capability. This is why my analysis of warfare capability includes the identification and description of the contractor companies and how they are controlled/administered. The analysis describes contractual arrangements and how contractors interact with the warfare administrators in Iraq. The warfare administrator includes the U.S. military and government officials as well as Iraqi and coalition representatives. The description of the contractors helps to establish how they are being used as instruments to augment U.S. warfare capability in Iraq.

CONTRACTOR IMPACT ON U.S. WARFARE CAPABILITY

This section introduces five factors for explaining how contractors impact warfare capability components.⁹ The five factors are resources (personnel and public funds); public opinion; political lobbying; military professionalism; and security threats. The factors are not mutually exclusive and overlap in their effect on warfare capability. Those effects can be either positive or negative, augmenting or threatening warfare capability. Therefore, understanding the potential impact of the five factors is useful for explaining how to control contractors so as to balance ways in which they augment capability while avoiding or minimizing negative effects.

⁸ Avant, "Privatization of Security," 328–29.

⁹ Warfare capability includes four components: force structure (size and composition), modernization, readiness, and sustainability. For the definitions of the components of warfare capability, see pages 21–22.

Contractor contributions that waste precious resources can erode the United States' readiness and the sustainability needed to rebuild and stabilize Iraq. At the same time, counter to this, a contractor can augment resources with modern technology and personnel who have special expertise. The potential for augmenting warfare capability is eroded when contractors become involved in the commission of a crime such as fraud or human rights abuse. Even contractors whose services are relatively inexpensive waste resources needed to augment warfare capability when they commit a criminal act such as theft of government property or when they make fraudulent claims under terms of the contract.¹⁰

Security contractors such as Blackwater USA change the composition of the force structure and add special expertise but are an expensive drain on economic resources. The engineering firm Bechtel spent more than 25 percent of the firm's contract cost on security firm support. The security cost was then paid by the U.S. Agency for International Development (USAID) contract administrator.¹¹ Therefore, the cost of security contractors threatens the resources available to pay for the warfare capability to rebuild Iraq.

Contract bidding also factors into ways in which contractors augment or threaten resources necessary to increase force readiness and sustainability. When contractors do not compete, they threaten scarce resources. Competition stimulates the free market advantages of privatization.¹² Contractor lobbying, as I will explain shortly, can have impact on competition and influence whether or not the contract acquisition or bid

¹⁰ Singer, "Outsourcing War" ; McKenzie, "Armed and Ready."

¹¹ Kelley, "GAO: U.S. Contractors"; and U.S. Government Accountability Office, *Rebuilding Iraq: Actions Needed*.

¹² For a succinct discussion of the economic issues concerning privatization and free market competition, see Hedahl, "Outsourcing the Profession."

process is fair. Therefore, lobbying and contract bidding are linked to the erosion of warfare capability.

Iraqi public opinion (support/opposition) can have impact on U.S. warfare goals in Iraq because public opinion is linked to order and stability. Public support is needed to sustain and shape the government choices necessary to achieve the U.S. security or warfare capability goal to rebuild and stabilize Iraq. Contractor behavior that threatens public support is linked to the erosion of warfare capability.

Contractor human rights abuse incidents, such as Abu Ghraib, can have a negative impact that erodes Iraqi public opinion and shapes opposition against contractors and U.S. policies.¹³ Rhetorically, Iraqi citizens can ask *why should we support U.S.-imposed order when U.S. contractors are allowed to operate above the law?* Also, contractors damage public opinion when the public sees excessive public funds spent on private security salaries instead of less expensive public police/military.

Lobbying, as noted earlier in this section, can have impact on warfare capability by influencing government decision makers and contract administrators. Contractor lobbying has helped to secure profitable contracts for the firms that pay back politicians with political donations and support. I argue that this damages public confidence in elected officials and contractors, and ultimately the damage to public confidence results in an erosion of U.S. warfare capability.

Contractor firms are active lobbyists with strong government connections. Contractors use lobbying as a tool to increase their profits. The results of mixing politics and profits can be linked to the erosion of U.S. warfare goals in Iraq. The profitable

¹³ Regan, “Trophy Video.”

relationship between contractors and politicians is easily exploited by critics of contractors. These critics can influence public support in the U.S. and Iraq, which ultimately damages warfare capability to achieve U.S. goals in Iraq.

Contractors, especially security contractors, impact on warfare capability when they erode military professionalism. Contractors can threaten military/warfare capability by competing with the military for its traditional roles. Private firms pay excessively high salaries to contract employees for skills similar to those performed by professional soldiers for their military pay. Contract firms also can damage military readiness and sustainability by hiring military personnel away from the military. In most cases the training for professional military members was expensive and time consuming. For example, special operations skills have been drained away by contractors who pay high salaries for such skills.¹⁴ The result of this competition damages the military professionalism that is essential for military capability.

Contractor impact on warfare capability is frequently centered on the legitimacy of contractors on the battlefield. The potential problems associated with management and administration of contractors have been known since the Gulf War. However, in the Iraq War the laws pertaining to the control and legitimacy of contractors are unclear, and the contractors are mostly unregulated. Armed contractors that are not regulated (out of control) can clash with regular military forces, producing devastating results that ultimately threaten warfare capability.

Unity or chain of command is a military control procedure used to coordinate forces on the battlefield. Contractors operating in the battle space outside of military

¹⁴ Singer, "Outsourcing War."

control disrupt military operations and erode military capability. A GAO report titled *Rebuilding Iraq: Actions Needed to Improve Use of Private Security Providers* (June 2005) indicates that security contractors have threatened military readiness and professionalism by instigating friendly fire clashes against regular U.S. military forces.¹⁵ The impact of such incidents damages contractors' reputations, erodes military relations, and threatens warfare capability by damaging order and stability.¹⁶

Contractors' activities in the battle space must be coordinated with the military in order to keep contractors from becoming a security threat that damages military capability. The contractors' failure to coordinate with the military has caused dissension between the two groups. The resulting damage to military and contractor professionalism further erodes force readiness and warfare capability.

Contractors diminish military/warfare capability when the military becomes dependent on contractor services, because this represents a loss of unit readiness. That is to say that the military cannot then stand to fight on its own. The inability of U.S. forces to establish order in Iraq shows that it does not have the size and composition of forces necessary to carry out civil protection or policing operations. The fact that contractors were tapped by the Pentagon civilian leadership to be part of the total force to fill the empty military "boots" is empirical evidence of U.S. military dependency on contractors to ensure a ready and sustainable warfare capability. This dependency is traceable to ways in which contractors diminish military readiness. In particular, army dependency on contractors is at cross-purposes with the general U.S. Army policy for contract support for military operations. That policy states that contractors are not intended to replace

¹⁵ Waxman, "GAO Finds Problems."

¹⁶ U.S. Government Accountability Office, *Military Operations*, 25.

force structure. Instead, contractors are to augment Army capabilities, and must be integrated into the overall support plan.¹⁷

Contractors that are not properly vetted are a security risk and therefore present a threat to readiness and sustainability, which negatively impacts on warfare capability. Contractors such as Erinys have hired non-vetted employees in Iraq. Iraq and other security employees' countries of origin do not maintain criminal records, which normally would be checked as a part of the vetting process. The ineffectiveness of the background vetting is reflected in the security problems currently posed by Erinys Iraqi guards.¹⁸ The Iraqi guards from the Facilities Protection Service were not properly vetted and have become a security threat. Contractors need to undergo security background checks before they are given responsible security protective positions.¹⁹

When contractors respond quickly to fill a critical request, there is a possibility that the employees will not be properly vetted. This is especially the case with firms that are new and not yet established. Proper background checks and vetting is time consuming and can slow a contractor's response to fill a new contract. The Coalition Provisional Authority (CPA) contracting authority signed the security firm Custer Battles to provide security for the Baghdad Airport without proper vetting. Subsequently, criminal behavior by Custer Battles executives and employees has shown how improper vetting and control of a contractor can threaten U.S. warfare capability.

In sum, this section has identified five factors that are important for analyzing the impact of contractors on U.S. warfare capability. First, resources are precious. Explaining

¹⁷ Urey, "Civilian Contractors," 8.

¹⁸ U.S. Government Accountability Office, *Rebuilding Iraq: Actions Still Needed*, 11–12.

¹⁹ U.S. Government Accountability Office, *Military Operations*, 33.

how resources are utilized is an important factor for analyzing how contractors threaten or augment warfare capability. Squandering resources threatens capability. Resources include the available personnel to make up the size or mass for the force structure and the public funds needed to equip and sustain the force. Contractors can augment the size and composition of force structure, but they also can cause the misspending of public funds.

The second factor is public support or opposition to U.S. force presence. Public support is a factor that is indicated by public order and stability. Public support is a fundamental factor necessary to achieve the U.S. warfare goal to rebuild and stabilize Iraq.

Political lobbying, the third factor, is used by contractors to influence government and military decision makers' use of contractors and resources. For example, political lobbying has a negative impact on warfare capability when it influences the bidding process for awarding contracts.

Military professionalism is the fourth factor identified in this section. A professional military executes the U.S. warfare goals established by civilian authority. The impact that contractors have on military professionalism is a factor that impacts on warfare capability.

The final factor is whether or not contractors are a security threat. Contractors that are security threats fail to provide protection for the people, property, and information essential for warfare capability.

STATE OF THE DEBATE

Understanding the debate is a significant step toward unraveling how contractors are both contributing to and eroding U.S. warfare capability. The research question and

this study's independent variable, government control of contractors, is an underlying theme that runs through the general debate concerning the utility and legitimacy of contractors.

The current debate is between the supporters of private contractors and those who are critical of contractors performing in roles that were traditionally performed by the military. One theme in the private versus public debate is that profit-oriented contractors have assumed roles that should be performed by a professional military (public actors). Former Secretary of Defense Donald Rumsfeld's position in the debate was that contractors provide "efficient" support for the U.S. military.²⁰ Those opposed to his argument questioned the meaning of "efficiency." Also, those opposed to the use of contractor services go so far as to argue that contractors are paid mercenaries. These critics argue that profit-oriented mercenaries and contractors are not loyal to the state. This argument is further linked to the question of the legitimacy and control of armed civilians serving in a combat environment. The definition and legitimacy of mercenaries and contractors is covered in detail in the literature review.

The use of contractors and their role as part of the composition of the total force for U.S. capability in the war has been debated since the war started. Spencer E. Ante and Stan Crock, writing for *BusinessWeek*, have identified three incidents that they assert have fueled the debate over contractors. The issues pointed out by Ante and Crock include Kellogg, Brown & Root (KBR) Inc.'s alleged overbilling and special ties to Vice President Cheney; the ambush of Blackwater USA employees and the ensuing U.S.

²⁰ This point is important because Rumsfeld acted on his argument and changed military policy to include contractors as part of the military force structure. This will be explored under the title "Transformation and Contractor Services" in Chapter II.

Marine retaliation on Fallujah, which increased violence there; and the alleged contractor involvement in abuse of prisoners at Abu Ghraib. I have included the contractor contributions made in these three incidents within my research of the dissertation to find out how U.S. warfare capability was affected by contractor involvement in the incidents.²¹

Now, after nearly five years of contractors having contributed support in Iraq, Congress is investigating the loss of billions of U.S. taxpayers' dollars that were intended for rebuilding and providing order for the war-torn state. The House Foreign Relations Committee took aim at a recent report filed by Stuart Bowen, the special inspector general for Iraq reconstruction. Bowen reports the loss of approximately \$5 billion per year because of deteriorating and incomplete building projects and corruption due to lack of oversight and accountability. In one example of possible corruption and inadequate security, Rep. Gary Ackerman cited a U.S. Government Accountability Office (GAO) report. That report indicates that 100,000 to 300,000 barrels of oil worth approximately \$5 million to \$15 million has gone missing per day.²² Contractors have been hired for the protection of the Iraq oil fields as well as storage and production facilities. The evidence is not available at this time, but it is prudent to question whether the security contractors are contributing to protection or theft of the missing oil.

The fundamental allegations of corruption, faulty building, war profiteering, and failed contractor security services revealed in the Bowen and GAO reports contribute to the debate of whether contractors or military forces are most capable of providing such

²¹ Ante and Crock, "Other U.S. Military."

²² Dinmore, "Congress Seeks Missing Billions."

services. The studies that are critical of contractors who provide warfare capabilities argue that state sovereignty is weakened when private contractors provide such contributions. According to the sovereignty argument, the authority for providing security for the state is under the purview of the state.²³ Security for the state is authorized for state forces that are paid for with state revenues or taxes. The state has the sole authority to wage war.²⁴ Those who favor contractor support, such as Rumsfeld, argue that the contractors are bound by legal contracts to provide services to or for the state. I argue this does not weaken the state's authority because the contract gives the state authority over the contractor.

Some critics in the debate against the use of contractors assert that armed and unarmed contractors in Iraq are "mercenaries" because they are civilians paid to provide services that support warfare. Those who make this argument, as mentioned earlier, reject contractors as being illegitimate, contending that they run afoul of international law. Their opponents, such as Doug Brooks, a recognized authority on private contractors, argue that contractors are legitimate according to the same provisions of international law argued by the critics. Opponents of the use of the term argue that the word *mercenary* has negative connotations due to the excessive human rights abuses perpetrated by mercenaries in Africa during the 1960s.²⁵ The argument, voiced by author Robert Young Pelton, who has closely studied contractors that are armed personal security providers, is

²³ National security policy aims to mitigate threats from other states to the nation's social, economic, and political institutions. See Huntington, *Soldier and the State*, 1.

²⁴ On issues of sovereignty, see Adams, "New Mercenaries," 103-16; Kegley and Raymond, *Exorcising the Ghost of Westphalia*; Thomson, *Mercenaries, Pirates, and Sovereigns*; and Tilly, *Coercion, Capital and European States*.

²⁵ Brooks, "Messiahs or Mercenaries?" 131.

that the contractors are legitimately hired civilian security firms that are providing their services in a foreign war.²⁶

The complexity of classifying the contractors adds confusion the debate. The taxonomy for contractors, or how contractors are defined, is a fundamental part of the debate between those who are for or against their services. For example, in her study of pirates, mercenaries, and sovereignty, Janice Thomson refers to “actors of non-state violence.”²⁷ Author Peter Singer identifies similar actors as “corporate warriors.”²⁸ Scholars David Shearer and Deborah D. Avant, respectively, identify them as “private military companies”²⁹ or “private security companies.”³⁰ Abdel-Fatau Musah, a critic of armed private actors, refers to them as “mercenaries.”³¹ Some previous studies of actors that provide similar services as do the contractors in Iraq refer to them as security companies, while others refer to them as private military companies. Because there are no standardized terms or labels used to identify all of these actors, I will identify the actors of interest for this dissertation in terms of the identities of their administrators³² and what they are contracted to do.³³ I will refer to the firms as “contractors” and their employees as “contractor employees.”³⁴

²⁶ Pelton, *Licensed to Kill*, 304.

²⁷ Thomson, *Mercenaries, Pirates, and Sovereigns*, 21.

²⁸ Singer, *Corporate Warriors*, 3.

²⁹ Shearer, *Private Armies*, 9–10.

³⁰ Avant, *Market for Force*, 22–26.

³¹ Musah and Fayemi, *Mercenaries*, 13.

³² In some studies contractor clients include dictators, criminals, sovereign states, multinational corporations, and humanitarian NGOs. In this study clients include the U.S. military and other agencies, coalition partners, other contractors, and Iraqi authorities. See Singer, *Corporate Warriors*, 8–9.

³³ Mandel, *Armies Without States*, 95; Singer, *Corporate Warriors*, 230–33; and Avant, *Market for Force*, 7–18.

³⁴ The actors here are contractors or subcontractors that provide services for the U.S. military and/or enhance political efforts such as rebuilding and stabilizing Iraq. Contractors are controlled by the U.S. State Department, the Coalition Provisional Authority, the Western media, and other private firms. For example the United Kingdom employs 3,500 contractors in Afghanistan and Iraq.

Armed security providers and unarmed construction workers both can be referred to simply as contractors. However, I argue they should not be counted as the same because they impact on warfare capability differently. Each of these two can contribute special but different skills to augment their respective clients. Differences in scope, source, form, and function make it difficult to subdivide the varieties of contractors into categories that resemble one another.³⁵ I have devoted Part I of the literature review to the history and studies of private actors that provide military and/or security services similar to those provided by contractors in Iraq.

In his study of private security actors, David Shearer asserts that the debate over the nature and role of “military companies” is too basic. Military companies are a specific kind of contractor firm, which I fully define in Chapter II. Shearer has rigorously examined private armies or “military companies.” In his explanation of the debate over the use of contractors, he sees that one side argues that these companies (contractors) are a free-market response for an unmet need for governance, while the other side sees them as agents selling violence for profit. Shearer further states that the simplistic debate obscures the “strategic” impact that private armies can have when they intervene in a state’s affairs. He argues that “failure to engage with these companies runs the risk of rejecting their potential for helping to resolve seemingly intractable disputes.”³⁶ Identification of the “best practices” for the use of contractors is a fundamental contribution of this dissertation.

The clients served by the contractors in Iraq are also varied. The trend is to associate the contractors with the U.S. military. However, the U.S. military is only one of

³⁵ Mandel, *Armies Without States*, 95.

³⁶ Shearer, *Private Armies*, 9–10.

the clients or one of several warfare administrators with whom contractors interact. For example, according to Jeremy Scahill, author of *Blackwater: The Rise of the World's Most Powerful Mercenary Army*, “most people believe that Blackwater is on contract with the U.S. military.” Actually the Blackwater client is the State Department, which since June 2004 has paid the North Carolina-based contractor \$750 million to protect U.S. diplomats in Iraq.³⁷

The literature review, Chapter II, tackles the details of the terminology that is descriptive of armed private actors motivated by profit. There I link the terms that identify these actors with the fundamental debate just introduced, and contractors' utility as contributors or detractors from governance. The understanding of this historical background is important for the analysis and for a full understanding of the findings for this dissertation.

REFINING THE ARGUMENT

The analytical problem is how to structure the argument to get detailed answers for the previously stated research question: *Who are the contractors, and how has the nature of government oversight and control over contractors determined whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War?*

Some of the contractors have had a positive impact on warfare capability and others have not. Significantly, not all of the contractors are controlled or administered by the military. Some contractors are administered and controlled by civilian government agencies. Therefore, I argue that

³⁷ Cited by Roy, “Rise of Blackwater.”

It is the degree of government (military and/or nonmilitary/political) control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

Considering the research question in light of all of the foregoing, I will refine my argument by defining the terms related to military capability. I will do this in the context of introducing why and how the case study method is important for explaining the expected findings. I will also explain why the comparison of the case study's individual cases is important for explaining the expected findings for the study.

I have constructed a question set based on warfare capability³⁸ and private security industry criteria.³⁹ The question set that follows is used to focus the case study analysis of the impact of contractor control on warfare capability in Iraq by way of “process-tracing.” I explain the case study method in Chapter III.⁴⁰ Process-tracing is a method for focusing the research of the links suspected to connect the evidence of causes and outcomes for the stated thesis. In this dissertation, process-tracing is part of the method for examining contemporary media reporting, data-based documents, journals, and books for empirical evidence, and it is used to focus intensive study of various types of contractor support and their outcomes. Outcome is expressed in terms of how the dependent variable—warfare capability—is augmented or threatened. The answers to the questions posed in the question set are used to identify recurring themes and new

³⁸ Warfare capability is defined by force structure, modernization, readiness, and sustainability. These four components of capability will be defined in the discussion to follow.

³⁹ The sources that influenced my construction of this question set are Cunningham, Strauchs, and Van Meter, *Private Security Trends*, 10–11; Camm and Greenfield, *How Should the Army Use Contractors*, 18–20; Greenfield and Camm, *Risk Management and Performance*, 1.

⁴⁰ Yin, *Case Study Research*, 1.

variables within the data that can explain how control of contractors impacted on U.S. warfare capability in Iraq.⁴¹

The question set structures the analysis of the cases according to warfare capability criteria based on (1) who the contractors are; (2) how they are controlled by warfare administrators,⁴² and (3) the specific contributions contractors have made to warfare capability in the Iraq War.⁴³ The following is the question set for how contractors contribute to U.S. warfare capability:

1. Who are the contractors and how do the nature, size, characteristics, and function of the contractor firms and their personnel impact on their support in Iraq? This includes the training of individual personnel and the distinct capabilities they provide.
2. Who is/are the administrators for the contract? How are the contractors controlled by their clients, and what legal restrictions or jurisdiction do the contractors operate under? How are their contractual relationships managed?
3. How do contractors interact with contract administrators: U.S. government agencies, military, coalition partners, and Iraqi authorities?
4. How do contractor contributions augment or diminish U.S. military and/or warfare capability needs?

⁴¹ For the seminal writing on process tracing see George and Bennett, *Case Studies and Theory Development*, 6.

⁴² Warfare administrators are the U.S. military and civilian government officials such as the Coalition Provisional Authority. The administrators are involved with making policy decisions for the administration or governance of Iraq. Until Iraqi sovereignty was declared, the U.S. military handled most governance issues. The Coalition Provisional Authority also played a role. The issue of how contractors interact with administrative governing authorities in Iraq will be further defined in Chapter III. I use the term *warfare* because civil order is out of control and the political issues have not stabilized.

⁴³ The characteristics observed include the nature, form, and function of the contractors, and the scope of whether and how their support has impacted on U.S. warfare capability.

5. How do contractor contributions enhance or threaten the U.S. political or civil affairs capability in Iraq?
6. How do contractor services add to or diminish U.S. public support for the Iraq War?

Warfare capability was selected as a concept for analysis in this dissertation because the most recent Quadrennial Defense Reviews (QDRs)⁴⁴ conducted by the Pentagon are based on military capability. Military capability change is linked to state survival; in other words, successful states must efficiently utilize economic and human resources to maintain their security. This is linked to the argument made by those who favor the use of contractors to help keep military structure and doctrine economically and politically affordable by replacing professional military members. Military capability—the adequacy of the forces provided—is qualitatively and quantitatively tested during times of crisis and war.⁴⁵

Warfare capability is defined in this dissertation by four components. The first is force structure, which includes the size and composition of the force. For example, a new contract firm with 200 brick masons increases the total U.S. force-rebuilding infrastructure by 200. This is an important concept because the quantitative adequacy of U.S. forces in Iraq is a theme that is implied by critics in the contemporary debate when they state that “there are so many private contractors in the Iraq crisis that it is the first privatized war.”⁴⁶

⁴⁴ The QDR process is covered in the literature review in Chapter II.

⁴⁵ My operational definition for military capability is intellectually influenced by Posen and the U.S. Army criteria for strategic studies. See Posen, *Sources of Military Doctrine*, 24–25.

⁴⁶ Holmqvist, “Private Security Companies,” 1.

The second capability component is modernization of the force, which includes the increase of technical sophistication of weapons systems and equipment. For example, contractors that train military police in how to operate digital bomb detection sensors increase military capability by modernizing the military police force.

The third capability component, readiness, is increased when the ability of a unit is improved to deliver outputs for which it was designed. For example, the new police officers trained by DynCorp increased Iraqi police ability to patrol the streets of Baghdad. The added security increased the readiness of or capability of contractors from Bechtel to repair the infrastructure for potable water. Thus the increased readiness and improvement of the police unit capability is also linked to increased warfare readiness/capability by improving public support for governance in Baghdad.

The fourth component, sustainability, can increase when the force becomes larger and thereby is more sustainable. Sustainability is the duration and level at which the force is capable of maintaining operational activity necessary to achieve U.S. warfare objectives.⁴⁷ For example, by having up to 20,000 contractors in Iraq, the total military capability of U.S. forces in Iraq has increased by 20,000. The 20,000 contractors fill the “boot space” for 20,000 military personnel and add to sustainability of the total force by allowing the military personnel to rest and train back in the United States rather than deploy.

In this argument, warfare capability includes both a political and a military capability for achieving the U.S. objectives for rebuilding and gaining public support for

⁴⁷ *DOD Dictionary.*

stabilizing Iraq.⁴⁸ The administrators that control the contractors also include both the military and political dimension. The cases selected for Chapters IV and V are important because the selected firms are controlled by military administrators. The cases selected for Chapters VI and VII are important because they are firms controlled by nonmilitary/political administrators.

My analysis considers contractor cases that are controlled by administrators from both the political and military dimensions to find the answer to whether and how such control is significant. I analyze the contractors controlled by the administrators of the political dimension in view of how the contractors augment or threaten warfare capability for two components of civil affairs assistance for the Iraq occupation: (1) rebuilding and construction of infrastructure such as communications, transportation, roads, public services, and buildings, and (2) security and policing, including establishing public support and protecting the builders and infrastructure. I argue that these two components of civil affairs assistance are linked to public support of U.S. warfare objectives that are further linked to create conditions for an orderly society. In the same way, I analyze contractors controlled by the military according to how the contractors augment or threaten the military force capability.

A key to my assessment of warfare capability is the comparison of findings for the group of cases controlled by the military with the findings from the group of cases controlled by non-military administrators. I do this in Chapter VIII, in which I argue that the findings for cases of firms controlled by the military (Chapters IV and V) augment

⁴⁸ The U.S. operational objectives include the removal of Saddam Hussein from power, the stabilization of the civil order, the rebuilding of infrastructure, and the establishment of a democratic form of government. The role or services performed by contractors are analyzed to answer how they augment their clients' ability to achieve both political and military objectives. The operationalization of the characteristics observed and the plan used to observe them are set out in Chapter III.

capability, while the cases of firms that are controlled by political-rebuilding administrators (in Chapters VI and VII) show that the contractors' essential contributions both augment and seriously threaten warfare capability.

RELEVANT FINDINGS

The relevant findings in this study show that as a practical matter, some contractors make positive capability contributions; others do not. The key conceptual point in the findings is that it is the nature of government oversight and control over contractors that determines how successfully contractors augment warfare capability. Contractors under military oversight and control do increase military capability by modernizing the force, by assisting with the operation of technology, and adding mass to the force structure.

However, some contractors in Iraq have been a hazard or liability in domestic and international political issues, which damages warfare capability. For example, when public opinion⁴⁹ is informed by the international media that armed contractors acting as part of the total U.S. force have perpetrated acts of humanitarian abuse, it indicates the United States is incapable of controlling its contractors. The controversial shooting of a number of Iraqis by a Blackwater USA protective security detail in Baghdad on September 16, 2007, is a case in point. Situations such as this diminish warfare capability because they damage the public confidence and support that is necessary for establishing governance and a stable society.

⁴⁹ Public support for the U.S. goal to establish order and to rebuild Iraq is frequently referred to as the "hearts and minds of the people."

The U.S. policy of employing contractors in Iraq is enmeshed in humanitarian controversies, such as the Abu Ghraib prisoner scandal. In the Abu Ghraib incident, contractors are suspected of having been involved in one out of three of the known incidents. However, while military suspects have been prosecuted, the civilian suspects have not. Speculation in the press indicates that no prosecution has taken place because the contractors fall into a gray area of the law. This is empirical evidence of how the lack of legal control over contractors threatens U.S. warfare capability, or readiness to gain public support.⁵⁰ When contractors are not properly controlled it is difficult for the Iraqi public to have confidence in the U.S. political capability, which is all linked to maintaining civil order.

The use of foreign nationals as contractor employees provides special advantages in some situations, while they are a potential threat to warfare capability in others. For example, hiring Iraqi citizens for rebuilding infrastructure creates jobs and instills in the workers pride of accomplishment, which increases the readiness of the Iraqi society to be more orderly. At the same time, foreign contractors are a potential safety and security risk to U.S. forces and installations, and this is a threat to force readiness. This is empirically supported by the investigative findings that indicate the U.S.S. *Cole* attackers may have been contractors associated with refueling operations.

Force readiness and sustainability have been seriously damaged on those occasions when U.S. military forces and contractors have experienced armed confrontations between themselves. For example, employees of Zapata Engineering were apprehended and subsequently expelled from Iraq in May 2005 by U.S. Marines. The

⁵⁰ Easton, "War Privatization Talks."

contractors are alleged to have indiscriminately, perhaps deliberately, fired on U.S. forces and Iraqi civilians.⁵¹ I argue that yet again the issue of the lack of contractor control and oversight is a key cause for the incident occurrence. This incident in particular was found to have created a tension of distrust between the contractors and military. One of the strengths of military operations is unity of command, with the entire force moving or working together under one commander for the same goal. Disintegration of the unity of command for the U.S. total force, due to weak contractor oversight and control, weakens the force capability by destroying its readiness for achieving its warfare goals.

SIGNIFICANCE OF STUDY

Chris Stirewalt, political editor for the *State Journal*, has asserted that “the relationship between soldiers and civilians is in many ways the central one of western civilization.”⁵² I agree with Stirewalt and feel that his statement is an important reason why the findings of this study are a significant contribution to the field of international security studies. This study was conducted under the assumption that civilian contractors and soldiers are both part of the total force in Iraq, and that previous to this study there were no real standards by which to evaluate contractors as part of the total force necessary for U.S. warfare capability and achievement of U.S. policy goals in Iraq. This study helps to fill the gap by collection and analysis of empirical evidence that shows it is the nature of government oversight and control over contractors that determines how and why some contractors make positive warfare capability contributions in Iraq and others do not.

⁵¹ Ricks, *Fiasco*, 370–73.

⁵² Stirewalt, “Duty of a Civilian.”

Peter Singer, for example, believes that answers to the following questions are needed to inform U.S. policy makers regarding the role of contractors in Iraq: “What is this industry and where did it come from? What is its role in the United States’ largest overseas venture in Iraq? What are the broader implications of that role?” He warns that if policy makers fail to understand what he terms an “emerging foreign policy force,” it could prove to be destructive to policy and democracy.⁵³

My research question and question set frame the analysis of the problem, which also answers Singer’s questions. In doing so the dissertation also contributes to the comprehensive understanding of security by adding to what is known about private security and its contractors. This is the only study I am aware of that critically compares ways in which different contract administrators and the degree of control they exercise over contractors determine the impact that contractors have on U.S. warfare capability.

This dissertation is a collection of practical information about contractors and the private security industry that can be used by security scholars, U.S. military planners, and practitioners in the private security and military-industrial complex. This is one of the earliest analytical studies of the impact of contractors on warfare capability. The study has undertaken the consolidation of findings from multiple sources and profiles the trends and issues that now exist and are developing in the private security and military industries’ contract firms. This study has considered the few previous studies of the domestic private security firms and the impact their service has had on their relationship with public police. The relational issues experienced by domestic private security and public police are similar to the problems in the relationships between contractors and

⁵³ Singer, “Outsourcing War.”

military actors in the Iraq War. This study serves as a critique of previous assertions related to private actors or contractors with military potential. As such it serves to increase the understanding of how contractors from private enterprise impact the general security environment. At the conclusion of the dissertation I make suggestions for the control of contractors that provide services to augment U.S. warfare capability.

DISSERTATION ORGANIZATION

This dissertation consists of nine chapters. Chapter II is the literature review. Chapter III is devoted to the research plan. Chapters IV and V form a group of cases that analyze the contractors administered and controlled by the military. Chapters VI and VII form a group of cases that analyze contractors administered and controlled by non-military civilian agencies, such as the U.S. State Department, U.S. Agency for International Development (USAID), the Coalition Provisional Authority (CPA), or the Iraqi Ministry of the Interior. The individual cases in Chapters IV, V, VI, and VII trace how each contributes to U.S. warfare capability in Iraq. Chapter VIII compares the findings from the cases administered by the U.S. military with the findings from the cases administered by civil-political (non-military) rebuilders. Chapter IX summarizes the conclusions and makes recommendations for controlling contractor impact on U.S. warfare capability.

SUMMARY

This dissertation analyzes how the nature and degree of government control over contractors determines whether the contractors' contributions have a positive or negative impact. This chapter introduces and explains the focus and purpose of the dissertation.

The state of the contemporary argument for and against the U.S. use of contractors in Iraq is the basis of the research problem, which is introduced in this chapter. This chapter has clearly stated the research question and explained why answering it is a matter of importance to security studies in general. I have included essential conceptual definitions for terms such as warfare capability, military capability, civil-political capability, force structure, modernization, unit readiness, and sustainability. The question set is constructed to provide detailed answers for the research question and to focus the case study analysis by way of process-tracing. The goal of the next chapter, the literature review, is to provide the essential background and the historical focus that is the basis for the stated research problem.

CHAPTER II

LITERATURE REVIEW

I set the stage in the introductory chapter by discussing the importance of the research topic and citing some contemporary examples depicting the issues and debate regarding contractor use in Iraq. As noted in the introductory chapter, there has been limited academic study on the character and nature of contractors in Iraq, their contributions to warfare capability, and their interactions with or control by governmental agencies. There is, however, a significant and interesting body of literature on related issues that provide essential background information in the explanation of my study.

CHAPTER GOAL

The goal of this literature review is to bring an eclectic, yet practical, historical focus that will act as an informative background necessary for the analysis of how the nature and degree of government control over contractors determines whether or not their contributions have a positive impact. This literature review presents a broad cross-section review of primary and secondary sources to help refine the research question, and is intended to be a comprehensive and up-to-date review of major issues that form the historical base for the research question.

I have organized this literature review in two parts. In Part I, I focus on literature to help define such actors as mercenaries, private military and security companies, the military-industrial complex, and the new private security industry, as well as contractor legitimacy and control. I further identify and define a number of misperceptions and legal issues of significance to this study. The goal is to understand the implications of the

literature as it pertains to both public and private security and how it contributes to the eventual analysis of the firms of interest in the current debate over the U.S. use of contractors in Iraq.

The review in Part II includes issues related to the evolution of both U.S. military change and policies that include the use of contractors as part of the total force. The major topics included in this part are how contractor services and policies evolved along with post–Cold War U.S. military change; major Defense Department policy reviews; military capability change; and transformation. The goal for both parts of the literature review is to analyze and synthesize the literature to provide the background for an up-to-date understanding of contractors. Additionally the goal of the review is to produce a comprehensive understanding or background for the eventual analysis of the contractors that are part of the total U.S. warfare capability in Iraq.

PART I: EVOLUTION OF ARMED PRIVATE ACTORS

The legacy of contemporary private security contractors includes an interesting history rooted in the evolution of armed private actors—for instance, mercenaries and pirates. This portion of the literature review highlights that history. This is a literature that is expanding and is framing the perceptions of the current private security issues. The maturity of the historical literature for armed private actors capable of both security and violence adds rigorous insight into the contemporary private security puzzle and contemporary assertions pertaining to it.¹

¹ Primary sources for historical information related to private actors with military potential are Adams, “New Mercenaries,” 115; Brown, *Agents of Manifest Destiny*, 458–59; Davis, *Pirates Laffite*, xi–xii; Green, *Filibuster*; and Thomson, *Mercenaries, Pirates, and Sovereigns*.

Not only is the literature emerging, but the terminology has also been in transition. The debate between those who favor the use of contractor support for various roles in Iraq and those who do not can be confusing because many useful terms needed to explain contractors are not well defined. Some terms can be pejorative; for example, the terms “mercenary” or “dogs of war” are frequently associated with the ruthless non-state actors that were the scourge of various African states in the 1960s. Therefore, an additional purpose of this part of the review is to conceptually establish the language necessary for answering the research question by defining, adopting, or “weeding out” terms as necessary in order to properly analyze contractors and contractor services.

In discussing the actors and history that are an important part of the lineage and background for present-day contractors in Iraq, I will highlight and separately discuss these key private actors: mercenaries, private military and security companies, and the new private security industry. I will also review the historical concepts of security, sovereignty, and private security.

The literature related to armed private actors generally looks at them as potential transnational troublemakers. For example, one issue of concern related to contractors with military potential is the possible threat they can become to the client state. This is because some contract firms, depending on the states that are their clients, have the potential of becoming stronger than their clients. They can do this in various ways, including developing economic power in the client state, exploiting the natural resources of the state, and controlling infrastructure such as airports, seaports, and roads.² Some previous studies have sensationalized as well as explained how and why armed private

² Adams, “New Mercenaries,” 103–09.

actors have shaped the concept of state sovereignty. The literature pertaining to armed private actors has also explained armed private actors from the criminal and moral perspectives. This literature is rapidly emerging at this time; hence, it has not benefited from significant peer criticism.

In some previous studies, contractors or private actors with military potential are anecdotally referred to as “agents of security” and are identified by a variety of terms. Some military-industrial-complex contractors who provide services and technology that modernize the military force are at times identified as security contractors. Referring to contractors as private *military* companies and private *security* companies is perplexing. This is because, *ceteris paribus*, they are not the same. The paradox that defines the difference between private military and security companies is complex. Conceptually this review provides insight into this paradox and results in the ultimate definition of the contractors of interest for this study.³

Mercenaries, Filibusters, and Pirates

Janice E. Thomson’s *Mercenaries, Pirates, and Sovereigns* is the seminal work on the history of armed private actors and state sovereignty from as early as 1250 to the late 1800s. Thomson’s assertion is that sovereignty is the authority of the state.⁴ She distinguishes sovereign authority of the state from control. Based on Thomson’s assertion, the concept of sovereign authority is helpful in defining the nature of contemporary contractors in the general debate. In other words, the sovereign state has

³ I will present a refined definition of the particular actors that are the units of interest for this study under the heading of Taxonomy in Chapter III.

⁴ Thomson, “State Sovereignty,” 214. Also, Thomson and Krasner, “Global Transactions,” 208 and 216.

authority to hire contractors. I argue that the United States, by virtue of the contract, has authority over the contractors in Iraq. At the same time, the United States may or may not have control over the same contractor depending on whether the state chooses to exercise its authority to supervise the contract or not.

In her study, Thomson uses the term “mercenarism” when she refers to the practice of those individuals who enlist in a foreign army. Thomson is a critic of what she refers to as low-cost private actors⁵ who buy and sell military manpower like a commodity on the global market no matter who the suppliers or purchasers are. Her thesis is that over time states learned that the use of low-cost private actors with military potential (mercenaries and pirates) led to dangerous “unintended” consequences.⁶ As such, Thomson’s thesis partly complements my own that individual contractor contributions can either augment or diminish U.S. warfare capability.

Other characteristics highlighted in previous studies on private actors with military power have focused on criminal and moral aspects, humanitarian law,⁷ and globalization and the crisis of governance in the nation-state.⁸ The citizens within a state can be the source of security problems for the sovereign because of revolutionary or civil unrest, or they can be the victims of extreme tyrannical violence. The chaos that may result from citizens is frequently the threat of most concern to tyrannical leaders, many of whom come to power by overthrowing a predecessor. The historical precedence is for the

⁵ My term for these private actors in contemporary history and for this study is contractor(s). That is to say, contractors by nature are private actors, not government actors.

⁶ Thomson, *Mercenaries, Pirates, and Sovereigns*, 4–27. I have reviewed Thomson here primarily to introduce mercenary history.

⁷ Avant, “From Mercenary,” 2.

⁸ Musah and Fayemi, *Mercenaries*, 16.

sovereign to use the state's army or a police force that consists of citizens of the state when it is necessary to use coercive violence directed at the people.⁹

There has been a long and important historical tradition of enterprising civilians supporting U.S. military operations, as illustrated in Table 1. Therefore, the policy of using civilian contractors to support military operations is not new. Two well-known examples of early contractors are the civilian U.S. Army scouts in the Indian Wars, and the Pinkerton Private Investigative Agency, which collected intelligence for the U.S. Army in the Civil War.

Table 1. U.S. Wars and Civilian Contractors

WAR	CIVILIANS to MILITARY
Revolution	1,500 to 9,000 or 1:6
Mexican/American	6,000 to 33,000 or 1:6
Civil War	200,000 to 1,000,000 or 1:5
World War I	85,000 to 2,000,000 or 1:20
World War II	734,000 to 5,400,000 or 1:7
Korean	156,000 to 393,000 or 1:2.5
Vietnam	70,000 to 359,000 or 1:5
Gulf War	9,200 to 541,000 or 1:58
Bosnia	1,400 to 20,000 or 1:15
Iraq	21,000 to 140,000 or 1:6 (as of February 2006) ¹⁰

⁹ David, "Explaining Third World Alignment," 233-35.

The notorious nature of the history of pirates, mercenaries, filibusters (armed private actors), and private armies is having a strong influence on the public's general misperception of today's private actors with similar characteristics. A proper understanding of the historical actors that were capable of coercive violence is a helpful part of a framework that can be used to gain accurate perception of U.S. military capability and the private actors that support it today. That history is an important part of this literature review. Private security actors share numerous characteristics with other private actors with military potential that have historically been known as privateers, pirates, and mercenaries.¹¹

Machiavelli, the fifteenth-century Renaissance philosopher, in discussing a ruler's choice to defend the state using mercenary forces, linked the mercenary use with disaster. Machiavelli warns that mercenaries, or *condottieri*—those paid under contract—are treacherous, useless, and not to be trusted. He says this is so because the mercenaries have no loyalty for the ruler. They have no other reason other than money to fight. In this sense Machiavelli indicates that, not only are mercenaries unreliable as a choice for defending the state's security, but they are a direct threat to it.¹²

The history of hired private soldiers is linked to the emergence of nationalism. The French Revolution's nationalism initiated the idea that it is correct for every citizen to fight for his or her country. Consequently it is dishonorable for citizens to serve under another flag as a private soldier. Over time, this idea has evolved to such a point that mercenary service is fundamentally considered immoral. On the other hand, under

¹⁰ Avant, "Privatization of Security," 328-30.

¹¹ The seminal work on armed private actors and the state is Thomson, *Mercenaries, Pirates, and Sovereigns*.

¹² Machiavelli, *Machiavelli: The Prince*, 42-3.

customary international law, captured mercenaries were treated the same as other combatant POWs until 1977.¹³

The inflammatory legacy of pirates and mercenaries continues to fuel the current widespread opposition for sovereign states to employ contractors or private military and security actors. Furthermore, in spite of facts to the contrary, the critics of private security insist that contractors are illegitimate purveyors of violence. This inflammatory perception further assumes that private military and security firms are a cyclic return of the pre-Westphalian security order. Before the Treaty of Westphalia (1648), private armies or mercenaries were the prime forces for waging war. Accordingly, one approach for analyzing current armed private actors is to assert that states no longer have a monopoly on the means of violence and to evaluate the ways in which the use of private actors erodes state sovereignty.¹⁴

Historically private actors have played significant roles in support of and in opposition to U.S. military operations, and yet critics of the practice still abound. One only has to look at David McCullough's seminal work, *1776*, to find an excellent example of a historical narrative of U.S. military doctrine and the effective use of private actors in roles that were militarily profitable. Most of the provisions, including vast quantities of rum for Washington's forces—especially at the siege of Boston—were provided by enterprising individuals from the private sector. Americans at the time of the Revolution took a particularly dim view of the British use of Hessian mercenaries, while at the same time they depended on their own privateers to harass British shipping. George Washington is known to have paid \$333.33 for a spy "to go into Boston . . . for the

¹³ Adams, "New Mercenaries," 115.

¹⁴ Holmqvist, "Private Security Companies," 1.

purpose of conveying intelligence of the enemy's movements and designs."¹⁵ The contract teamsters that supported General Washington in the Revolutionary War led the way for contractors that have provided services on American battlefields ever since. This includes support in the American Civil War, World Wars I and II, Korea, Vietnam, and the Gulf War.

In addition to private spies, there was a colorful collection of pirates that were based out of the United States and operated in U.S. waters. Some pirates have made military contributions to the national security. Two of the most colorful were Pierre and Jean Laffite. These brothers were smugglers, spies, privateers, and pirates. They represented the restless overachievers of their time. In our time they are celebrated as U.S. patriots for assisting American forces in the Battle of New Orleans.

Certain times in U.S. history produced the perfect conditions for private actors with military capabilities. One of the perfect times was the unsettled period when a young United States was beginning to expand across the continent. Those times provided adventurous men with an enterprising spirit a great opportunity to earn their fortunes as armed private actors. Many did, and the results are a legacy of private self-help and enterprise.¹⁶ U.S. private enterprise and its actors on the battlefield in Iraq exhibit some of the same characteristics. This perception is useful as a point of comparison and in the analysis of their potential capabilities on the battlefield today.

The patriotic spirit of adventure and misadventure that shaped Pierre and Jean Laffite appears to continue to infect the twenty-first-century ideals of armed U.S. contractors. Like the Laffites, the contractors today can favorably augment U.S. military

¹⁵ McCullough, *1776*, 10, 26–30, 207, and 251.

¹⁶ Davis, *Pirates Laffite*, xi-xii.

forces when they operate under U.S. authority and control. When they are not regulated and controlled they can fall to the dark side of greed, exceptionalism, and entrepreneurialism, just as did the Laffite brothers.

In one of the earliest works to study contemporary private military actors, Peter Singer, in *Corporate Warriors*, argued that the corporate structure for the firms was new in the post–Cold War environment. The objective of his valuable study is to compile the facts of the individual firms so as to create an analytic architecture for future organized study of the emergence of private military firms.¹⁷ This literature review shows that the U.S. private security industry has had a long history in this country. The armed private actors that are proliferating in the security environment are not a new phenomenon, as some have argued. Furthermore, the current private actors are more capable terrorists, international criminals, mercenaries, pirates, and private security companies. The terrorists, international criminals, mercenaries, and pirates are only a peripheral interest in this dissertation because of their illegitimate status. For that reason, they cast a derogatory shadow over private security actors that are of direct interest to this study.

According to David Isenberg, an authority on private security, contractors made substantial contributions to the U.S. warfare efforts in Vietnam, as they are doing in Iraq. As a result of contractor success in Vietnam, a modern-day historical precedent was established for the use of contractors on the battlefield. Without a doubt a result of the contractor program was that as an aid and assistance program, it paid wages to Vietnamese citizens and put money into the economy. At the same time, U.S. private enterprise also profited. The aid and assistance program goal was to build the

¹⁷ Singer, *Corporate Warriors*, ix.

infrastructure that South Vietnam did not have. Roads, bridges, hospitals, airports, and seaports all needed to be built to facilitate increasing the physical capacity for them to receive both military and economic aid from the U.S. A consortium of contractors responded to President Lyndon B. Johnson's authorization to proceed with construction as early as 1962. The military builders turned over the preponderance of the construction they were involved in to U.S. contractors such as Raymond International and Morrison-Knudsen (RMK).¹⁸

The infrastructure was needed before U.S. military escalation was possible. By 1964, RMK had hired several hundred American construction workers and 11,000 Vietnamese, but was not able to keep up with the contract orders. In August, RMK combined with two additional U.S. firms, Brown and Root and J.A. Jones Construction. The RMK-BRJ consortium that became known as the "Vietnam Builders" quickly ramped up to eventually take on building 90 percent of Vietnam's infrastructure. Of the \$700 million appropriated by Congress in 1965 as supplementary Vietnam spending, \$100 million was for construction. The contractors trained Vietnamese students in a six-week program for construction skills. Eventually the builders hired 51,000 individual contractors. Vietnamese held down 47,000 jobs while Koreans, Filipinos, and others composed the rest. The supervisory staff was made up of approximately 4,000 Americans.¹⁹ In addition to RMK-BRJ, Vinnell Corporation had as many as 5,000 contractors doing construction and providing combat service support. Booz Allen also

¹⁸ Isenberg, "Government in Search," 2-4; and Carter, "Vietnam Builders," 44-46.

¹⁹ Carter, "Vietnam Builders," 46-50.

provided contractors in support of the U.S. military mission in Vietnam that helped to develop the Vietnamese officer corps.²⁰

The lesson to be learned from the story of the Vietnam Builders is not the funds spent or the numbers of contractors that worked there. The lesson is that the story is not well known at all. Those who hype Iraq as the first privatized war for the U.S., in fact, have it wrong. The contractor support in Vietnam was instrumental in creating the infrastructure needed for the escalation of the war. President Johnson did not want transparency as the administration shifted from advising the South Vietnamese to a more active support role. Hiring thousands of Vietnamese and U.S. contractors made it possible to get the work done in secrecy without the deployment of large military construction units.²¹ As in Iraq, Vietnam was not the first U.S. use of contractors to contribute to U.S. warfare efforts. Contractors were on the battlefield and did start to fill some roles, such as combat engineering, that the U.S. forces were not structurally capable of. I maintain that even if a historical precedent was not set, it was at least recognized that contractors can be a potential force multiplier on the battlefield.

Expansionism and Filibusters

U.S. expansionism was an endeavor that was largely carried out by enterprising private citizens, some of whom were known as “filibusters.” As a result, expansionism includes historical insight into actors similar to present-day armed private actors or the private security industry. This is important background to know because of the negative perceptions the historical actors reflect upon today’s enterprising private security firms.

²⁰ Avant, “Privatization of Security,” 328.

²¹ Carter, “Vietnam Builders,” 50.

The legacy of filibusters²² is linked with U.S. expansionism and provides specific examples of how contractors who work out of the bounds of government control could damage U.S. interest. Unlike the actors of interest for this study, filibusters were not legitimately sanctioned as a part of official U.S. foreign policy. Rather, they were armed private U.S. actors, and in fact were an especially ugly “species” of armed private actors in U.S. history. They were exceedingly ambitious and fallible in exercising the forces of expansion.²³

The “go ahead” spirit abounded when early colonial settlers squeezed the land from the grip of Native Americans. Filibusters grew out of those early expansionist efforts. The young nation’s spirit or “manifest destiny” for westward expansion did not stop until the U.S. boundaries were marked by the shores of the Pacific. Even as those boundaries were being established, a few filibusters in the nineteenth century were taking land in armed actions mounted against U.S. regional neighbors. The unregulated actions of William Walker provide a notorious example. Among his many exploits, Walker overthrew the government of Nicaragua in 1855 and put himself in power there. In the process he managed to cheat Commodore Cornelius Vanderbilt,²⁴ the prominent U.S. business tycoon, by revoking the charter for Vanderbilt’s Accessory Transit Co. and creating another firm in partnership with two of Vanderbilt’s men. In response Vanderbilt hired his own private force of nearly 100 Costa Ricans who invaded Nicaragua and

²² According to Lawrence Green, the word “filibuster” was derived from Dutch *vrijbouter* (*vrij*, free and *buit*, booty): “A freebooter or soldier of fortune who aids a revolution in the country in order to enrich himself; first applied to Buccaneers in the West Indies, who preyed on the Spanish commerce to South America, and later to such adventurers as followed Lopez to Cuba, and Walker to Nicaragua, in the expeditions of conquest.” See Green, *Filibuster*, Preface.

²³ Brown, *Agents of Manifest Destiny*, 458–59.

²⁴ Vanderbilt created the firm in 1851 to transport U.S. passengers quickly across Nicaragua and on their way to the California gold rush.

caused Walker to turn himself in to the U.S. Navy. Later, in 1860, Walker ran afoul of British bankers' business when he invaded the Honduran Bay Islands. The British bankers had him arrested by the Honduran army, who readily executed him by firing squad.²⁵

William Walker's notoriously violent interventions are well known by most Central Americans up to this day. For that reason, Walker is in fact the paramount example of U.S. imperialism in Central America. The legacy of past damage caused by armed private actors who were not regulated or whose actions were at cross-purposes to U.S. foreign policy is important to keep in mind while evaluating the nature and characteristics of contractors that support U.S. warfare capability. I have reviewed the history of filibusters for three reasons. First, the story of U.S. filibusters documents flaws in past unregulated or unenforced transnational interventions by private military actors. Second, filibusters were mercenaries as well as an American phenomenon. Third, the effects of filibuster interventions were so severe that resentment of the U.S. is still prevalent among the citizens of Central America.

Military Companies

Currently, "military companies" is one of the prominent terms used to refer to armed private actors similar to the contractors of interest in this paper. David Shearer, an expert on private military actors, defines military companies as providers of military skills. Shearer asserts the purpose of their assistance is to add to the client's military capability to function in war and hence to become a more effective deterrent force.

²⁵ Brown, *Agents of Manifest Destiny*, 458–59; Carey, "Commodore Cornelius Vanderbilt."

Military companies function as trainers, arms suppliers, and threat assessment analysts. Shearer specifies that it is the nature of military companies' assistance to have a strategic impact on the political and security environment. He asserts that in some situations military companies provide security assistance for states and in others they are a threat to state security because they exploit the state and/or its resources for monetary gain.²⁶

Peter Singer's term for private actors with military potential is "private military firms." The term is frequently referred to in current literature by the acronym PMF, or PMC (private military company). Singer's definition: "PMFs are businesses that provide governments with professional services intricately linked to warfare; they represent, in other words, the corporate evolution of the age-old profession of mercenaries. Unlike the individual dogs of war of the past, however, PMFs are corporate bodies that offer a wide range of services, from tactical combat operations and strategic planning to logistical support and technical assistance."²⁷

The global threat environment in the era after the Cold War left the gate open to a permissive global market in which mercenaries or private enterprise could trade in military and security services while growing wealthy. The post-Cold War era was a void left after the dynamic tension dissolved between the United States and the Soviet Union. That void was partly filled with mercenary or private military-like firms with combat skills for hire. Peter Singer wrote that his goal in writing *Corporate Warriors* was to organize and integrate what is known about PMFs in a systematic manner and to develop theories to guide future studies. In distinguishing the PMFs, Singer takes into account that they are shaped by military and economic fundamentals, and he puts them into three

²⁶ Shearer, *Private Armies*, 23–24.

²⁷ Singer, "Outsourcing War."

sectors: military provider firms, military consultant firms, and military support firms. Singer asserts that the military provider firms such as Sandline and Executive Outcomes provide direct combat functions in the tactical environment. These firms are private armies. I do not know of any U.S. firms engaged in combat operations to the same degree as Sandline or Executive Outcomes. However, firms such as Blackwater USA are currently functioning in roles and in a manner that is hard to distinguish from direct combat.

Singer's second type is military consultant firms, which he characterized as advisors, trainers, and planners. These firms rarely go onto the battlefield. They apply knowledge, not firepower. The best example is Military Professional Resources Inc. (MPRI), a U.S. firm I have included in the case studies. Singer's third type is the military support firms, which provide nonlethal assistance for logistics, intelligence, and transportation.²⁸

End of the Cold War

The end of the Cold War and the downsizing of military forces that followed it occurred in an environment that contributed to the proliferation of private military firms. The demise of the Soviet Union was followed by incremental restructuring or downsizing of U.S. military forces. I maintain that when U.S. warfare capabilities were stretched thin in Iraq because the forces had been downsized, contractors were called on to fill numerous roles.

²⁸ Singer, *Corporate Warriors*, 91–97.

The end of the Cold War marks the beginning of the changing status of U.S. warfare capability and is the starting point for serious use of contractor services to supplement U.S. military capability. Therefore I have traced the ways in which the contributions of the post–Cold War contractors impacted the later use of contractors in the invasion and occupation of Iraq. For example, the release of former soldiers from active duty by the United States and other states made them available for the private market. These large numbers of well-trained soldiers increased the military expertise available in the private sector that could be used to augment existing force mass and thereby increase force sustainability.²⁹

U.S. Reluctance to Intervene

The collapse of the Cold War created broad changes in the global threat environment and the nature of war. As a result, military capability changed so as to create a need for services that contractors could provide. In the post–Cold War era the United States and its Western allies became reluctant to intervene in security matters in developing states and regions. This is because the United States and its NATO alliance partners were free of a peer competitor after many decades of balancing against the Soviet Union and were free to concentrate on self-interest in an anarchical world. In that world, private enterprise and non-state actors with coercive power were free to engage and enlarge the international security market because states were not doing so. The result has been the expansion of market opportunity for armed private actors organized as enterprising firms. Accordingly, some security scholars, such as Peter Singer, who have

²⁹ Shearer, *Private Armies*, 32–35.

studied private military companies in the global environment have asserted that these private security firms can efficiently compete for traditional, state-monopolized security functions.³⁰

Singer's assertion, in a few words, implies that private security firms or contractors can provide capabilities on par with or equal to state security actors. My research question analyzes the central part of Singer's theory by focusing specifically on how contractors contribute to U.S. warfare or security capability.

Private Security Company

The term "private security company," in much the same way as explained in regard to the term "private military company," does not have one standard usage within the literature. In order to explain what a private security company is, I review pertinent literature for the traditional U.S. domestic security firm. Such a firm provides numerous protective functions within the United States that take on a different character in a war-torn environment. Picture the difference in the personnel, weapons, and tactics for securing an oil refinery in Louisiana and those for securing an oil well in Iraq, where oil fields and battlefields are the same. Private security includes various types of private organizations and individuals that provide numerous types of security-related services, including private investigations, guard and patrol, lie detection, locks and alarm services, armored money transport, armored car and executive protection, consultants, and security equipment and technology manufacturing and distribution, among others. These services

³⁰ Singer, *Corporate Warriors*, 49.

within the United States include almost all police and security functions performed by entities or individuals other than law enforcement agencies.³¹

Carolyn Holmqvist, who has studied the regulation of security contractors, combines security and military companies under the umbrella term of “private security company.” Her argument links assumptions of “offensive” and “defensive” or “active and passive” while eliminating the concept of “protection.”³² I argue that she misses the point by not recognizing the important differences in the nature of contributions between private security and military companies. I feel she misses the opportunity to explain the details that are important for eliminating misperceptions fundamental to the private versus public security debate as it pertains to her study of the regulation of security contractors. As a result I argue that her explanations are more explicit as military contributions than they are as security contributions that contribute to U.S. warfare capability. Deborah D. Avant’s analysis, which I review in the following paragraphs, provides a clearer explanation of the differences in public and private services than does Holmqvist’s.

Deborah D. Avant, writing in *The Market for Force*, analyzes the market for private security based on the premise that private security may affect how citizens are able to control violence. Her focus is to determine whether optimists or pessimists have the best road map for explaining private security’s implications. Avant emphasizes the implications that privatization of security has for the control of force. Avant does not declare herself to be a critic of the privatization of security. She takes a position midway between the pessimists and optimists. She points out that although the pessimists argue

³¹ Kakalik and Wildhorn, *Private Policing the United States*, 127.

³² Holmqvist, “Private Security Companies,” 4–5.

that private armies undermine democracy and development in Africa, the optimists argue that private options can advance governance and order.³³

Avant uses the term “private security companies” (PSCs) when referring to her actors of interest. She discards the use of “mercenary” as a descriptive term. She asserts that she does so because the meaning for mercenary has shifted over time and its implications are not clear. She uses “private” in referring to non-governmental actors and “public” for governmental actors. She explains that the term “private” is associated with markets or profit and “public” with the state and politics. She associates public with the pursuit of collective ends.³⁴

Avant asserts that the work done by PSCs in Iraq is work that was formerly done by military personnel. The contractors performed numerous roles in providing services for logistics, operational support of weapons systems, and training. She explains that there is an existing debate regarding the distinction between PSCs and PMCs.³⁵ In this regard, I return to Shearer’s distinction that PMCs have a strategic impact on the states’ military force whereas PSCs focus on protection of installations and providing security *in situ*. Shearer further states that private security also augments or replaces public services and traditional policing functions.³⁶

³³ Avant, *Market for Force*, 3–5.

³⁴ *Ibid.*, 22–23.

³⁵ *Ibid.*, 17–18.

³⁶ Shearer, *Private Armies*, 24–26. Shearer’s definition here was made before the roles of contractors in Iraq morphed into what they are today. Nevertheless, it is useful and I am citing it as a means of distinguishing private military and security companies.

Sovereignty

Sovereignty, security, order, and war have been closely intertwined throughout history. For this reason, in the literature reviewed in this section I link security, order, and war to state sovereignty and contributions of private security. In his study of operational warfare, Clayton R. Newell writes that Aristotle developed his concept of order about a hundred years after Thucydides wrote his history of the Peloponnesian War. Aristotle, as we know, was one of Alexander the Great's teachers. The association of teacher and student, warrior and scientist, raises interesting questions of where this convergence of science and war has led. The effect of this convergence almost certainly is that Aristotle's order was a starting point for the universal search for order, which can be linked to state sovereignty.³⁷

Previous studies of contractors or the private industry's armed security providers have relied on a state-centered or state sovereignty approach. The majority of these studies focus on how private contractors, as transnational actors, have changed the level of the host states' sovereignty or the regional balance of power.³⁸ I argue that the relations that emerged between private security and public law enforcement over domestic issues within the United States appear to have some similarities to current relationship issues being experienced between contractors and military actors in Iraq.³⁹ As such the solutions to the relational problems between domestic security and the police may have some promise for shedding light on similar problems between contractors and the military in Iraq. The issues regarding contractors and the military are fundamental and

³⁷ Newell, *Framework of Operational Warfare*, 6.

³⁸ For an example, see Adams, "New Mercenaries," 103–09.

³⁹ Cunningham, Strauchs, and Van Meter, *Private Security Trends*, xiii.

practical, encompassing the nature of their cooperation, their communication, and how their mutual contributions contribute to the U.S. objectives in Iraq. The literature available on sovereignty, security, and private security is reviewed in this section.

The sovereign right of states to conduct war and to protect its citizens slowly evolved following the Treaty of Westphalia in 1648 as the states' sovereigns asserted the right to do so. Accordingly, states are the only actors that have full and complete authority over domestic and foreign issues as observed under the jurisdiction of international law.⁴⁰ In putting a fine point on the sovereign right of states, Janice Thomson, who was cited earlier in this chapter, has pointed out the significance of a state's authority in terms of its ability to "control actors and activities within and across its borders" and to "make authoritative decisions in the final decision to make war."⁴¹

One of the most important elements of sovereignty is that states are the legitimate actors with authority to conduct war. If this is taken literally, contractors have no authority to conduct war. Therefore to be legitimate actors for conducting war they must be granted authority from the state. In an excellent analysis of sovereignty and security, Martin van Creveld, an Israeli military historian, cites Clausewitz's assertion that war is shaped by society and the government. He also cites Immanuel Kant's argument that a state's unequivocal right to wage war is the job of the state's army. War could only be fought by the state for the state, and against the state. Soldiers were legitimized under law that evolved after the battle of Solferino in 1859 and the second Hague conference in 1907. The former practice of issuing Letters of Marque and Privateering were eliminated and states were charged with registering or licensing soldiers. Soldiers were required to

⁴⁰ Kegley and Raymond, *Exorcising the Ghost of Westphalia*, 104.

⁴¹ Thomson, "State Sovereignty," 213.

fight according to the orders of a responsible commander. Also, according to the law, soldiers were required to wear a uniform and to display their weapons openly. According to van Creveld's assertion, the military legitimacy to exercise force comes on behalf of the state.⁴²

Christopher Spearin has explored the issue of state sovereignty and the U.S. use of contractors in response to terrorism.⁴³ He explains that the tenets of state sovereignty are challenged when the U.S. employs contractors to work against the threat of extraterritorial terrorism. He addresses two questions by way of solving the problem: How does the state partnership with private actors to combat terrorism affect international statecraft? In future U.S. expansion of public-private partnerships, what are the issues that may be expected? The thrust of Spearin's finding is that the potential for future acceptance of contractors in "international affairs" will depend on their actions and success in the current U.S. war targeting terrorism.⁴⁴ The acceptance of armed private actors in the international environment depends on their actions and the actions of their client.

In the study of politics among nations I argue that the definition of security begins with the citizens' need for protection and the states' responsibility to provide it. Domestic security, state security, international security, and global security all include different issues and frames of reference under differing historical circumstances.⁴⁵ The various security concepts have different explanatory criteria that usually have to do with the threat. For example, is the threat to the survivability of the state from another state, or is it

⁴² van Creveld, *Transformation of War*, 35–42.

⁴³ Terrorism is a tactic of fear, the threat of fear. Logically the U.S. response to terrorism is balancing against the threat of fear.

⁴⁴ Spearin, "Emperor's Leased Clothes," 243.

⁴⁵ Haftendorn, "Security Puzzle," 3–4.

a domestic issue wherein an individual's personal security is threatened by another citizen? National security policy aims to protect the state and its citizens from other states' intervention into the nation's social, economic, and political institutions.⁴⁶ The police and/or private security aim to protect the citizen from threats within the state. I argue that the contractor services change U.S. force structure when they are considered a part of the total force used as a security instrument outside of the U.S. because contractors are private actors even when they contribute to military or government actors.⁴⁷

Conceptually, including contractors or private enterprise as an element of state security is a profusion of thorns. Helga Haftendorn has defined security as a system that maintains value and the absence of threats to it over time.⁴⁸ I argue that the core value of security is the condition of being or feeling safe from harm or danger. Security, at the core, has the same criteria for states as it does for individuals. My operational definition of security weaves the theme of public (states) and private (individuals) into one concept of *being or feeling safe from danger*.

Terry Terriff, who has analyzed the evolution of security studies, writes that state security must focus on the potential harm or danger from wars and the protection necessary from actual and threatened attacks. State security considers threats to its ability to survive, which is linked to the management of a state military force for potential or actual deployment at times of war.⁴⁹

⁴⁶ Huntington, *Soldier and the State*, 1.

⁴⁷ For an excellent analysis of national security, see Haftendorn, "Security Puzzle," 3–4. National security policy aims to mitigate threats from other states to the nation's social, economic, and political institutions, according to Huntington, *Soldier and the State*, 1.

⁴⁸ Haftendorn, "Security Puzzle," 5.

⁴⁹ Terriff, et al., *Security Studies*, 1.

Stephen Walt's security model is framed by the relationship of the "threat" and the principles for using and controlling military force. Walt asserts that the diagnosis of the security condition begins with environmental conditions surrounding the threat. To count as a security threat, Walt's strict criterion eliminates all problems unless they are vital to shaping issues that transform the national security. Policies, doctrine, and national strategy are prepared by states in order to either prevent or engage in war.⁵⁰

Private Security

The domestic private security industry has a long history in the United States and it has a record of contributing to the U.S. military since the earliest days of this republic. For example, a private security firm, Pinkerton's, provided investigative expertise for the U.S. government during the Civil War. Unfortunately, private security has been largely ignored as a research topic by the criminal justice community. I suspect this is part of the problem that has led to misperceptions related to the value of private security. The Rand Corporation conducted a study of the domestic private security industry in the United States that covered 1970–1972. The Private Security Advisory Council conducted another study for 1972–1977, and the Task Force on Private Security conducted a study covering 1975–1976. The best description of the private security industry is contained in the reports made by the Rand Corporation for the National Institute of Law Enforcement and Criminal Justice. The purpose of that study was to describe the nature and extent of the private police industry in the United States, its problems under the regulations of the

⁵⁰ Walt, "Renaissance of Security Studies," 212.

time, and how the U.S. law impinged on it. The reports also sought to evaluate the cost and benefits to society represented by private security.⁵¹

Hallcrest Systems Inc. did a study covering 1980–1983, followed by a second part that was completed in 1990. The Hallcrest report contains a review of the previous security industry studies. The report provides evidence of a strong and steady growth of the private security industry. The report indicates that private security is pervasive in almost all areas of U.S. society.⁵²

James Kakalik and Sorrel Wildhorn, in one of the few scholarly assessments of the domestic private security industry, observed that the descriptions of the nature and extent of the private security industry are incomplete and fragmented. Kakalik and Wildhorn found that there had been only a few studies such as theirs.⁵³ Therefore it is not surprising that there has been little conceptualization or theory building for the domestic private security industry in the United States. According to the findings of the Task Force on Private Security in 1977, there are several possible approaches that are useful for studying the role of private security. One is to study it from the organizational perspective. Another is to analyze the industry's technology. Yet another is to study the role and functions of private security in contemporary society and how it relates to public security provided by government agencies.⁵⁴

The private security sector differs from the public sector in that private firms are influenced by the market, whereas the government or public sector is driven by public service or the collective good. It is important to keep in mind the input Deborah D. Avant

⁵¹ Kakalik and Wildhorn, *Private Policing the United States*.

⁵² Cunningham, Strauchs, and Van Meter, *Private Security Trends*, 2–4.

⁵³ Kakalik and Wildhorn, *Private Policing the United States*, 6.

⁵⁴ Task Force on Private Security 1977, *Private Security*, Preface.

gave regarding the differences in public and private, as cited earlier in this chapter. A further difference that distinguishes government and private is that government pertains to the collective good while the private is dedicated to individual matters or personal gain. Government is open or more accountable, while private is closed, hidden, or secretive.⁵⁵ Private is less accountable than government. When states rely on private actors instead of public actors, the consequence is a reduction of society's ability to collectively deal with problems.⁵⁶

William C. Cunningham, John Strauchs, and Clifford Van Meter have asserted in their excellent study of the private security industry that a useful way of describing private security is to identify the source of the private firm's income. In other words, identify the private firm's sponsor or client. They explain it is important to determine whether the private security firm is under contract to contribute protection for another private firm or the public government. The term used for security or protection that a firm provides for protection of its own employees, property, and information is "proprietary."⁵⁷

Another useful descriptive characteristic, according to Cunningham, Strauchs, and Van Meter, is the identity of the source of the private firm's authority. The key denominator that distinguishes public law enforcement from private security is that private security performs protective functions. Police provide public services and enforce

⁵⁵ Jones and Newburn, *Private Security and Public Policing*.

⁵⁶ Feigenbaum, Henig, and Hamnett, *Shrinking the State*, 174.

⁵⁷ Cunningham, Strauchs, and Van Meter, *Private Security Trends*, 109.

the public or civil law. In other words, private firms provide protection whereas public police enforce the law and serve the public.⁵⁸

Domestic private security in the U.S. is linked to the public or police security in the community. Private security and public policing fundamentally trace the process of providing protection and preventing people, property, and information coming to harm. U.S. private security and public policing are based on a historical precedent for individuals to protect their own property. In doing so the individual is to act so as to prevent the loss of his or her property within the private sector. Private security balances against five types of threat: crime, waste, accidents, errors, and unethical practices. Private security functions are very similar to public police activities. The distinguishing difference between private security and public policing is who provides the protection and who benefits from the services provided, along with the identity of the authority used to do so.⁵⁹

The concept of *protect and prevent* is the key aspect in U.S. private security and public policing. The concept is linked to democratic concepts of liberty, independence, self-determination, and self-protection. It also speaks to the enduring questions of democracy and the issues of public versus private protection. To protect and prevent is a form of deterrence but it is not as aggressive as military defensive tactics. Private security begins with citizens and property owners who use initiative for preventing crime. An example of private security initiative is installing locks and alarms, or collective security

⁵⁸ Ibid.

⁵⁹ Ibid., 115–16.

measures including community-based crime prevention programs such as a neighborhood watch. Protection and prevention begin with the individual.⁶⁰

The private security industry includes private organizations and individuals that provide numerous types of security related services, including private investigations, guard and patrol, lie detection, locks and alarm services, armored money transport, armored car and executive protection, consultants, and security equipment and technology manufacturing.⁶¹

Legitimacy Issues

How do the contractors in Iraq receive their legitimacy to provide services that include the use of deadly force? Their legitimacy, I argue, comes from being a part of the U.S. government's mission. Their behavior must be in compliance with the contract and with U.S. operational objectives. When they act otherwise they lose legitimacy. What is the legal recourse when a contractor providing executive protection exceeds the rules for engagement and fires on innocent civilians? For example, some contemporary evidence indicates that private actors have participated in massacres, executions, looting, rapes, or other human rights violations. Private security forces must adhere to the same standards of international humanitarian law as do state military forces.⁶²

Sovereign states, according to the literature reviewed earlier, have a legitimate monopoly on the use of violence when waging war. Sun Tzu, the timeless sage of war, began his writings on war by recognizing that war is a vital state concern and, as such, it

⁶⁰ Cunningham, Strauchs, and Van Meter, *Private Security Trends*, 113.

⁶¹ Sell, *Private Power, Public Law*, 18–19.

⁶² Avant, "From Mercenary to Citizen Armies," 2.

must be studied thoroughly. This challenge to investigate war is especially important for understanding the legitimacy of contractors at war. Tzu's writings show that war is a recurring and deliberate act that can be rationally analyzed.⁶³ War, as it pertains to this study, begins with its definition as laid out by Professor Hedley Bull. Legitimate war, according to Bull, is waged on authority of a public body. War waged without such authority is private war.⁶⁴ War is organized violence waged by the political units against each other. Bull has stipulated that the violence is not war unless it is done in the name of a political unit. The use of deadly force in war is not murder because of its official character. Deadly force is a responsibility of the political unit that the agent belongs to that executes the force.⁶⁵ In line with this logic the U.S. contractors get their legitimacy from their clients, the various agencies of the U.S. government.

The contractors that provide private security and military services in Iraq are privately owned and are operated for profit. They are capable of a large spectrum of different military activities. They can provide combat or police training, supplying arms and logistics as well as combat service support. They also are capable of using deadly force. They are transnational and cover the full spectrum of violence from an individual with a handgun to a small army with close air support.⁶⁶

Military-Industrial Complex

The term "Iron Triangle" has a somewhat derogatory connotation as it links U.S. politics, the Pentagon, and groups willing to pay for influence as lobbyists. The arms

⁶³ Sun Tzu, *Sun Tzu: The Art of War*, 39.

⁶⁴ Bull, *Anarchical Society*, 179–80.

⁶⁵ *Ibid.*, 178.

⁶⁶ Shearer, *Private Armies*, 24.

industry, or military-industrial complex, was first cited as a potential societal problem in President Eisenhower's farewell speech. In a circumstance he termed as one of "imperative need for a vast military and arms industry," Eisenhower warned of the grave implications for not comprehending the unwarranted influence of the arms industry.⁶⁷ In light of President Eisenhower's warning I have analyzed evidence of ways in which military-industrial contractors have influenced the nature of security and building contractors' contributions in Iraq.

The functions, nature, and character of the military-industrial complex, or "Iron Triangle," and the security contractors contributing to the Iraq War share commonalities to the extent that it implies the two industries have morphed as a special-interest group. The result is that as they share entrepreneurial opportunities they also share the potential for contributing problems in accordance with Eisenhower's warning. This means that the civilian weapons developers, information technology experts, logistics supporters, and security providers that are contributing to the government market for goods, manpower, and services are also a threat. To illustrate, a list of common contributions for both industries includes weapons systems, training, logistics, military skills, and military experience alongside or directly under contract to the U.S. military. Should the military or government become dependent on contractor contributions, I argue they are vulnerable to the influence of contractor's lobbyist.

⁶⁷ Eisenhower, "Eisenhower's Farewell Speech."

Regulation of Contractors

Private contractor services are less regulated and accountable under law than are government services. In January 2006, a distinguished forum met at the Duke University School of Law, Duke University, Durham, North Carolina, to tackle the subject of the regulation and accountability of contractors on the battlefield. On one side of the debate were those who argued that there is not enough regulation and oversight. They made the point that regulations for the actions of contractors or private actors that support the U.S. on the battlefield are less than clear, and legal accountability either does not exist or is not sufficient. The critics of the first argument believe that, while the industry presently has a low level of regulation, this trend can be improved. Scott Silliman, a Duke law professor, spoke to the forum and explained that under federal law there are provisions, largely untested in court, which can be used to bring contractors to justice. Silliman observed that an important legal issue centers on whether the military controls the contractors.⁶⁸ The problem is that not all contractors fall under the supervision of the U.S. military; some are supervised by nonmilitary/political organizations that are administering the rebuilding of Iraq, such as the Coalition Provisional Authority (CPA) and United States Agency for International Development (USAID).

Private or contracted armed actors confront two faces of the law on the battlefield. The first is military law and the Geneva Conventions, which have a long-established history. The second is civil and contract law administered by the federal government. The Uniform Code of Military Justice can be used to court-martial contractors only when war has been declared. The War Crimes Act, Military Extraterritorial Jurisdiction Act of

⁶⁸ Bonner, "Private Military Contractors."

2000, and Patriot Act extension give jurisdiction to the U.S. federal district courts. This does not give the military commander in the field jurisdiction or quick response. Also, U.S. contractors and third-world nationals working under contracts supporting clients other than U.S. government agencies, such as the UN or a private enterprise, fall further from the bounds of useful means of control.⁶⁹

Contract law is not adequate for daily use in the chaos of war. Poorly written contracts do not specify requirements or assurances of a training standard for individual contractors. Contractual remedies or fines are clumsy or unenforceable in combat environments that require an immediate remedy for failure to perform. As an example of how this affects military capability, consider soldiers in a desert environment forced to go weeks without showers because the water delivery contractors balked at the danger involved in the delivery. The military commander under existing rules cannot compel the contractor to perform even with the health of the soldiers imperiled.⁷⁰

According to the law of war, civilians are not to participate in the hostilities. However, contractors are civilians that work side by side with the military. The Third Geneva Convention states that a “lawful combatant” must wear a uniform and answer to military authority. The Fourth Geneva Convention indicates that armed contractors are considered “lawful combatants.” These issues are not clear, and as contractors’ roles come closer to actual combat, the fundamental question of their legitimacy and the legitimacy of the contract and client become imperative.⁷¹

U.S. contractors are regulated by Congress to a certain extent. Contracts of

⁶⁹ Grange, “Understanding the Privatization,” 30–31.

⁷⁰ *Ibid.*, 32–33.

⁷¹ *Ibid.*, 33–34.

\$50 million or more for any U.S. government actor must be reported for congressional oversight. The companies that fall under congressional oversight must also be in compliance with the U.S. International Traffic in Arms (ITAR) when doing business outside of the United States. The U.S. State Department is the overseer of ITAR, which comprises the regulations that govern arms import and export.⁷²

Military commanders augmented with contractor capabilities on the battlefield must understand the legal relationship between their command and the contractors providing the capabilities. The military commander must understand the legal bounds of the contract inclusive of the contractor, its employees, and/or its subcontractors. The military commander's authority is derived from the federal acquisition regulations under which the contract was acquired.⁷³

Army Regulation 715-9 "prescribes policies, procedures and responsibilities for a disciplined approach to managing and using contracted U.S. citizens who are deployed to support Army requirements."⁷⁴ This regulation is the doctrine that gives the military commander the requirements for managing contractors. The military commander must first establish that the level at which contractors serve is needed, based on mission requirements. The military commander determines how far forward to deploy contractor support according to tactical need, the enemy situation, and the specifications of the contract. Army regulation 715-9 makes it clear that, in the case of military contractors, the military commander is responsible for their deployment and supervision.⁷⁵

⁷² Porteus, "Fast Facts: Contractors in Iraq."

⁷³ U.S. Department of the Army, *Contractors Accompanying the Force*, 12.

⁷⁴ I have quoted this point because it specifies contracted U.S. citizens. The regulation and control of non-U.S. citizens is not specified here. See U.S. Department of the Army, *Contractors Accompanying the Force*, 1.

⁷⁵ U.S. Department of the Army, *Contractors Accompanying the Force*, 14.

In an area of operations where U.S. military presence is under a jurisdiction covered by a Status of Forces Agreement (SOFA), the legal status of U.S. contractors and their employees must, according to Army Regulation 715-9, be established by international agreement. Failure of SOFA agreements to address the status of contractors and their employees may render them “unable to perform” under several scenarios:

1. The contractor and employees could be prevented from entering the country.
2. If they did enter, the contractor could be subject to local law as a foreign corporation.
3. As a foreign corporation, the contractor could be subject to local taxation and customs regulations.
4. Employees under these conditions would be subject to local labor restrictions.
5. The contractor and its employees would be subject to local criminal law.⁷⁶

Private Security Professional Association

Situations like the Abu Ghraib prison scandal, which will be analyzed in Chapter VI, and allegations about contractor fraud, which also will be analyzed in the appropriate cases, have caused unfavorable public attention. Contractors, as a result, have looked for ways to control the industry and enhance their image. One way to enhance the image of professionalism is to create a professional association and establish professional standards of conduct. The International Peace Operations Association (IPOA), in

⁷⁶ Ibid., 13.

Rosslyn, Virginia, was created to fill that role. The IPOA requires its associates to comply with a professional code of conduct. The code of conduct requires contractor firms to obey the international laws and protocols on human rights. The president of IPOA is Doug Brooks, and the organization now has nine firms working in Iraq as members.⁷⁷

Licensing or laws that might interfere with industry profits are shunned. Self-governing associations such as IPOA therefore provide one means of controlling contractors without licensing. The U.S. private security firms today share the same spirit of patriotism and willingness to take risk for profit as did the licensed privateers in the early 1800s. An example of the latter is the ship *General Armstrong*, which as a U.S. privateer in the War of 1812 had a license when it fought overwhelming British odds to save Louisiana from invasion. However, current U.S. security firms, which in one sense are fundamentally the same as the privateers, also are different from them because the security firms are not licensed, as were the privateers. The U.S. government regulated privateers by having them post bond to ensure compliance with the international law of the sea, thus preventing piracy. The license known as Letters-of-Marque did set a standard of professionalization and provided a basis for regulating a form of private military capability.⁷⁸

Contractor professionalism lowers the comparative risk between the military and contractors. The military understands, respects, and practices professionalism. Contractors are profit-oriented, and they know that repeat business will not materialize if they do not produce to the standard expected and as set out in their contracts. The firms in

⁷⁷ Ante and Crock, "Other U.S. Military."

⁷⁸ Rowen, "American Privateers."

the system are regulated by their reputations to maintain high standards and legitimacy. The IPOA was created by Doug Brooks to link security firms within the industry to a body with standards and a code of conduct that will guide best practices.⁷⁹

Contractors and Classified Information

The Government Accountability Office (GAO) has investigated the adequacy of the Defense Security Service's (DSS) ability to monitor and protect classified information required by contractors in order to perform their services. The report of the investigation shows the enormity of the program required to protect classified information. The report is important to this study because it reveals the nature of additional resources or opportunity costs that are required to support the work performed by contractors. Contractors provide services that entail classified access. Some examples of contractor roles that require a security clearance range from working on the design of advanced weapons to providing translations for prisoner interrogations in Abu Ghraib. The contractors' access to and production of classified information makes them a potential security risk. The contractors can compromise the classified information by deliberate or unwitting divulgence to unauthorized persons. That means that the contractors with classified access must be granted a security clearance, and facilities where classified material or information is stored must be cleared and operated according to classified security programs. The DSS monitors the clearance for access on behalf of

⁷⁹ Wallwork, *Operational Implications*, 34. The Web page for the International Peace Operations Association (IPOA) can be seen at <http://www.ipoaonline.org>.

Department of Defense (DOD) and twenty-four additional federal agencies for the security programs of more than 11,000 facilities.⁸⁰

PART II: TRANSFORMATION AND CONTRACTOR SERVICES

The U.S. contractors in Iraq and the private security industry have been working to establish a working relationship with the U.S. military for over a decade. The history that traces the process of that emerging relationship is important background for understanding the current contributions that contractors are making in Iraq. The complications of the military changes after the Cold War are relatively well known. However, the military changes as they are related to contractor issues have not been a subject of any substantive interest and are not well known or understood. The evolving relationship has generated precedents and regulations that are foundational for governing how the contractors and clients interact on the Iraqi battlefield. An understanding of the process of the private security industry becoming a part of the military force is essential background for the research design and case study method outlined in Chapter III.

This section reviews the literature that traces the evolution of the U.S. contractor–government client relationship as U.S. warfare capability was changing after the Cold War. I use the Quadrennial Defense Review (QDR) review process as a road map to follow the changes in U.S. warfare capability and the emerging use of contractors.

⁸⁰ U.S. General Accountability Office, *Industrial Security*, 1-2.

George H. W. Bush's National Security Policy

President George H. W. Bush and his secretary of defense, Dick Cheney, based the national security strategy on a force capable of fighting two regional conflicts at the same time.⁸¹ George H. W. Bush was slow to make changes to U.S. warfare capabilities even though the USSR no longer existed to be contained. Eventually the total force including both DOD civilians and military members was reduced by 30 percent from what it was at the end of the Cold War.⁸² These force reductions and structural changes began the process that eventually led to DOD policy during the administration of George W. Bush, which includes contractors as a part of the total force.

The first defense review was known as the Base Force Plan of 1989. The review was conducted during the administration of George H. W. Bush by General Colin Powell under the provisions of the authority granted to the chairman of the Joint Chiefs of Staff by the Goldwater-Nichols Act. The Base Force Plan contained provisions for small incremental changes. It did not include policies directly related to the role of contractors. By 1991, at the time of the Gulf War, the U.S. Army had about 700,000 soldiers on active duty. The army active duty structural level was down from what it was at the end of the Cold War by a little over 230,000 and stood at approximately 470,000 at the start of the current Iraq War.⁸³ There have been five military reviews of warfare capability since the Base Force Plan of 1989. The reviews are now known as Quadrennial Defense Reviews (QDR).

⁸¹ Korb, "Are U.S. Forces Unprepared?"

⁸² Kulycky, *How Far?*

⁸³ Grange, *Understanding the Privatization*, 10–11.

The Gulf War, Contractors, and LOGCAP

In the Gulf War, President George H. W. Bush organized a coalition of more than twenty partners to raise a combined force of 660,000 troops to expel the Iraqi force from Kuwait.⁸⁴ I argue that even with that many troops, the Gulf War is the essential current event that accelerated the U.S. military's use of contractors and put them on a steady track for a robust role in the current Iraq War. Among the collection of historical milestones that mark the U.S. government's use of contractors are the lessons learned by the Logistics Civil Augmentation Program (LOGCAP) planners that supported the multinational forces in the Gulf War of 1990–1991.

During the Gulf War the U.S. Central Command (USCENTCOM) learned that the Navy Military Sealift Command's contracts had been too inflexible and had only focused on functional support such as providing meals and administrative vehicles. Also at that time, the U.S. Army, as the designated executive agency for LOGCAP, learned that one umbrella contract carried out by one prime contractor enabled a flexible response for a wide spectrum of functional areas. In Operation Desert Shield/Storm the USCENTCOM learned that access to private enterprise's global resources increased the level of logistics capability at their disposal. The LOGCAP literature is linked with the contractor Kellogg, Brown, and Root and can be found with the case study for that firm in Chapter IV.⁸⁵

Downsizing, Outsourcing, and Privatization

Those who are in favor of small government assert that downsizing government by cutting civilian and military members is an efficient way to save public money. They

⁸⁴ Leyden, *Gulf War Debriefing Book*, 257–72.

⁸⁵ Trautner, "A Personal Account," 7–8.

argue that downsizing saves the cost of government salaries, retirement benefits, and health care. An extension of the argument is that the use of contractors or private enterprise increases the level of military efficiency when they are used for short-term or crisis situations. In the long term, however, the use of contractors sacrifices military professionalism and detracts from military capability.⁸⁶ Private enterprise may decrease some political cost and has some economic advantage, but that is eventually offset by fraud and corruption. The United States and United Kingdom are contracting with private enterprise to serve in some traditional military roles and provide civil affairs functions to stabilize and rebuild Iraq. Interestingly, it was President Ronald Reagan and Prime Minister Margaret Thatcher who led the way for their governments' use of contractor services. The privatization approaches that both took altered expectations about government, private enterprise, and free markets.⁸⁷

Privatization goes hand in hand with outsourcing, another business management tool that has been used to help modernize the U.S. military. For example, Michael F. Corbett ascertained in his study of outsourcing that half of the big businesses he interviewed had used outsourcing because of cost savings. Primarily the goal is for firms to gain access to better skills and to improve the quality of output. Conserving capital and gaining the expertise of others for new innovations is a secondary business organizational goal.⁸⁸ Private enterprise has organized former military personnel into firms that contract their services to the U.S. government. The contractors received their military training

⁸⁶ A prominent theme in the study of politics among nations is the threat of war, state behavior, and arms races for dominant military capability. Military privatization changes the criteria for what and how military capability is measured.

⁸⁷ Sell, *Private Power, Public Law*, 19–20.

⁸⁸ For the full details of what global executives are saying about outsourcing, see Brudenall, *Technology and Offshore Outsourcing*, x.

while in service, and the private firms efficiently provide their military services based on that expertise for the financial profit of their stockholders.⁸⁹

Outsourcing moves functions in whole or in part from the public sector (from the military force) into the private sector. In so doing, the private actors are contracted to take over the functions that were once regarded as duties for government or military personnel. Contractor services are analyzed as political⁹⁰ and military developments. The rapid expansion of the U.S. military-security industry and its global counterparts makes it difficult to know precisely how many private firms there are. One international study documents that the global private security industry has nearly 100 companies operating in at least that many countries around the globe.⁹¹

According to one explanation, privatization is proliferating because there are huge profits to be made by private actors with military potential. There is a market need for such a service; even some states see that privatization is less expensive than deploying their own state army. Yet another explanation for the proliferation of private security companies is that they are filling the security vacuum that results when weak states need additional help to protect political elites from civil violence. Some maintain that privatization's emergence since the end of the Cold War is a result of social, political, and economic-influenced issues and trends.⁹² Local and state governments are also transforming themselves through privatization. For example, South Carolina's Charleston County School District has recently negotiated to turn over operation of the district's Discipline School to a private company. The company, Community Education Partners,

⁸⁹ Singer, *Corporate Warriors*, 230–33.

⁹⁰ Feigenbaum, Henig, and Hamnett, *Shrinking the State*, 1–2.

⁹¹ Holmqvist, "Private Security Companies," 1.

⁹² Privatization is a management tool. According to Mandel it has become popular and is spreading to governments, because it is efficient and it is effective. Mandel, *Armies Without States*, 1.

is based in Nashville, Tennessee, and already operates alternative programs for disruptive students in Orlando, Florida, and Philadelphia, Pennsylvania.⁹³

In the era of privatization, downsizing, and a free-market philosophy, governments are turning to the private sector for security assistance. In the private sector there has been a reemergence of organizations willing to provide military potential for profit. These firms are organized and efficient and characteristically operate out of office suites. However, the services they provide exceed those of traditional security firms and night watchmen.⁹⁴

Clinton's Military Reviews and Contractors

The Bottom up Review (BUR) of 1990 was conducted during President Bill Clinton's first administration. The BUR recommended incremental adjustments and a balanced reduction of force. The BUR, like the Base Force Plan, was also administered by General Powell, who remained as chairman of the Joint Chiefs of Staff. At the same time, the U.S. Army administered the LOGCAP contract in Somalia with contractors that originated from countries in the immediate region. These contractors were used for the operation of the Mogadishu Seaport and two airports. As a result, military logistics planners developed confidence and a sense of appreciation for the contractors' ability to respond quickly to provide effective contributions that augmented military capability.⁹⁵

In February 1995, the U.S. Army Corps of Engineers awarded a \$24 million contract to American International Contractors, Inc., of Dallas, Texas, to renovate Camp

⁹³ Adcox, "Private Company."

⁹⁴ Avant, "From Mercenary to Citizen Armies," 2.

⁹⁵ Another result of having contractors in Somalia was it became apparent that contractors share the risk with the military on the battlefield. Several contractors were killed there in the incident known publicly as "Black Hawk Down." See Trautner, "Personal Account," 10.

Doha, twenty miles north of Kuwait City. The contractors that worked to prepare the warehouses, maintenance, storage, and quality-of-life facilities for that contract were not noticed by the general public at that time. However, the military appreciated the contractors' accomplishment and gained confidence that private enterprise could augment military capability. Thus the facilities were available and used for U.S. forces preparing for the invasion of Iraq in 2001.⁹⁶

Another milestone for the evolution of contractor support occurred in 1996. That year, Congress, in reaction to European complaints that the United States provided weapons and intelligence to Bosnia, investigated and found that the Clinton administration, in disregard of an arms embargo, had encouraged Croatia to allow weapons to pass through its territory into Bosnian hands. As a part of its inquiry, the congressional subcommittee included the investigation of the role of a U.S. firm, MPRI, in the region. However, the portion of the congressional report that is open to the public at this time does not shed further light on the matter. This lack of transparency fogs the issues and is fertile ground for the dangerous half-truths of counter-factual analysis. With those flaws recognized, here is what is known. The U.S. policy for the region was to avoid U.S. military commitment to the region. Keeping ground troops out allowed President Clinton to avoid stirring up public opinion over the volatile and politicized issue of "quagmire."⁹⁷ MPRI has denied that its support for the Croatians was under the tacit direction of the U.S. government.⁹⁸

⁹⁶ Kibler, "TAC Projects."

⁹⁷ As an example, Andrew Lewis wrote an editorial critical of President Clinton's proposal to involve U.S. troops in a potential quagmire between warring ethnic tribes in Kosovo. Invoking the word "quagmire" implies that the mission is a hopeless swamp with little chance of success or easy exit. Lewis, *Kosovo: Tribalist Quagmire*.

⁹⁸ Center for Public Integrity, *Windfalls: Outsourcing Government*.

The MPRI⁹⁹ scenario is evidence of how President Clinton increased his political currency using contractors instead of active duty military forces to accomplish foreign-policy goals. Political leaders can keep out of the public eye by using contractors and thereby limiting the flow of information that can reach the public—a public that may disagree with the goals the political leaders have set. The other side of the coin is that the public loses currency in the political dimension when their view of government decisions is impeded due to the government's use of contractors.

This raises the question, When is the magnitude of consequences so great that the means of accomplishing them must be kept out of public scrutiny? Private actors can limit transparency. In this scenario, public knowledge of the government relationship with MPRI at the time was fragmented or did not exist. The contract was negotiated out of view of the American people, who had no say in this international political issue. President Clinton's foreign policy gained in the short term because the level of Croatian military capability increased. The political decision makers gained by not having to face a political debate over sending ground troops into a "quagmire." In this case, I argue, the magnitude of the decision was due to both the operational and the political dimension.

QDR of 1997

According to Richard A. Lacquement, Jr., who is an expert on the QDR process and U.S. force capability and has studied the defense review processes, U.S. government officials were increasingly displeased over the slow progress defense reform was making through 1995–1997. The U.S. military is tradition-bound and does not accept change

⁹⁹ MPRI is one of the firms that will be analyzed as a case in Chapter V.

readily.¹⁰⁰ The QDR of 1997 called for an incremental downsizing of the force strength by 5 percent and for economizing by closing bases. Of immediate significance is the fact that the QDR of 1997 proposed reforms such as outsourcing and privatization of military base work. These measures were intended to relieve budget pressure because the marginally downsized total force structure would result in only marginal cost dividends.¹⁰¹

Reinventing Government and Contractors

Vice President Al Gore downsized the federal work force as a part of his program for “Reinventing Government.” In 1994 Congress passed the Federal Acquisition Streamlining Act, which made federal acquisitions from the private sector a simple matter. When the level of the federal workforce decreased, the contractor workforce increased. The issues and results of reinventing government overlap my argument. What happens when the military force is decreased and the number of contractors increases?¹⁰²

The answer to this question can partly be found in the consequence of the government’s cutback of 50 percent of federal workers between 1990 and 2001. Among those cut were government civilian experts who wrote and supervised DOD contracts. The expertise they could have offered was therefore not available when it was needed during the Iraq War. The workload for those who were not cut increased by 12 percent after their experienced coworkers left. Later, when Operation Iraqi Freedom required a large number of contracts for interrogators and security providers, the contracts were not

¹⁰⁰ Rosen, *Winning the Next War*, 2–3.

¹⁰¹ Lacquement, *Shaping American Military Capabilities*, 111–112; Project on Defense Alternatives, *From the QDR to the NDP*.

¹⁰² Center for Public Integrity, *Windfalls: Outsourcing Government*.

well written.¹⁰³ This is evidence that the short-term decision to downsize the government civilian workforces to save money came at a cost to military capability.

Apparently some of Vice President Gore's inspiration to change government and to use contractors came from President Reagan's efforts to make government more efficient through outsourcing. Both President Reagan's and Vice President Gore's decisions to competitively outsource government functions are similar to the private business management trend to downsize and outsource non-core functions.¹⁰⁴

Some of the first policy guidance for contractors that was published during the Reagan administration was used by Vice President Gore in his attempts to change government. In 1983 the President's Office of Management and Budget published Circular No. A-76, which provided guidelines that were to be followed by the executive departments for the performance of commercial activities. The circular supplement provides procedures for determining whether or not activities should be performed by contractor sources or by government sources. The background paragraph of the circular states:

"In the process of governing, the Government should not compete with its citizens. The competitive enterprise system, characterized by individual freedom and initiative, is the primary source of national and economic strength. In recognition of this principle, it has been and continues to be the general policy of the Government to rely on commercial sources to supply the products and services the Government needs."¹⁰⁵

¹⁰³ Ibid.

¹⁰⁴ Castillo, "Waging War with Civilians."

¹⁰⁵ Cited in Spearin, "Emperor's Leased Clothes," 246-47. It is the policy of the U.S. government to achieve economic and enhanced productivity, retain governmental functions in-house, and rely on the commercial sector. See U.S. Office of Management and Budget, *Performance of Commercial Activities*.

George W. Bush

While still campaigning for office, before 2001 and well before September 11 of that year, presidential candidate George W. Bush provided his map for what was to become Secretary of Defense Donald Rumsfeld's mission orders for "creating the military of the next century." In a speech at The Citadel, The Military College of South Carolina, Bush pointed out that, since the end of the Cold War, U.S. military forces had deployed at an increased tempo while the defense budget had decreased by almost 40 percent. He said that resources were overstretched and he pledged to increase the defense budget.¹⁰⁶

In the same speech, Bush made several points that conform to those called for in the QDR of 1997. Bush pointed out that the military was still organized as it had been for the Cold War. He observed that there was little relationship between strategic vision and budget priorities. He pointed out that the technology revolution afforded an opportunity that matched the strengths and skills of the people of this nation. He went on to say that power could be defined by mobility and swiftness and not by mass or size. He pledged that, if elected, he would have the secretary of defense challenge the status quo and conduct a comprehensive review of the military. His stated goal was more than marginal change; it was to "replace existing programs with new technologies and strategies."¹⁰⁷

Candidate Bush further revealed that it was his opinion that the U.S. military forces must be changed to make them agile, lethal, and readily deployable while needing minimal logistical support. Significantly, he stated that these changes "will require a new spirit of innovation. Many officers have expressed their impatience with a widespread,

¹⁰⁶ Bush, "A Period of Consequences."

¹⁰⁷ Ibid.

bureaucratic mindset that frustrates creativity.” He pledged to encourage a culture in which change is welcome. He promised he would recognize and promote visionary leaders. He stated an intention to match military budgets with strategic vision and, in a veiled threat, said he would direct the secretary of defense to “allocate these funds to the services that prove most effective in developing new programs.” Bush said, “I intend to force new thinking and hard choices.”¹⁰⁸

U.S. military capability and contractor support did begin to change broadly during George W. Bush’s first term as president as a consequence of his administration’s policies to reshape the U.S. military. Once Secretary Rumsfeld assumed his Pentagon duties, he used “transformation” as his term of choice for shaping U.S. military capability change. The modernization of U.S. military capability is at times discussed as a matter of revolution in military affairs (RMA), change, and now transformation. The terms for change may be subtle, but in the military and national security, the manner of change they imply is a hot-button issue. Indeed, one of Mr. Rumsfeld’s critics, Lt. Gen. Paul Van Riper, United States Marine Corps (Ret.), has said that “transformation” is a slogan that indicates that those who use it do not know what they are doing. To this end Van Riper insists that the ideas upon which transformation are based have not been vetted. Furthermore, he believes that they have no valid intellectual foundation.¹⁰⁹ In this section I look at the sequence of events and empirical evidence of the decision to change military capability and the use of contractors.

Historically, change in U.S. warfare or military capability has been driven by modernization supported by technological advances in weapons development and

¹⁰⁸ Ibid.

¹⁰⁹ Public Broadcasting Service, *Front Line: Rumsfeld’s War*.

communications; for example, nuclear-powered submarines, and the cell phone.

Accordingly, I will begin the review of military capability changes for the current Bush administration by defining and tracing the recent RMA and military capability change.

After that I will return to Rumsfeld's transformation policies as reflected in the Quadrennial Defense Review of 2001.

Tracing the RMA to the QDR

In the 1990s, the revolution in military affairs was an issue of paramount interest for Pentagon strategic thinkers. The RMA was focused on how to best modernize military capability by taking advantage of rapidly advancing technology such as digital information technology. The RMA ultimately led to a downsizing of the force structure, which I suggest is a starting point for the eventual need for contractor capability to augment the force mass in the Iraq War. The RMA debate also included studies of how changes to military capability can best be achieved.¹¹⁰ Subsequently, as can be seen in the review of the Quality Defense Review of 2001 (QDR), a result of the RMA was that modernization and technology became focal points for military capability change. Transformation was the spirit for how military capability change was to be achieved.

The RMA debate was divided by those who wished to modernize the force and the traditionalists who did not. Those who favored modernization argued primarily that technology could replace many soldiers and protect them from the danger of combat. In contrast, traditionalists reasoned that weapons may change, but in the end changing the will of the enemy requires "boots" on the ground. For this reason they argued that

¹¹⁰ Gray, *Strategy for Chaos*, 1.

technology alone cannot be depended on to win wars. With these reasons in mind the traditionalists argued for an incremental and balanced reduction in force capability.¹¹¹ Therefore, the evolutions of issues regarding military capability change identified in the RMA debates of the 1990s are important to know as background for explaining Secretary Rumsfeld's force transformation. The transformation decisions to modernize the force structure to rely on technology in a short time resulted in a limited ground force capability. In the review of the QDR of 2001 I will show that the use of contractors for warfare was planned before the intervention in Iraq was considered.

Ryan Henry, a principal deputy undersecretary of defense for policy, has provided some historical examples of how the U.S. military has changed. His examples provide useful insight for understanding the RMA, military transformation, and how and why military capability changes. Henry has identified three cases that show how the U.S. military has developed new strategies and made investments in capabilities appropriate to modernize the military for anticipated conflicts. First, in the 1930s, the strategy the United States devised in the face of Asian and European expansionism was amphibious warfare, aircraft carriers, a strategic bombing force, and a strong industrial base. Second, in containing the Soviet Union during the Cold War, the United States changed its strategy to integrate nuclear and conventional forces. And the third case, according to Henry, is the series of competitive strategies of the 1980s that were intended to identify vulnerabilities in the Soviet military establishment and strategic posture so as to checkmate their competition with advanced U.S. military capability. Henry's assertion is that the logic of change in these examples started with a new set of strategic problems.

¹¹¹ Peters, *New Glory*, 30.

The new strategic problems were followed by new strategic thinking that shaped the “sweeping transformation in the structure, posture, weapon systems, and tactical doctrines of our military.”¹¹²

Accordingly, transformation is a concept of sweeping change for the U.S. Armed Forces for the strategic situation that existed when President Bush took office. Rumsfeld even created an Office of Force Transformation—reporting directly to the secretary of defense—to integrate transformation activities. According to Douglas Macgregor, an expert on military reform and opponent of the Rumsfeld transformation policy, transformation can be defined as changing the armed forces structure and composition to become something new and presumably more effective. Transformation of U.S. warfare capability today requires an effective way of combining and integrating the various military service and government agencies such as the Department of State. It also requires a new joint operational structure.¹¹³ One of the transformation concepts pushed by Secretary Rumsfeld is to change the service culture and to rely on “jointness.”¹¹⁴

According to Richard A. Lacquement, Jr., six operational goals were put forth to guide transformation efforts: (1) protect critical operational bases; (2) provide information systems security; (3) the ability to conduct anti-access and area-denial threats; (4) deny enemy sanctuary by surveillance and engagement with precision air-ground-all-weather/terrain strike capabilities; (5) enhance space systems and

¹¹² Henry, “Defense Transformation,” 6.

¹¹³ Macgregor, “Transformation,” 8.

¹¹⁴ I argue that a paradox of Rumsfeld’s transformation is that the services do have a more joint culture, but his decisions for military capability change have resulted in an unintended revolution in military affairs. The contractors in Iraq have been termed “a private army” and therefore may be a more threatening divisive force than is the traditional military services’ rivalry.

infrastructure; and (6) use information technology to develop a joint operational structure.¹¹⁵

Secretary Rumsfeld has linked his transformation goals for restructuring the force to the U.S. tradition for downsizing the military force after a major conflict. One of the best examples of the downsizing of U.S. forces and the security problems that can result from a rush to change force structure is the demobilization after WWII. Traditionally, when the fighting is done, the U.S. taxpayers are more than ready to bring the nation's forces home and to reduce military expenditures. Even with a requirement to occupy Western Europe and Japan after World War II, President Truman sought to reduce the U.S. Army from 8,000,000 to 1,950,000. The U.S. Navy and Marine Corps were drawn down from 3,400,000 to 1,139,077. By March 1946, proposals were on the table for the army to downsize to a force of 1,070,000, and that included 400,000 earmarked for the new U.S. Air Force.¹¹⁶

Transformation takes a business approach to war by adjusting military capability through proven and tested business management practices. The business approach to war includes adopting ways to manage military organizations so as to economize the use of resources. The business approach includes adopting ways to modernize government or the military force by copying methods that have proven to effectively economize the use of business resources. An example of the management approach is outsourcing, which is currently a hot trend within private management circles and is now transformation

¹¹⁵ Lacquement, *Shaping American Military Capabilities*, 131–32.

¹¹⁶ Weigley, *American Way of War*, 368.

policy.¹¹⁷ Private business has found that technology enhances vision and modernizes capability. Organizations that ignore the success of commercial systems cannot be confident of future success. Embracing the technology revolution is the path to confidence and success, especially when the possibility or potential for misconceptions is anticipated.¹¹⁸

Commercial experiences with technology can identify useful ways for transforming the structure and composition of military forces and can provide examples, principles, and measures that may have a useful application for modernizing U.S. military means and capabilities. Modernization includes reengineering plans, “revolutions in business affairs,” procurement reforms, and information systems. Technology enables vision and response to the external environment. Modernization that embraces the information revolution is the path to success.¹¹⁹

The QDR of 2001 documents the Pentagon policies for transformation, modernization, and the use of contractors. The first QDR for the administration of George W. Bush was conducted in 2001 by the Office of the Secretary of Defense. Secretary Rumsfeld began his defense review knowing that Congress was not pleased with the slow progress for military reductions that his predecessors at the Pentagon had made. Also, the LOGCAP revisions¹²⁰ were published in December 2000, just a matter of weeks before Rumsfeld would start his new job. As a result, Secretary of Defense Rumsfeld was able to use his office’s mandate to conduct the QDR in a way that could reinforce his policies to transform the U.S. military into a smaller, more technology-

¹¹⁷ Brudenall, *Technology and Offshore Outsourcing*. This important work introduces the emerging principles of outsourcing that are echoed in the MBA approach to military utility.

¹¹⁸ Gompert and Lachow, *Transforming U.S. Forces*.

¹¹⁹ *Ibid.*

¹²⁰ The LOGCAP revisions will be reviewed later in this chapter, after the review of QDR 2001.

centered force.¹²¹ The QDR indicates that Rumsfeld planned on using contractors to augment the downsized force, and the revised LOGCAP provided a contingency plan for doing so.

The QDR of 2001 directly addresses the downsizing of force structure and the outsourcing of core government functions that are of paramount interest in this study. The QDR is important because it designates the criteria for the functions that DOD must perform and states what a “core government function” is:

Only those functions that must be performed by DOD should be kept by DOD. Any function that can be provided by the private sector is not a core government function. Traditionally, “core” has been very loosely and imprecisely defined and too often used as a way of protecting existing arrangements.¹²²

The test for determining a core military function is whether it is directly necessary for warfighting.¹²³

Secretary Rumsfeld pointedly avoided consultation with the chairman of the Joint Chiefs of Staff as the QDR was written. He and the Pentagon military leadership did not agree with each other about his proposed changes to the defense posture and policy as eventually published in the QDR of 2001. Rumsfeld made it clear to the Pentagon military leadership that he was going to transform the U.S. military whether they agreed with him or not.¹²⁴

The QDR of 2001, which has been posted on the Internet by the DOD, gives clear notice to the public and to the military services that private enterprise is to be used on the battlefield whenever possible. It indicates that contractors will be called on for battlefield

¹²¹ Heilbrunn, “The Rumsfeld Doctrine.” An account of Rumsfeld’s methods can be found in Gordon and Trainor, *Cobra II*.

¹²² Spearin, “Emperor’s Leased Clothes,” 247.

¹²³ Rumsfeld, *Quadrennial Defense Review Report: 2001*, 53.

¹²⁴ Gordon and Trainor, *Cobra II*, 3.

services as frequently as private industry is called on to build tactical aircraft and naval ships.¹²⁵

The QDR also states that the DOD will improve performance and define new models for the public-private partnerships that will function together in activities linked to warfare. Those functions not linked to combat, and that are best performed by the private sector, will be outsourced with private firms or public actors.

By the spring of 2002, the resources of the active duty force were down from the 1980s level of 2.1 million to 1.36 million. Of the reduced force level, 15 percent, or 235,000 military personnel, were deployed out of the United States. In a critical article on U.S. force preparedness, Lawrence J. Korb argued that under the conditions of the day, the military was not overworked. Korb argued that even at downsized strength, sailors were spending about the same time at sea as a decade before, and that “the net effect of long or hostile-area duty on retention is actually positive for Army and Marines.”¹²⁶ Korb’s argument is something that Rep. John Murtha from Pennsylvania would dispute in light of overextension of troop deployment in the Iraq War in 2006.

Significantly, the due date for Secretary Rumsfeld to submit his first QDR to Congress was September 30, 2001. As a consequence of the terrorist attacks, one of which struck the Pentagon on September 11, there were purposeful revisions to the QDR at the time and to the U.S. view of security interest forever. The review retained Rumsfeld’s agenda for transformation, but as a result of the terrorist attack the reductions and reshaping of the military were put on the back burner.¹²⁷ Rumsfeld’s strategic

¹²⁵ Cahlink, “Send in the Contractors.”

¹²⁶ Korb, “Are U.S. Forces Unprepared?”

¹²⁷ Lacquement, *Shaping American Military Capabilities*, 127–28.

guidance for the review before September 11 called for U.S. forces to be sized for deterrence as well as missile and nuclear, biological, and chemical defense.¹²⁸ The guidance called for forward-deployed security operations. These operations were to be performed with regionally tailored forces capable of rapidly defeating enemy forces with a minimum of reinforcements. When the report was finally published, it did not call for any reductions of the armed forces.¹²⁹

The QDR of 2001, which gave priority to improving homeland defense and established guidelines for military transformation, took a capability-based approach. On the whole, the capabilities approach gives the advantage of widening the strategic perspective. It is based on how an adversary might fight in contrast to who they are. The latter characterized previous defense reviews, which took a threat-based approach. In fact, this QDR backed off the threat-based strategy that required the capability to simultaneously fight two major wars. The QDR changed military capability to support a strategy to defeat one major adversary and to simultaneously “hold” a second with the use of air power. The scheme was that, when the former was defeated, the U.S. ground forces could move on to defeat the latter. A final point made in the QDR is related to requirements and suggestions for joint force operations.¹³⁰

SUMMARY

In this literature review I examined the primary and secondary sources for private military actors in history and the contemporary studies of the trends related to their

¹²⁸ For the published details of Rumsfeld’s guidance for the QDR of 2001, see Rumsfeld, *Guidance and Terms of Reference*.

¹²⁹ Lacquement, *Shaping American Military Capabilities*, 132–33.

¹³⁰ *Ibid.*, 134–35.

reemergence in the early 1990s. The literature review included a multidisciplinary view of the changing nature of U.S. warfare. Also, the review provided a comprehensive update of the literature pertaining to how U.S. civil-military decisions have changed military capability over the course of recent history, including the downsizing of force structure after World War II.

The history of contractor support actually started before World War II, when it was common for civilians to provide the U.S. military with logistic support such as transportation, medical, and provisional services. Since the end of the Cold War, contractors have been counted on for routine matters such as military facility maintenance and logistics support. The literature review further indicated that the technological complexity of weapons systems, which started to evolve as early as the war in Vietnam, led to the services teaming up the contractor technical specialists with the military specialists. Thus, it has now become routine to depend on contractors for the lifetime support of advanced weapons systems.¹³¹ As a result of changes made after the Cold War, contractors became a part of the total U.S. warfare capability. The changes included downsizing the military force and outsourcing traditional government roles. These options were based on a business management model for economizing resources. The decisions to change also were based on the RMA and the argument that one way of retaining a substantial level of military capability was to modernize with technology and advanced weaponry. Another result of these decisions was the need for contractors to contribute to the total force.¹³²

¹³¹ Trautner, "A Personal Account," 11–12.

¹³² Singer, "Outsourcing War."

The richest part of the literature on private security–military actors and transformation was written during the past decade. While scholars have given the related issues some attention, there is an apparent gap in studies focused on how private actors have transformed client governments. This study is not that broad; on the contrary, it focuses on identifying the contractors and the analysis of how they have contributed to U.S. warfare capability. As a result, this study contributes to the knowledge of ways in which contractors may be changing client governments. The following chapter reveals the methods I used to analyze this problem.

CHAPTER III

RESEARCH DESIGN

CHAPTER GOAL

The goal for this chapter is to explain the research design and the case study method and why the cases selected are important for finding the expected answers to the research problem.¹ The research design structure and method in this chapter include the following aspects: The research problem is stated and defined, and the independent and dependent variables are specified along with the operational definitions of key terms used in this study. The individual case study method is developed and the structure for organizing the collection of data for the contractor cases is clearly defined as the function of the research question subset. The research questions trace the process required for analysis of the cases by linking the cause and outcome of the events described. This chapter also discusses the selection of the cases analyzed. Finally, the chapter goal is to present my argument in terms of why the cases selected are important and what I expect to find by analyzing them.²

The research problem is focused on who the contractor firms are and how the nature of government oversight and control over those firms have determined whether the contractors' contributions augment or diminish U.S. warfare capability in the Iraq War.

I argue that the nature of governmental oversight and control are essential factors in the contractors' impact on warfare capability. In the final analysis of the problem, I

¹ See *Refining the Argument*, pages 17–18.

² Alexander L. George's case study methods have been the intellectual guide for my design of the case study and method design in this chapter. See George, "Case Studies," 54–55; and George and Bennett, *Case Studies and Theory Development*, 6–7.

will show how it is the degree of government control over contractors (my independent variable) that determines whether warfare capability (my performance or dependent variable) is augmented or diminished. The research systematically identifies and explains who the contractor companies are as well as how they are controlled by military and nonmilitary/political administrators, and how contractor services specifically contribute to U.S. warfare capability. The research design establishes a structure that selectively focuses the collection and organization of the empirical evidence found, which can be defined as benefits (augmentation) or threats to diminish capability. The design method shapes how that evidence is analyzed to determine how contractors have contributed to U.S. warfare capability in Iraq.

The review of literature indicates that previous studies that have analyzed private military or security actors as threats to state sovereignty have missed the mark in failing to theorize or consider the plausible benefits of private transnational security firms.³ This study is a heuristic investigation that rationally traces and records the events and actions for analysis and is intended to answer whether and how contractors contribute benefits or threats to the U.S. capability within Iraq.⁴

The method uses a single case study, the contractors in Iraq, as the qualitative technique for analyzing their contributions to U.S. warfare capability. As explained later

³ For example, Professor Deborah Avant, a widely respected expert on the private market for force, has argued against the U.S. turning to the private sector for security assistance. She argues the services they provide exceed those of traditional security firms and night watchmen. Her argument is grounds to explain that contractors pose a threat to the governments' resources for providing security; see Avant, "From Mercenary to Citizen Armies," 42. Yet, writing in 2006, Avant asserts that the private security industry is providing benefits and risk as a security function in military operations in Iraq. Her assertions largely complement my thesis; however, her generalization of military security does not explain the majority of contractors in Iraq that contribute to agencies administering civil or political rebuilding projects. See Avant, "Privatization of Security," 327–329.

⁴ George and Bennett, *Case Studies and Theory Development*, 5. The cases identify the country of origin for the contractor firms that are employed in Iraq.

in this chapter, the case study is structured to organize individual cases for each firm into two groups. The first group consists of contracts administered by the U.S. military. The second group includes contractors whose administrators are agencies or actors that are nonmilitary. The collective findings or generalizations for the two groups are analytically compared and distilled for the study's final conclusions. Contributions are broadly defined as the functions, actions, and events performed by contractors. Capabilities are defined later in the chapter. The collection of evidence for the cases is based on the main research question: *Who are the contractors, and how has the nature of government oversight and control over contractors determined whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War?* The collection of the empirical evidence for the contractor cases is structured by tracing the observed events and actions that are contingent upon data found in answering the research question subset. The following questions make up the research question subset:⁵

1. Who are the contractors and how do the nature, size, characteristics, and function of the contractor firms and their personnel impact on their support in Iraq? This includes the corporate culture and how interdependent the firm is with the traditional military-industrial complex. Also, the identity of the firm's leadership and training of individual personnel and distinct capabilities they provide is used to analyze who the contractors are.
2. Who is/are the contractors' client(s)? Clients pay for and administer the contract. How are the contractors controlled, and what legal restrictions or

⁵ Ibid., 5–7. These questions are shaped by the characteristics of the private security industry and warfare capability. These characteristics are further defined in this chapter.

jurisdiction do the contractors operate under? How are their contractual relationships managed?

3. How do contractors interact with contract administrators or authorities: U.S. government agencies, military, coalition partners, and Iraqi authorities?
4. How do contractor contributions augment or diminish U.S. military and/or warfare capability needs?
5. How do contractor contributions enhance or threaten the U.S. political or civil affairs assistance goals in Iraq?
6. How do contractor services add to or diminish U.S. public support for the Iraq War?

The question set is a heuristic tool for tracing how the government controls over contractors affected the work they were hired to do. In other words, the question set is part of the fact finding or research process. The question set structures the discovery process and focuses the collection of evidence of contractor functions and events that will eventually complement analysis of contractor capability. The question set seeks to find evidence of the degree and nature of control and oversight that military and nonmilitary/political administrators exercise over the contractors, which can be traced to whether the contractors' contributions have a positive impact on (augment) or negative impact on (erode or diminish) warfare capability.

This is a qualitative evaluation of comparative risk that contractors' behavior poses as a function of fulfilling their contract, which either augments the client's warfare (military and/or political) capability or diminishes it. The goal is to collect the evidence or data for the government's oversight and control of contractors that can plausibly be

used in the final analysis as an explanation of how contractors' contributions change warfare capability.⁶

OPERATIONAL DEFINITIONS

I have used the following operational definitions for the foundational explanatory terms for analysis of my argument that contractors either augment or diminish U.S. warfare capability due to the degree of governmental oversight and control exercised over them. Specifically, these definitions are necessary for explaining the assessment of the findings and conclusions regarding how the dependent variable, U.S. warfare capability, is augmented or diminished.

U.S. *warfare capability* for the total force is operationally defined as including both political and military dimensions and characteristics. *Military capability* is a fundamental military term that I have operationally defined as being equivalent to organizational output or contribution.⁷ Warfare capability is augmented or threatened when either the political and/or military capability of the force is augmented or threatened. The measure for change in warfare capability is the exhaustive explanation of each contractor case based on the logic of the observations found in the case study for how the force ability to increase or decrease its output or contribution is changed. The question set focuses the approach for tracing the findings of how warfare capability is augmented or diminished.

⁶ George, "Case Studies," 55.

⁷ For an excellent example of a capabilities approach for analysis of the U.S. military, see Lacquement, *Shaping American Military Capabilities*, 10.

The operational definitions for the four parts of warfare, military, and/or political capability follow: *Force structure* is defined as a matter of the organization's size and composition. *Modernization* is defined as the technical sophistication of the force, weapons systems, and equipment. The force, unit, or organization's *readiness* is its ability to deliver outputs for which the force, unit, or organization was designed. The final definitional part of capability is *sustainability*, which is how a force, unit, or organization can maintain the necessary level and duration of operational activity to achieve its stated objective. As a function, sustainability is how well a unit can provide for and maintain the levels of ready forces, materiel, and consumables necessary to support a military effort.

Effectiveness is not considered a part of the definition of capability at any time in this study. Barry Posen, who has studied the sources of military doctrine, asserts that military capability must be analyzed both qualitatively and quantitatively.⁸ Accordingly, my operational definition of capability and its parts can be used to explain how a contractor contribution to the size and composition of the force structure is a change in military capability. For example, when ten contractors provide translation capability to augment a military intelligence unit, the capability of the military unit to collect battlefield intelligence is changed. Specifically, the contractors in the example increase the size, force structure, and readiness of the unit to perform its mission.

Here is an additional example: military structure includes the quantity and type of force. For instance, the structure of a Navy SEAL team is eight. That is eight sailors with SEAL or special operational capability. The structure or capability changes when the

⁸ Posen, *Sources of Military Doctrine*, 24–25.

quantity or type of force is changed. Eight contractors do not have the same capability or structure that the eight SEALs have. The concept of structure is important both for analyzing contractor capability and for determining what role contractors have played in U.S. warfighting efforts in Iraq.

Because the research problem and the case study include all of the various contractor functions and the ways in which the degree of their control by the government contributes to U.S. warfare capability in Iraq, the research design includes ways to analyze contractor political or civil contributions. The political objective, according to Carl Von Clausewitz, is the motive of war. The political objective, which I refer to as the U.S. warfare objective in this dissertation, determines the military objective and the warfare capability necessary to achieve it.⁹ Clausewitz asserts that war is the art of using the given means¹⁰ in combat, in the wider sense; this includes all activities that exist for the sake of war. The development of the fighting forces, the recruiting, arming, and training constitute one level. Another level is the conduct of war on the battlefield. Clausewitz wrote that “tactics teaches the use of armed forces in the engagement; strategy, the use of the engagement for the object of the war.”¹¹

Political capability is operationally defined as the “output” or the potential ability to influence political or civil assistance. The definition of political capability consists of the same parts as military capability, except that the organizations that administer or control the contracts for rebuilders and security firms are not military. Rather, they are government civilians and institutions. I occasionally refer to these administrators as civil-

⁹ Clausewitz, *On War*, 80–81.

¹⁰ Ways and means are defined in this dissertation as being linked to warfare capability as expressed in terms of force structure (size and composition), modernization, readiness, and sustainability.

¹¹ Clausewitz, *On War*, 127–29.

political rebuilders. The influence of political capability can be traced from the level of civil-affairs assistance provided, such as training Iraqi police, to the civil order or public support it is intended to produce by providing security for Iraqi citizens. For example, if DynCorp trains Iraqi police in accordance with its contract, it is a benefit to the political dimension of warfare capability. If the firm does not do the training as contracted, it is a capability threat because economic and personal resources that could have been used for other goals have been wasted. For this study the effectiveness of the trained police is not used as a part of the assessment. Political capability includes two goals intended to gain public support, which is linked to establishing order: (1) rebuilding and construction of infrastructure such as communications, transportation, roads, public services, and buildings, and (2) security and policing, including establishment of public order, protection of the builders, and infrastructure.

This research plan is designed to ultimately compare contractors¹² that are controlled by military administrators with contractors that are controlled by nonmilitary/political administrators. A quantitative analysis—that is, a simple count of the contractors on the battlefield—is not sufficient for explaining the role contractor contributions have played in the total scheme of warfare capability. When the comment is made that the current war in Iraq is “the most privatized war in U.S. history,” there are two important implications. The first generalization is that all contractors are alike, that their contributions are similar. However, grouping contractors into one “lump” hinders describing and explaining the variety of contractor contributions in specific terms of

¹² In the results of final analysis, the comparison of cases increases the plausibility of explaining the results found in the individual cases. George, “Case Studies,” 58–59.

capability change. The second implication is that the increased use of contractors is not a good thing. Both of these ignore ways in which the degree of government oversight and control help to explain the impact of contractors on warfare capability. I will show that there is a solid empirical basis for the argument that the nature of control over contractors determines their success in augmenting military and/or political capability. Also, I will show empirical evidence of instances in which individual contractors who were not properly controlled have damaged or threatened U.S. warfare capability. This study is designed as a qualitative analysis to increase the general knowledge related to contractors and to find out how and whether contractors' contributions are a benefit or threat to the total scheme of U.S. warfare capability in Iraq.

For this study I have held or frozen U.S. warfare, political, and military effectiveness as a constant. *Effectiveness*, which is not a part of this study's assessment, is defined for the purpose of this explanation as a measure of how the total force achieves the stated military or political objective or goal, which within this work is operationally defined and considered to be the establishment of order or stability and the rebuilding of Iraq. The U.S. goals to stabilize and to rebuild Iraq have not been accomplished during the scope of this study. Therefore the effectiveness of contractor contributions is not a part of the analysis.¹³

CASE STUDY DESIGN

I chose to use the case study method because it provides useful insight into "how and why" research questions. The goal of my research design is the qualitative analysis

¹³ Dorff, "A Primer in Strategy," 11.

and historical narrative that explains the evidence to support my argument for how the nature of government oversight and control of contractors' firms has a positive or negative impact on warfare capability within the context of the Iraq War.¹⁴ I will use history as a frame of reference to explain and generate insight through careful narration and thoughtful analogy.¹⁵ The analytic findings are derived from the logic of the observation of the contractors' contributions as a function of their client's capability. Two additional conditions have influenced my strategy to use case studies. First, as a researcher, I have no way of controlling the actual events of interest as they unfold in the Iraq War. Second, this dissertation is focused on contemporary events.¹⁶

In this dissertation the plan for analysis developed as an epistemological strategy based in part on the idea that the trends such as transformation and downsizing that lead to military capability change result in both intended and unintended consequences.¹⁷ For example, the trend to modernize army divisions with technically advanced weapons systems resulted in more capable army units with greater levels of sustainability and readiness, as intended. However, an unintended result was that the army needed contractors to teach its soldiers how to operate the new weapons. This is linked to the unintended consequence of changing the unit structure's composition to include both civilians and soldiers. The case study method ferrets out whether and how contractor contributions changed U.S. warfare capability and helps to "fix" the complexity of this hypothetical puzzle for analysis. The case study analysis provides the narration to

¹⁴ Events such as the Abu Ghraib Prison scandal and contractor regulations established by the Iraqi Coalition Provisional Authority provide the historical context and order for analysis of the case studies.

¹⁵ John L. Gaddis argues that good scientists and historians use all the tools they have: theory, observation, narrative, analogy and so on. Gaddis, "International Relations Theory," 57. Also see Gaddis, "History, Theory, and Common Ground," 75–78.

¹⁶ Yin, *Case Study Research*, 5.

¹⁷ George and McKeown, "Case Studies and Theories," 21–58.

explain, compare, and criticize the results of contractor contributions to warfare capability.

Cases for the individual contractor firms act as a script for the observations that allow explanation of how contractor services or actions impacted on warfare capability as they did. Using contractor case studies provides a disciplined approach for logically ordering the trends, perceptions, and facts related to the degree of government control over contractors and the resulting contractor behavior in regard to how it changes U.S. warfare capability. The cases for each contractor firm are structured by the question set, which focuses the search for what is to be studied. Tracing the events, functions, and actions that are found as a result of the questions results in the exhaustive description that forms a systematic analysis of how successful the impact of contractors is on warfare capabilities. The cases and question set function as heuristic guide for a searching inquiry to identify and analyze the performance effect or capability that results from contractor behavior.¹⁸ The results are what Professors Andrew Bennett and Alexander L. George have referred to as a “good historical explanation.”¹⁹

As stated earlier, the research method uses a single case study that is structured to organize individual cases for each firm into two groups. The cases in the two separate groups are structured in the same way, and by the same question set; the difference between them is the government agency that administers the contract and how it controls the contractor. The first group (organized in Chapters IV and V) consists of individual contractor cases in which contracts are administered and controlled by the U.S. military.

¹⁸ Schwartz, *Art of the Long View*, 4. Schwartz’s definition of case scenarios influenced my case study design.

¹⁹ Bennett and George, “Process Tracing.”

Primarily, the firms in this group are expected to make contributions that augment military capability. The second group (organized in Chapters VI and VII) includes contractor cases whose administrators are government agencies or actors that are nonmilitary/political. These contracts call for contributions that augment civil-political affairs (nation building). The contractors for the second group consist of two basic types of contractors: those who are builders and those who provide security.

The case study is designed to facilitate a logical comparison of the findings for contractors controlled by the military and the findings for contractors that are controlled by nonmilitary/political administrators.²⁰ In designing the question set I anticipated that some contractors in the first group will contribute to civil-political capability, while some in the second will contribute to the military. The comparison of these two groups of cases is important because I expect that the differences in the nature and degree of control and oversight exercised over the contractors will be different for the two groups of contract administrators. I expect to find that the difference in how the administrators control the contractors will be reflected by the impact that contractors have on warfare capability.

In sum, the single case study, contractors in Iraq, is an analysis of individual contractor firms or cases that are guided by the question set and process-tracing. The analysis is organized in the context of a historical narrative.²¹ I expect to find that the contractors studied in Chapters IV and V, which are controlled by the military, will have

²⁰ The analysis or “process tracing” of the firms is framed by the research question subset. Process-tracing is a method that focuses the research and traces the links between cause and effect. George and Bennett, *Case Studies and Theory Development*, 6; and Bennett and George, “Process Tracing.”

²¹ According to Gaddis, the language of history can provide a frame of reference to explain and generate insight through careful narration and thoughtful analogy. Gaddis, “International Relations Theory,” 6 and 57. Also see Gaddis, “History, Theory, and Common Ground,” 75–79.

a more positive impact on warfare capability than do the contractors studied in Chapters VI and VII, which are controlled by nonmilitary/political administrators.

LEVEL OF ANALYSIS

Based on the research questions, the level of analysis for this study is the state. The analytical level is centered within the state of Iraq. The goal is to analyze the political and military capability in terms of the ways in which contractor contributions augment or detract from U.S. warfare capability.

DATA COLLECTION

The data for this dissertation was collected through the document analysis of various primary and secondary sources, official government records, and print and digital media. Data was collected from the emerging literature, official U.S. government and military Web sites, and the open press. Information was also collected from online databases such as those found at <http://www.marketwatch.com>, <http://www.publicintegrity.org>, <http://www.msnbc.com>, <http://www.corpwatch.org>, and <http://www.sourcewatch.org>. Information was also obtained from the Web pages of various firms that make up the private security industry. A primary digital resource for source material was the AMPMlist database of messages. AMPMlist is a Yahoo! Groups list (<http://groups.yahoo.com>). The list is a multisource collection of papers and news articles, *inter alia*, related to the international trade in private military services. The list focuses on private military and security companies. The data list was initiated on April 19, 2000, and as of December 17, 2006, had 24,777 individually numbered messages or documents. List members can search the list digitally by keyword or by message number.

Non-members can join the AMPMlist by contacting the list manager, currently Doug Brooks at Hoosier84@Hoosier84.com.

RELIABILITY AND VALIDITY

The reliability of collected information was confirmed by cross-comparisons with additional sources when such sources were available. To the extent possible, the study uses original empirical information collected from across a broad spectrum of eclectic sources. Reliability and validity is a problem because this subject is rapidly emerging in a dynamic climate in which private security actors are reluctant to provide firsthand source information. In this study, the researcher has no control over the contract firm. The collection and evaluation of empirical data was qualitatively analyzed, and replication is complex. The audit trail of printed material and quantitative data is found in Works Cited. Copies of documents that were obtained from digital sources are maintained in a paper file. The hostile combat environments, travel restrictions, and absence of funding precluded firsthand collection of data from the battlefield.

The findings for this research are not assigned a numeric value or grade. In this qualitative analysis, the confirmation of the findings is based on the analysis and empirical evidence presented within the study. The validation of the findings is based on the reader's practical acceptance of the findings as a matter of them being reasonable and prudent.

CASE SELECTION AND GOALS

The goal of this section is to explain how the firms were selected for the individual cases and to explain why the cases are important and what I expect to find by

analyzing them. These cases are important because they represent a variety of firms that are controlled by either the military or by civilian government administrators that are not part of the military. The literature review indicated that the degree and nature of control that these administrators exercise over the various contract firms may be different. Ultimately the case study analysis involves a comparison of a group of cases/firms that are controlled by the military with a group of cases/firms that are controlled by nonmilitary/political administrators.

When the U.S. invaded Iraq the military had doctrine and experience for working with contractors due to the U.S. Army Logistics Civil Augmentation Program (LOGCAP); the nonmilitary/political administrators did not. For example, the rules of engagement, for controlling circumstances under which armed contractors can fire their weapons, were written by nonmilitary/political administrators and were instituted in the early months of the war. They are still in effect. Therefore, the rules written in the early phase of the occupation by the nonmilitary/political administrators, I argue, are symptomatic of the control problem. Hence, these cases are important for the analysis of my argument²² that contractor contributions either augment or diminish U.S. warfare capability due to the nature and degree of oversight and control exercised by the military and/or nonmilitary/political administrators of the contract.

The individual case selections started with government contractors working in Iraq as listed on the 2006 Central Command census, which is posted in Table 3 (Chapter IV). I selected all of the five firms listed, along with their subsidiaries that have traceable links to their own contract(s) in Iraq. The list included Kellogg, Brown & Root (KBR), L-

²² My argument is presented in detail in Refining the Argument on pages 17–18, and in the first three sections of this chapter.

3 Communications, Titan, DynCorp, and Blackwater USA. I will identify some of these firms as cases controlled by the military and others as being cases controlled by nonmilitary/political administrators.

I selected Halliburton because of KBR's status as its subsidiary. During my research on KBR I discovered that many documents and sources intermingle and use the two names, Halliburton and KBR, interchangeably. I chose to do two separate cases, one for each firm, to clarify their contributions. I will explain in those cases that Halliburton divested itself of KBR during the course of this study. I also selected KBR because of its association with the LOGCAP contract, which is essential to understand in assessing contractors in Iraq. I selected Boots & Coots because it is linked to KBR as a subcontractor that provided specialized services during the invasion phase of the war. Chapter IV has separate cases for Halliburton, KBR, Boots & Coots, and Wild Well Control, Inc.

Titan is a subsidiary of L-3 Communications. Both companies have made contributions aimed at augmenting the military. L-3 Communications did a buyout of MPRI during the scope of this study. I have included a case for MPRI because of its important status as a defense contractor. I selected Titan because it was on the Central Command census and because Titan employees were involved in the notorious Abu Ghraib human rights scandal. I added CACI because some of the firm's employees were also involved in the Abu Ghraib scandal. L-3, MPRI, Titan, and CACI are all firms with contracts administered by the military. I selected Armor Holdings as a case because it was involved in a buyout and sale of ArmorGroup, which is now a British security firm with contracts in Iraq.

Blackwater and DynCorp are also on the Central Command list, but their contributions are more to the U.S. Agency for International Development (USAID) and the U.S. State Department. The identity of the contract administrators is not clear. Since this is a common occurrence with security contractors, I selected these two prominent firms and included them with the group of contractors not administered by the military. I selected Bechtel because the firm has a long history as a defense contractor and because it has one of the largest contracts for work in Iraq. I selected Custer Battles and Zapata Engineering because during the course of doing research for the first cases these two firms were identified due to their notorious character. For example, as will be described in detail in its case, Custer Battles is currently involved in a lawsuit that may set precedents for prosecuting contractor fraud in Iraq. Custer Battles is in Chapter VI and Zapata Engineering is in Chapter V.

Chapter VII consists of non-U.S. firms that provide security in Iraq. These firms were selected because the administrators of their contracts are not the U.S. military. Also, they all were selected because the status of their contracts appeared suspicious to me during my preliminary research and because they originated from an alliance partner, the United Kingdom. In doing research on Erinys's contract, I traced links through various executives to Aegis, DSL, and ArmorGroup. Cases for these firms all are grouped in Chapter VII.

The limitation of cases was based on the lack of transparency and available information. This is a significant discovery in itself. Private enterprise, particularly private security firms, are known for protecting information pertaining to how they do business. This means that the firms that were selected for the study became more visible or transparent because of alleged notorious behavior. For example, Blackwater USA is

well known because of information disclosed in a lawsuit brought against the firm by the family members of the Fallujah bridge victims. In the selection of cases I recognize this bias and have taken advantage of it. The cases selected give a clear picture that helps to answer how contractors contribute to U.S. capability in Iraq.

As a matter of limiting the number of cases studied, I did not focus on the study of contractors that are related to one branch of military service over another. I tried to take a general or joint approach to the U.S. military when selecting contractors for the cases except in the case of KBR because the U.S. Army is the lead agency or contract administrator. In Iraq the contractors serve most visibly on the ground, where U.S. Army and Marine forces have more direct contact with them. Because of that, evidence pertaining to the military-contractor relationship involves those two services most frequently, and the study refers to the other services infrequently.

Chapters IV and V consolidate the first group of individual firms/cases. These contractors are important for analysis because they are administered and controlled by the U.S. military.

The cases in Chapter IV consist of Halliburton, KBR, Boots & Coots, and Wild Well Control, Inc. I expect to find that the military control of these individual firms is framed by LOGCAP. The result is that these firms have operated under the highest degree of oversight and control of any of the other cases in this study.

Chapter V consists of cases for MPRI, L-3 Communications Corporation, Titan, CACI International Inc., Armor Holdings, and Zapata Engineering. These firms provide a variety of different functions and originate from the military-industrial-security complex. These firms operate under the same oversight and control as do the firms in Chapter IV.

Chapters VI and VII form the second group of individual firms/cases. These contractors are administered and controlled by nonmilitary/political administrators such as the U.S. State Department, U.S. Agency for International Development (USAID), the Coalition Provisional Authority (CPA), and the Iraqi Ministry of the Interior. The goal of these agencies and their contractors is to rebuild and stabilize Iraq. The cases presented in Chapter VI consist of Bechtel National, Inc., Blackwater USA, Computer Sciences Corporation, DynCorp International, Inc., and Custer Battles LLC.

The firms in Chapter VII are interesting because they originate from coalition partner states and they are controlled by the same nonmilitary/political agencies as are the firms in Chapter VI. The cases in this group consist of Erinys International, Defence Systems Limited/ArmorGroup, and Aegis Defence Services.

In my analysis of the cases in Chapter IV and V, I expect to find that firms augment warfare capability when they are properly controlled but can become a threat and diminish capability when they are not. For example, KBR has increased force capability by increasing readiness and capability with good logistics support. However, KBR has been suspected of fraudulent execution of some portions of its contracts. I argue that this caused increased oversight of the firm, which resulted in correction of the problem. Thus, in Chapter IV I will show that such control has resulted in KBR providing good logistical support that increased military capability. I expect to find that the military control exercised over the firms studied in Chapter IV will be in accordance with the doctrine and experience gained in controlling contractors under LOGCAP-type contractual boundaries. I expect that these findings will hold true for the group of cases in Chapter V. I expect to find that in most cases in the first group, warfare/military capability will be augmented because the contractors are controlled.

In my analysis of the cases in Chapters VI and VII, which comprise the group controlled by nonmilitary/political agencies, I expect to find that some contractors have augmented the political/warfare capability while others have seriously damaged it. The agencies that control the contractors in the second group came to Iraq without a force structure, plan, or doctrine for controlling contractors. Thus, the administrators for this second group were involved in “crisis” planning from the start and did not establish firm control over their contractors.

For example, Bechtel, as a building contractor, had to work in a less than secure environment, and the quality of the firm’s work suffered. This damaged warfare capability because the goal of rebuilding was to gain the confidence of the Iraqi people. The less than satisfactory rebuilding of schools damaged public confidence in the United States. Also, the unstable environment set in motion a chain of events that resulted in the hiring of armed security contractors. The nonmilitary/political administrators then had to write rules and procedures for controlling armed security contractors and these, I will show in the cases, have not been adequate. The result is that armed security contractors have been involved in serious incidents that created controversies between the Iraqi people and the United States that has damaged the warfare goal to stabilize Iraq.

TAXONOMY

In Chapter I provided an introduction to the taxonomy for the contractors. The literature review provided additional background details related to contractors. Now, I will specify the details that are important for analyzing contractor contributions. The contractors in this dissertation are controlled by clients in addition to the U.S. military; they are also controlled by the U.S. State Department, USAID, the CPA, Iraqi Ministry of

the Interior, and the Western media. The contractors in Iraq are linked together by the U.S. civil military objectives to establish order and to rebuild Iraq.²³ Therefore, there are basically two types of contractors: those that augment the U.S. military and those that support civil affairs rebuilders and their security.²⁴

Nonmilitary/political warfare contracts are administered by clients that hired contractors to provide capabilities necessary to stabilize and rebuild Iraq. For example, contractors contribute linguistic translators for the CPA. This dissertation uses descriptive types as basically defined by the Department of the Army's "Contractors on the Battlefield" manual. The operational definition of the types have been modified to fit contract cases that are administered by the military and by the nonmilitary/political administrative group. The army manual defines three types of contractor contributions, which I have operationally modified. I have operationally constructed Types IV and V, which do not exist in the army manual but are necessary to explain the contractors in Iraq:

Type I: Military provider firms implement force offensive operations and provide command for them. These contributions seek to engage the enemy. Examples of Type I firms are Executive Outcomes and Sandline, which no longer exist as firms and which are not operating in Iraq.

Type II: Military/political consultant firms provide advisory and training services; for example, police training.

Type III: Military/political support firms provide non-lethal aid and assistance; for example, logistics or engineering support, interrogator-translators, or mine clearing.

²³ Naveh, *In Pursuit*, 1–3.

²⁴ U.S. Government Accountability Office, *Military Operations*, 5.

While mine clearing can be lethal, those who clear the mines are not seeking to engage those who placed the mines.

Type IV: Military-industrial complex firms provide high-tech products or weapons and services related to them; for example, a cell or satellite telephone network, or operation of an intelligence surveillance device such as a drone.

Type V: Civilian security companies provide armed employees to protect people, places, things, and information; for example, security guards for Baghdad International Airport. Type V protection is protection- or police-oriented and is reactive in nature.

This taxonomy was constructed to distinguish the contractors that are security providers from those that are not. Some Type I private military companies refer to themselves as private security companies. This taxonomy does not consider Type I firms as security providers, and no Type I firms are part of this study. Type II, III, and IV contractors are considered as military or government support. In this dissertation I do not consider them private security firms. Type V firms are considered private security companies. Type V firms include those that provide stationary facility protection and moving protection such as convoy security and executive individual protection.

HISTORICAL SCOPE AND CASE STUDIES SELECTED

The historical scope of the individual case study and the contractor cases begins with the administration of President George W. Bush and when Halliburton divested itself of KBR on April 7, 2007.

SUMMARY

In this chapter I have presented the research design structure and methods. I stated and explained the research problem, clearly stated the independent and dependent variables, and presented my argument that the nature of government control over contractors is the key for determining whether their contributions augment or threaten U.S. warfare capability in the Iraq War. I have operationally defined terms and the taxonomy for the contractors. This understanding is necessary to analyze conditions that answer the stated research question and question subset. I explained the design of the single case study and the two groups of cases. The first group consists of the firms with contracts administered by the military, and the other by nonmilitary/political administrators. I explained the design of the contractor cases as being framed by the question set that is used in the process of tracing contractor contributions to cause and outcome. The ultimate goal of the cases is to collect, present, and analyze the data fairly to achieve the identified goals of the study. The cases selected for the study were identified and I explained why these cases are important and what I expect to find when they are analyzed. I explained that the findings for the two groups of cases are compared in the case study's ultimate analysis of how the nature of government control over contractors determines whether contractors augment or erode warfare capability. The limitation bias for case selection was identified and discussed.

CHAPTER IV

U.S. MILITARY CONTRACTORS

This is the first of two chapters that group individual cases for analyzing firms controlled by the U.S. military. This dissertation's stated problem is learning who the contractor firms are, and how the nature of government oversight and control over contractors determines whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War. It is important to note that contractor firms operating in Iraq are not all administered and supervised by one central agency, nor are all contracts in Iraq administered by the U.S. military. Ultimately, to answer the problem, the findings from Chapters IV and V will be compared with the findings from the individual cases administered by nonmilitary/political agencies, which are grouped in Chapters VI and VII.

CHAPTER GOAL

The goal of this chapter is to begin the analyses of individual cases for firms that are administered and controlled by the U.S. military. Each of the individual cases is structured according to who the firms are and how the contractors are controlled by the military. My argument, as presented in Chapters I and III, is this:

It is the degree of government (military and/or nonmilitary/political) control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

In the individual cases presented in this chapter I expect to find that it is the degree of military/government control over contractors that determines whether the contractors' contributions have a positive or negative impact on military capability. The U.S. military had written doctrine for the use and control of contractors before the current war in Iraq. Also, the military had previously gained experience working with contractors in Bosnia and Somalia under the Logistics Civil Augmentation Program (LOGCAP). Therefore, the contractors administered and controlled by the military have generally augmented military capability. Nevertheless, the military did fail to properly control some contractors on accession. Some of the controversial results, and how they impacted on military/warfare capability, will be presented in this chapter, and others will be presented in Chapter V.

The individual cases for firms in this chapter trace the ways in which contractors react under military control and how they specifically augment military capability so that the military force has the utility to accomplish its mission.

Significantly, the cases covered in this chapter are administered or controlled according to military doctrine and LOGCAP, which is the most significant contract related to U.S. military capability for the war. The cases in this chapter include Halliburton; Kellogg, Brown & Root (KBR); Boots & Coots; and Wild Well Control, Inc. These cases are all linked to KBR and LOGCAP. The scope of LOGCAP and its links to KBR span a time almost a decade before the United States invaded Iraq and now includes the past few years of the U.S. occupation of Iraq.

SITUATION

Before the Iraq War started, the existing policy for U.S. military capability included contractor support to augment both the size and composition of the total force structure. Contractor capability according to that policy was to augment military combat units. Therefore, before looking at the contractors' contributions, such as those of Kellogg, Brown & Root, it is important to understand the size of the reduced military force and the number of contractors that would be needed to make the military more sustainable.

During the Gulf War there was one contractor for every hundred U.S. military personnel. The total force that existed for the Gulf War included 5,200 contractors and 500,000 U.S. troops. Subsequently, military planners knew that contractors would play a much bigger and more critical role in the Iraq War than they did in the Gulf War. One estimate predicted that there would be one contractor for every ten U.S. military personnel.¹

Between the Gulf War and the planning for the Iraq War, the size and composition of the U.S. Army's divisions had been reduced. Defense funding was shifted to modernize some Army divisions and to make them a smaller but more technically sophisticated force. The smaller force and the political powerlessness to use the draft to expand the force can be traced to the Pentagon's choice to hire contractor support to enlarge the mass of ground forces, security providers, and builders² when the need arose to stabilize and rebuild Iraq. The current quantities, or verifiable number, of contractors

¹ Cahlink, "Send in the Contractors."

² For a lucid analysis of the postmodern military and the Revolution in Military Affairs and how technology spawned an agile and potent force, see Moskos, "Armed Forces," 3.

in Iraq is not really known. However, Liza Porteus, a reporter for FoxNews.com, has compiled the data recorded in Table 2.

Table 2. The Number of Contractors in Iraq (as of July 6, 2005)

120,000	Total contractors in Iraq
100,000	Are rebuilding oil pipelines and critical infrastructure
20,000	Are security providers
6,000	Are believed to protect corporate enclaves, U.S. installations, the "Green Zone" and key Iraqi/U.S. officials
14,000	Are thought to provide security for the rebuilders ³

In December 2006, Lt. Col. Julie Wittkoff, chief for the Central Command contracting branch, provided the results of the most recent and thorough census of contractors working in Iraq. This census, which includes Americans, Iraqis, and third-country nationals subcontracted to firms with U.S. government contracts, indicates there are ten times as many contractors in Iraq as there were in the Gulf War of 1991. The difference in the figures provided by Liza Porteus and Wittkoff demonstrates that civilian and military administrators at the operational level as well as military commanders in Iraq have differing views of the status of contractor presence in Iraq. See Table 3.

³ Porteus, "Fast Facts: Contractors in Iraq."

Table 3. Census for Contractors in Iraq (as of December 5, 2006)

100,000	Government contractors in Iraq (this does not include subcontractors)
140,000	Total U.S. troops in Iraq
1,500	DynCorp International; 700 are training police
1,000	Blackwater USA; private security providers
50,000+	Kellogg, Brown and Root ⁴ (do not have a breakdown by country, but has this many working in Iraq, Afghanistan, and Kuwait)
500	L-3 Communications
6,500	Titan (a division of L-3; provides linguists)
650	Contractors believed to have died in Iraq since 2003 ⁵

The census conducted by Central Command is incomplete and creates questions about the number of contractors and who the administrators of their contracts are. I will untangle these relationships in the cases to follow. The list includes Blackwater USA, whose Type V contract was originally written to provide protection for Paul Bremer of the Coalition Provisional Authority. After Iraqi sovereignty was declared the contract administrator continued as DOD, but the now firm works for State Department to protect the U.S. Ambassador to Iraq. Yet the same list includes DynCorp, whose contract to

⁴ The largest firm in Iraq is Halliburton's Kellogg, Brown and Root. The contract for logistics and maintenance support for the military is valued in excess of \$13 billion. Singer, "Outsourcing War."

⁵ Merle, "Census Counts 100,000."

provide Type III training for police is being worked with the military but is being paid for by the U.S. State Department. When the list is examined, it is difficult to determine how many individual contractors there are and what links exist between the contractor firms and their administrators.

My argument is that the list illustrates the general confusion that exists regarding how many contractors are working for the U.S. Agency for International Development (USAID), the State Department, and the U.S. military. This implies that the military has little or no control over the contractors operating on the battlefield, which in turn means that no one knows how or whether contractors are making specific contributions to the war. *Washington Post* staff writer Renae Merle states that there are 100,000 contractors, not counting subcontractors, yet this number does not account for 40,000 contractors. The census is not clear as to who the companies are. Furthermore, it is not based on a clear taxonomy for the contractors, which would facilitate tracing the process of how the contractors contribute to warfare in Iraq. Therefore there is no breakdown for various contractors and their contributions, and no way to ascertain which firms are providing Type I force operations, Type II consultants, Type III combat service support, Type IV military-industrial high-tech service providers, and/or Type V protection as civilian security providers.

HALLIBURTON AND KBR

The case studies begin with Halliburton and KBR, the key firms contributing services in the Iraq War. This is because KBR held the LOGCAP contract when the war plans for Iraq were written. Getting to know these two firms is a good starting point for tracing the process of evolution for the full scope of contractor contributions for U.S.

warfare capability in Iraq. KBR and Boots & Coots are both linked with Halliburton. However, the case studies process begins by tracing Halliburton as the prime contractor for LOGCAP. Much of the source material related to Halliburton and KBR weaves the two together by using the names of the two firms interchangeably and thereby confusing the firms' individual contributions. This study includes separate case studies for the two in order to focus the process-tracing onto each firm's contributions and by this means alleviate the tediousness of analyzing the entangled contributions.

HALLIBURTON ENERGY SERVICES

Halliburton sees itself as being the world's leading integrated energy services, energy equipment, engineering, construction, and maintenance firm. The current president and CEO for Halliburton Energy Services is David J. Lesar. The international oil well services and equipment firm is based at 1401 McKinney St., Houston, TX 77010.⁶ Halliburton has operations in over 120 countries and is ranked 103 in the 2006 *Fortune* 500 annual ranking of America's largest corporations. Its current revenues are posted at \$20,994 million with profits of \$2,358 million and assets at \$15,010 million.⁷ The firm has four business goals: Technology leadership, operational excellence, innovative business relations, and a dynamic workforce. There were 206,000 Halliburton employees as of 2005.⁸ Kellogg, Brown & Root was a Halliburton subsidiary for

⁶ Halliburton Energy Services, <http://www.halliburton.com/> (accessed May 11, 2007).

⁷ CNNMoney.com, *Fortune*.

⁸ Gold, "Halliburton Posts \$1.1 Billion."

approximately forty-four years until Halliburton divested it in April 2007, at which time it became KBR, Inc.⁹

Halliburton: Origins/History

Halliburton was founded by Earl P. Halliburton, a poor but tough natural entrepreneur. One result of the firm's austere origins is that its character continues to exhibit the enthusiasm, energy, and tough-minded determination of its founder. Earl P. Halliburton grew up poor, smart, mechanically inclined, and with a fiery drive to get ahead. He was not averse to taking risk or someone else's patent. As an example, in a case before the California Supreme Court that was found against him, he reportedly said, "If the courts will not sustain my patents, I am not going to respect anybody else's." Earl succeeded in earning over \$1 million in the oil business before the end of the 1920s.¹⁰

Halliburton: Lobbying and Political Contributions

The evidence shows that Halliburton is an active lobbyist and the firm is a magnet for political criticism. In 1992, then Secretary of Defense Dick Cheney paid \$3.9 million for a contractor to study the benefits the U.S. military could gain by outsourcing support functions to private industry. That contractor was Kellogg, Brown & Root, the subsidiary of Halliburton. Because of the political fallout from Cheney's former employment with Halliburton, it is now almost impossible to read a media report on Halliburton or one of its subsidiaries that does not include a statement that before becoming vice president,

⁹ KBR Inc.

¹⁰ Briody, *Halliburton Agenda*, 15–17.

Cheney was the CEO for Halliburton for more than five years.¹¹ This scenario is a “perfect storm” for the dark side of the theme that runs through the dissertation: the question of political influence, big money, private enterprise, and public or national security. The Cheney-Halliburton mix just does not sit well with the general public when they perceive that their tax dollars and security have become a matter of war profits, political influence, and big business. On the other hand, Halliburton and huge firms like Bechtel are strong resources that can contribute to the national security when the effect of their lobbying efforts is held in check.

In March 2004, Maud S. Beelman, a *Boston Globe* correspondent, reported that Halliburton’s lobbying efforts during the last of the Clinton administration were directed at the Senate, the House of Representatives, and the executive branch. According to Beelman, those lobbying efforts amounted to \$1.2 million. Beelman points out that in the 2000 presidential election, 95 percent of the contributions made by Halliburton, its subsidiaries including KBR, and employees, amounting to \$536,796 in total, were made to Republicans. Beelman asserts that the lobbying effort Halliburton made when Clinton was in office is a big contrast to what it became during the first two years of the Bush administration. Halliburton’s contributions during the first two years of the George W. Bush administration were \$600,000. This means these lobbying efforts were made while the firm’s subsidiary KBR was working contracts for the Iraq War worth more than \$8 billion. The *Globe* account of Halliburton’s lobbying activities cited as its source the Lobbying Disclosure Act of 1995.¹²

¹¹Pelton, *Licensed to Kill*, 101. Barry Yeoman reports that Secretary Cheney paid nearly \$9 million for the still-secret report. See Yeoman, “Soldiers of Good Fortune.”

¹²Beelman, “Halliburton Lobby Costs.”

Halliburton: Political Connections

Halliburton has reported that Joe Lopez was hired in 1999, which was during the tenure of Dick Cheney as the firm's CEO. Retired U.S. Navy Admiral Joe Lopez was a military aide for Dick Cheney when Cheney was secretary of defense. Lopez is now KBR's senior vice president for defense contracts.¹³ Halliburton indicates that Mr. Cheney did not assist Halliburton in winning any of its government contracts. The statement specifies he did not assist in doing so as vice president or as Halliburton's CEO. The firm's written statement on the matter states that as CEO, Mr. Cheney focused on the energy business. He did receive regular briefings on DOD contracts. The firm reports that before assuming office as vice president, Cheney sold more than \$20 million in Halliburton stock. Once in office, Mr. Cheney "donated his remaining stock options to charity."

Halliburton is not only well connected to the highest levels of government, but also has ties to the grass roots of political influence. In March 2005 there was an announcement that the manager for Halliburton's political action committee office in Washington, D.C., Kelly Philson, had moved to a position with the Independent Petroleum Association of America, the IPAA Wildcatters Fund. This move links Philson and therefore Halliburton to an influential position to oversee the fund's political efforts.¹⁴

¹³ Gerth and Van Natta, "In Tough Times."

¹⁴ Sarasohn, "For Mr. Ed."

Halliburton: Iraqi Contributions

Halliburton is one of the best-known contractor names associated with Iraq. Judging by the general reports in the media, the firm seems to have its hands in every defense contract in Iraq and is earning huge profits while at the same time it is defrauding the U.S. government. However, though it is a fine point, Halliburton has done no work in Iraq. Halliburton's subsidiary KBR has the contract and does the work in Iraq. Nevertheless, Halliburton has served as an attractive point of focus for political, academic, and media critics of the Bush administration, the war, and contractors.

Halliburton: Threats/Adverse Public Impact

Halliburton is an extremely large and successful firm that has direct political ties to the vice president of the United States. As such, the firm has had a big impact on U.S. public opinion against the use of contractors in the Iraq War. For example, in March 2007 Halliburton announced its plan to move CEO David J. Lesar into a new corporate headquarters located in Dubai, United Arab Emirates. Clifford Krauss, writing for the *International Herald Tribune*, reports that at the same time Halliburton is planning to move offshore from its U.S. headquarters, it is the subject of a Justice Department and Securities and Exchange Commission investigation for alleged improprieties in Iraq, Kuwait, and Nigeria. He asserts that Halliburton's reported profit as the "dominant oil-field service company in North America" was \$2.3 billion. Krauss, in further critical comment on Halliburton, also points out that Vice President Cheney was the CEO for the firm from 1995 through 2000. Later in the article Krauss does report that the relocation of the firm is mainly related to changes in the energy business and not because it is trying to evade U.S. laws. Before closing the article he points out Halliburton's questioned

administration of a \$16 billion U.S. military contract in Iraq. Krauss also reports that KBR, Halliburton's subsidiary, has allegedly improperly handled military and government contracts worth billions of dollars.¹⁵ Krauss's article is an example of how Halliburton's nature, its economic activities, and political connections have been used to sway U.S. public perception of the contributions contractors make and how the war is being managed by elected politicians, military leaders, and civilian administrators.

KBR, INC.

KBR, Inc. is widely known to be a subsidiary of Halliburton; however, Halliburton fully divested its ties with KBR in April 2007. The heavy industrial builder and defense contractor once known as Kellogg, Brown & Root is now listed on the New York Stock Exchange as KBR, Inc. KBR is headquartered at 601 Jefferson St., Ste. 3400, Houston, TX 77002. KBR, as a defense contractor, primarily provides Type III military logistics support. The firm has approximately 56,000 employees. The president and chief executive officer for KBR is William P. "Bill" Utt, and the senior vice president and chief financial officer is Cedric W. Burgher.¹⁶

The *New York Times* has confirmed that KBR has a good share of employees with military experience and knowledge of the defense contract competitive process. One example is Charles J. Fiala, who had more than thirty-five years' experience with DOD before becoming a KBR executive.¹⁷ Another example is Billy J. Gray, who is ex-Army. Like other KBR military veterans, his paycheck from KBR exceeds his former military

¹⁵ Krauss, "Halliburton Moving CEO."

¹⁶ KBR Inc.

¹⁷ Gerth and Van Natta, "In Tough Times."

pay. He has been a KBR employee for almost ten years in places such as Camp Bondsteel in Kuwait, where as an engineer he managed the vehicle maintenance and the electrical power generators.¹⁸

Halliburton CEO David Lesar once asserted that KBR's defense contract business is a natural extension of the firm's fundamental engineering capability. According to *BusinessWeek*, Lesar said that "it requires many of the same capabilities that we must have to execute our basic strategy, which is serving our oil-and-gas customers: good engineering, good logistics, and the ability to get people on the ground fast, the ability to handle enormous amounts of data." In September 2003, KBR reported that 20 percent of its revenues were due to military contracts.¹⁹

KBR is an international firm. For example, in the United Kingdom, KBR has become one of the five top defense contractors. In 1997 KBR joined with two English partners in maintaining the UK'S Trident submarines. Today, now that Davenport Royal Docks have been privatized, KBR has bought 51 percent of the property. In late July, the Ministry of Defense named a consortium led by KBR as the preferred bidder for a 4-billion-pound (pounds sterling), 30-year contract to upgrade British Army garrisons housing a total of 18,000 soldiers and civilians.²⁰

KBR: Origins/History

Kellogg, Brown & Root's legacy and character was shaped by its early founders in much the same way as was Halliburton's. The firm traces its origins back to 1901,

¹⁸ Bianco and Forest, "Outsourcing War."

¹⁹ Ibid.

²⁰ Ibid.

when Morris W. Kellogg launched a pipe fabrication business in New York. Kellogg's engineering innovations and petroleum technologies are at the heart and nature of present-day KBR's operations. In 1919 George and Herman Brown, who learned the civil engineering business as road and bridge builders in Texas, joined with their brother-in-law, Dan Root, to start up Brown and Root.²¹

They also learned the value of political influence. After suffering the lean years of the Depression, they developed a relationship with a behind-the-scenes politician, the former Texas state senator Alvin J. Wertz. Allegedly, the Browns and Wertz entered into a twisted deal with Texas congressman James Buchanan to build a dam on the Lower Colorado River in the Texas hill country. Buchanan secured a Public Works Administration loan as part of the New Deal, backed by a backroom promise from President Franklin D. Roosevelt. Even with the Browns spending more than \$1.5 million for startup costs, the deal started to unravel. At this critical point, Buchanan had a heart attack before he could put in a fix with Congress to assure the funding for this New Deal project. Wertz then backed the campaign for Lyndon Johnson to win his first seat in Congress. Wertz wasted little time in letting Johnson know that "job one" for him was saving the dam.²² It is impossible at this point to separate the truth from fiction because of the lack of known details in this account. However, this episode is part of the legacy that shapes the perception of how others think of the nature and character of KBR to this day. The firm did maintain a friendly relationship with Lyndon Johnson then, just as it does today with politically connected insiders.

²¹ KBR Inc.

²² Briody, *Halliburton Agenda*, 41-49.

KBR's defense business began in 1940 when Brown and Root was awarded its first military contract and as a result built the Naval Air Station in Corpus Christi, TX. Brown and Root also built ships for the U.S. Navy during World War II. The firm built the world's first offshore oil rig in 1947. In the early 1960s, during the Vietnam War, the firm did construction work there. Then in 1988 Halliburton acquired Dresser Industries and its subsidiary M.S. Kellogg and combined them with Brown and Root to form a new firm: Kellogg, Brown & Root. Then, as a Halliburton subsidiary for more than forty-four years, KBR did work for defense contracts that contributed logistical support for the military as it responded to international situations such as Haiti, Somalia, and the Balkans.²³

KBR: Political Connections

Characteristic of most defense contractors, KBR has developed its political connections. For example, Bill Utt sits on the National Petroleum Council. In that position he is an advisor for the Secretary of Energy. He has been chairman of the Electric Power Supply Association.²⁴ One political and military connection is KBR's senior vice president for defense contracts, retired Admiral Joe Lopez. Lopez, as noted in Halliburton's case, was a military aide for Dick Cheney when Cheney was secretary of defense.²⁵ Significantly, the 1991 DOD study of military outsourcing, which Secretary of Defense Dick Cheney contracted KBR to do, needs to be mentioned here because it is such a prominent political connection and issue in the industry literature. A few months

²³ Gerth and Van Natta, "In Tough Times."

²⁴ KBR Inc.

²⁵ Gerth and Van Natta, "In Tough Times."

after the first report was completed, the firm was paid an additional \$5 million to update it.²⁶

KBR was awarded the LOGCAP contract as Dick Cheney was stepping down as secretary of defense in 1992. KBR's selection as the prime contractor for LOGCAP signaled a point of dramatic profits for the firm and is an important step traceable in the recent process of U.S. military capability change. In the decade after winning the LOGCAP, the firm has earned a totaled \$2.5 billion in revenues.²⁷

KBR: Lobbying and Political Contributions

According to the Center for Public Integrity, KBR has made a total of \$2,379,792 in political contributions from 1990 to 2002.²⁸

On March 31, 2005, Judy Sarasohn, writing for the *Washington Post*, identified the Allbaugh Co. as having registered as lobbyist representing the interest of Kellogg, Brown & Root Services Inc. Joe M. Allbaugh and his wife, Diane, are the lobbying firm's founders. Joe is the former Federal Emergency Management Agency managing director. At the time Allbaugh Co. was hired, KBR was not only contributing to LOGCAP, the firm was also involved with Hurricane Katrina relief. This only partly explains how the Allbaughs got the job as disaster relief and homeland security lobbyist for KBR.²⁹ The Allbaughs' long ties to President George W. Bush's political career look like the other reason. Joe was President Bush's campaign manager in 2000. He was the chief of staff for Bush when Bush was the governor of Texas. Diane Allbaugh, who is an

²⁶ Center for Public Integrity, *Windfalls: Kellogg, Brown & Root*.

²⁷ Gerth and Van Natta, "In Tough Times."

²⁸ Center for Public Integrity, *Windfalls: Kellogg, Brown & Root*.

²⁹ Sarasohn, "For Mr. Ed."

attorney, has a wealth of experience representing clients on Capitol Hill and with the executive branch. Ms. Allbaugh was instrumental in developing and launching the Texas Regional Office of the National Center for Missing and Exploited Children. Laura Bush and Diane Allbaugh announced the opening of the center in Austin in April 2007. Steve Rhoades, the Allbaugh senior vice president, has a background that will enhance his contributions as a lobbyist for KBR. Before gaining experience as the CEO of the Metropolitan District Commission of Hartford, Connecticut, Rhoades, who is an engineer, retired from the U.S. Army Corps of Engineers as a brigadier general.³⁰

Hiring the Allbaugh firm as lobbyist is a smart move on the part of KBR executives. It not only is an indication of KBR's character; it shows how contracting is done. This lobbyist has direct personal links to President George W. Bush and his family as well as to the U.S. Army Corps of Engineers, which is the administrator of KBR's LOGCAP contract.

KBR and LOGCAP

In order to fully understand KBR and its contributions in Iraq it is first necessary to understand how KBR is linked to the U.S. Army's Logistics Civil Augmentation Program. LOGCAP was originated to provide crisis response support and to facilitate the accompaniment of contractors with the force. The LOGCAP roots extend to the post-Vietnam era of self-assessment by the military. The U.S. Army identified a need to outsource combat support and combat service support for wartime and other contingencies to maximize allocated resources. LOGCAP originally came online as

³⁰ Allbaugh Company, LLC.

General H. Norman Schwarzkopf, U.S. Army, became the commander in chief (CIC) for the United States Central Command (USCENTCOM). The Area of Responsibility (AOR) for CENTCOM, Southwest Asia, had few forward-deployed forces or bases on the ground. General Schwarzkopf's plan entailed long lines for the delivery of forces and logistics to support them in war contingencies. LOGCAP was developed by U.S. Army planners largely to fill U.S. Army needs. It was the product of army "out of the box" thinking, and as a result, the army was designated the DOD executive agency for LOGCAP.³¹

The LOGCAP background is an essential part of the ultimate answer for the research question because LOGCAP is the nexus for the integration of contractor means with traditional military operations. When the military logistic personnel first proposed LOGCAP, many military commanders did not readily accept the idea of depending on civilians for combat service support. Military commanders saw LOGCAP as threat to the status quo force structure. Early on, commanders did not have confidence that contractors would deliver the performance needed to fill what they held to be core roles. Commanders did not like the fact that contractors were not under their control and could not fight as combatants. Further, tactical commanders realized that, if contractors required protection, this would take troops from the fighting force and put them on guard or protection duties for the contractors.³²

These issues, identified by military leaders at the earliest conception for modern use of contractors, are at the core of the problems this dissertation is analyzing nearly twenty-two years after the inception of LOGCAP. The LOGCAP contract specifies that

³¹ Trautner, "A Personal Account," 5–6.

³² Ibid.

military commanders are responsible for providing security for contractors such as KBR. As civilians in the battle space, KBR is not to provide proprietary security. In a two-part article for *Army Logistician*, Col. Karen E. LeDoux, who commanded the LOGCAP Support Unit Forward in the Army Materiel Command Logistics Support Element Forward–South East Asia with the Coalition Forces Land Component Command in Iraq, provided guidance for commanders in planning for the use of LOGCAP. Col. LeDoux noted that according to U.S. Army policy, commanders are responsible for providing adequate force protection for LOGCAP contractors when the contractor moves equipment and personnel into the theater by commercial means. Also, the commander is responsible for prioritizing the movement of LOGCAP contractors in the battle space and for providing force protection for the contractor’s move to ensure that it executed in safely. Col. LeDoux emphasizes that contractors are civilians. The further forward contractors go while accompanying the force, the more military security force protection and support the contractors require. Col. LeDoux further points out that military commanders are responsible for having a plan for contractor requirements for surviving in the battle space. In addition to planning for contractor force protection, the commander’s plan must include the provision of food, shelter, and emergency medical support.³³

In the era between Vietnam and the Gulf War, thousands of contractors were managed by the Pentagon under a single contract. However, since then, the Pentagon restructured the way contracts are managed and structured. Now firms such as KBR are administered as a prime contractor. The prime is managed under a single contract; in turn,

³³ LeDoux, “LOGCAP 102.”

the prime manages subcontractors or smaller firms under its prime contract. The subcontractors' services come at a single set price. This allows the military to create the type of contract known as cost-plus, which is often referred to as indefinite-delivery/indefinite-quantity contracts such as LOGCAP. This system is used across government agencies to facilitate actors such as U.S. State Department getting what they need quickly and at the best price.³⁴ Cost-plus contracts, such as LOGCAP, give the contract administrator the option to add "task orders" to fill additional needs. The administrator gets what it needs without the bureaucracy of additional bids. The contractor makes a fixed profit of 1–9 percent.³⁵

In July 1991, Headquarters Department of the Army hosted a LOGCAP Requirements Conference to take action on some of the LOGCAP lessons learned from the Gulf War. The conference drafted a contract to support unique concept requirements that linked the national security strategy to operational needs and as such required the contractor to support two simultaneous wars and a natural disaster. This was an umbrella contract Statement of Work (SOW) in solicitation for bids. The Headquarters Department of the Army subsequently awarded the umbrella support through the U.S. Army Corps of Engineers to Brown and Root in 1992.³⁶

Brown and Root won what is now known as LOGCAP I by outbidding two other bidders. The contract was for \$3.9 million. The terms of the contract had a number of specifications. KBR had to be responsive on short notice. The firm had to have the ability to transport a fighting force of up to 50,000 troops to any of thirteen different parts of the

³⁴ Cahlink, "Send in the Contractors."

³⁵ Briody, *Halliburton Agenda*, 185.

³⁶ Trautner, "A Personal Account," 8.

world. KBR then had to be able to supply the troops with food and other essentials for a period of at least six months.³⁷ The significant benefit of the LOGCAP for the firm is that Brown and Root was given advance notice for contingency requirements under the terms of the contract. Thus KBR was primed for the contingent support they would in turn be expected to provide upon notice of a U.S. crisis intervention need. A drawback of the contract for the firm is that it did not know when it would be called on.

Brown and Root's first LOGCAP contingency was exercised in 1992 in Somalia. There KBR employed 2,500 of Somalia's citizens to get the work done. KBR's rapid response to the U.S. military's need for assistance for support of humanitarian relief resulted in the Pentagon's increased confidence in the utility of contractor support in general. KBR was able to respond to LOGCAP requirements for laborers and vehicles within eleven hours of notice.³⁸ Some military officials assert this quick response is evidence that contractors can respond quicker than the military. The firm earned \$110 million for its contributions in the Somalia contingency.³⁹ LOGCAP in Mogadishu integrated employees from countries in the immediate region into a useful team that contributed to the operation of the Mogadishu Seaport and two airports.⁴⁰

Then KBR responded to the contingency for Haiti in 1994. There it contributed support for 18,000 troops and earned \$141 million. In 1995 KBR significantly contributed to the U.S. capability in Bosnia by delivering the building materials for thirty-four bases and shelter for 16,200 soldiers. In the building efforts KBR teamed up to augment military engineers so as to enhance military engineers' readiness and ability to

³⁷ Bianco and Forest, "Outsourcing War."

³⁸ Yeoman, "Soldiers of Good Fortune."

³⁹ Ibid.

⁴⁰ Trautner, "A Personal Account," 10.

deliver building output. KBR was the sole source of food and supplies for the U.S. military force in Bosnia. LOGCAP I expired in 1997, and KBR lost the LOGCAP II contract to DynCorp. However, the Army subsequently created another contract that kept KBR building bases in Kosovo in 1999.⁴¹

In December 2001 the Army Material Command had a recompetition for bids for the existing LOGCAP contract. Kellogg, Brown & Root Services won and was awarded the contract for ten years. The definition of “event” under support of the contract was made more inclusive. The revision made the LOGCAP more wide-ranging and it now covers almost any contingency with national interest. The provisions of the event must be approved by the Department of the Army. The LOGCAP today is a global support mechanism, and in Iraq KBR now supports the Iraqi Survey Group, Coalition Provisional Authority (CPA), Threat Analysis Agency, and the U.S. Department of State.⁴²

The LOGCAP revision that took place in December 2001 implies that contractor support in Iraq is a natural extension of the military’s internal efforts to modernize logistics functions and become more efficient by using private logistics support. One example of the increased scope for contractor support that indicates they are part of the total operational force is that by March 2001, the Department of Defense had developed the policy or military doctrine contained in the Deskbook Supplement titled “Contractor Support in the Theater of Operations.”⁴³

KBR won the LOGCAP III in a competitive bid with DynCorp and Raytheon. This LOGCAP has the potential for earning KBR up to \$183 million. Significantly, many

⁴¹ Bianco and Forest, “Outsourcing War.”

⁴² Trautner, “A Personal Account,” 10.

⁴³ David Isenberg cites the DOD, Deskbook Supplement of 28 March 2001 titled “Contractor Support in the Theater of Operations” as policy that identifies how and why contractors are contributing operational support for the U.S. military. See Isenberg, *Fistful of Contractors*, 12.

additional jobs are covered by the umbrella contract. This means that KBR has a sole source advantage for those jobs. The KBR contract with the army is a no-cost contract, which denotes the fact that there were no estimated costs. The contract is not readily transparent, which signifies that it limits public scrutiny. According to the standard no-cost rules, KBR is to be reimbursed for its allowable costs and receives a bonus awarded on performance. In previous contracts, KBR has usually earned the maximum performance award.

The sum of the circumstance of such a contract means KBR'S earnings may result in costing the Pentagon and taxpayers more than if the military did the work. The Government Accountability Office (GAO) report of investigation for contractor support in the Balkans in 2000 reported one example of how poor contract management by the U.S. Army contributed to cost increases that resulted in added earning for KBR. In reporting for the *New York Times*, Jeff Gerth and Don Van Natta Jr. assert that KBR's contributions for the Iraq War will "cost 10 percent to 20 percent more than if military personnel were used, according to Army contract managers."⁴⁴ KBR'S previous experience with building and maintaining military bases such as Camp Bondsteel in Kosovo and Camp Arifjan in Kuwait has positioned the firm to profit from war in Iraq.⁴⁵

KBR: Iraqi Contributions

The U.S. Army awarded the LOGCAP III contract to KBR in 2002. This Type III logistic support contract is for KBR to provide meals, deliver fuel and mail, and wash

⁴⁴ Gerth and Van Natta, "In Tough Times."

⁴⁵ Miller, T. Christian, "Private Contractors Outnumber."

laundry.⁴⁶ KBR is the U.S. military's biggest services contractor in Iraq. It is also the largest employer in Iraq, with almost 50,000 employees. The Census for Contractors in Iraq (Table 3) indicates that the 50,000 employees are spread between Afghanistan and Iraq. In July 2007 T. Christian Miller reported in the *Los Angeles Times* that 14,000 of KBR's employees are U.S. citizens. These numbers indicate that KBR is favorably contributing to the employment of perhaps as many as 35,000 Iraqi citizens and/or third-world nationals. Additionally, the firm has contributed by providing food and shelter for the Office of Reconstruction and Humanitarian Assistance as well as at least 100,000 U.S. troops. In March 2003, KBR was awarded task orders with a potential worth of \$7 billion for military support in Iraq. One of the task orders under that contract was for KBR to procure and deliver fuels for the war. Under the LOGCAP, administered by the U.S. Army Corps of Engineers, KBR has helped to repair damaged oil wells and pipelines and to get Iraqi oil back on the market. In all, KBR has developed a strong partnership with the U.S. military over the past decade.⁴⁷

Col. LeDoux, who has experience working on LOGCAP and with KBR in Iraq, has provided figures for KBR's contributions that are very similar to those provided in the *New York Times* report. According to the Colonel, KBR first responded to contingency requirements for the Iraq War in November 2002. At that time KBR built and organized the facilities at Camp Arifjan to make them ready for incoming U.S. forces. As of June 2005 KBR had 48,000 employees contributing to the support of U.S.

⁴⁶ Scahill and Ordower, "KBR's \$400 Million."

⁴⁷ Miller, T. Christian, "Private Contractors Outnumber."

military forces in Iraq and Kuwait.⁴⁸ KBR, according to Col. LeDoux, readily fulfills the letter of its contract even though the firm has suffered the loss of a number of employees killed or wounded. Col. LeDoux asserts that owing to KBR contributions, “troops in Iraq have the best food, shelter, and quality of life possible.” Col. LeDoux provided the data in Table 4, which shows the results of KBR contributions in support of U.S. forces.

Table 4. KBR Contributions from November 2002 through June 2005⁴⁹

Between November 2002 and June 2005 KBR made the following contributions in support of U.S. forces involved in the Iraq War:
Meals prepared – more than 160 million
Laundry bundles washed – 6.2 million
Gallons of potable water produced – 1 billion
Gallons of fuel transported – 300 million
The number of patrons hosted at morale, welfare, and recreation facilities – 18 million
Bags of mail delivered – 560, 000
Miles logged transporting supplies and equipment – 50 million (900 trucks per day)

So far in this case I have traced KBR’S contribution to military sustainability and force readiness. The evidence indicates that the U.S. Army’s decision to implement LOGCAP was intended to produce just such results. Use of LOGCAP and the firm has significantly altered the U.S. Army force structure. Critics of the Pentagon’s policy for

⁴⁸ The 48,000 KBR employees in Iraq and Kuwait for 2005 as reported by Col. LeDoux are close to the 50,000 reported in the 2006 Central Command census for Iraq and Afghanistan.

⁴⁹ LeDoux, “LOGCAP 102.”

using contractors assert that the U.S. Army cannot go to war without KBR. This signifies that the U.S. Army is dependent on contractors for its readiness. On this point, the privatization critics are largely correct. However, the empirical evidence shows that KBR's responses to military needs have in most cases achieved the intended goals for providing Type III logistics support. KBR'S contributions have not always been as harmful as the critics of contractors or privatization have maintained. The following section examines the evidence related to the adverse publicity KBR's contributions in Iraq have stirred up.

KBR: Threats/Adverse Impact

Democrats Henry A. Waxman of California and John D. Dingell of Michigan have exercised oversight over all of the contractors in the Iraq War. The two congressmen tasked the Government Accountability Office to investigate and to determine whether there is evidence of special treatment in the DOD or USAID award of contracts to KBR.⁵⁰ The administrator for KBR's contracts is the U.S. Army Corps of Engineers or DOD, not USAID. The results of the oversight process have been brought to the public attention by the U.S. media. The U.S. media's reporting of unfavorable allegations of KBR's contract favoritism and overcharges on its food services, fuel delivery, and other faults has been enthusiastic and not very clear. The explanation that follows traces what is known about adverse suspicions involving the contractor, its administrator, and the contractor's eventual contributions to U.S. capability.

⁵⁰ Center for Public Integrity, *Windfalls: Kellogg, Brown & Root*.

It appears that KBR has violated one of the terms of the LOGCAP contract by hiring proprietary security to protect a subcontractor's logistics convoy. In this situation, Representative Waxman's committee has linked the Blackwater USA ambush in Fallujah⁵¹ to KBR. As early as July 31, 2003, the U.S. Army's chief logistics officer asserted that soldiers were going unfed and without mail because contractors that were depended on to deliver mail and food had refused to deploy. The contractor was not named, but food service and mail delivery were a part KBR's LOGCAP contract. Lieutenant General Charles S. Mahan Jr. said, "We thought we could depend on industry to perform these kinds of functions, but it got harder and harder to get them to go in harm's way." Critics of the use of contractors on the battlefields point to incidents such as this as evidence that contractors on the battlefield expose U.S. armed forces to unacceptable risk. Military commanders are aware that contractors are not bound to perform in accordance with the Uniform Code of Military Justice. As civilians, they are outside of the military control. Soldiers who do not perform their duties are court-martialed, while contractors who do not perform can merely be fired or lose pay. There is a strong belief among actively serving military members that contractors are only motivated by money and that they are paid at a rate much greater than is the military for similar work.⁵²

However, the terms of the LOGCAP stipulate that the U.S. Army is responsible for providing force protection for KBR. Also keep in mind that General Mahan's derogatory comments on contractor reliability occurred early in the war, and that the

⁵¹ The Fallujah ambush and the death of three Blackwater employees were first introduced in Chapter I.

⁵² Bianco and Forest, "Outsourcing War."

GAO report of 2003 reported that contractors were not adequately addressed in military plans at that time.⁵³ This all indicates the military had not protected the contractors as it was required to, and the firm is prohibited, according to LOGCAP, from providing proprietary protection. In the Fallujah situation, it seems that KBR took steps to protect kitchen equipment necessary to feed the troops General Mahan is referring to. Subsequently, Representative Waxman's committee has found evidence that the Blackwater security team that was ambushed in Fallujah in March 2004 was providing protection for a KBR subcontractor's convoy moving kitchen equipment. In another incident, in April 2004 a KBR fuel convoy was ambushed and Thomas Hamill, a Mississippi farmer turned KBR truck driver, was kidnapped. Hamill escaped later and became a temporary media hero, and the status of the military security for his convoy was not questioned officially. However, controversy over the security provider for the Fallujah tragedy has increased because of the difficulty Representative Waxman has experienced over more than three years trying to uncover who Blackwater was working for on this job. This implies that the circumstances are complex—and they are. Additional details regarding the Fallujah incident are provided in the case for Blackwater USA, since the majority of the problem pertains to Blackwater.⁵⁴

KBR's contributions in Iraq, which are often attributed to Halliburton, have been plagued with allegations that the firm has overcharged for the number of meals it served under the LOGCAP food service requirement. Allegations have also been made that the firm is overcharging for fuel distribution contracts. The Defense Contract Audit Agency

⁵³ U.S. Government Accountability Office, *Military Operations*, synopsis.

⁵³ Pelton, *Licensed to Kill*, 213.

⁵⁴ Scahill and Ordower, "KBR's \$400 Million."

did two audits on KBR in 2004.⁵⁵ Representative Henry Waxman, who has politically argued that KBR may have gained contract favoritism from the Bush administration, has questioned how KBR has managed the military dining facilities in Iraq. Representative Waxman has called for investigations of the firm for billing the government for meals never eaten. KBR has denied wrongdoing. The firm has said that it billed the government for the number of meals prepared in advance. The firm argued that the estimate for preparing meals in Iraq is a problem because the tactical situation causes the number of soldiers who are present to eat to vary. During the audit KBR cooperated with administrators of the contract and deferred \$16 million in payments.⁵⁶

I have found that untangling what is known to be true about KBR and the fuel overcharges is best traced through the LOGCAP and what is known as the Restore Iraqi Oil (RIO) contract. In November of 2002, in preparing for the invasion of Iraq, the Army Corps of Engineers tasked KBR under the contingency provisions of LOGCAP to be prepared to extinguish oil well fires. The army argues this is the kind of situation the contingency contract was designed to support. This is the same contingency for which KBR subcontracted Boots & Coots as oil well firefighters. Then, in March 2003, the Army Engineers awarded KBR a separate no-bid contract to restore oil infrastructure in Iraq. This is the RIO, and it had a potential worth of \$7 billion. The contract did lead to ten task orders and a billing ceiling of a little over \$2.5 billion. The RIO also led to controversy. Where the LOGCAP and the task to put out oil fires were covered in the

⁵⁵ Verlöy and Politi, "Halliburton Contracts Balloon."

⁵⁶ Andrews, "Halliburton Grilled."

initial competitive bidding for the contract, the RIO was not awarded as a competitive bid.⁵⁷

The army response to public and congressional criticism indicates that the March 2003 RIO contract was a “bridge” awarded to carry on work during the bid for a contract. The contract was not awarded to KBR because of political influence. The army justified the sole source procurement at that time because KBR was the only firm with the capability to provide the services to satisfy the requirements. The army cited Federal Acquisition Regulation (FAR 6.302-1) as authorization to follow that procedure.⁵⁸ Shortly thereafter, in June 2003, with the bidding controversy in full swing, the army decided to change the single RIO with two KBR contracts that would be up for bid in January 2004. KBR won one of the two contracts. That contract had a top limit of \$1.2 billion under which the firm was to rebuild or repair Iraq’s oil infrastructure in southern Iraq. Parsons won the second contract, with a top value of \$800 million to repair oil infrastructure in Northern Iraq.⁵⁹

BOOTS & COOTS

Boots & Coots was a KBR LOGCAP subcontractor hired to provide oil well firefighting protection in 2003.⁶⁰ The nature and character of Boots & Coots International Well Control, Inc., as a company, hardly fits anyone’s profile as a mercenary company. They are not “shooters,” but they are Type II engineers in a high-risk specialty that could not be done safely by existing U.S. government resources. The company is headquartered

⁵⁷ Verlöy and Politi, “Halliburton Contracts Balloon.”

⁵⁸ U.S. Army Corps of Engineers, Headquarters.

⁵⁹ Verlöy and Politi, “Halliburton Contracts Balloon.”

⁶⁰ Export.gov.

at 7908 N. Sam Houston Parkway W, Houston, TX, 77064. The firm's president is Jerry Winchester. The firm has a little over 300 full-time employees. The Boots & Coots home page advertises that it is experienced and prepared to offer a complete range of emergency response and prevention services for crisis support for clients in the petroleum exploration and production business.⁶¹

Boots & Coots: Origins/History

Boots & Coots built the company legacy on its pioneer efforts as oil well fire extinguishers. Today the firm is among the world's foremost oil well blowout specialists.⁶²

Boots & Coots apparently interacts well with the Pentagon and the U.S. Army Corps of Engineers, as indicated by the results of the specialized Type III contributions the firm provided to augment the U.S. military in the Gulf and Iraq wars. When Saddam Hussein's forces sabotaged more than 700 oil wells in the Burgan oil fields of Kuwait, Boots & Coots (then known as the Red Adair Company) led the way for contractor teams from the United States, Canada, Kuwait, Iran, Hungary, Rumania, Russia, and China that were part of the international team that blew out the fires. The Red Adair Company subsequently changed its name as it was absorbed through a succession of companies to become Boots & Coots International Well Control, Inc.⁶³

⁶¹ Winchester, *Boots & Coots International*.

⁶² Ibid.

⁶³ Garner and Markus, "Controlling Sabotaged Oil Wells."

Boots & Coots: Iraqi Contributions

A further indication of the Pentagon's positive reaction to Boots & Coots contributions is that the firm landed a Type III contract to assist as a KBR subcontractor in controlling oil well fires in the Iraq War in 2003. For example, in 1991, Saddam Hussein's forces intentionally sabotaged more than 400 oil wells. Based on that experience, a combined U.S. (including Special Forces), UK, and Polish force conducted amphibious operations to secure the oil wells during the 2002 invasion. However, the Iraqi forces managed to sabotage forty-four wells anyway. The plan also included provisions for contractors with special skills for extinguishing oil well fires, a skill that is not a normal military capability. In the invasion phase of the war, contractors from the firm were used to extinguish the few oil wells that the Iraqi forces managed to set on fire.⁶⁴

Boots & Coots: Interaction with Authorities

In this case, Boots & Coots's specialized services and skills were necessary for achieving the U.S. operational and tactical objectives. This is not only an example of contractors operating in a combat environment. It is also an example that demonstrates that, on the modern battlefield, some contractors provide services that the U.S. military does not have the capability to perform. This case study is empirical evidence for how contractor support can increase U.S. warfare capability.

⁶⁴ Ibid.

WILD WELL CONTROL, INC.

Wild Well Control, Inc., was a subcontractor under the KBR LOGCAP that was hired to fight oil well fires in 2003.⁶⁵

Wild Well Control: Origins/History

Joe R. Bowden Sr. launched Wild Well Control, Inc., in 1975. The firm was among the first to compete with the Red Adair Company, which, as mentioned in the previous section, was the founding company for Boots & Coots. The Kuwait Oil Company hired the firm in 1991 to extinguish the fires in its oil fields after Saddam Hussein's forces ignited them.⁶⁶

ANALYTICAL SUMMARY

This chapter is a collection of the empirical evidence, framed by the research question subset, for cases/firms that are administered and controlled by the U.S. military. The empirical evidence found supports the argument that the degree of military control over contractors determines whether they augment or threaten military capability. The U.S. military had doctrine and experience for working with contractors according to LOGCAP before the war in Iraq started. The contractors controlled by the military have generally had a good impact on military capability. At the same time, the military did not always control some contractors, and the controversies that occurred as a result seriously threatened military/warfare capability.

⁶⁵ Export.gov.

⁶⁶ Wild Well Control, Inc.

The KBR case illustrates how an old and experienced defense contractor, under military control, can make essential contributions to U.S. warfare capability by changing the force size and structure, which is linked to increased force readiness and sustainability. KBR's identity as an established defense contractor enables the firm to make a profit and contribute to the sustainability of the total force. The case shows that the firm uses its engineering and oil field capability and experience to provide necessary logistics support for the military. This support is essential and is linked to the military's intention to make structural and policy changes. As pointed out, the firm's capabilities include engineering skills, knowledge of logistics, and the experience it gained in the oil fields, giving it the ability to respond quickly to the battlefield, where it manages vast numbers of people and a great amount of heavy equipment and data. The contributions help to augment military readiness and sustainability and enhance U.S. warfare capability. KBR is politically connected to the current presidential administration, and those connections have resulted in considerable political criticism and possible loss of public support, both of which are linked to diminished warfare capability. However, the firm has also contributed to the U.S. military for every commander in chief for almost every war since World War II. In this war the firm has been cooperative when subjected to rigorous investigative oversight. To date, allegations of criminal fraud have not been substantiated. Critics claim that KBR is profiting from the war; however, KBR, like all of the contractors in this study, is a business. The ultimate goal of business is to make a profit for the firm's shareholders. My argument is that KBR has done a good job of interacting with the military, and the military control of the firm's Type III logistic support has increased military capability by augmenting the military logistics structure and sustainability.

In June 2003, the GAO specifically addressed the inadequacy of military planning for the use of contractors. The lack of planning indicated improper military control of the contractors. That being the case, the contributions made by KBR are even more amazing. Also, it is even more surprising that the firm and its employees have not been involved in more incidents of fraud and theft than investigations have found to date.

The GAO specifically pointed out the ineffective nature of the military administrator's control of contractors working outside of the United States. For example, the GAO found that some contractor employees did not have a clause in their contract for deployment into a war zone. The military, in disregard of DOD Instruction 3020.37, had not identified the contractors that provide mission essential services. The case in this chapter shows that the LOGCAP contractor and its subcontractors did contribute mission essential services that increased military capability. Just as Operation Iraqi Freedom was about to kick off, the GAO reported that procedures established for planning for the use of contractors was not adequate. This means that military plans to control and protect the contractors did not exist. Also, the GAO reported that the staff and field commanders, who were to receive contractor support, had inadequate training for overseeing contractors. Further, this means field commanders had limited awareness or knowledge of what contractors were doing in their area of responsibility (AOR).⁶⁷

Significantly, the GAO report is dated June 2003. This case has shown that the rigorous congressional oversight to which the contractors, the military, and political decision makers have been subjected during the past four years is ensuring that LOGCAP contractor Type III contributions are augmenting military capability. The case also

⁶⁷ U.S. Government Accountability Office, *Military Operations*, synopsis.

indicates the contractor contributions have been evolving, as are the military policies for managing them.

CHAPTER V

MILITARY-INDUSTRIAL-SECURITY COMPLEX

This chapter comprises the second group of individual cases of firms whose contracts are administered by the U.S. military. The goal of this chapter is the same as was expressed in Chapter IV. This chapter continues the analysis of individual cases for firms administered and controlled by the U.S. military according to my argument that

It is the degree of government (in this chapter, military) control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

I expect that the findings in this chapter will reinforce the findings in Chapter IV. That is to say, I expect that the majority of firms analyzed in this chapter will be found to favorably augment military capability, while others do not. I also expect to find that the ultimate success or failure of contractor augmentation of capability depends on the degree of oversight and control exercised over the contractor by the military.

Many of the firms in this chapter are linked to the military-industrial complex because either the firm or its parent company is a Type IV defense contractor that provides technology, weapons, or products to enhance military capability by modernizing the force. Now, as a matter of business diversification, some of the military-industrial firms are not only contributing hardware, such as aircraft; they also contribute Type II, III, or V specialized support to augment military capability by modernizing the force and also enhancing force readiness and sustainability. Some individual contractors in the cases analyzed in this chapter have been involved in criminal acts that ultimately threaten U.S. warfare capability and policy goals in Iraq.

The military-industrial complex lobbyists have had a long and controversial role in Washington because it is the goal of lobbyists to influence political and military decision makers. Even so, it is not well known that many of the military-industrial firms that produce high-technology weapons systems have diversified their business plans and now have subsidiary firms that contribute Type II, III, and V military capability to the war in Iraq and have lobbyists in Washington. For example, in early 2004 Computer Sciences Corporation, took over DynCorp, and L-3 Communications acquired Military Professional Resources Inc. (MPRI).¹

The cases in this chapter include MPRI, L-3 Communications, Titan, CACI, Armor Holdings, and Zapata Engineering. Most of these firms have roots in the military-industrial complex, which helps to modernize military capability by operating new and complex weapons systems. In this chapter the contract administrator for the cases is the U.S. military. The cases for CACI and Titan are significant because employees from these two firms are alleged to have been involved in the Abu Ghraib prison scandal. The Zapata case is significant because of a highly publicized incident involving its employees' reckless and dangerous firing on U.S. military forces. I expect to find that the controversial incidents perpetrated by these firms, which severely damaged U.S. warfare capability, are related to ineffective control and oversight of the contractors by the military. The case for DynCorp and Computer Sciences Corporation, just mentioned as a part of my diversification example, are grouped with cases administered by nonmilitary/political contract administrators in Chapter VI.

¹ Ante and Crock, "Other U.S. Military."

BACKGROUND

The military-industrial contractors are not often studied side by side with security contractors as I do in this chapter. However, contractors from the private security industry and the military-industrial complex are now interdependent to the extent that the nature and character of their firms are often indistinguishable. A firm such as L-3 Communications may manufacture digital intelligence surveillance equipment one day and hire interrogator-translators the next. The military-industrial contractors are leading providers of technology and technology assistance that augment U.S. warfare military capability by modernizing the military force. These individual cases examine how these same firms contribute to Type II and III special assistance to increase military capability. Military-industrial contractors, in addition to technology, do provide goods, manpower, and services such as weapons systems, training, logistics, military skills, and military experience.² I argue that because these contractors provide training, logistics, and military skills, the definition that could clearly separate military-industrial contractors from military or security contractors becomes fuzzy, and that military-industrial contractors have become a part of the total force.

The old “iron triangle” or military-industrial complex manufactured weapons and technology as Type IV defense contractors. Now they also provide Type II consultants, advisors, and trainers for the military. Some firms in the traditional military-industrial complex have established secondary companies that now provide Type III combat service support. Thus the military-industrial complex and security provider firms’ characters and

² In FY 2003 the Pentagon prime contracts awarded to private firms reached a total of \$209 billion. The three biggest contract winners at the Pentagon were military-industrial complex firms: Lockheed Martin; Boeing; and Northrop Grumman. The three took a total of over \$50 billion in prime contracts. See Berrigan, Ciarrocca, and Hartung, “Is What’s Good for Boeing?”

contributions are becoming mingled into what could be referred to as a “military-industrial-security complex.”³

MPRI

Military Professional Resources Incorporated (MPRI) is a subsidiary firm of L-3 Communications. The case study for L-3, which is an established military-industrial complex firm and is included in the Census for Contractors in Iraq (Table 3), follows in this chapter. MPRI is headquartered at 1201 East Abingdon Drive, Suite 425, Alexandria, VA 22314. MPRI established its reputation as a capable contractor that contributed Type II advisory assistance for U.S. security needs in Bosnia. According to the firm’s Web site, the president of MPRI is Carl E. Vuono, General, U.S. Army (Ret.) and the vice president is Ronald H. Griffith, General, U.S. Army (Ret.). The senior and management staff for the firm consists entirely of retired senior U.S. Army officers. Today MPRI continues to contribute Type II advisory assistance and training related to national security, defense, and law enforcement. MPRI specializes in contributing integrated education, training, and operations solutions in the transnational environment. MPRI not only trains foreign armies; it trains the U.S. Army National Guard and runs recruiting centers in the United States.⁴ The firm supports the national security and homeland security sector with more than 3,000 employees and a database of thousands of military and police subject experts. MPRI has facilities located in the United States and forty other countries. MPRI reported its 2005 revenues at over \$2 billion.⁵

³ Yeoman, “Soldiers of Good Fortune.”

⁴ MPRI; see Yeoman, “Soldiers of Good Fortune.”

⁵ MPRI; Yeoman, “Soldiers of Good Fortune.”

MPRI: Origins/History

MPRI was launched in 1987 to provide military resources to support national security overseas. In June 2000 the firm was bought by L-3 Communications.⁶

In 2002, executives from MPRI announced publicly that in 1994 representatives from Croatia approached MPRI and requested their services. Subsequently, MPRI signed a contract to restructure the Croatian military. In August 1995, after MPRI training, the Croatian army captured a Serb-held enclave in Croatia. Of the total of 150,000 U.S. military troops to serve in the Balkans, 30,000 were reservists. In Kosovo, 10,000 of the 56,000 U.S. military personnel who served there were reservists. Significantly, a Naval War College review of U.S. force preparedness at the time that fully documented the active and reserve forces known to have participated did not include contractor support. I say “significantly” for two reasons. First, the lack of transparency that existed at that time concealed the fact that contractors were contributing to the total force capability. Second, at that time contractors were just not considered a part of the force and therefore were not mentioned by Lawrence J. Korb in his essay on U.S. force readiness and capability, which included that era.⁷

According to the Windfalls of War database, MPRI had a total of \$41,714,000 in federal contracts between 1990 and 2002.⁸

⁶ MPRI.

⁷ Korb, “Are U.S. Forces Unprepared.”

⁸ Center for Public Integrity, *Windfalls: Military Professional Resources*.

MPRI: Lobbying and Political Contributions

MPRI has a substantial number of retired U.S. Army general officers on its management staff who have experience within the Washington Beltway that can be and is used to look out for MPRI's interest. One notable example is Lt. Gen. Jared L. Bates, U.S. Army (Ret.). He was an MPRI senior vice president in charge of all contract activity in the continental United States. MPRI gave Bates a leave of absence between January and June 2003, during which time he assisted Jay Garner in setting up the Office of Reconstruction and Humanitarian Assistance (ORHA) in Iraq. Subsequent to his return to the United States Bates was promoted to vice president, business development, of SYColeman. SYColeman is a division of L-3 Communications. Bates is now president of SYColeman, a firm that specializes in operations integration and other defense support services. Jay Garner was the president of SYColeman when he was asked to set up the Office of Reconstruction and Humanitarian Assistance. Bates's positioning as a part of ORHA gave him inside advantage regarding the needs for training the Iraq Army.⁹

The government of Equatorial Guinea, which was well known at the time for torturing and killing political dissidents, approached MPRI in 1998 with a request that MPRI conduct a threat assessment for protection of its oil reserves and its general defense needs. MPRI's request for a license from the State Department was not approved because of Guinea's human rights abuse record. MPRI mounted a determined lobbying offensive directed at the Pentagon, State Department, and Capitol. MPRI's approach was to argue that the United States should engage the Guineans so as improve their human rights record. They pointed out that engagement would give the United States access to

⁹ SYColeman.

Guinea's oil resources. The MPRI lobbying apparently changed the Clinton administration's foreign policy in that the State Department issued the license to MPRI in 2000.¹⁰

MPRI: Iraqi Contributions

In April 2003 the DOD awarded MPRI two contracts for Type II and III support for the war. The total value of the two contracts was \$2.5 million. The contracts are not transparent and the details are hard to find. One contract was to restructure and train the Iraqi Armed Forces and the other was for twenty translators for the Office of Reconstruction and Humanitarian Assistance.¹¹ In a list of U.S. government prime and subcontracts awarded in 2003, MPRI is listed as a subcontractor for Bechtel. The administrator for Bechtel's contract is the U.S. Agency for International Development (USAID). The scope of the contract is listed as "pre-deployment CONUS [Continental United States] equivalent training." No further description of this subcontract or its value is listed. There is no way to tell, but this could be the contract for the twenty translators, because the same list of government contracts has a breakout for those contracts that are administered by the DOD, showing MPRI as a subcontractor under Vinnell Corporation. Vinnell was a subsidiary of Northrop Grumman Corporation. The scope of the contract here clearly states the contract is "Train new Iraqi Army." Apparently this is the same contract as the first contract mentioned earlier for training Iraqi Armed Forces.¹²

¹⁰ Yeoman, "Soldiers of Good Fortune."

¹¹ McCarthy, "Contractors Sometimes Stretch"; also Center for Public Integrity, *Windfalls: Military Professional Resources*.

¹² Export.gov.

Tracing the contracts seems to indicate that MPRI's contributions in Iraq have been made as a subcontractor for Bechtel and Vinnell. By 2004 MPRI, Vinnell, and Nour, USA (see the Erinys International case in Chapter VII) shared the contracts for training the Iraqi Army. Author Peter Singer says the cost of the military training contract may possibly reach \$2 billion.¹³ The Central Command census of December 2006 reports that MPRI has 500 employees in Iraq.¹⁴ The census indicates the firm has twelve contracts. MPRI is working to train the Iraqi Defense Ministry. Training subjects include strategic planning, budgeting, and public affairs.

MPRI: Interaction with Authorities

MPRI is known as a tenacious lobbyist. The firm continues to progress in the defense business, and no special problems have come to light related to MPRI's interaction with authorities.

MPRI: Threats/Adverse Public Impact

MPRI is known to have a prosperous defense business. MPRI has conducted its work with little fanfare and has not been the subject or source of adverse behavior. The MPRI support for Croatia in 1994 could have been exploited as a political issue, but the firm made its contribution quietly and without incident. MPRI's role in Croatia is now well known and is mentioned from time to time as an example of how a private firm's contributions can make a strategic difference.

¹³ Singer, "Warriors for Hire."

¹⁴ The census reports that there are 500 MPRI employees and there are 500 L-3 Communications employees. This raises the question, hard to confirm, of whether these are the same 500 employees, since MPRI is an L-3 subsidiary. In other words, this appears to be a double count.

L-3 COMMUNICATIONS CORPORATION

L-3 is the U.S.'s sixth-largest defense contractor. Michael T. Strianese is the firm's current president, chief executive officer, and director. L-3 is headquartered at 600 Third Avenue, New York, NY 10016. As a leading defense contractor, L-3 contributes a broad range of Type II teaching and training for aircrews, mission operators, gunners, and maintenance technicians. Hand in glove with Type II support, the firm contributes logistics and maintenance support for Type IV high-tech security and military products and services, which it markets to the U.S. military and intelligence services. The firm has more than 60,000 employees located in 98 business units throughout the globe.¹⁵ L-3's fiscal 2005 annual revenue was \$9.4 billion.¹⁶

L-3 Communications: Origins/History

L-3 Communications was founded in 1997. The firm announced in February 2003 that its 2002 sales earning were \$4 billion. These earnings are a significant sign of early success and the aggressive nature of the firm. At that time L-3 had only been in business about six years and already it was one of the top ten defense contractors. As a benchmark of that success, the readily known defense industry giants Lockheed Martin and Boeing were ranked only a little ahead of L-3. Credit for L-3's successful nature is generally given to former CEO Frank Lanza, who passed away in 2006. In founding the firm Lanza arranged for financing from Lehman Brothers and partnered with Robert La Penta. La Penta was an executive with Loral Corp., an electronic warfare system manufacturer and

¹⁵ Dow Jones, L-3 Communications Hldgs Inc; L-3 Communications Holdings, Inc.

¹⁶ Gerin, "L-3 Titan Group Wins."

another firm that Lanza helped launch with success. L-3 is named for Lanza, Lehman Brothers, and La Penta.¹⁷

Frank Lanza was known for his leadership and steadfast dedication to building businesses. He had an innate talent for taking the businesses he led in the right direction. True to form, Lanza wasted little time and began to grow L-3 soon after it was launched by acquiring ten electronic manufacturing divisions from Loral Corp. L-3 acquired MPRI as a subsidiary in June 2000 and Titan Corp. in 2005. The case for Titan follows in this chapter. Titan provided some of the linguists who were involved with soldiers and CACI employees who were involved in the humanitarian scandal at Abu Ghraib prison. In June 2006 L-3 acquired Crestview Aerospace. Crestview provides services for assembling and modifying military aircraft. Crestview is not profiled in this study, as its contributions are made in the U.S. and not in Iraq.¹⁸

L-3 Communications: Lobbying and Political Contributions

Alexander Bolton, a critic of defense appropriations and campaign contributions, has written that L-3 Communications, along with other military-industrial complex firms such as Lockheed Martin and General Dynamics, has contributed to the political fortunes of both parties. The employees of these firms have then contributed to politicians' campaigns. Bolton's article asserts, for example, that representatives Jim Saxton (R-NJ), ranking member of the Air and Land Forces defense subcommittee; Duncan Hunter (R-CA); and Loretta Sanchez (D-CA) have received political contributions. In the case of Representative Saxton, the political action committees (PACs) from L-3 and Lockheed

¹⁷ Miller, Annetta, "Here's How L-3."

¹⁸ L-3 Communications Holdings, Inc.

Martin have contributed a total of \$91,000 for his most recent political campaign. Saxton has subsequently worked to earmark \$3 million for an L-3 Communications contract. L-3 has a plant in Camden, New Jersey, in Saxton's home district.

Representative Sanchez looked out for her political constituents and the defense industry in Orange County with her earmarked funds for L-3 Communications and General Dynamics. According to Bolton, she requested \$10.7 million for the two companies. In 2007 the employees' political action committee (PAC) contribution for Sanchez was \$4,500. In the last election the firm's PAC contributed a total of \$10,500 for her election.¹⁹

L-3 Communications: Iraqi Contributions

The census for contractors in Iraq (Table 3) indicates that there are 500 L-3 employees in Iraq. As pointed out earlier, MPRI, an L-3 subsidiary, also is reported to have 500 employees in Iraq. L-3's subsidiary Titan, its most profitable venture, has 6,500 employees who are linguists in Iraq. Titan's earnings come from its contracts with the U.S. Army in Iraq.²⁰ The details of the Titan Iraq contracts will be covered with the Titan case study, which follows this section.

L-3 Communications: Interaction with Authorities

L-3 has not been the subject of criminal allegations nor has the firm been reported in the press for any derogatory behavior. This lack of notice indicates that the firm, which

¹⁹ Bolton, "Light Shines."

²⁰ Washburn, "L-3/Titan Jobs."

continues to win significant defense contracts, has good business relations with authorities and the firm's contract administrators.

TITAN

Titan Corp. was acquired by L-3 in 2005. The subsidiary firm is now known as L-3 Communications Titan Group, or more simply L-3 Communications Titan. I will refer to the firm's activities in Iraq as Titan. Despite the adverse impact of having employees involved in the Abu Ghraib human rights scandal, Titan continues to land large defense contracts. Titan specializes in Type III and IV contracts that provide technology for military intelligence support as well as Homeland Security. In 2003 Titan's defense contracts produced 96 percent of its total revenue. The firm's headquarters address is 3033 Science Park Rd., San Diego, CA 92121. The firm's chairman of the board and chief executive officer is Gene W. Ray. Titan Corp. employs 12,000 people in 12 countries, and in the United States the firm has representation in 243 cities and 41 states.²¹ The firm home page states that Titan has 2,000 contracts and 10,000 employees.

Titan: Origins/History

Before Titan was acquired by L-3, Titan acquired BTG, a little-known information security firm in Fairfax, Virginia, which held a U.S. Army contract for \$10 million. The terms of the BTG contract called for the firm to furnish thirty linguists for the U.S. Army. Apparently this was Titan's startup in the business of providing linguists for the military.²²

²¹Center for Public Integrity, *Windfalls: Titan*.

²²Washburn, "L-3/Titan Jobs."

Titan: Lobbying and Political Contributions

Titan has many good government and military connections within the ranks of its top executives. Chairman Gene W. Ray is a retired U.S. Air Force general and former chief of staff. Lawrence Delaney, Titan's executive vice president of operations, acted as undersecretary of the Air Force during the Clinton administration.²³ John H. Dressendorfer, Titan's vice president for government relations, served in the Reagan administration as special assistant for legislative affairs. In the Nixon administration he assisted the secretary of defense.²⁴ Dressendorfer has contributed as much as \$4,100 to Representative Duncan Hunter of California.²⁵ Another Titan executive, Susan Goldberg, served the city of San Diego for two terms as mayor. She has also served as state deputy secretary of business, transportation, and housing for the state of California.²⁶

Titan's lobbying interest is managed by Northpoint Strategies, whose employees are linked to former Republican Representative Randy "Duke" Cunningham of California. Titan's lobbying efforts between 2000 and 2004 amounted to \$1.29 million. The firm paid Northpoint \$240,000 in 2003. Critics such as Robert Schlesinger assert that the lobbying effort is why the firm's revenues for 2003 were \$1.8 billion, 96 percent of which came from U.S. government business. Titan's political action committee donated \$182,000 for Republican causes and about \$15,000 for Democrats. At the same time, Titan executives also made donations to both parties. They donated a total of \$58,000, of

²³ Schlesinger, "Private Contractor-GOP."

²⁴ Center for Public Integrity, *Windfalls: Titan*.

²⁵ Bolton, "Light Shines."

²⁶ Center for Public Integrity, *Windfalls: Titan*.

which \$10,000 went to Democrats and the remainder went to Republicans. Of that total, the CEO's donation amounted \$28,000. Titan donated approximately \$10,000 to Democratic Representative John Murtha of Pennsylvania, who was the ranking Democrat on the Defense Appropriations Subcommittee.²⁷

The law firm that represents Titan is Copeland, Lowery, Jacquez, Denton and Shockey. A non-partner employed by the law firm is Letitia White, who was a staffer in the office of Republican Representative Jerry Lewis of California. Titan is headquartered in Lewis's district in California, and Lewis was the chairman of the defense subcommittee of the House Appropriations Committee from 1999 to 2005. On occasion, Titan is legally represented by American Defense International, a firm that employs Van Hipp. Van Hipp was Dick Cheney's deputy assistant secretary of the army when Cheney was secretary of defense. Michael Herson is an American Defense International lawyer who has ties to the former secretary as one of his then special assistants.²⁸

Titan: Iraqi Contributions

In 2003 Titan Corp. won a U.S. military contract for \$112.1 million for translator/interpreter services. Titan has provided up to 4,400 employees that contribute to the U.S. military capability in Iraq. A 2006 Central Command census indicates that the number of Titan linguists had grown to 6,500.²⁹ The Intelligence and Security Command (INSCOM) is the contract manager. L-3/Titan's U.S. employees supervise the

²⁷ Schlesinger, "Private Contractor-GOP."

²⁸ Ibid.

²⁹ Center for Public Integrity, *Windfalls: Titan*; and Merle, "Census Counts 100,000."

translators/interpreters. The yearly salary of a translator/interpreter runs between \$80,000 and \$150,000.³⁰

In January 2006 the U.S. Army awarded a \$4.6 billion contract to a new firm, Global Linguistic Solutions (GLS), which will now provide translators and interpreters in Iraq. The new contract effectively cut L-3 Communications' Titan out of the linguistic business even though it had been the leading supplier of interpreters to the U.S. military. GLS now has its work cut out for it. Recently Titan has had to offer salaries up to \$175,000 per year to find linguists willing to work in Iraq. The industry that supplies translators and interpreters is a \$9.4 billion business, and because of the global economy has experienced a 7.5 percent annual growth. This growth is attributed to three things: the danger presented by Iraq; growing U.S. military needs; and an economy in which global businesses need many different languages to communicate in the market.³¹

In April 2006 Titan was awarded a \$7.2 million U.S. Army contract to provide Type III management and to operate the Logistics Supply Area Anaconda in Iraq. L-3 will operate and provide technical maintenance for the Standard Army Management Information System (STAMIS). The aim of the system is to provide automated logistics support that will provide the military force with warfare resources.³²

Titan: Adverse Public Impact

³⁰ Washburn, "L-3/Titan Jobs."

³¹ Ressler, "Translation Nation."

³² Gerin, "L-3 Titan Group Wins."

Maj. Gen. Antonio M. Taguba's³³ report of investigation identified Titan employees with the Abu Ghraib prisoner human rights abuse scandal. That incident and the Blackwater USA Fallujah bridge incident together brought a lot of critical media and public attention to all the contractors working in Iraq.³⁴ From what is known from the Taguba report, there were four contractors involved in the incident. Their names are Steven Stephanowicz, John Israel, Torin Nelson, and Adel Nakhla. The Taguba report indicates that their local administrators or the unit to which they were assigned in Iraq was the 205th Military Intelligence Brigade. The commanding officer for the 205th was Colonel Thomas Pappas, U.S. Army. The report found that the civilian contractors were not properly supervised at Abu Ghraib.³⁵

Peter Beaumont published an online article in the *Guardian Unlimited*, a British publication, that is critical of the employees, the firms, and the U.S. policy in handling the scandal. Beaumont asserts that John Israel and Adel Nakhla were the two Titan employees that physically struck and abused prisoners in the presence of soldiers who did the same. Steven Stephanowicz was an employee of CACI International.³⁶ Beaumont points out that human rights groups have actively called for Titan and CACI to be barred from further contract work in Iraq. Beaumont's article goes on to report that Titan and CACI have been awarded new contracts by the Pentagon despite the scandal. Titan's new contract is worth \$164 million and CACI's is worth \$16 million.³⁷

³³ The "Taguba Report" (the Article 15-6 Investigation of the 800th Military Police Brigade) is classified "Secret / No Foreign Dissemination." However, it has been in the public domain since May 2, 2004, and can be found in Taguba, "Taguba Report' on Treatment."

³⁴ Center for Public Integrity, *Windfalls: Titan*.

³⁵ Chatterjee, "Private Contractors and Torture."

³⁶ The case study for CACI follows.

³⁷ Beaumont, "Abu Ghraib Abuse Firms."

Titan's employees have suffered an extremely high casualty rate while serving as interpreters/translators in support of military members on the battlefield. As of November 2006, 216 had been killed. Former employees have reported that they were not armed when they were in Iraq and they were not provided body armor. Further, some Titan employees have said that they did carry arms and participated in combat, which included participation in raids. The same employees acknowledged that the terms of their contract stated they were not to engage in combat.³⁸

CACI INTERNATIONAL INC.

The CACI International Inc. (CACI) Web site states that the firm "provides the IT and network solutions needed to prevail in today's new era of national security, intelligence, and e-government."³⁹ However, CACI gained notoriety when the press announced that two of the firm's employees were among a group of contractors and soldiers who were suspected of abusing prisoners at Abu Ghraib prison in Iraq. The group of contractors alleged to have been involved in that incident included employees from Titan Corp., as mentioned earlier in that firm's contractor case.⁴⁰ On the other hand, Pratap Chatterjee, an aggressive critic of corporate business practices, has written that "CACI has generally stayed out of trouble" when compared with other contractors. CACI's current headquarters is located at 1100 North Glebe Road, Arlington, VA 22201. The CACI chairman, president, and chief executive officer J.P. "Jack" London, who is a retired U.S. Navy reserve captain with a PhD in business from Georgetown University.

³⁸ Washburn, "L-3/Titan Jobs."

³⁹ CACI International Inc.

⁴⁰ Ante and Crock, "Other U.S. Military."

CACI's defense contracts primarily contribute information technology (IT) solutions for intelligence collection. Since its beginning CACI has aggressively diversified its business strategy. For example, in addition to providing information technology for intelligence, the firm has contributed to personnel support for U.S. Air Force installations in Texas and California. Financially, the diversification strategy paid off. In 2001, before the Iraq War, the firm's profits stood at \$22 million with total revenues of \$557 million. By 2003, during the war, the firm's profits reached \$44 million with total revenues of \$843 million. In 2004 CACI had about 6,300 employees working at more than 100 locations in the United States and overseas. Many of the employees came to the firm with experience gained in the military and intelligence communities.⁴¹

CACI: Origins/History

CACI was launched under the name California Analysis Center Incorporated in 1962 by Harry Markowitz and Herbert Karr. In 1990 Markowitz won the Nobel Prize in economics. The company's first federal contracts were for battlefield simulation technology and the communication industry. CACI International, Inc., was incorporated in the state of Delaware under the name CACI Worldwide, Inc. on October 8, 1985. The firm has two subsidiaries CACI, Inc.-Federal, a Delaware corporation, and CACI-N.V., a Netherlands corporation. The company's operations are conducted through its subsidiaries, which are located in more than 100 offices located in the United States and Europe.⁴²

⁴¹ Chatterjee, "Private Contractors and Torture."

⁴² Ibid.

CACI: Lobbying and Political Connections

CACI has a large number of employees with ties to the military and intelligence communities. For example, Michael Bayer, a member of the firm's board, was vice chairman of the Pentagon's business board. Also on CACI's staff is Barbara McNamara, a former deputy director of the National Security Agency; Arthur L. Money; who was an assistant secretary of defense; and retired Air Force General Larry Welch, who was assigned to the Joint Chiefs of Staff.⁴³

According to Robert Schlesinger, a critic of corporate influence on government, CACI interests are represented in Washington by the Livingston Group, which was founded by ex-House Appropriations Committee Chairman and Republican Bob Livingston from Louisiana. Schlesinger asserts that the Livingston group's legal "strategic partner" is Jones, Walker, Waechter, Poitevent, Carrere and Denegre, which is also a Louisiana firm. Between 2000 and 2004 Livingston's representational fee has been \$160,000, while Jones, Walker's fees during that time have been \$150,000.⁴⁴

Schlesinger asserts that in 2003 over 92 percent of CACI's \$843 million in revenues were generated from contracts with the federal government. Schlesinger points out that 63 percent of CACI's government business was with the DOD. On the other hand, between 2000 and 2004 CACI executives donated a total of \$25,750 for Republican causes. They donated about \$3,500 to other politicians. The CEO's donation amounted to \$10,000, all of which went to Republicans.⁴⁵

⁴³ Ibid.

⁴⁴ Schlesinger, "Private Contractor-GOP."

⁴⁵ Ibid.

CACI: Iraqi Contributions

In August 2003, CACI gained a \$19.9 million task order under an existing contract to provide interrogation and intelligence gathering for the army.⁴⁶ The initial contract was for technology services, but because the contract fit under the less confining blanket service agreement rules, the army requested that CACI provide interrogation along with the data processing work. In December 2003, the Army tasked CACI to provide counterintelligence support. This tasking came under the same blanket purchase agreement and was valued at \$21.8 million. Then NBC broke the news of the Abu Ghraib scandal in April 2004. All together, eighty-one tasks were performed by both CACI and Premier Technology, a company CACI had acquired in 1998, under the same purchase agreement. Some details that have come from the Department of the Interior inspector general investigation into use of the purchase agreement have shown that eleven of the eighty-one tasks were contributed to Iraq. The same inspector general report of investigation disclosed that CACI had a total of twenty-seven interrogators employed in Iraq.⁴⁷

CACI: Interaction with Authorities

The administrator of a particular contract is often difficult to find, and this makes it difficult to see how the contractor and client interact. For example, the CACI International Inc. contract for Abu Ghraib prison was administered by the Interior Department, not the military, as would seem logical. It is also difficult to determine whether or not this lack of transparency is intentional. The point is that there is no central

⁴⁶ McCarthy, "CACI Plans to Drop."

⁴⁷ McCarthy, "CACI Contracts Blocked."

department or bureau for administering contractors. In the case of contractors in Iraq, according to Spencer E. Ante and Stan Crocker of *BusinessWeek*, the Department of Defense is known to have had other agencies act as administrators for its contracts.⁴⁸

In May 2004, Ellen McCarthy provided some enlightening details about the CACI contract in a report for the *Washington Post*. McCarthy reported that the CACI contract, under which Steven Stephanowicz was employed to contribute linguistic support for the U.S. Army at Abu Ghraib, was managed by the Department of the Interior (DOI). Apparently, the DOI role in administering the contract was in bill paying and recordkeeping. However, according to McCarthy, the Interior Department's inspector general blocked the army process of contracting through Department of the Interior for CACI interrogators/translators. The point is the practical administration of the work was done by the military.⁴⁹

McCarthy has reported a plausible explanation that clarifies the confusion over the administrators of the CACI contract. The confusion is rooted in CACI's diversification of business assets and acquisition of Premier Technology Group. In 1998, before its takeover by CACI, Premier Technology Group, Inc. won a blanket purchase agreement⁵⁰ with a \$500 million limit to provide support in Sierra Vista, Arizona, the location of a U.S. Army intelligence training facility, Fort Huachuca. Then the DOI took over the operation of the facility at Fort Huachuca and became the administrator of CACI's contract. In 2003, the Commander Joint Task Force-7, while administering the operational plans in Iraq, expedited the operational need for interrogators under the

⁴⁸ Ante and Crocker, "Other U.S. Military."

⁴⁹ McCarthy, "CACI Contracts Blocked."

⁵⁰ A blanket purchase agreement allows organizations the flexibility to cut through bureaucracy and speed up purchases. They also help in obfuscating the real intent of the purchase.

blanket purchase agreement. This move to get necessary language support linked CACI and the DOI together the Iraq War.⁵¹

CACI: Threats/Adverse Public Impact

Steven Stephanowicz, a CACI Arabic linguist, was accused of raping an Iraqi boy and physically abusing an Abu Ghraib prisoner. He was investigated along with two linguists from Titan⁵² who were also accused of abusing prisoners. In the ensuing military investigation, evidence was uncovered that indicated problems with the management and training of the CACI employees. It was noted that one-third of the contractor staff at the prison had no formal military interrogation training. At the time of the incident, CACI contractors made up nearly half of all interrogators and analysts at the prison.⁵³

The Abu Ghraib prison abuse scandal is a political black eye for the fundamental U.S. mission in Iraq. The comparative risk between military forces and contractors is very visible in the Abu Ghraib prison scandal. The military suspects in this case have already appeared in court, while the contractor suspects have not. Because of that disparity of justice, and the publicity the incident received in the press, the general situation provides an opportunity to compare the risk to U.S. capability when contractors contribute support with the capability available without contractor support.

⁵¹ McCarthy, "CACI Contracts Blocked."

⁵² The Titan contractors were examined in the Titan case study.

⁵³ Beaumont, "Abu Ghraib Abuse Firms."

In this case CACI, as did Titan, provided essential support but also provided individuals whose criminal behavior threatened U.S. warfare capability. The firm's original contract was for technical support for intelligence. In response to the tasking to provide interrogators as requested by the military, CACI diversified and quickly met the essential need by hiring twenty-eight Arab linguists. Although the contract costs were enormous, the company did contribute significant support for intelligence operations. My argument is that the military could not have accomplished this without the contractor.

At the same time, the Abu Ghraib situation illustrates how a surge to fill a need such as linguists can become a threat to military capability. That threat is a security threat. The contractor and contract administrator had a minimum of time to do a thorough security screening of the new employees. CACI does a great deal of classified defense work in providing technical support, and the firm knows the importance of security clearances based on background investigations. Ultimately, CACI, like all contractors in this study, is in the business of making money. It is the contract administrator's responsibility to see that the employees have proper security clearances.

I argue that in the early months of the war the military had a critical need for linguists. Therefore the military used the flexibility for which the blanket purchase agreement was intended to get the language support that did not exist in the ranks of the military force at the time. In this case the military contract administrator needed to closely supervise the integrated prison security unit, which consisted of both military and contractor personnel. The inability to prosecute the contract employees due to loopholes in the law does need to be corrected. However, I argue that the law alone is not sufficient to control contractors. Contract administrators must actively supervise the contractor. The abuses at Abu Ghraib would not have occurred if the prison had been properly

supervised. Because contracting is about money, the best mechanism for controlling contractors lies in a firm's profits and its employees' pocketbooks. The administrator of the contract needs to supervise the contractor as it does military and government employees.

ARMOR HOLDINGS

Armor Holdings is a U.S. security firm that has significant ties to a number of British security firms that have contracts in Iraq. I have analyzed those firms with cases in the next chapter, grouped with nonmilitary/political contract administrators. Another reason for doing this case is that one of the British firms is named ArmorGroup, which is easily confused with Armor Holdings. I did this case study to trace the nature of the relationships among these firms. Armor Holdings, Inc., headquarters is located at 13386 International Parkway, Jacksonville, FL 32218. Warren B. Kanders is the chief executive officer, and Robert R. Schiller is the president and chief operating officer.

Armor Holdings specialized in the manufacturing of body armor. Armor Holdings' Products Division manufactures law enforcement equipment. The wide scope of products the firm sells includes ballistic-resistant vests and tactical armor; less-lethal munitions; safety holsters; batons; and anti-riot products. Armor Holdings' Products Division is one of the largest and most experienced passenger vehicle armoring manufacturers in the world. Armor Holdings custom-armors vehicles to protect them from ballistic and blast threats. The commercial and private vehicles the firm armors include limousines, sedans, sport utility vehicles, and money transport vehicles. Armor

Holdings Military Products division is the U.S. military prime contractor for armoring the High Mobility Multi-purpose Wheeled Vehicles (HMMWVs [Humvees]). In 2002 *Forbes* magazine listed Armor Holdings among its list of 200 Best Small Companies. In 2006, *Fortune* magazine listed Armor Holdings as number three among its 100 fastest-growing businesses.⁵⁴

Armor Holdings: Origins/History

Armor Holdings was formerly known as American Body Armor. The firm changed names after having to declare bankruptcy due to the Saudi Arabian government's renegeing on a major business deal, which led to a lawsuit. The lawsuit involved a dispute over the sale of bulletproof vests. Armor Holdings bought Defence Systems Limited (DSL) in 1997. DSL was a British firm. Few if any U.S. firms at that time were international full-service security providers, and DSL was one of the world's best. Armor Holdings changed DSL's name to ArmorGroup.

This heritage is important because it can be traced as links between Armor Holdings and the five British security companies discussed in the next chapter. But for now, here are some of the links important for Armor Holdings. DSL's Alastair Morrison owned over \$2.1 million in Armor Holdings stock in 1999. He and ArmorGroup are tied to Erinys, a major security contractor in Iraq. One example of this tie is seen in Erinys's director of security operations, Fraser Brown, who was employed by Armor Holdings in 1999 as part of the DSL deal. In addition, Erinys's managing director, Jonathan Garratt, began his career with DSL in 1992, and in 1997 Garratt became an employee of Armor Holdings. A very interesting Erinys associate is Bill Elder, who was Bechtel's corporate

⁵⁴ Armor Holdings, Inc.; and Vallette and Chatterjee, "Guarding the Oil Underworld."

security manager. As I indicate in the Bechtel case, ArmorGroup was hired as Bechtel's subcontractor for security in Iraq. I will cover this in detail with the cases in the next chapter.⁵⁵

In 2002 Armor Holdings made a decision to focus on its armored vehicles and law enforcement equipment business. The firm divested itself of ArmorGroup in 2003. A case study of DSL and ArmorGroup is included in Chapter VII.

Armor Holdings: Iraqi Contributions

Armor Holdings' vehicle armoring business is located in Cincinnati, Ohio. Armor Holdings has contributed to U.S. military operations in Iraq and Afghanistan by manufacturing and installing Up-Armored (which provides or increases vehicle armor) for Humvees. Other items that are also in demand in Iraq for its new police force are produced by Armor Holdings' subsidiary Defense Technology of America in Casper, Wyoming, which manufactures and sells a variety of riot control equipment such as batons, helmets, shields, and non-lethal munitions.⁵⁶

Armor Holdings: Threats/Adverse Impact

Jim Vallette and Pratap Chatterjee asserted in their critical article on the status of private security companies in September of 2003 that Armor Holdings was subcontracted to provide security for Bechtel and KBR.⁵⁷ This is the same approximate time frame involved in Representative Waxman's investigation of KBR for allegedly hiring

⁵⁵ Vallette and Chatterjee, "Guarding the Oil Underworld."

⁵⁶ Ibid.

⁵⁷ Ibid.

Blackwater to provide security for a subcontractor. However, Jonathan Marshall, Bechtel's media relations manager, provided me with an e-mail on July 10, 2007, advising that ArmorGroup met most of Bechtel's security needs as a specialized subcontractor.⁵⁸ This is an indication of the lack of transparency in the contracts and the confusion that the firms themselves cause when they diversify or change names.

Mistaking Armor Holdings for ArmorGroup can cause a story to be told incorrectly.

Diversifying and changing firms' names are general business practices, and this is not peculiar to security or defense contractors. However, in their case it does make tracing or controlling their activities difficult.

ZAPATA ENGINEERING

In May 2005 a group of Zapata employees were detained and jailed for firing into U.S. Marine positions near Fallujah. In Iraq the firm's contract was for specialized Type III support. Zapata was not a security contractor. The founder and president of the firm is Manuel L. Zapata. Zapata Engineering is an explosives disposal firm that provides environmental response services for facilities, infrastructure, and military munitions. The firm is headquartered at 63 Fairview Rd., #600, Charlotte, NC 28210 and has offices in Colorado and Hawaii. The firm has about fifty employees and offers a complete range of engineering services in the public and private sector. Zapata Engineering has the appropriate professional licenses and is staffed with engineers, architects, geologists, and unexploded ordnance technicians.⁵⁹ The firm is not publicly traded on the stock market.

⁵⁸ Jonathan Marshall, Bechtel Corporation, Media Relations Manager, e-mail dated July 10, 2007.

⁵⁹ Phinney, "Marines Jail Contractors"; and Zapata Engineering.

Zapata Engineering: Origins/History

Manuel Zapata was born in Santiago, Chile, and immigrated to the U.S. in 1967, when he was twenty-seven years old. By 1991 he had launched Zapata Engineering in Charlotte, North Carolina.⁶⁰ Because he was an immigrant, Zapata was given special competitive status for obtaining government contracts. The firm's first government contract came in 1996. That contract was a \$32.5 million 10-year environmental project for the destruction of explosives on base closures within the U.S.⁶¹

Zapata Engineering: Political Connections

Zapata's political connections are with the state of North Carolina and the city of Charlotte. He was appointed to the North Carolina Entrepreneurial Development Board in 1993 and named Entrepreneur of the Year by the Charlotte Chamber of Commerce in 1996. In addition, his entrepreneurship has received special recognition from the city of Charlotte. He is serving or has served on the boards of the Arts and Science Council, the Charlotte Chamber of Commerce, Crisis Assistance Ministry, Presbyterian Hospital, Novant Health, and Wachovia Bank.⁶²

According to the Windfalls of War data on total contributions from 1990 to 2002, Zapata Engineering has made a total of only \$500 in political donations. No other details for this donation were made available with the data.⁶³

Zapata Engineering: Iraqi Contributions

⁶⁰ Center for Public Integrity, *Windfalls: Zapata*.

⁶¹ Phinney, "Marines Jail Contractors"; and Zapata Engineering.

⁶² Center for Public Integrity, *Windfalls: Zapata*.

⁶³ Ibid.

Zapata Engineering began work in Iraq on September 30, 2003. It was one of five companies contracted for \$200 million to destroy and store U.S. military ammunition worldwide. In April 2004 Zapata was awarded a \$43.5 million task order by the Army Corps of Engineers to manage captured Iraqi ordinance. Under the terms of the contract, Zapata can subcontract or directly hire qualified security personnel for protection of the firm's employees.⁶⁴

Zapata Engineering: Interaction with Authorities

On May 28, 2005, a group of Zapata engineers were involved in one of the most grave incidents involving friendly fire between contractors and the military in Iraq. The incident shows the serious consequences that can take place when a contractor is not under the proper control of authorities. On that day a U.S. Marine patrol reported that it had been fired on from a convoy of sport-utility vehicles. The Marine patrol also reported observing that the same vehicles were firing at Iraqi civilians. A few hours later the same convoy returned to the area and fired on a Marine observation post. Remarkably, the Marines were able to stop the convoy of sport-utility vehicles and apprehend the drivers and passengers without anyone sustaining life-threatening wounds. The Marines took the occupants into custody and conducted a search of the vehicles. The Marines identified the occupants of the vehicles as Zapata engineers, who were armed with an assortment of small arms consisting of anti-tank weapons, assault rifles, and hand grenades. The Marines went on secure the contractors in jail before expelling them from Iraq.⁶⁵

⁶⁴ Phinney, "Marines Jail Contractors."

⁶⁵ Ibid.

One result of the Zapata shooting incident is that it energized the Iraqi authorities to do something about contractor control. The Iraqi Ministry of the Interior expressed concern about how to regulate and control the numerous contractors that provide private security in Iraq. Ministry officials began to discuss how contractors could be punished when they did not comply with the rules. Adrian Blomfield, a British reporter writing in Baghdad, claimed that the U.S. military would be pleased if the Iraq Interior Ministry did take action to regulate the contractors.⁶⁶

Zapata Engineering: Threats/Adverse Public Impact

Zapata was not registered with the Private Security Company Association of Iraq as a security company at the time of the shooting incident with the Marines. This means that when the firm's employees were firing indiscriminately, they were not in compliance with Coalition Provisional Authority (CPA) Memorandum 17, which was issued by Paul Bremer. They were armed and they were firing un-aimed rounds.⁶⁷ Additionally, the GAO 2005 investigation of private security contractors found there had been numerous friendly fire incidents between contractors and the U.S. military. Friendly fire incidents seriously degrade unit morale. These incidents signify a lack of communication and control on the battlefield. This is a sign of diminished military capability because of the lack of unity of command.⁶⁸

ANALYTICAL SUMMARY

⁶⁶ Blomfield, "Shootings May Lead."

⁶⁷ Phinney, "Marines Jail Contractors."

⁶⁸ Waxman, "GAO Finds Problems."

The findings in this chapter indicate that the majority of contractors controlled by the military augment military capability, though others do not. Additionally, the findings indicate that when the military does not control its contractors, the contractors have a potential for behaving in ways that become controversial and can be linked to incidents that damage warfare capability. The best example of this is the Abu Ghraib prison scandal. The abuse of prisoners perpetrated by improperly controlled contractors erupted into an international media scandal. The scandal embarrassed the U.S. internationally, caused many U.S. citizens to question their support for the war, and seriously damaged Iraqi confidence in the U.S. and its warfare capability to stabilize and rebuild Iraq. This is empirical evidence that supports the argument that the degree of government control over contractors determines whether they augment or threaten warfare capability.

In the post-invasion phase, it became clear that the U.S. military commanders in Iraq had not included contractors in their planning and as a result had little or no control over them on the battlefield. Subsequently, the Government Accountability Office (GAO) report of June 2003 found that the presence of contractors on the battlefield is now a reality. That is to say that organized groups of civilians, many of them U.S. citizens, are working in a dangerous and unstable environment where they may or may not be under U.S. government control and protection. Military commanders and nonmilitary/political administrators need a plan to ensure the contractors' safety as well as make the best use of the contractors' contributions. My argument is that military commanders and nonmilitary/political administrators must have a plan and policy for controlling contractors to focus their contributions as a part of the warfare capability total force. Military commanders must also have a plan for the administration, control, and protection

of contractors that are in direct support of the military, as are the firms that contribute to the Logistics Civil Augmentation Program (LOGCAP), discussed in Chapter IV.

One of the problems for military commanders charged with operational control of the battlefield is that many of the contractors in Iraq are administered by nonmilitary/political administrators rather than by the military. The next two chapters consist of cases for those contractors that are administered and controlled by nonmilitary/political agencies, such as the U.S. State Department and USAID.⁶⁹

⁶⁹ Wallwork, *Operational Implications*.

CHAPTER VI

REBUILDERS AND SECURITY PROVIDERS

This is the first of two chapters that group the findings of empirical evidence for individual cases in analyzing firms controlled by nonmilitary/political administrators rather than the U.S. military. This continues the analysis of the contractor firms and how the nature of government oversight and control over contractors determines whether contractor contributions augment or diminish U.S. warfare capability in Iraq. Chapter VII will continue the collection of empirical evidence for analysis of the problem with additional cases.

CHAPTER GOAL

The goal of this chapter is to begin the analyses of individual cases for firms that are administered and controlled by nonmilitary/political administrators. My argument is:

It is the degree of government (in this chapter, nonmilitary/political administrators') control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

In the individual cases presented in this chapter I expect to find that the nonmilitary/political control over contractors is different from that exercised by military administrators. The nonmilitary/political administrators did not have a dedicated force, written policy, or a plan for administering contractors when the war started. Therefore, I expect to find that the contract administrators had to develop the control policy for contractors as the contractors began their work on the battlefield. I expect to find that the

contractors provided critically needed warfare capabilities to increase the force structure and composition because the U.S. nonmilitary/political agencies did not have a standing professional force to draw on. Additionally, I expect to find that the nonmilitary/political administrators did not establish proper control over contractors, especially Type V security contractors. I expect to find that the failure of nonmilitary/political administrators to properly control the contractors hired to rebuild and to provide security are linked to incidents and controversies that threaten the U.S. warfare capability to rebuild and stabilize Iraq.

The case studies in this chapter link Iraq rebuilders and security providers to the nonmilitary/political contract administrators such as the Coalition Provisional Authority (CPA), U.S. Agency for International Development (USAID), the U.S. State Department, and the Iraqi Ministry of the Interior. The cases analyze how these firms were controlled and how they contributed to or threatened the U.S. capability to rebuild and provide security for Iraq (warfare capability).

The chapter begins by presenting the background for the Office for Reconstruction and Humanitarian Assistance (ORHA), CPA, and the Iraqi Ministry of the Interior. This background identifies who the nonmilitary/political agencies are with regard to the policies they made for controlling contractors; for example, the rules of engagement for the use of firearms for contractors that were established by the CPA. The cases follow the structure of the established question set, from how the contractors were controlled by nonmilitary/political authorities to how the nature of their specific contributions has contributed to rebuilding and stabilizing Iraq. The contractor cases chosen for this chapter include Bechtel National, Inc., Blackwater USA, Computer Sciences Corporation, DynCorp, and Custer Battles.

The agencies that administer these contractors are involved with rebuilding and stabilizing Iraq. In this sense the nature of their work is civil-political nation-building. For example, USAID is the contract administrator for the Bechtel Type III construction contract to build schools. Blackwater USA's Type V contract is primarily administered by the U.S. State Department. However, Blackwater also has ties to the Department of Defense (DOD), and the firm has provided armed security for private clients as well as subcontractors for contractors with Type III military support. Untangling contractual relationships such as this is part of my explanation for how contractors contribute to U.S. warfare capability.

BACKGROUND

Lieutenant General Jay Garner, U.S. Army (Ret), a veteran of Operations Desert Storm and Provide Comfort, was selected to organize, open, and administer ORHA as the institution for administration and supervision of the rebuilding of Iraq. This means ORHA was intended to be the authority for administering contracts related to the civil-political rebuilding of Iraq.¹ Garner got the call for the job on January 9, 2003. Garner took the job as a contractor. It was planned that he would be replaced after ORHA was up and running. To accomplish his task, he was given little more than a job title.²

The Iraqi chaos that Garner came into was accelerating from bad to worse, and from the start Garner was facing an almost impossible task in trying to organize efforts to reconstruct Iraq.³ His attempts to establish a team and develop plans were thwarted by

¹ Halchin, *Coalition Provisional Authority*.

² Ricks, *Fiasco*, 154.

³ Pelton, *Licensed to Kill*, 105.

bureaucratic delays from the Pentagon. In the end, Garner got limited funds and approval for 150 law enforcement experts. What he actually received was fifty “experts” to do a fact-finding mission, and none of those were to do any direct enforcement of the law.⁴ On April 24, 2003, Garner was told by Secretary of Defense Rumsfeld that he would be replaced by L. Paul Bremer III, a retired diplomat.⁵ The point is that ORHA did not accomplish very much, but it did take up some time in the sequence of establishing contract administrators that were not a part of the military.

CPA AND CONTRACT ADMINISTRATORS

In June 2003, ORHA dissolved and was replaced by the CPA under the authority of Paul Bremer, who according to custom is referred to as “Ambassador” although he did not hold rank as such in Iraq. As head of the CPA he served as a contractor. Bremer and the CPA reported to the secretary of defense, not the State Department.⁶ The dissolution of the Iraqi army was among Bremer’s earliest official acts. Without the Iraqi army as an organized workforce, the CPA had few resources other than money. Accordingly, Bremer chose to use contractors in order to rebuild Iraq. His choice put the CPA on track as the overseer of building and security contractors.⁷

Consequently Bremer started publishing the policies that established legal jurisdiction for the contractors in Iraq. Again, I point out that this legal jurisdiction is

⁴ Gordon and Trainor, *Cobra II*, 152-55.

⁵ Ricks, *Fiasco*, 154–55.

⁶ The issues of the status of the CPA and Bremer’s authority have become important. As will be seen in the case of Custer Battles, a lawsuit brought against the firm is being decided as this is being written. The result of that litigation is expected to set legal precedents regarding the U.S. ability to prosecute contractors in Iraq. The legal argument is based on how the CPA’s authority was or was not established.

⁷ Priest and Flaherty, “Under Fire.”

currently being subjected to legal debate in U.S. federal courts. The U.S. government's experience with contractors at the time Bremer started to include them in his plans mostly came from the military's successful experience with the Logistics Civil Augmentation Program (LOGCAP). The LOGCAP contributed Type III unarmed contractors such as KBR. At that time, the U.S. government had very little experience using Type V armed civilian security providers such as those Custer Battles was to provide. In a CPA Public Notice issued in June 2003, international legal provisions were cited indicating that local law and the jurisdiction of local courts did not apply to coalition forces and civilian personnel accompanying them. The notice stated that coalition military and civilian personnel were to remain subject to the "exclusive jurisdiction of the state that contributed them to the coalition. The state could waive the jurisdiction or immunity at their discretion."⁸

In August 2003, David Nash,⁹ newly appointed as the CPA Director of the Iraq Program Management Office,¹⁰ started the design plan for rebuilding Iraq. Nash had gained considerable experience working with Type II and III engineering contractors during his career managing construction in the U.S. Navy. By November he announced his plan and explained that the \$18.4 billion approved by Congress would be used to hire U.S. and coalition firms to do the rebuilding. Nash would oversee the contractors that would administer the program and coordinate those doing the rebuilding. Nash organized

⁸ Isenberg, "Government in Search," 6–7.

⁹ David Nash is a retired U.S. Navy Rear Admiral and former head of all U.S. Navy construction.

¹⁰ When Iraq gained sovereignty, the office became the Project and Contracting Office, reporting to the State Department and Department of the Army for project requirements and priorities.

the rebuilders as a structure consisting of three basic groups. These were the U.S. Army Corps of Engineers, USAID, and various Iraqi ministries.¹¹

The USAID administered most of the Type III rebuilding contracts for fiscal year 2003 (FY2003) before the CPA was established. The U.S. Army Corps of Engineers and the U.S. Department of State administered only a few Type III rebuilding contracts at that time. For the most part, USAID contracts are for “economic, social, and political development programs.” However, USAID did administer \$1 billion in FY2003 construction money to Bechtel before there was a CPA. When the CPA became an operating agency, the USAID, U.S. Army Corps of Engineers, and the Department of State continued administering their contracts in tandem with the CPA efforts. The CPA is the authority for the contracts that are administered by David Nash’s CPA Program Management Office (PMO). These contracts fall under the original \$18.6 billion allocated by Congress for rebuilding Iraq. According to the Congressional Research Service, the PMO was responsible for twenty-five prime reconstruction contracts in Iraq that were funded by these monies.¹²

In his briefing for a conference of potential contract bidders in Washington in 2003, David Nash provided guidance regarding administration and regulation of the contracts. First he stipulated that the contract processing was to be competitive, done quickly, and done with maximum transparency. Each contract would be a competitive bid and in accordance with federal regulation.¹³

¹¹ Miller, T. Christian, *Blood Money*, 111–112.

¹² Congressional Research Service, *Iraq: Frequently Asked Questions*, 4–5.

¹³ Miller, T. Christian, *Blood Money*, 111–112.

The CPA did publish clear public notices for the regulations, orders, and memorandums that pertain to the regulation of contractors and their licenses to carry firearms. CPA Order No. 3, titled Weapons Control (revised and amended) of 31 December 2003, is official authorization for contractors to possess and use licensed firearms and military weapons. The Iraqi Ministry of Interior is the licensing authority for the contractors. The licensed contractors are authorized to use the weapons in the course of their duties. CPA Memorandum No. 5 implemented Order No. 3 and established the weapons authorization for the individuals to carry weapons after demonstration of a need to do so. CPA Order No. 17 provided regulations for the practice of contracting. This order gave contractors immunity from Iraqi laws. The order, as issued, respected that contractors are to perform their contracts under terms of their sending state's laws and regulations.¹⁴

The CPA dissolved on June 28, 2004. At that time the Iraq Reconstruction and Management Office (IRMO) was established under the Department of State. On the same date the contracts administered by the U.S. Army Corps of Engineers administratively came under the Project and Contracting Office (PCO). The PCO reported to the DOD, and for contracts in Iraq they both reported to the Department of State.

IRAQI MINISTRY OF THE INTERIOR

When the Iraq government stood up as a sovereign state, the Iraqi Ministry of the Interior became the overseer or regulating agency for security companies in Iraq. This authority was specified by the CPA Memorandum 17, which was published before the

¹⁴ Coalition Provisional Authority, *Coalition Provisional Authority Iraq*; also see Isenberg, "Government in Search," 6-7.

new government assumed sovereignty. Accordingly, as of June 1, 2005, all private security companies in Iraq were to register with the ministry. By the end of the month, thirty-seven security companies had complied with the registry requirement and nineteen were either awaiting approval or were in the midst of compliance. The early data is somewhat confusing, but this represents fifty-six of the total of sixty that were known to be in operation. The confusion apparently is because some security provider firms are subcontracted to prime contractors whose services are “rebuilding,” and apparently these contractors do not define themselves as security firms. The Ministry is the overseer for security companies, but it is not the overseer for contractors that are rebuilders.¹⁵

BECHTEL NATIONAL, INC.

Bechtel National, Inc. has a reputation for accepting tough construction jobs and supporting conservative U.S. politicians. Bechtel is a longtime defense contractor specializing in Type III construction support. The firm headquarters is located at 50 Beal St., San Francisco, CA 94105-1813. The privately owned firm is one of the leading international engineering, construction, and project management firms in the world. In 2006 Bechtel had \$20.5 billion in revenues and booked over \$24.7 billion in new work. The firm employs 40,000 people. Riley Bechtel is the current chairman and chief executive officer. Riley Bechtel’s own words indicate some of the firm’s character. He has said, “Our business is delivering challenging projects for our customers. We are challenge junkies.”¹⁶

¹⁵ Porteus, “Fast Facts: Contractors in Iraq.”

¹⁶ Washington DC Examiner, “Riley Bechtel.”

However, meeting the challenges involved with some of the 22,000 projects Bechtel has tackled in 140 nations since 1898 has not always resulted in success.¹⁷ For example, the results of Bechtel's construction work on Boston's "Big Dig" and Iraq's schools have both been criticized as being disasters. On the other hand, the firm has made significant engineering contributions that include the San Francisco Bay Area Transit (BART) and the Hoover Dam.¹⁸ This case study analyzes this civil engineering giant's specific contributions in Iraq in light of the results of its work on the \$1.03 billion construction contract it was awarded to rebuild Iraq's schools. The construction contract was awarded and under the control of USAID.¹⁹

Bechtel: Origins/History

Bechtel history and the fact that it originated nearly 100 years ago as a family business suggest that the family character may hold some insight into how the firm could be expected to react and contribute to the U.S. government's needs for a building contractor in Iraq. In 1898 Warren A. Bechtel hired out himself and his team of mules to help build the Oklahoma railroad. He soon started the W.A. Bechtel Co. to build roads, tunnels, and do other engineering projects. Warren modernized his construction capability with the latest technology to make it more efficient. For example, he led the way in the use of the steam shovel and dump trucks when they became available. In 1931, Warren assembled the Six Companies consortium, one of the engineering

¹⁷ Bechtel Corporation.

¹⁸ The modernization of roads and tunnels in Boston has been so notorious it is known by the *nom de guerre* "Big Dig." In July 2006 several huge ceiling tiles fell in a tunnel onto an automobile. The accident resulted in the passenger being killed and the driver being injured. Bechtel is one of the civil engineering firms that have done extensive construction on the Big Dig.

¹⁹ El-Gawhary, "Bechtel Fails."

industry's first large-scale joint ventures. The consortium built the Hoover Dam. This story suggests that the legacy of Warren Bechtel's nature was to work hard, to be inventive, and to build big projects.²⁰

In 1933 Stephen (Steve) Bechtel, known within the firm as a visionary, took the helm when his father, Warren, passed away. Steve, who once said about the firm, "We can build anything, anytime, anywhere," developed Bechtel's global interest. For example, Bechtel built the Trans-Arabian pipeline under Steve's leadership. Steve Bechtel's visionary nature is his legacy at the firm. He initiated the firm's defense business and got Bechtel into the Middle East as a builder during World War II. With this experience it is natural to expect that Bechtel would be able to make significant contributions as a builder in Iraq.²¹

When Stephen (Steve) Bechtel Jr. became the firm's president in 1960, he continued to use the latest techniques and technology, as his grandfather had when he first started in the industry. Under Steve Jr.'s management, the firm built various complex projects, such as offshore platforms, nuclear- and fossil-fired power plants, and the Jubal industrial city in Saudi Arabia. Thus Stephen Bechtel Jr. kept the firm involved in Middle East construction. This suggests that the firm knows the regional culture and what it takes to succeed as a builder there.²²

Riley P. Bechtel's father, Stephen Bechtel Jr., retired in 1990. Riley, as the fourth member of his family to lead the firm since it was begun by Warren A. Bechtel, has expanded the extent of the firm's operations into building large urban infrastructures.

²⁰ Bechtel Corporation.

²¹ Ibid.

²² Ibid.

Some examples of this trend are the Boston Central Artery/Tunnel project, the Hong Kong Airport Core Program, and the Manila Water Company in the Philippines. Riley, as pointed out earlier, has organized Bechtel to be able to quickly respond to challenging industry opportunities to build “anything, anytime, anywhere.”²³ This all suggests that the character of Bechtel National, Inc., has been shaped by determined leaders with rich building experience and knowledge of how to succeed in doing contract business with the U.S. government.

Bechtel: Political Connections

Bechtel has developed numerous political ties during its years in business. One connection that was to become an important political tie was made early in the firm’s history, when Stephen Bechtel, Jr., met John A. McCone while both were studying engineering at the University of California–Berkeley. In 1937 McCone, Bechtel, and Henry J. Kaiser became partners in several firms, including the Bechtel-McCone Corporation. The partners’ various undertakings during World War II included shipbuilding on the West Coast, oil pipeline construction in Alaska, and oil refinery construction in Bahrain. After the war, Bechtel bought out his partners. McCone eventually worked himself into position to become Director of the Central Intelligence Agency (CIA) when President John F. Kennedy dismissed Allen W. Dulles after the Bay of Pigs disaster.²⁴

Another important political connection evolved when George P. Schultz, a Bechtel president from 1974 to 1982, later became secretary of state. Former Secretary of

²³ Ibid.

²⁴ Center for Public Integrity, *Windfalls: Bechtel Group, Inc.*

Defense Casper Weinberger was Bechtel's general counsel. Retired Marine General Jack Sheehan, former NATO Supreme Allied Commander Atlantic, and Commander in Chief U.S. Atlantic Command, was Bechtel's senior vice president for project operations in Europe, Africa, the Middle East and Southwest Asia. He now sits on the Defense Policy Board, which advises the Pentagon on defense issues. Certainly one of the most visible political connections is seen in the fact that in February 2003, President George W. Bush appointed Riley Bechtel to the Export Council. The council's mission is focused on the enlargement of the U.S. export market.²⁵ Thus the Bechtel president is advising the U.S. president on how to improve trade. One result of the Bechtel's close political connections is that it is frequently a target for political critics.

Bechtel: Lobbying and Political Contributions

Bechtel has made big political contributions over the years. In the three years before it was awarded the USAID contract in 2003, the firm and its employees contributed a total of \$1.3 million to federal campaigns and candidates. Records of the Federal Election Commission indicate that Republicans received nearly 60 percent of the contributions, and Democrats the remainder.

Bechtel: Iraqi Contributions

On April 17, 2003, USAID awarded Bechtel a contract for \$34.6 million. The cost-plus-fixed-fee contract has a worth of up to \$680 million over eighteen months. The construction contract is for rebuilding infrastructure such as the water supply, electrical

²⁵ Washington Technology, "GSA Reviews CACI Contract."

power grids, schools, and roads in Iraq. Subsequently, Bechtel awarded a number of subcontracts:

1. ArmorGroup Land Mines, United Kingdom, for advisory services on unexploded ordnance.
2. Al-Bahar and Bardawil, Kuwait, for construction and earth-moving equipment.
3. Great Lakes Dredge and Dock, Oak Brook, Illinois, emergency dredging and marine surveying of Umm Qasr port.
4. National Catering, Saudi Arabia.
5. Olive Security, Britain, for security during initial “pre-positioning and fact-finding phases” of construction work.
6. Tamini Enterprises, Saudi Arabia, caterers.
7. Titan Maritime, Ft. Lauderdale, Florida, for marine survey of wrecks at Umm Qasr port.
8. Verestar, Fairfax, Virginia, for emergency satellite communication.²⁶

In September 2003, USAID amended Bechtel’s contract because of the condition of the infrastructure and Iraq’s deteriorating stability. USAID announced that an additional \$350 million would be added to the \$680 million. Additionally, the contract ceiling potential reached \$1.03 billion.²⁷ Bechtel’s revenue for 2003 grew to \$16.3 billion, a total increase of 40 percent. The firm’s new work increased

²⁶ Rosenberg, Horowitz, and Alessandrini, “Iraq Reconstruction Tracker.”

²⁷ Center for Public Integrity, *Windfalls: Bechtel Group, Inc.*

\$21 billion, which was an increase of 65 percent. The firm's government contract and increased profits all suggest that the firm is gaining substantial profits from the war.²⁸

Bechtel: Threats/Adverse Public Impact

Bechtel's reconstruction work in Iraq has resulted in adverse publicity for the firm and U.S. efforts to rebuild Iraq. In this massive project, which involved approximately 1,500 schools, Bechtel subcontracted work to sixty-five Iraqi companies. In an article that is critical of Bechtel, Egyptian journalist Karim El-Gawhary points specifically to the substandard work done by one of the Bechtel Iraqi subcontractors, Adnan Mussawi. In one instance the Mussawi firm allegedly approached a school representative with a request to sign a job completion order for work that was not done. In the same school the subcontractor did cosmetic work, such as painting, but did not fix the toilets, which were the most serious problem. El-Gawhary is careful to point out in his article that Anbariyn School officials told him that no Bechtel official had been to oversee the work at the school. In one case a student fell because a banister had been improperly installed. The point here is that Bechtel's school reconstruction project is an extremely visible humanitarian project.²⁹

On May 5, 2003, Jane Mayer published an article in the *New Yorker* asserting that there is a demonstrable connection between Bechtel's construction work in Iraq and Osama bin Laden. Mayer wrote that bin Laden's estranged family has \$10 million in investments with The Fremont Group, a private equity group that was a Bechtel subsidiary until 1986. The Bechtel family continues to own a majority of The Fremont

²⁸ Anderson, "Bechtel Says."

²⁹ El-Gawhary, "Bechtel Fails."

Group. Mayer goes on criticize the bin Laden–Bechtel connection based on Bechtel’s receipt of the USAID contract to rebuild Iraq.³⁰

In response to Myers’s article and a similar one on the CNN/Money Magazine Web³¹ site, the Bechtel Web site stated that the assertions made by both were “reckless and false.” The Bechtel rebuttal points out that The Fremont Group has been independent of Bechtel since 1989 and that the bin Laden family investments had been reported over a year before Myers article. Bechtel admitted that it has done business with the bin Laden family construction firm in the past. Furthermore, there is no “money trail” between the bin Laden investment with Fremont Group and Bechtel’s reconstruction work in Iraq.³²

In April 2004, Jude Laspa, Bechtel’s executive vice president and deputy chief operating officer, advised Reuters that the firm’s work in Iraq was proving to be one of the most challenging jobs the firm had ever attempted. Laspa indicated that the Iraqi violence was affecting Bechtel’s work, but overall he expressed confidence that the firm was on target to complete its USAID work. USAID indicated there were no signs that the surge in fighting at that time would prevent their projects from being completed. However, Danielle Brian, executive director for the Project on Government Oversight, a nonprofit government watchdog organization, expressed some doubt that it was possible for contractors to “get anything done” as a result of the violent environment.³³

³⁰ Myer, “Dept. of Connections.”

³¹ FOXNews.com, *Bechtel Leaves Iraq*.

³² Bechtel Corporation.

³³ Anderson, “Bechtel Says.”

BLACKWATER USA

Blackwater USA was awarded its first U.S. Navy contract, worth millions of dollars, soon after September 11.³⁴ Since that time the firm has specialized in aggressive protective services in some of the world's most hostile environments. Blackwater has sustained rapid growth as a defense contractor and now provides Type I, II, and III services worldwide. The firm's headquarters are located at the end of Pudding Ridge Road, Moyock, NC 27958. The firm's main client is the U.S. government. Blackwater is a private enterprise.³⁵ The firm is not traded on the stock exchange. Erik D. Prince, the chief executive officer, cofounded the firm with another ex-Navy SEAL, Al Clark. In March 2006 Gary Jackson, Blackwater president and ex-Navy SEAL, was selected by *Fast Company* business magazine as one of its "Fast 50" leaders.³⁶

It has been reported in the press that between 2000 and 2006, Blackwater has garnered almost a half-billion dollars in federal contracts. Many of the contracts are classified as "no-bid" contracts. This suggests the public has little or no chance of debating the merit of the contract, that the contract was granted due to political favoritism, and there is a potential for fraud. The company also accepts contracts to provide security services abroad. On any one day, Blackwater has as many as 3,000 employees working those contracts throughout the world.³⁷

The profiles of the firm's executives and 100 training center instructors start with their almost universal military background. The preponderance of the company's leadership and its instructors have roots extending into the special warfare community. It

³⁴ Center for Public Integrity, *Windfalls: Outsourcing Government*.

³⁵ Kimberlin and Sizemore, "Blackwater: Inside."

³⁶ Sizemore and Kimberlin, "Blackwater: Profitable Patriotism."

³⁷ Kimberlin and Sizemore, "Blackwater: Inside."

is not surprising that, because of their military special warfare experience, the company and its staff excel in self-reliance, small-team cohesiveness, flexibility, and a can-do spirit when faced with difficult odds or uncertainty. This is true of the nature of how the firm conducts business. All of these characteristics are hallmarks of their training and experience. Blackwater's executives think big.³⁸ The firm's vision is, "To support security and peace, and freedom and democracy everywhere."³⁹

Blackwater: Origins/History

Blackwater's origins and success are coupled with Erik Prince's entrepreneurial skill, his personal wealth, and political connections, all applied to waging war against terrorists. His father was Edgar Prince, who earned his fortune in the automobile parts and machinery manufacturing industry as head of Prince Automotive. Erik greatly admired his father, who passed away in 1995, and apparently inherited his dad's business intelligence as well as his wealth. Erik knew from personal experience that the U.S. Navy lacked suitable training facilities for training sailors in the individual and force protection skills they would need after September 11. He invested a large sum of his personal money on land near the huge naval installations in Norfolk, Virginia, and built the facilities that earned Blackwater its first contract.⁴⁰

The backbone of Blackwater's business is the firm's 7,000-acre training facility for government, military, law enforcement, and private security providers. The training center is complete with state-of-the-art classrooms, firing ranges, driving courses, and

³⁸ Ibid.

³⁹ Blackwater USA.

⁴⁰ Miller, T. Christian, *Blood Money*, 135–36.

facilities for hand-to-hand combat. The facilities can easily handle up to 500 students a day. The students pay up to \$20,000 for an eight-week security course that prepares them to work in the world's most hostile environment.⁴¹

Blackwater has rapidly expanded and diversified its security business. The training center has ten divisions: Training, Blackwater Target Systems, Blackwater Global Security Consulting, Blackwater Canine, Maritime Security, Custom Armored Vehicles & Airships, Parachute Jump Team, Aviation, Raven Construction, and Development Group. The firm lists two strategic partners, Aviation Worldwide Services and Greystone Ltd.⁴²

Blackwater: Lobbying and Political Connections

Erik Prince has personal political connections. Joseph Neff and Jay Price reported for *The News & Observer* that Erik Prince contributed \$15,000 to the Republican Party when he was only nineteen years old. He worked for Republican Congressman Dana Rohrabacher's staff as a defense analyst and for Patrick Buchanan as a campaign staffer. Erik also interned with the Family Research Council, which was founded by his father.⁴³ Before he entered the U.S. Navy, he was an intern in George H. W. Bush's White House. In a *Harper's Magazine* article, Ken Silverstein asserted that between 1998 and 2006, Prince made political donations to various Republican Party committees that amounted to almost \$200,000. Some of these donations were made to candidate George W. Bush.⁴⁴

⁴¹ Kimberlin and Sizemore, "Blackwater: Inside."

⁴² Blackwater USA.

⁴³ Neff and Price, "Chapter 4."

⁴⁴ Silverstein, "Revolving Door."

Erik's sister is a past chairwoman for the Republican Party in Michigan. Betsy Prince DeVos is married to Dick DeVos, a prominent Michigan politician and extremely wealthy son of the founder of Amway products and marketing. Erik, who is widely known as a born-again Christian, is a Christian Freedom International board member. Christian Freedom International is a nonprofit group committed to assisting Christians around the world who are wronged. Prince is also known to have made political donations to Tom DeLay when he was the House majority leader.⁴⁵ Therefore, it is not surprising that Blackwater has hired the services of the Alexander Strategy Group, which is known to have close ties to the Republican Party and Tom DeLay, to represent the firm's interest on Capitol Hill. Robert Schlesinger, in an article that is critical of contractors and the Republican Party, asserts that Blackwater may have made a smart choice in selecting Alexander Strategy Group. He means that Alexander, as do all successful Washington lobbyists, has many connections in the federal government. The Alexander employees identified by Schlesinger have ties that are traceable to the Republican Party. The Alexander chairman is Ed Buckham, Tom DeLay's former chief of staff. The other members that are identified as part of the Alexander team, Tony Rudy and Karl Gallant, also have ties to DeLay.⁴⁶

Blackwater's vice chairman is Cofer Black. Black was the former director of the CIA's Counterterrorist Center, and at the State Department he held the rank of Ambassador.

⁴⁵ Neff and Price, "Chapter 4"; and Sizemore, "Blackwater's Top Brass."

⁴⁶ Schlesinger, "Private Contractor-GOP."

Blackwater: Iraqi Contributions

Ambassador Paul Bremer's personal protective detail focused a lot of attention on all contractors in Iraq. This is especially true for Blackwater USA because it became well known as the firm that provided his highly visible personal security detail. However, before explaining Blackwater's contribution in protecting Ambassador Bremer, it is instructive to look at a related situation involving the private protective detail for Afghan President Hamid Karzai, which shows that a private security detail is sometimes viewed as much in terms of political prestige as in security. In September 2003, representatives Henry J. Hyde (R-Ill.) and Tom Lantos (D-Calif.) joined to request that the State Department and Department of Defense protect President Karzai with U.S. government resources instead of using a contractor for such a high-profile politician. The representatives' reasoning was that commercial vendors protecting Karzai would send the political signal that the U.S. is not serious about the commitment to him. However, the U.S. State Department's Department of Diplomatic Security, knowing this was a job beyond its normal capability and training, contracted with DynCorp for Karzai's protection. The State Department knew that DynCorp had successfully protected President Jean-Bertrand Aristide in the hostile environment of Haiti in the 1990s. The State Department could have chosen almost any firm, but it chose DynCorp. Keeping President Karzai alive in such a hostile environment resulted in lot of earned respect for the private security industry as a whole.⁴⁷ The DynCorp case follows later in this chapter.

In Iraq, Blackwater USA also gained respect among those who favor private security because of the capability the firm exhibited in protecting Bremer during the very

⁴⁷ Isenberg, "Security for Sale."

dangerous year after the fall of Baghdad. Bremer traveled extensively in Iraq with his Blackwater security providers. They were often photographed in his presence, and this resulted in a lot of public attention and questions about who they were. The U.S. public usually pays little attention to the president's low-profile Secret Service protectors. They receive little notice because their body armor and weapons are concealed and the environment is different. Protective service teams must adapt to the threat environment, and the Bremer detail, which did so, was frequently seen on the cable news brandishing an exotic assortment of weapons. In contrast to the U.S. president's Secret Service protection, the heavily armed Blackwater team that protected Bremer presented a higher profile in an extremely dangerous environment. One result of this was to make Blackwater itself a "celebrity." However, no congressional criticism surfaced at the time, as it had when DynCorp was contracted to escort President Karzai in Afghanistan. Among other reasons, Bremer was an American official in a high-profile position requiring mobility in the dangerous Iraqi environment.⁴⁸

The personal protective work in Iraq earned the firm \$18.9 million by 2003. It is difficult to find the numbers of employees Blackwater has operating in Iraq. In 2005, one press report indicated there were 450 Blackwater employees in Iraq.⁴⁹ In December 2006 David Isenberg asserted there were possibly 600 Blackwater employees working in Iraq.⁵⁰ During the same month, the Central Command Consensus reported a count of

⁴⁸ Ibid.

⁴⁹ Neff and Price, "Chapter 4."

⁵⁰ Isenberg, *Fistful of Contractors*, 7.

1,000 Blackwater employees, providing mostly private security. Private security in this case, I believe, means security provided to protect a private, non-government client.⁵¹

As result of Blackwater's experience with Ambassador Paul Bremer, the State Department awarded the firm a follow-on contract in 2004 to protect U.S. Ambassador John Negroponte when he assumed office after Iraqi sovereignty. This State Department contract is known as the Worldwide Personal Protective Service (WPPS) and is valued at \$750 million. The scope of the contract includes more than protecting Negroponte; it is a contract to provide armed protective service details for State Department diplomats anywhere the need arises.⁵²

Blackwater: Threats/Adverse Public Impact

In an incident that has received substantial media attention, a group of Blackwater employees and four military members defended the CPA in Najaf from a determined attack. The contractors called for U.S. military assistance, but were left to themselves in a raging firefight for hours. Two armed military helicopters did fly over the building during that time, but did not engage in the fight even though at least four military members, one wounded, were present on the ground and were assisting in the fight to keep attackers from overrunning the Coalition Headquarters. On two occasions it was necessary for a Blackwater helicopter to bring in additional ammunition and eventually evacuate the wounded military member. Robert Young Pelton's report of the same incident states that one U.S. Navy helicopter did provide supporting fire at one point. He also reports that

⁵¹ Merle, "Census Counts 100,000."

⁵² Cited by Roy, "Rise of Blackwater," and Scahill, *Blackwater*, 164–165.

during the Najaf engagement, an uprising of Moqtada al-Sadr forces was ongoing and could have tied up U.S. forces, thus keeping them from responding.

Blackwater's strong protective capability has drawn criticism because it gives the cloudy perception that the firm may have violated U.S. law. According to existing U.S. military policy and U.S. law, there are three functions contractors are not to perform: armed combat, command and control of U.S. military and civilian personnel, and the function of contracting (the writing and management of contracts). However, I maintain that the general combat environment in which contractors operate in Iraq gives them little choice but to use firepower sufficient to stop determined assailants. To do otherwise would handicap the contractors to the point that they could not fulfill their security contract obligations and their lives would be put at risk.

As a matter of adverse criticism I will return to the Karzai protective detail to make an additional argument. The congressional concern regarding the U.S. use of private protection for President Karzai is interesting. International political perceptions are just as important as the operational reality for keeping Karzai and Bremer alive. The final decision for the protective detail went to a contractor. The merit of the decision has to go to the results. President Karzai is alive and no damage has come to political perceptions at the time I am writing this. In the case of Paul Bremer's use of contractors, the perception of a private versus public means of protection was not a political consideration. The operational consideration to protect Bremer was the first concern and a Blackwater USA close security team was contracted to protect him.

One lesson learned from Afghanistan is the difference in capability between a U.S. military close-in protective detail and the same service provided by contractors. On September 5, 2002, an attempt was made to assassinate President Karzai. The U.S. Navy

SEAL team that was temporarily assigned to protect him did so, but in the process killed two innocent Afghans. In the imminent circumstance of a possible attack on Bremer, it was both an operational and political imperative for his protectors to be the most capable personal protection providers available. Should an unfortunate incident have occurred with Bremer's security team as it did with the military team protecting Karzai, it would have seriously damaged U.S. warfare capability. I believe the Karzai and Bremer experience with contracted security is a significant turning point for raising the level of U.S. decision makers' confidence and acceptance that contractors can successfully contribute to political and military goals.⁵³

Blackwater did keep Bremer alive, but in doing so the tactics were a cost to the U.S. civil/political goals. Bill Sizemore and Joanne Kimberlin wrote in *The Virginia Pilot* that Thomas X. Hammes, author of *The Sling and the Stone*, related to them that during his time in Iraq as a U.S. Marine colonel, he observed Blackwater security details protecting Ambassador Bremer on several occasions. Hammes, who is known to be a critic of security contractors on the battlefield, said the Blackwater security details he observed did a professional job. He explained that they executed their tactics to protect Bremer very aggressively. Hammes stated that Blackwater kept Bremer alive, but in forcing his vehicles through traffic by intimidation of Iraqi drivers, the firm's employees damaged the U.S. goal of winning the trust and confidence of the Iraqi people.⁵⁴

In the debate over the nature of the individual contractor, some extreme pessimists consider the contractors to be mercenaries that will go to any length on the battlefield to make a buck. These critics frequently point to American civilians like the

⁵³ Pelton, *Licensed to Kill*, 71–72.

⁵⁴ Sizemore and Kimberlin, "Blackwater: On the Front."

Blackwater contractors killed on the bridge near Fallujah. The critics focus on the fact that the contractors earn up to \$1,000 per day for security work such as protecting Paul Bremer. Robert Young Pelton, who has interviewed and was protected by contractors while investigating the industry in Afghanistan and Iraq, is supportive of them.⁵⁵ The four Blackwater USA employees killed in Fallujah that day were known to their families and friends as patriots. They were young Americans much like those in uniform serving in Iraq. They were named Wesley Batalona, Scott Helvenston, Michael Teague, and Jerry Zovko.⁵⁶ They did make a personal choice to work in a dangerous profession, which cost them their lives. My argument is not with the fact that the contractors chose to make a substantial amount of money; my argument is with the use of contractors in Type V security roles.

The Fallujah bridge incident has been used to illustrate several arguments throughout this study. In the KBR case I pointed out that Representative Waxman's committee had experienced difficulty in determining who Blackwater was protecting at the time of the incident. One of the obstacles to Waxman's inquiry is the litigation or wrongful death lawsuit that the families of the Blackwater employees killed in Fallujah have brought against the firm. Blackwater has declined to provide information to Representative Waxman's committee on the grounds that the information could be used against the firm in the lawsuit. The lawsuit charges that the firm's operational practices placed the men in jeopardy, and that the firm's attempts to save money on equipment such as properly armored vehicles, personal protective vests, and weapons made the men vulnerable when they were ambushed. The lawsuit started in January 2005 in a North

⁵⁵ Pelton, *Licensed to Kill*, 213.

⁵⁶ Porteus, "Fast Facts: Contractors in Iraq."

Carolina State Court. Blackwater's attorneys argue that the firm is not liable before the state court. Blackwater further argues since it is a private contractor that is part of the U.S. total force, the only remedy for the employee deaths is the Death Base Act. The Death Base Act is a taxpayer-funded insurance program with death benefits capped at \$4,123.12 per month. The eventual outcome of the litigation of this case is expected to set precedents with long-term consequences for the government's use of contractors in combat. A loss could mean that contractors will have to figure the cost of state tort lawsuits into their expenses. The results would make the overall cost of contractors extremely prohibitive.⁵⁷

There is an incident involving a Blackwater employee that is not well known to the public and has a strong potential to create an adverse public response when it does become known. Robert Y. Pelton, author of *Licensed to Kill*, wrote that after a Christmas party in 2006, an off-duty Blackwater employee shot and killed an Iraqi security contractor in the employ of the vice president of Iraq. Pelton asserts that the Blackwater employee, who was drunk at the time, fired his entire pistol magazine into the victim. The incident allegedly occurred in the Green Zone in Baghdad. Additional circumstances related immediately to the incident are not known. In fact, the point of Pelton's article is that this situation is a "dirty secret." That is to say, the Blackwater employee was flown back to the States and fired, with little or no official reporting about the incident.⁵⁸

On February 7, 2007, Representative Henry A. Waxman's Committee on Oversight and Government Reform produced a memorandum that reported concern that Blackwater may have been involved in overcharging and double-billing. The committee's

⁵⁷ Scahill and Ordower, "From Whitewater to Blackwater."

⁵⁸ Pelton, "Blackwater Contractor Kills."

information came from a January 2005 State Department Inspector General (IG) report that found indications “that Blackwater was charging the government separately for ‘drivers’ and ‘security specialists,’ who were in fact the same individuals.” The Oversight Committee included these assertions in the memorandum. Even though the information is more than two years old, no information was reported to explain how the IG’s findings were resolved. My point is that if Blackwater was involved in wrongdoing in 2005, the matter was corrected between the firm and the State Department, because the two organizations are still working together in Iraq in 2007. My other point is that Blackwater’s contributions to U.S. warfare capability have been made under stringent congressional oversight.⁵⁹

COMPUTER SCIENCES CORPORATION

Computer Sciences Corporation (CSC) was chosen as a case because it is linked to DynCorp, a firm originally chosen as part of this study. CSC is headquartered in El Segundo, California. Today the firm is a global consulting and information technology service company. Van B. Honeycutt is chairman and CEO. He leads a senior management team that has both domestic and international experience in business and technology. The CSC Defense Division president is Austin Yerks. The CSC Web site claims the firm has partnered with the federal government for “half a century.” The firm has over 77,000 employees located in more than eighty different countries. CSC’s

⁵⁹ U.S. Congress, House, “Additional Information for Hearing.”

financial performance for fiscal year 2006 set a firm record for major business awarded of \$12.1 billion for continuing operations and an annual net income of \$634.0 million.⁶⁰

CSC: Origins/History

Computer Sciences Corporation was founded in 1959. CSC announced in December 2003 that it was acquiring DynCorp. This was an interesting deal. CSC, a big California-based IT company, was positioning itself to compete for lucrative defense contracts as war clouds gathered over Washington. Acquiring DynCorp was a good way to enter the defense industry because the firm had more than five years' experience as a government contractor. Also, DynCorp is an experienced IT and security firm.⁶¹

CSC: Lobbying and Political Connections

In 2001, CSC spent \$520,000 to get its business message to Congress and a variety of government decision makers. In addition, the firm spent \$580,000 on lobbying efforts to target federal services including privatization legislation. CSC's lobbying costs the following year were \$1.1 million.⁶²

CSC: Iraqi Contributions

CSC is DynCorp's parent company. The CSC contributions in Iraq have been made in the name of DynCorp. The DynCorp case follows.

⁶⁰ Computer Sciences Corporation.

⁶¹ Baum, *This Gun for Hire*.

⁶² Guma, "Quiet Rise."

DYNCORP INTERNATIONAL, INC.

DynCorp is a subsidiary of CSC. DynCorp primarily contributes Type V law enforcement training, security services, and base operations, and Type IV outsourced technical services to civilian and military government agencies. The chairman is Robert B. McKeon; the president, CEO and director is Herbert J. Lanese. DynCorp International, Inc., headquarters is located at Suite 700, 3190 Fairview Park Drive, Falls Church, VA 22042, where it has a staff of about fifty employees. The firm keeps the bulk of its operational support, about 600 employees, in Irving and Fort Worth, Texas, and it has nearly 14,400 employees scattered in thirty-three countries. The employees have varied qualifications, including marketing degrees. Many of the DynCorp employees have long-term operations experience in various U.S. or foreign military services, which suggests that the character of the firm is more military centered than security centered, even though the preponderance of work is law enforcement training.⁶³ The firm is a military defense company and is traded on the New York Stock Exchange. In addition to the U.S. government, its clients includes commercial enterprises such as Fluor, Lucent, Parsons, and Washington Group International. The Kuwaiti and Royal Saudi Air Forces also are DynCorp clients. In 2006 the firm had \$1.97 billion in revenues and \$28.4 million in net income. As a warfare contractor, DynCorp provides Type II advisory and training services for the State Department and the Defense Department. DynCorp established its reputation as a security provider for government officials and facilities in Afghanistan

⁶³ Dow Jones, Dyncorp Intl. Inc.

and as a police trainer in other countries. The U.S. State Department granted the firm a huge security contract to provide law enforcement training for the Iraqi police.⁶⁴

DynCorp: Origins/History

Originally the firm developed as a result of a 1946 merger of Land-Air, Inc., and California Eastern Airways. The Air Force Logistics Command awarded its first Contract Field Teams (CFT) contract to DynCorp in 1951. Today, more than five decades later, DynCorp continues to provide worldwide “mission support and depot-level repair to U.S. military aircraft and weapons systems” under the CFT program, according to the company’s Web site. As DynCorp matured it developed a business interest in technology and at the same time it included international clients in addition to its domestic business. DynCorp has been involved in several mergers, and in March 2003 was acquired by Computer Sciences Corporation (CSC). DynCorp retained its subsidiaries, DynCorp Technical Services, Inc. (DTS) and DynCorp International LLC.⁶⁵

In 1997, during the Balkan conflict, DynCorp won the bidding for LOGCAP II, taking it away from KBR for five years. However, DynCorp lost the bidding when LOGCAP III expired in 2001. LOGCAP III was the first time that the scope of the contract was doubled from five to ten years.⁶⁶

⁶⁴ Cox, “DynCorp Moves.”

⁶⁵ DynCorp International LLC.

⁶⁶ Bianco and Forest, “Outsourcing War”; and Briody, *Halliburton Agenda*, 187.

DynCorp: Lobbying and Political Connections

The vast majority of DynCorp's annual revenues come from government business. Barry Yeoman asserted in the *Independent Weekly* that those revenues exceed 96 percent of \$2 billion per annum. DynCorp, along with other firms, such as MPRI, have contributed to reelection funds in congressional and presidential elections.⁶⁷

DynCorp: Iraqi Contributions

DynCorp was the recipient of a \$750 million State Department Type II contract for organizing and training the Iraqi police. The firm employed mostly retired U.S. police officers to serve as trainers in Iraq. The challenge of creating an Iraqi police force capable of establishing law and order did not go well from the start. The size of the problem was overwhelming. In the fall of 2004 500 DynCorp trainers arrived to instruct some 90,000 police recruits. The number of trainers was not enough to get the job done. At the same time, the security threat prevented the 500 trainers from getting out to work. It was not long before the U.S. military had to step in to help with the police training.⁶⁸

The State Department supervision of the DynCorp police training contract was limited. There were only two government employees assigned to observe DynCorp performance. It is not surprising that allegations of criminal fraud soon surfaced. A DynCorp subcontractor in Jordan is alleged to have stolen \$600,000 in fuel. In that incident DynCorp had not properly installed fraud controls; it did so after firing the employee and repaying the government. In another case the State Department has alleged that DynCorp employees arranged a sale of Iraqi police ammunition. The firm, which has

⁶⁷ Yeoman, "Soldiers of Good Fortune," 4.

⁶⁸ Moss and Rohde, "Iraq Police Dysfunctional."

cooperated with contract supervisors as these investigations have proceeded, maintains that the suspects in these cases were not American. The suspects have not been publicly identified because the investigations are still open.⁶⁹

The State Department did not hold DynCorp responsible for the success or failure of the Iraq police program. According to Richard Cashon, a DynCorp vice president and spokesman, contractor performance was judged by the quality of the employees the firm employed. The output of the DynCorp trainers, the capability of the police to establish law and order, was not a criterion for judging how well the firm fulfilled the obligations of the contract.⁷⁰ That is to say, according to the contract, what mattered was the quality of the police trainer—not how the police functioned after receiving DynCorp training.

DynCorp: Threats/Adverse Public Impact

Late in the 1990s, the alleged criminal behavior by two DynCorp employees in Bosnia, who were said to have been involved in sex trafficking, drew adverse public attention to the firm and the U.S. military. Barry Yeoman, who is a critic of private military contractors, reported that the two employees were selling the sexual services of young Bosnian women. Yeoman asserts that DynCorp sent the two alleged perpetrators back to the U.S. and fired the two whistle-blowers.⁷¹

In 2000, primarily because the judicial system was unable to take court action in the DynCorp employee sex-trafficking case, Congress passed the Military Extraterritorial Jurisdiction Act. The law was intended to give the federal courts jurisdiction to prosecute

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Yeoman, "Soldiers of Good Fortune," 6–7.

DOD civilians working outside of the United States. Congress subsequently included contractors under the provisions of the Military Extraterritorial Jurisdiction Act.⁷²

On June 12, 2007, DynCorp International released a business wire announcing that Michael W. Butler, the senior deputy program manager for the Civilian Police Advisory Training Team (CPATT), was killed in an ambush near Tikrit, Iraq. The CPATT is a subcomponent of the Multinational Security Transition Command, which is responsible for training the Iraq police. Mr. Butler, a retired U.S. Air Force colonel, exemplified the training and distinct capabilities of DynCorp employees. He was an expert logistician with more than thirty years' experience in supply, maintenance, transportation, and food services. He was DynCorp's senior manager, responsible for supporting over 700 DynCorp contract employees.⁷³

CUSTER BATTLES LLC

Custer Battles is an example of how easily a firm can be launched with a strong entrepreneurial spirit to take advantage of frenzied wartime contracting procedures and then wind up entangled in legal controversies. Custer Battles and its owners are widely known for their fraud schemes and the Federal False Claims Act lawsuit that has been brought against them by former employees. The lawsuit has the potential of shaping the way contractor fraud is prosecuted for defense contractors in Iraq. Custer Battles, a very new firm, conducted Type V security work in Iraq. The firm's Web site lists the headquarters address as 55 Hammarlund Way, Suite 100, Middletown, RI 02842; the company also maintains offices at 8201 Greensboro Dr., Suite 214, McLean, VA 22102.

⁷² Stockman, "Contractors in War Zones."

⁷³ AMPMlist.

Custer Battles employed more than 700 people to work on at least \$100 million in Type V security contracts for the CPA in Iraq.⁷⁴

Custer Battles: Origins/History

The company was launched in 2001 by Scott Custer and Mike Battles, two former U.S. Army officers. Apparently the firm's first contract was won in Iraq. In June 2003 the Coalition Provisional Authority advertised for a contractor to provide security for the Baghdad airport. The CPA was in a rush to get the facility operational soon as possible. Custer Battles accepted a contract for \$16.8 million, promising to have security providers on site in two weeks. The firm arranged for security subcontractors to meet the deadline. However, some of these quit shortly after they started because of disagreements with the firm.⁷⁵

Custer Battles: Political Connections

A 2006 editorial for *The Providence Journal* claimed Mike Battles of Barrington as one of Rhode Island's own. The editorial points out that Battles' campaign for candidacy as a Republican for Congress in the 2002 primaries did not prosper. Following his failure as a politician, Battles moved to Washington, D.C., where he occasionally appeared as a Fox News analyst.⁷⁶ Battles is alleged to have worked for the CIA, but the circumstance relating to the end of his employment is not known. Scott Custer has said

⁷⁴ Hastings, "U.S. Contracting Firm Accused."

⁷⁵ Eckholm, "Whistle-Blower Suit."

⁷⁶ *Providence Journal*, "Battles-Hardened Greed."

that Battles is well connected in the Republican Party and has ties to individuals in the White House.⁷⁷

Custer Battles: Iraqi Contributions

Custer Battles provided Type V armed guards and security screeners to protect the Baghdad Airport, according to the CPA contract.⁷⁸ Then in August 2003 the firm got another CPA contract. This contract was for the firm to provide security for changing old Iraqi currency for 2,400 tons of new money. By November 2003 a Custer Battles employee advised U.S. military officials that company officials were submitting inflated bills from front companies or subcontractors that were actually owned by Custer Battles. Also, the quality of the protective service was such that the firm was eventually banned from doing contract work in Iraq. The details follow in this chapter.

Custer Battles: Interaction with Authorities

Custer Battles is one of the firms often singled out as having participated in criminal schemes to profit from the war. Peter Singer, for one, has used Custer Battles as an example. Singer and Nick McKenzie have pointed out that the firm allegedly ran a fraudulent scheme of subsidiaries and false charges. The fog of war and the press of battle not only obscure the intent and actions of the enemy; the same environmental characteristics make it difficult, but not impossible, to ensure proper management and oversight to prevent fraud such as been attributed to Custer Battles.⁷⁹

⁷⁷ Roychoudhuri, "Blind Oversight."

⁷⁸ Conachy, "Private Military Companies."

⁷⁹ Singer, "Outsourcing War," and McKenzie, "Armed and Ready."

According to Michael Hirsh of *Newsweek*, the firm acted fraudulently and was not cooperative with U.S. military authorities. The overcharges amounted to millions of dollars, including double billing for employee salaries. A suit against Custer Battles includes the allegation that the firm used Iraqi Airways forklifts that were repainted and leased back to the U.S. government. Furthermore, according to Hirsh, the forklifts were part of the airport property the firm was contracted to protect. Hirsh reported that in November 2003, Col. Richard Ballard, an army inspector general, reported that the firm was incompetent. In addition, the firm would not obey Joint Task Force 7 orders. Subsequently, in 2004, the U.S. Air Force Office of the General Counsel found the firm had acted to increase its profits by fraudulently creating sham companies, thereby inflating the cost it claimed. The firm was banned from doing further contract business with the U.S. government.⁸⁰ The *Providence Journal* disclosed in an editorial that Battles maintained an office in Middletown, Rhode Island, where at least two employees worked on two firms that were formed after the U.S. Air Force suspension of Custer Battles from contract work in Iraq. The editorial asserted that the apparent aim of these firms was to avoid the Air Force ban and to allow Mike Battles and Scott Custer to continue doing business in Iraq.⁸¹

Custer Battles: Threats/Adverse Public Impact

The legal proceedings that have resulted because of Custer Battles' fraudulent schemes have resulted in a high level of negative publicity and given an inside look at the firm's criminal behavior. For example, Lisa Myers, an NBC investigative reporter,

⁸⁰ Hirsh, "Follow the Money."

⁸¹ *Providence Journal*, "Battles-Hardened Greed."

interviewed four former Custer Battles employees who quit their security jobs because of the extremely aggressive tactics the firm used while guarding supply convoys in Iraq. The four former contractors, all of whom had experience on active duty with the U.S. military, explained they witnessed members of their security detail fire on and kill Iraqi civilians. Myers's article identified the former contractors as Bill Craun, Jim Errante, Ernest Colling, and Will Hough. In one example, the men said that a Kurd employee on their protective detail shot into a passenger car on November 8, 2005. The team was protecting Iraqi army ammunition and equipment and the shooter was trying to get a car to move from a traffic jam.⁸²

In a second incident, a Custer Battle truck drove over an Iraqi automobile that the four former contractors said was crushed with people inside. The four men claim to have resigned because the firm was indiscriminately shooting and killing innocent people. In reporting the firm's side of the story Myers wrote that the firm said the witnesses had been disgruntled employees, and that there was no merit in their allegations. Additionally, the firm spokesperson said that the Kurd worked for another firm. The leader of the detail, Shawn Green, asserted that no one had been in the car when the Custer Battles truck drove over the bumper and taillight of the car. Since resigning, one of the four witnesses has filed a report with the U.S. Army Criminal Investigative Division.⁸³

Will Hough, one of the employees who is now a witness, is a former U.S. Marine. As a contractor, he made about \$4,000 a week in Iraq while providing security for convoys of weapons or people in late 2004. The company, according to Hough, was

⁸² Myers, "U.S. Contractors."

⁸³ Ibid.

prepared to make money, whatever the cost was to their employees, coalition military forces, or local Iraqis.⁸⁴

On March 9, 2006, Custer Battles was found guilty in federal court for defrauding the United States. Hough is a witness in the lawsuit reported in *Newsweek* by Michael Hirsh, as noted earlier. This is the first case to come out of Iraq to be prosecuted under the Federal False Claims Act (FFCA). This means it is a precedent-setting case for those that follow. The FFCA, popularly known as the whistle-blower law, was enacted during the Civil War. The FFCA was amended in 1985 and is intended to encourage those with inside knowledge of wrongdoing to assist the judicial process in taking proper legal action to put the situation right. The incentive for the whistle-blower, according to the FFCA, is 25 to 30 percent of the recovered damages and penalties. According to Erik Eckholm's report for the *New York Times*, Custer Battles created fake companies and fraudulently overcharged the CPA and the Iraq government "by tens of millions of dollars." This trial focused on one \$3 million situation, of which Custer Battles was found guilty, which means the firm and the two men are required to "repay the government triple damages and also pay fines for 37 fraudulent acts."⁸⁵

The proceedings leading up to Custer Battles' time in court raised some significant questions as to the CPA's federal authority. Assistant U.S. Attorney Richard Sponseller has allegedly declined to prosecute Custer Battles in a federal criminal court because the Coalition Provisional Authority was not the U.S. government.⁸⁶ The matter of the CPA's jurisdiction is being debated in the FFCA lawsuit as this is being written.

⁸⁴ McKenzie, "Armed and Ready," 4.

⁸⁵ Eckholm, "U.S. Contractor Found Guilty."

⁸⁶ Roychoudhuri, "Blind Oversight."

The central theme of the debate concerns the uncertainty of the CPA's legal status based on how the CPA was established. There are three vague and conflicting possibilities that exist in the argument. The first possibility is that the CPA has federal power and that it was established by a National Security Presidential Directive (NSPD). A second possibility is that the CPA was established under the United Nations Security Council Resolution 1438 of 2003. The third possibility is that the CPA was created by the Commander of U.S. Central Command.⁸⁷ How this issue is finally decided will set a precedent regarding whether or not legal action can be taken in a United States federal court on this or similar cases when the client was the CPA.

ANALYTICAL SUMMARY

The cases in this chapter cover Bechtel, one of the largest rebuilders; Blackwater USA, one of the best-known security firms; and Custer Battles, one of the most criminally notorious contractor firms operating in Iraq. All of the cases in this chapter are for contractors administered by nonmilitary/political agencies, such as the CPA, USAID, and the U.S. State Department, that are focused on the U.S. warfare capability to rebuild and provide security for Iraq.

The chapter began by pointing out that the policies made by the nonmilitary/political administrators for controlling contractors are not without problems. These problems are reflected in a lack of oversight and control over contractors that has resulted in controversial situations that damage U.S. warfare capability. For example, the

⁸⁷ Halchin, *Coalition Provisional Authority*.

authority or legal right for security contractors to use deadly force against Iraqi citizens is morally questionable because it was not granted as a matter under Iraqi sovereign authority. The Coalition Provisional Authority Order No. 17 was signed by Paul Bremer; however, as previously noted, the Iraqi Ministry of the Interior has authority over security contractors, but not over prime contractors who are builders. When Bremer began writing the CPA orders, the U.S. had very little recent experience with Type III building contractors like Bechtel and almost none with Type V security contractors like Blackwater and Custer Battles. My point is that the U.S. nonmilitary/political administrators like Bremer and David Nash “grew” into their organizations along with the institutions they created for administering the contracts during the initial stages of the U.S. occupation. Therefore regulation and the extent of control over contractors administered by the nonmilitary/political agencies responsible for rebuilders and their security are not clear and ultimately threaten warfare capability by eroding the ability to rebuild and stabilize Iraq.⁸⁸

Professor Deborah Avant has argued that the private sector’s role in state security during the past twenty years has been both positive and negative. Professor Avant’s assertions are illustrated in this chapter’s cases, which found that contractors’ contributions to warfare capability in Iraq have been both positive and negative. The cases in this chapter show that the United States is letting contracts to firms that can be identified differently according to the functions they contribute.⁸⁹ After Baghdad was liberated by military forces, the United States began to hire the services of contractors in increasing numbers. Those contractors now provide an unprecedented variety of services

⁸⁸ Spearin, “Emperor’s Leased Clothes,” 245.

⁸⁹ Avant, *Market for Force*, 2–3.

and perform in ways that have changed the composition of the total force as well as U.S. warfare capability.

Bechtel has more than forty years' experience as a builder in the Middle East. The firm responded to the need for rebuilders in Iraq by bringing a large number of personnel, equipment, and building expertise to work on projects as varied as land-mine clearing, emergency port dredging, facility construction, and satellite communications. This effort was an enormous contribution to the force warfare capability. The firm did a very credible job of responding in a short time. However, Bechtel's assets flowed into a very unstable and dangerous Iraq. Security became a problem for the firm's vulnerable employees. The firms' employees were rebuilding essential services such as electrical power facilities, which made the employees and the facilities lucrative targets. Not only did the work suffer; the contract cost rose, along with public and congressional criticism, and together these damaged the U.S. warfare capability.

The Blackwater case identifies the firm as a Type III security provider. In Iraq, under State Department control, the firm functions primarily to provide close protection for U.S. diplomats. The firm's excellent record for protecting dignitaries has come with the steep cost of alienating the Iraqi population and the U.S. military, which is a serious threat to U.S. warfare capability. I will return to this point when I make my recommendations and argue for a restructuring of this type of security in a conflict environment because of its political cost. Blackwater has experienced a great deal of criticism in regard to Erik Prince's political connections and for the efforts the firm has put into defending itself from litigations brought by the families of the victims of Fallujah. I have not found direct evidence that political connections resulted in any of Blackwater's business success. Blackwater is tenacious in selling its capabilities and

providing for its legal defense, but the cases in this study shows this is true of most of the firms analyzed.

Custer Battles is an example of all that can go wrong due to weak contract administration and contractor control. The firm was hired to fill a critical need to secure the Baghdad airport on short notice. The weak administrators did not screen Custer Battles, and the firm had no time to vet its employees. To further complicate the Custer Battles case, it was difficult for the PMO to supervise the contract. Not only was the airport vulnerable; the firm was involved in criminal issues that damaged the U.S. warfare capability in general.

CHAPTER VII

FOREIGN NATIONALS AS CONTRACTORS

The goal for this chapter is to continue the analyses of individual cases for firms that are administered and controlled by nonmilitary/political administrators that were started in Chapter VI. My argument is:

It is the degree of government (in this chapter, nonmilitary/political administrators') control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

As stated in the previous chapter, I expect to find that the nonmilitary/political administrators' control over contractors is different from that exercised by military administrators. I argue that this difference is reflected in how these contractors augment or threaten warfare capability. Not only are many of the contractors in Iraq not controlled by the U.S. military; they are not Americans. However, they are part of the total force contributing to the U.S. warfare capability and goals to rebuild and to stabilize Iraq. In this chapter I will include individual cases for Erinys International, Defence Systems Limited/ArmorGroup, and Aegis Defence Services, all Type V armed security firms. Most of the firms in this chapter are administered by nonmilitary/political administrators responsible for stabilizing and overseeing the rebuilding of Iraq. However, some of the firms in this group do not hold government contracts, and the firms that are hired as security providers by private enterprise or the media are administered and controlled by the Iraqi Ministry of the Interior.

I expect that the findings in this chapter will be similar to the findings in Chapter VI. All of the firms for these cases are Type V armed security companies that operate under the same less than satisfactory control as do the firms in Chapter VI. I expect to find that even though these firms have generally provided good security, they have on occasion seriously threatened warfare capability by committing controversial acts that could have been controlled by established and aggressive nonmilitary/political contract administrators.

BACKGROUND

Foreign contractors compose a large part of the total force that makes up the warfare capability for rebuilding and stabilizing Iraq. For example, the United Kingdom has 3,500 contractor employees in Afghanistan and Iraq. Approximately 25 percent of the United Kingdom's total deployed force since 2003 has been contractors.¹ Interestingly, like the Pentagon, the United Kingdom's forces have relied heavily on Halliburton for Type III logistics support.²

Foreign contractors, like U.S. firms, are making essential contributions in the Iraq War. The cases in this chapter identify contributions that augmented U.S. warfare capability. At the same time, some foreign contractors were found to pose serious potential security threats. The evidence indicates that several of the foreign Type V firms' activities are a serious threat to U.S. warfare capability. As a start, in April 2005 an Australian contractor and his private security convoy were ambushed while he was on a protective service detail, driving to the Baghdad International Airport. Chris Ahmelman,

¹ Uttley, *Contractors*, 10.

² Singer, "Outsourcing War."

the contractor, died from being hit in the leg and head. Most security guards in Iraq are British or American. However, the entrepreneurial spirit brings contractors from various other countries. In many cases, the contractor's parent country is not pleased with its citizens' participation in a coalition for hire. In this case, the federal government of Australia wishes contractors like Ahmelman were not involved in the war. It is believed that between 200 to 300 Australians ignore Canberra's wishes and work in Iraq anyway. They earn \$300 to \$700 a day. The two Australian-managed companies in Iraq are OAM and Unity Resources Group. Unity, run by Gordon Conroy, a former Special Air Service (SAS) commander, reportedly has \$50 million turnover in profits every year.³

According to Robert Pelton, some U.S. and Iraqi security companies are employing Iraqi Sunnis from Saddam Hussein's elite guards to work on their security protective details. The Iraqi contractors bring a cultural advantage to the security operations. When an Iraqi security provider is shot at or killed, revenge is called for at the family level, which serves as a kind of deterrent for future attacks. When a U.S. security provider is shot, there is not a comparable action.⁴ On the other hand, the employment of contract employees from countries other than Iraq avoids the potential of their being involved in cultural bias or local political conflicts.

An example of negative contributions by foreign contractors can be found in a front-page story that was published by the *Washington Post* on April 8, 2004. That article reported that armed security contractors are engaged in combat in Iraq. The article featured a story about the death of an employee of the London-based Hart Group Ltd., who was killed in a raging firefight. The Hart employee and four other contractors made

³ McKenzie, "Armed and Ready."

⁴ Pelton, *Licensed to Kill*, 339.

numerous calls for assistance. However, the assistance never arrived and they were left to defend themselves. On the same night, after fighting for hours and calling for military assistance that never came, employees from Control Risk Group and Triple Canopy, both of which are Type V security firms, “self-evacuated.”⁵ My point is that an analysis of non-U.S. firms is important because they are a part of the total force in Iraq. Most if not all of the foreign firms are controlled by nonmilitary/political or private administrators, and they all have a potential for either augmenting or threatening U.S. warfare capability to stabilize and rebuild Iraq.

The situation described here, where requested military assistance never came, can accurately be described as an “international contractor incident” that threatens warfare capability. The Hart contractor killed on April 6 was Gray Branfield, a South African. The *Guardian Unlimited*, a British newspaper, published the report of the incident. The article emphasized that the four guards involved in the incident had repeatedly called the Ukraine coalition force in the area for assistance but they would not respond. A Hart spokesman told the *Guardian* that the Coalition Provisional Authority (CPA) allowed private security guards to carry only small personal-protection weapons. Based on this incident, the firm questioned the CPA’s restriction because contractors could not count on support when “you got into a tight corner.”⁶ The *Guardian* article is extremely critical of contractors that contribute security in Iraq. This is interesting because many of the Type V contractors in Iraq can be linked to the United Kingdom. The entire situation is evidence of how the lack of central control or chain of command over contractors leads to

⁵ Priest and Flaherty, “Under Fire.”

⁶ Wilson, Jamie, “Private Security Firms.”

situations that erode warfare capability by disrupting good relations among the few U.S. alliance partners in Iraq.

ERINYS INTERNATIONAL

Erinys International is one of the major Type V armed security contractors in Iraq. The firm has significant links to numerous other security firms doing business in Iraq. I will cover those links in the explanation of Erinys's origins and history. Jonathan Garratt is the managing director for Erinys International. The firm's Middle East headquarters is located at the Old Bank of Kuwait Building, Deira, Dubai, United Arab Emirates. Erinys provides the full scope of Type II and Type V security services for the UN, United States, and United Kingdom, as well as for private international industry. The firm's senior leaders are former UK military officers. They are also experienced in private protection and security measures.⁷

Erinys: Origins/History

Erinys International Ltd. was launched in 2002 by South African Sean Cleary, who is known to have had ties to the apartheid government and with Jonas Savimbi, the UNITA rebel leader from Angola. The cofounder of the firm was Jonathan Garratt. Erinys can be described as the epicenter for links that connect British firms that are cases in this chapter. Erinys is also linked to at least one U.S. firm, Armor Holdings, which is a case in Chapter V. Following is a synopsis that traces the intricate links from Erinys to four additional contractors, for which cases are provided later in the chapter. When Sean

⁷ Erinys International.

Cleary resigned in October 2003, Alastair Morrison took his place. Morrison, along with Richard N. Bethell, formerly managed Defence Systems Limited (DSL). DSL was launched in 1981 and was sold to Armor Holdings, a Florida-based firm, in 1997, as mentioned earlier in that firm's case. Then DSL became ArmorGroup. Bethell, who goes by the title Lord Westbury, partnered with Morrison in an attempt to arrange for Tim Spicer to join Erinys. Spicer, however, went on to associate with Sandline International and to later launch Aegis Defence Service, which is now an Erinys competitor. In 1999 Richard N. Bethell—Lord Westbury—left his executive position with Erinys in order to register Hart Group in Bermuda. Lord Westbury is a former Scots Guard and SAS officer. The Hart Group primarily provides close in or personal security for the media and some engineering firms.⁸ Finally, in March 2004 Morrison left Erinys to take a position with Kroll, Inc.⁹

This is an excellent example of how corporate buyouts, business diversification, and the ease by which corporations can adjust to market demands make them nontransparent. This complicates government regulation of their activities. Furthermore, this makes detection of possible fraudulent or unethical practices, such as hiring criminals, difficult to detect.

Erinys: Political Connections

Erinys has done business with some questionable actors with political connections in Iraq. This has brought adverse publicity to the firm and discredited contractors as part of the warfare capability in Iraq. The two actors I will discuss here are Abdul Huda

⁸ Chatterjee, "Controversial Commando."

⁹ Center for Media and Democracy, *SourceWatch: Erinys*.

Farouki and Ahmed Chalabi. Erinys developed a joint venture with Nour USA Ltd. Nour was launched by Abdul Huda Farouki, a Jordanian-American who is an experienced U.S. defense contractor. The Nour joint venture managed to entangle Erinys into an alleged bank loan swindle with a Jordanian bank that had been owned by Ahmed Chalabi. A Farouki business venture borrowed \$12 million from the Petra International Banking Corporation back in the 1980s. At the time of the loan, Ahmed Chalabi's nephew, Mohammed Chalabi, was the manager of his uncle's bank. Ahmed Chalabi later became the Iraqi oil minister for about six months in 2005–2006. He also served as Iraq's deputy prime minister for a year, between May 2005 and May 2006. Since then Chalabi has not won or been appointed to a position in the government. The Jordanian government says that Farouki and Chalabi were involved in the scheme to defraud the Petra Bank.¹⁰

Erinys's situation with Ahmed Chalabi can be traced to the firm's legal counsel in Iraq, Salem Chalabi, who is another of Ahmed's nephews. Tracing the circumstances closer to Erinys shows that its founding partner in Iraq is Faisal Daghistani, the son of Tamara Daghistani. Tamara was the principal manager who put the membership in order and established the National Congress for Ahmed Chalabi's political support.¹¹

Another aspect that has every potential for being an adverse public opinion issue and can be traced from Erinys to Chalabi and Farouki is that a large percentage of the 14,000 Iraqi security guards hired by Erinys belong to the Iraqi Free Forces, a militia supportive of Chalabi. Chalabi's Iraqi political opposition quickly raised an objection to

¹⁰ Center for Media and Democracy, *SourceWatch: Erinys*. For an interesting overview of Chalabi and his alleged Petra Bank swindle, see Cockburn, "Truth About Ahmed Chalabi."

¹¹ Center for Media and Democracy, *SourceWatch: Erinys*.

his having a personal militia.¹² They were not pleased that Erinys was paying and arming what amounted to a private militia out of funds provided by the CPA.

Erinys: Iraqi Contributions

In Iraq, Erinys Ltd.'s \$80 million contract was awarded and is controlled by the Coalition Provisional Authority. The contract gives Erinys responsibility for protecting the Iraqi oil and electrical power infrastructure. As mentioned in the previous section, the contract requires that Erinys provide and train 14,000 security guards.¹³

Erinys: Interaction with Authorities

Erinys has not satisfactorily completed the terms of its contract. It does have the 14,000 security guards on the roles, but they have not been trained. More worrisome is the fact that the funding for training and equipping the guards is not available. This means the firm did not interact with the authorities in terms of communicating the lack of progress in training the guards, and did not keep account of spending and loss of equipment—all of which may have been lost due to fraud, waste, and abuse. The following report contains the details.

According to the Special Inspector General for Reconstruction, the mission of Task Force Shield was to give Iraq the ability to protect both its oil and electrical infrastructure. The task force was established in September 2003. The resources earmarked to protect 340 installations, 7,000 kilometers of oil pipeline, and 14,000 kilometers of transmission line for electricity included an Iraqi Oil Protection Force

¹² Royce, "Start-Up Company."

¹³ Isenberg, *Fistful of Contractors*, 7.

(OPF) and an Electrical Power Security Service (EPSS) force with a combined total of 14,400 guards. Between August 2003 and September 2005 about \$147 million was expended on these efforts. These funds came from the Development Fund for Iraq and the Iraq Relief and Reconstruction Fund. A review by the Special Inspector General for Iraq Reconstruction (SIGIR) dated April 28, 2006, pronounced Task Force Shield a failure. The OPF and EPSS were not capable of protecting Iraqi oil and electrical infrastructure. A capable management structure had not been established. The documentation for monies spent was not available, and the equipment purchased for millions of dollars could not be found. The SIGIR found that \$147 million spent for training and equipment was not used as intended.¹⁴

Erinys: Threats/Adverse Public Impact

In an incident reminiscent of the Abu Ghraib human rights abuse incident, Anthony Barnett and Patrick Smith, two British reporters, asserted they received a photograph of two Erinys employees restraining a sixteen-year-old Iraqi using tires in a garage in Kirkuk. A spokesman from the firm told Barnett and Smith that the boy was detained by the Erinys pipeline patrol for theft of a length of cable, was restrained for a short time in May of 2004, and was released to his father. Erinys suspended one of the employees and reported the incident to coalition authorities for “independent inquiry.”¹⁵ The story was apparently short lived and has not become a big public issue. However, it

¹⁴ Office of the Special Inspector General, *Review*, 1–28.

¹⁵ Barnett and Patrick, “British Guard Firm.”

did have the potential to have adverse impact on Iraqi public opinion had the incident gotten further out of hand.

DEFENCE SYSTEMS LIMITED/ARMORGROUP

Defence Systems Limited (DSL) was launched in 1981. After a series of name changes, the firm now exists as ArmorGroup. The DSL model, or what I term the “Morrison security model” because it was designed by Alastair Morrison, combines the special abilities of both the military and private security industry. The Morrison security model has been copied by many of the recent British companies that are doing business in Iraq. The aim of the firm was to market private protection internationally to multinational corporations and national governments. DSL, as introduced in the Erinys case study, has contributed to the character of a number of British firms that are providing security in Iraq. In this case study I will trace the DSL origins and contributions chronologically to the point at which ArmorGroup is launched, and then will continue with the ArmorGroup case study.

DSL: Origins/History

DSL originated under the management of Alastair Morrison and Richard N. Bethell, as was noted in the Erinys case study. In 1996, the British petroleum firm BP hired DSL to help protect its oil pipelines in Colombia from Marxist rebels, who had been destroying them. DSL sent a team to provide training for Colombian police. The work of the trainers has been described as “mysterious.” I take this to imply that what the security team did was not transparent. However, according to Pratap Chatterjee, who has written extensively about security contractors, the oil pipeline attacks on BP were largely

stopped, while the pipeline operated by its U.S. competitor, Occidental Corporation, continued to be blown up. BP's security efforts were attacked by critics who argued that the DSL security operations involved intimidation of "innocent civilians and human rights abuses."¹⁶

Additionally, DSL contributed security operations to support BP's oil extraction operations in Algeria. In doing so, DSL also provided protection for Bechtel contractors who were providing services for BP. During the mid-1990s, DSL supported the United Nations in Yugoslavia by providing building and logistic support, mine clearing, and communications. DSL also helped protect the World Bank when it came in to do its work, and contributed to the security of embassies in volatile states such as the Democratic Republic of the Congo (formerly Zaire). In the Congo DSL provided protection for the U.S., South African, and Swiss embassies. In Angola, DSL provided protection for the British, Italian, South African, Swedish, and U.S. embassies until January 1998.¹⁷

In 1997 DSL was sold to Armor Holdings, a Florida-based firm. Then DSL became ArmorGroup. At that point ArmorGroup was on the way to becoming what it is today, one of the foremost international full-service security providers.

ARMORGROUP

ArmorGroup International PLC specializes in protective security services and training in hostile environments. The firm's clients include national governments,

¹⁶ Chatterjee, "Guarding the Multinationals."

¹⁷ Ibid.

multinational corporations, and nongovernment organizations (NGOs). The address of ArmorGroup headquarters is 25 Buckingham Gate, London, SW1E 6LD. David Seaton is the ArmorGroup chief executive officer. He joined the firm in 1998, when it was a part of Armor Holdings Inc. He has solid business management credentials rather than practical military or private security experience. Noel Philp began his career with ArmorGroup in 1989. He served in both the New Zealand and British armies. His career with ArmorGroup includes management and consultant positions in the Asia Pacific, North Africa, and the Middle East. ArmorGroup has over 9,000 trained and experienced employees organized into three divisions. The protective security division provides protection and security management for people and assets. The security training division has an operational branch. The division also includes six training sites and can tailor mobile training teams for its clients. The last division does weapons reduction and mine clearing. ArmorGroup has an operational presence in thirty-eight countries.¹⁸

ArmorGroup: Origins/History

ArmorGroup International PLC, as noted in the DSL introduction earlier, began under the management of two former Scots Guards, Alastair Morrison and Richard N. Bethell. These two men focused DSL on the business of providing protection for multinational oil and gas companies. The nature and function of the firm evolved following its 1997 purchase by Armor Holdings Inc. At that time DSL became part of that U.S. firm's ArmorGroup division, and DSL acquired International Training Inc. (ITI). Since then ArmorGroup has continued to develop international security training as

¹⁸ Reuters, ArmorGroup International Plc.

a part of its business. In 2002 Armor Holdings made a decision to concentrate its business on armored car and law enforcement equipment manufacturing and sales. By 2003 ArmorGroup managed to do a management buy out (MBO) in order to divest itself from Armor Holdings, Inc. After about six years as a subsidiary of Armor Holdings, which is a U.S. firm listed on the New York Stock Exchange, ArmorGroup, supported by Granville Baird Capital Partners and Barclays PLC, became a British firm again. Since December 2004 ArmorGroup has been registered as a public limited company (PLC) on the main market of the London Stock Exchange.¹⁹

ArmorGroup: Iraqi Contributions

ArmorGroup's contract with the British Foreign Office in Iraq started at about \$154 million and rose 50 percent in July 2004. The specifications for that contract called for ArmorGroup to supply 20 security guards to protect the Foreign Office. According to Robert Fisk and Severin Carrell, two British reporters, ArmorGroup has hired 500 Gurkhas²⁰ for protection of Bechtel and KBR executives in Iraq. Fisk and Carrell assert that since 2004, Britain's largest sector of export to Iraq is private security.²¹

AEGIS DEFENCE SERVICES

Aegis is a commercially focused security and risk management firm that specializes in the identification, analysis, and mitigation of risk. Aegis Defence Services

¹⁹ ArmorGroup International Plc.

²⁰ Gurkhas are accomplished warriors from Nepal who first started enlisting as mercenaries in the British East India Company in the early 1800s. The Brigade of Gurkhas is an elite unit in the current British Army. Many individual Gurkhas have sought employment as private security guards in Iraq.

²¹ Fisk and Severin, "Occupiers Spend Millions."

is headquartered in London at 39 Victoria Street, London, SW1H 0EU. The firm was founded in 2002. Tim Spicer is the Aegis CEO. He is a former British Army officer and has experience in the security industry. Mark Bullough is managing director for Aegis Defence Services. He is a former British Army officer and he has international business experience. Aegis is a private security and risk management company. It provides services on a worldwide scale and has offices located in Afghanistan, Bahrain, Iraq, Kenya, Nepal, and the United States. Aegis is a registered UN contractor and provides security services to government clients including the United States, international agencies, and multinational corporations. The company is a security advisor to the Lloyds Joint War Risk Committee.²²

The Aegis corporate philosophy is based on providing services with the highest degree of discretion, integrity, and client confidentiality. The firm claims to conduct all activities within the framework of national and international law. Aegis maintains full corporate transparency and is committed to complete industry accountability and regulation.²³

Aegis Defence Services: Origins/History

The origin of Aegis Defence Services is linked to Sandline International because the founder of both firms is Tim Spicer. Spicer shut down Sandline in April 2004. This is about when Aegis won a huge Type V DOD security contract in Iraq.²⁴

²² Aegis Defence Services.

²³ Ibid.

²⁴ Phinney, "From Mercenaries to Peacemakers?"

Tim Spicer was extremely busy in 1997. In March he led Sandline into a questionable operation that threatened the civil military balance of Papua New Guinea. The island state was experiencing dissension over a copper mine on the island of Bougainville. Outside mining interests were gaining most of the profits and the state's defense forces were not able to establish sovereignty over the island of Bougainville due to the violence of the Bougainville Revolutionary Army. Sandline signed a \$36 million contract to train the Papua forces and to secure the mine. The funds to pay the contract were to come from cuts in the state's budget and from nationalization and sale of the mines. In an amazing turn of events, the commander of the Papua New Guinea Defense Force (PNGDF) became enraged over the contract. The PNGDF was professionally insulted that outsiders were contracted to do their job and felt that the money should have been spent on the defense force. The public learned of the Sandline contract and began to violently demonstrate, with the support of the PNGDF. The Prime Minister, Julius Chan, resigned and moderates used the chaos stirred up by the mutiny as an opportunity to negotiate a power-sharing agreement. Sandline was never operationally engaged. However, the firm had been paid half of its pay in advance and through international litigation caused the new Papua New Guinea government to pay the remainder for arms that were not delivered during the defense force mutiny.²⁵

In May 1997 Spicer took Sandline to Sierra Leone. The "Sandline Affair," as it is widely known in the United Kingdom, is a part of Tim Spicer's and Aegis's legacy. In the late 1990 Sierra Leone was experiencing a series of coups and countercoups. Executive Outcome, a South African Type I firm, had been instrumental in enforcing

²⁵ Singer, *Corporate Warriors*, 192–195.

security for the government in Freetown in February of 1996. Subsequently Ahmed Tejan Kabbah was voted in to lead Sierra Leone. Soon after he was elected, Kabbah saw to it that Executive Outcomes would get out of the country. In January 1997 the firm left. By May 1997 Kabbah's government was toppled. Once he was out of office, he hired Spicer's Sandline International to put him back in. Sandline was successful in doing so. This countercoup incident became an embarrassment to the United Kingdom, and the British customs agency investigated Sandline for alleged violations of a U.N. arms embargo. Tim Spicer responded by arguing that the British Foreign Ministry was aware of its activities in the region. This was substantiated by U.K. Foreign Minister Robin Cook, who came close to losing his job in the Sandline Affair.²⁶

Sandline was only in business about six years. Its activities during that time resulted in toppling governments in Papua New Guinea and Sierra Leone. These activities also seriously disrupted the government of Prime Minister Tony Blair. Therefore it was a smart business move for Spicer to shut down Sandline and to launch Aegis in 2004. With a simple name change from Sandline to Aegis, a new firm was launched.

Aegis Defence Services: Lobbying and Political Connections

Aegis, much like MPRI in Washington, has excellent political connections within government and military due to the many employees who have had careers in military or public service. The firm lists its lobbyist in Washington, D.C., as Kristi M. Clemens,

²⁶ Ibid., 113–15.

who, according to the Aegis Web site, pursues legislative issues pertaining to defense, foreign relations, government issues, and homeland security.”²⁷

The Aegis board of directors includes a number of former British military officers and individuals, who are listed on the firm’s Web page list with military ranks, titles, and personal decorations, as is the British custom. These members of the board are presented as an example: Field Marshal the Lord Inge KG GCB DL; Lieutenant-Colonel Tim Spicer OBE; Brigadier James Ellery CBE; The Honorable Nicholas Soames MP; General Sir Roger Wheeler GCB CBE; Sir John Birch KCVO CMG; and the token American, Robert C. McFarlane.²⁸

Robert C. (“Bud”) McFarlane is a director on the Aegis board of directors. He was national security advisor for President Reagan from 1983 through 1985 and was indicted as a key figure in the Iran/Contra affair. During Bud McFarlane’s tenure as national security advisor, the President’s National Security Council consisted of Vice President George H. W. Bush, Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger, and CIA Director William J. Casey. Shultz and Weinberger are both linked directly to Bechtel, as is stated in that firm’s case study. McFarlane is an Annapolis graduate, a former U.S. Marine officer, and a decorated Vietnam veteran.²⁹

Aegis Defence Services: Iraqi Contributions

In 2004 the U.S. Department of Defense, Project Management Office (PMO) in Iraq awarded the firm a \$293 million contract to coordinate security support for

²⁷ Aegis Defence Services.

²⁸ Ibid.

²⁹ Walsh, “Chapter 1.”

reconstruction contractors and to protect the PMO employees.³⁰ In May that year the Pentagon selected Aegis Defence Services to arrange for coordination and management of more than fifty reconstruction companies and the companies that protect them. The \$293 million contract gave Aegis³¹ the opportunity to contribute to the reconstruction effort by organizing the coalition force support so as to reduce friction between civilian and military operations. To do this Aegis set up six Security Framework Reconstruction Operation Centers (ROCs) alongside regional Coalition Military Headquarters that share situational intelligence for logistical movement and reconstruction security operations. The ROCs provide threat assessments notice to contractors. Contractor movement is tracked by transponders integrated with U.S. military friendly force (Blue Force) tracking, and a quick-reaction force responds when contractors are attacked or experience other mishap.³²

The Aegis contract to establish a system to coordinate and track reconstruction and security contractors' movements while integrating a link to military forces is an important contribution. This is an example of a contractor integrating technology and special expertise to enhance warfare capability by increasing command and control. Lt. Gen. Peter CuvIELLO, the U.S. Army's chief Signal Corps officer, has praised contractor contributions of this nature as part of the process of increasing military capability. He explained that experience gained from the current wars in Afghanistan and Iraq has validated Army information technology transformation concepts as well as the Army partnership with private industry. Aegis, in this case, stepped in to assist the military and

³⁰ Chatterjee, "Controversial Commando."

³¹ Center for Media and Democracy, *SourceWatch: Aegis*.

³² Aegis Defence Services.

contractors with a difficult installation for tracking friendly forces on the battlefield.³³

Furthermore, this case supports Stephen Rosen's argument that good ideas that lead to innovation are an explanation for organizational learning. In turn, organizational learning contributes to capability development.³⁴

In October 2005, Aegis was contracted by the UN Office for Project Support in support of the UN Electoral Assistance Division (UNEAD) and the Independent Electoral Commission Iraq (IECI) to support the successful constitutional referendum in that month and the general election in December 2005. The requirement was to provide a mixed expatriate and Iraqi mobile security component to support electoral infrastructure inspection and liaison with the Governorate Electoral Officers and to provide static site security teams to electoral logistic sites in all eighteen Governorate capitals throughout Iraq.³⁵

The value of the contract, which was won as a competitive contract, was over \$430 million. At the same time, Aegis provided protection for the U.S. Project Management Office for the DOD, and security for the UN investigation of the Oil-for-Food Program scandal.³⁶

Aegis Defence Services: Civil Outreach Program

Aegis has taken a proactive step to cultivate public support. The firm conducts a self-funded civil affairs outreach program. The program includes projects such as medical intervention and donation of schoolbooks. The aim is to establish goodwill in the Iraqi

³³ Burlas, "G-6 Says OIF Validated."

³⁴ Rosen, *Winning the Next War*, 4.

³⁵ Aegis Defence Services.

³⁶ Center for Media and Democracy, *SourceWatch: Aegis*.

civil population. Much of this work is funded through the Aegis Foundation. Aegis also provides a number of expatriate-led and Iraqi-manned reconstruction liaison teams that routinely travel the length and breadth of the country to monitor the progress of reconstruction work subcontracted to Iraqi building companies. Typically, this involves week-long expeditions to remote areas, including those along the Syrian and Iranian borders.³⁷

Aegis Defence Services: Interaction with Authorities

The U.S. Embassy Baghdad, with whom Aegis interacts in Iraq, requested an official audit of the contract. In April 2005 the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) released its findings of how Aegis Defence Services has complied with Contract No.W911S0-04-C-0003. The aim of the audit was to determine whether the firm provided its services under the terms of the contract. The audit found that Aegis did not provide adequate documentation for its employees' qualifications and use of firearms. Aegis's vetting procedures for Iraqi employees was inadequate. The firm was found to have not performed some required aspects of its personal security operations. It had fallen short of its requirements for regional security operations, as well as for security operations and movement control.³⁸

The review of contracts funded by the Iraq Relief and Reconstruction Fund, such as this one, is mandated by an amendment to Public Law 108-106. The SIGIR audit provides a rare clear explanation as to who the contract managers are for Aegis and how the oversight or audit is conducted in this international case. First the contract was

³⁷ Aegis Defence Services.

³⁸ Office of the Special Inspector General, *Compliance*.

awarded by the Department of the Army as a matter of reconstruction security support. Aegis was operating in eight Iraqi locations during the time of the SIGIR audit. The Army's Northern Region Contracting Center, located at Ft. Eustis, Virginia, passed contract administration to the Defense Contract Management Agency, Northern Europe, and its contracting management officers and employees, located in London, England. Because Aegis is a British firm, the jurisdiction for its audits resides with the United Kingdom Ministry of Defence (UKMOD). In this audit UKMOD, based on a memorandum of understanding, agreed to and followed audit instructions according to the Defense Contract Management Agency and/or Defense Contract Audit Agency.³⁹

The responsibility for administering the contract falls to the Project and Contracting Office (PCO), Iraq. The PCO is the manager of Iraq Relief and Reconstruction Funds. That means PCO is the responsible actor for U.S.-assigned activities pertaining to reconstruction resources, funding, assets, and construction and their management. The SIGIR report found that PCO was not properly monitoring Aegis under the terms of the contract.⁴⁰

Aegis Defence Services: Threats/Adverse Public Impact

Aegis, like other international businesses competing in the global business environment, sometimes runs into competition with U.S. firms. In August 2004, Congressman Pete Sessions wrote to President George W. Bush to air his concern about the awarding of a contract to the British contractor Aegis. According to the contract, Aegis was to provide up to 75 armed guards to protect the officials managing the U.S.

³⁹ Ibid.

⁴⁰ Ibid.

reconstruction funds in Iraq. Sessions made it clear to President Bush that he felt the contract should have been awarded instead to DynCorp, a Texas-based firm.⁴¹ An interesting political twist in this scenario is that an Irish-American lobbyist joined in protesting the awarding of the contract to the British company. The protest was based on three reasons: first, that Aegis was too small to handle such an important contract; second, that Tim Spicer, one of the founders of Aegis, had connections to Sandline, a firm that in a British parliament inquiry was found to have shipped arms to Sierra Leone in violation of a United Nations embargo; and finally, that in 1992 Lt. Col. Spicer supported two soldiers under his command who were convicted of killing a Belfast teenager.⁴²

This scenario has been criticized widely in the press, with critical articles alleging complacency on the part of U.S. civil and military leaders for awarding the contract to a non-U.S. firm. Concerning the \$293 million contract to Aegis Defence Services, Andrew Ackerman wrote for *The Nation*, “One might think that the government would be wary of awarding such largess to a man with dubious background. But not only did the Pentagon have no idea who Spicer was when they gave his company a huge contract, they didn’t seem to care when challenged about it.”⁴³ Ackerman provided further evidence of the political cost of this particular scenario by reporting that Senator Ted Kennedy and five Democratic colleagues challenged Secretary of Defense Rumsfeld’s handling of the matter. In the same article, Ackerman is critical of the U.S. Army’s “inept” awarding of the contract to Aegis. Simultaneously, he makes the point that one contract competitor,

⁴¹ This scenario has many of the same lobbyist elements as the earlier one I related about Brown and Root, then-congressman Lyndon Johnson, and the Texas dam-building contract.

⁴² Rennie, “US Protest.”

⁴³ Ackerman, “Tim Spicer’s World.”

DynCorp, had fired a whistle-blower for reporting that some of its employees were running a sex ring in Bosnia that provided the services of twelve-year-old prostitutes.⁴⁴

One example of adverse publicity that has involved an Aegis employee is an incident that occurred in 2005 known as the “trophy video.” Parenthetically, this is called the trophy video because its intent was to serve as a memento of one contractor’s achievement as a shooter. The video, which shows an apparent random shooting of a Mercedes that crashes with apparent casualties, was widely viewed on the Web. The video is even backed up with an Elvis Presley soundtrack of “Mystery Train.” The Aegis employee who allegedly did the shooting is a South African named Danny Heydenreycher. However, following an investigation into the incident, Aegis asserted that the shooting was within the security contractor rules of engagement, and adverse public notice of the incident has largely passed.⁴⁵

IRAQI CONTRACT EMPLOYEES AS A THREAT

Iraqi Facilities Protection Service (FPS) security guards administered by security contractors such as Aegis and DSL are suspected of having become a part of the security threat. Ambassador Bremer set up the Iraqi Ministry of the Interior and formed FPS in 2003. The FPS mission is to guard Iraqi government facilities. The organization as established under Bremer gave the guards a few days’ training. The FPS are guards only; they are not police. They are structured under the ministries they protect. This means the FPS is not structured or administered as one cohesive organization under the Ministry of

⁴⁴ Ibid.

⁴⁵ McElroy, “Fatal Role”; Phinney, “From Mercenaries to Peacemakers?”; and Johnson, Woolf, and Whitaker, “Security Industry.”

the Interior or the centralized Defense Ministry, as are the police and military.

Additionally, the Bremer order gave contractor security firms the administrative control of the FPS because they handle the contracting of FPS guards for the ministries. That means the FPS guards are hired, fired, and paid by contractors.⁴⁶

Since the Iraqi Ministry of the Interior and the administration of security contractors and the FPS have evolved very little since 2003, it should not be a surprise that now that U.S. and Ministry of the Interior officials are beginning to see the FPS as militias. I argue that this is a reasonable assumption, since each ministry has its own armed FPS guards. Some Iraqi and U.S. officials suspect that in the worse case, some of the FPS guards are also “death squads” responsible for murdering members of factions other than their own. This matter is currently being investigated. My argument is that this situation is a result of poor administrative planning. One of the results is that private security contractors, who have the money, are infringing on the ability of Iraqi institutions to take steps to mitigate the FPS problem.⁴⁷ This is to say that the private security firms hire the Iraqi guards under the terms of the security firm’s contract. The security firm thus controls the money that is used to pay the guards.

As of June 13, 2006, it was recognized in Iraq that there is deficiency in the ability of investigators to conduct background screenings of Iraqis. This was the case for FPS guards, and it the same for third-country contractor employees. Contractors who are rebuilding Iraq, as well as security contractors, are hiring third-country people to do the work for their firms. In cases like this, a given employee may not be a citizen of the United States, the host country, or the contractor’s home state. For example, an Aegis

⁴⁶ Knickmeyer, “Iraq Begins.”

⁴⁷ Ibid.

employee may be from Nepal. Investigators screening a potential contract employee living in the United States can use the available county, state, or federal public records as part of the investigation. This is not possible for Iraqi citizens or employees from countries such as India, Pakistan, or Fiji. Further complicating the security background investigations in Iraq is the fact that it would not be unusual for the potential employee to be working for a contractor firm from a coalition partner, such as the United Kingdom.⁴⁸

ANALYTICAL SUMMARY

The cases for this chapter are a group of five firms that are administered by nonmilitary/political organizations, such as CPA, U.S. Agency for International Development (USAID), and U.S. State Department, whose goal is to rebuild and stabilize Iraq. Part of the identity of the firms analyzed here is that they are Type V security firms that originate from states other than the United States. Another part of their identity is that these firms are all linked to the Morrison security model, which combines the special abilities of both the military and private security industry. While foreign Type V contract firms are potential assets for augmenting U.S. military and political needs, these firms have at times become public opinion and political liability threats to U.S. political capability. The evidence shows that the control over these firms was not sufficient to prevent their threats to warfare capability. In addition to the legal and financial problems these firms have caused, the cases have shown that, like some U.S. contractors, foreign

⁴⁸ Contract investigators that do security screening for federal government agencies such as DOD, Homeland Security, FBI, and others are most frequently retired special agents from these and other investigative organizations.

contractors such as Aegis have been violators of human rights, creating situations that have on occasions damaged warfare capability.

In the case of Aegis, the firm has made essential contributions to fundamental military capability while making some security mistakes that threaten U.S. warfare capability. Aegis has made two essential contributions. First, Aegis's Reconstruction Operations Centers have contributed fundamentally to military capability by giving both the contractors and the military situational awareness of where security components are located. The other contribution of significance for political capability was the security support and coordination for the October and General elections in December 2005.

Tim Spicer, because he is a notorious public character, is always a potential lightning rod for adverse publicity with any misstep that might befall Aegis. This means the results could complicate or disrupt the harmonious relations between the United States and the United Kingdom in Iraq that could seriously damage the coalition's warfare capability. The dispute over the contract between Aegis and DynCorp illustrates the point. Politicians from both states have worked to politicize contractor problems and develop them as issues for shaping public opinion for the politicians' political advantage. In that sense the employment of foreign contractors like Aegis can be a domestic and international political liability.⁴⁹ Aegis has made mistakes, as were shown in the April 2005 SIGIR audit. According to that audit, Aegis was not using adequate vetting procedures for employees. This inadequate vetting is a serious threat to U.S. warfare capability. The SIGIR report is evidence that relatively late in the war, the United States started to take serious oversight steps to control contractors. The procedures for the

⁴⁹ Spearin, "Emperor's Leased Clothes," 245.

collection of the information for this report showed that there is outstanding cooperation between the United States and United Kingdom for controlling coalition contractors.

One example of improper contractor control and how contractors can threaten warfare capability can be linked to the improper vetting of security employees for the Iraqi FPS. The FPS guards are hired and fired by contractors. The FPS is not organized under one central control agency. Now the U.S. officials and the Iraqi Ministry of the Interior suspect that various FPS guards are acting as an armed militia that is threatening civil-political stability and that the FPS is seriously damaging U.S. warfare goals.

Erinys was able to hire approximately 14,000 Iraqis to guard the oil fields, but that contribution to force structure has been overshadowed by the threat these guards pose that diminishes warfare capability. The surge to get the guards to work did not leave a lot of time for the contractor or its employees to be vetted. Erinys's questionable association with Ahmed Chalabi links the guards to Chalabi's militia, the Iraqi Free Forces, and gives them a strong political hold on the oil fields. This seriously threatens Iraqi politics and the warfare goal to stabilize Iraq. Erinys has not kept account of its spending and has lost control of equipment and weapons. My argument is that Erinys's failures have put the oil fields in serious jeopardy, and the situation is a threat to U.S. political and military capability. Erinys has in effect given control of one of the most strategic assets to one Iraqi faction, and this threatens the U.S. warfare capability to stabilize Iraq.

The informal link these firms share through the legacy of the Morrison security model connects them as a vicarious security monopoly that erodes their potential to increase the readiness of the total warfare force. The firms can change names and functions quickly to bid for a contract and then shift employees around to fill in the

company. The flexibility to respond to change makes these firms nontransparent and difficult to control, as illustrated by the changes DSL made to Armor Holdings and then to ArmorGroup. Another example is Erinys, which was a South African firm and is now a British firm. Sandline's quick change to become Aegis would make any chameleon proud. It is difficult enough to ascertain who the firms are working for as it is, but being loosely linked together as these British firms are provides a convenient means for sheltering questionable employees or to cover a firm's illegal practices. It is difficult to prove that these firms are operating in this way, and that is the point. All of the foregoing is evidence that shows how the existing control measures fail and that these particular firms are a serious threat to warfare capability in Iraq.

CHAPTER VIII

FINDINGS AND COMPARISONS

In this case study I have thus far analyzed two groups of individual cases for contractors in Iraq. The first group of cases is in Chapters IV and V. The individual cases in that group are controlled by the military. The second group consists of individual firms controlled by nonmilitary/political administrators; they are grouped in Chapters VI and VII. The collection of empirical evidence for both groups of contractors was structured by answering the question set that identifies who the contractors are, how they are controlled by military or nonmilitary/political warfare administrators, and the contributions the contractors make for warfare capability. In this chapter, I will complete the case study for contractors in Iraq. I will do so by refining the analysis of contractor contributions found in the individual cases by comparing the findings for the firms administered by the military with the findings for the firms administered by nonmilitary/political organizations. I expect to find that when the firms are properly controlled by contract administrators they augment warfare capability, and also that when they are not properly controlled, the contractors sometimes act in ways that are criminal or controversial to the point that the U.S. capability to achieve its warfare goal to stabilize and rebuild Iraq is threatened.

CHAPTER GOAL AND ORGANIZATION

The goal of this chapter is to consolidate the individual case findings and to answer the stated research question:

Who are the contractors, and how has the nature of government oversight and control over contractors determined whether contractor contributions augment or diminish U.S. warfare capability in the Iraq War?

The remainder of this chapter is organized as follows: First I provide a summary of case findings for the two groups of individual cases. Then I answer who the contractors are by identifying the known firms found to be working in Iraq, providing information regarding their size, capabilities, client or administrator, and the type of functions they were contracted to perform that ultimately changed the composition of the total force. Next I compare the findings for the cases administered by the military with the findings for cases administered by nonmilitary/political agencies—the State Department, USAID, CPA, and the Iraqi Ministry of the Interior—to determine how the nature of oversight and control for each of the two groups impacts on contractor performance. The findings show that some contractors augment warfare capability and others do not. The remainder of the chapter compares the findings for contractors that augment warfare capability with the findings for contractors that damage or threaten U.S. warfare capability. The summary states that ultimately the findings support the argument that the degree and nature of government oversight and control is key to whether contractors augment or diminish warfare capability.

SUMMARY OF CASE FINDINGS

I have found that some Type II, III and IV contractors have had a positive impact on warfare capability, while Type V armed security contractors have seriously threatened the U.S. warfare capability to stabilize Iraq. Nevertheless, as a whole, contractors have

made favorable contributions that augment U.S. warfare capability in both the political and military dimensions of warfare capability. In some ways contractor contributions have been essential for the United States to wage war in Iraq. Examples of essential contributions include Bechtel's Type III engineering support for electrical power under the administration of USAID, and Boots & Coots's Type III special expertise for extinguishing oil well fires for the U.S. military. Also, KBR's Type III contributions to military logistics under the Logistics Civil Augmentation Program (LOGCAP) have been essential. Counter to those findings, however, some of the same contractors did function in ways that diminish or threaten U.S. warfare capability. For example, both Bechtel and KBR have been subjected to criticism in the press and have been addressed as subjects of congressional oversight for alleged wasteful and/or fraudulent execution of their work.

I have also found instances of dangerous and irresponsible behavior on the part of some individual contract employees, such as the employees of CACI, Titan, and Zapata. In addition, firms such as Custer Battles have alienated the U.S. military and threatened its traditional role. The findings indicate that Type V contractors such as Blackwater, Erinys, Custer Battles, and Aegis have been depended on for security; however, their tactics have damaged civil-political relations and threaten U.S. warfare capability. Some of the actions of these firms are presently being litigated and will be analyzed here according to the evidence I have found for how these contractors react under the degree of oversight and control provided by their administrators.

IDENTIFYING THE CONTRACTORS

The goal of this section is to identify the known firms working in Iraq by their size, capabilities, client or administrator, and the type of functions they perform as part of

the total force contributing to warfare capability. Some of the main functions that contractors contribute to augment the military capability include technical military assistance; strategic advice and military training; and support for logistics, intelligence, and maintenance services. All of these contributions increase the military force capability by modernizing the force and thereby enhancing its sustainability and readiness for accomplishing the warfare goal to stabilize Iraq. Ultimately, the U.S. capability to stabilize Iraq is also linked to increasing the capability of contractors that have building skills to contribute to the political goal of rebuilding Iraq. Contractors have also functioned as assets for the nonmilitary/political administrators working to stabilize Iraq. In this capacity contractors have provided significant engineering and reconstruction services, maintained the oil industry infrastructure, provided training for the military and police, and provide protection for the builders and Iraqi infrastructure.

The total number of contractors and their function in Iraq are important because they indicate how contractors change the mass and composition of the total force structure. In turn, this is linked to warfare capability. I have not been able to ascertain the exact number of contractors in Iraq because the available data is incomplete, but if the contractors identified in the Appendix had not augmented the total force, the United States would not have been able to sustain military or civil-political rebuilding operations as it has. My argument is that the increase in mass and composition of the total force does not explain fully the contributions that contractors have made for U.S. warfare capability; the nature of the administrators' oversight and control of the contractors also is considered.

The Appendix is a list of contractors based on input from four sources. This list is not complete, and is only as accurate as I could make it with the data currently available

from a variety of sources. Nevertheless, it is useful for helping to identify the contractors. I argue that the list gives a reasonable perception of the number of contract firms that have worked in Iraq, as well as a reasonable breakdown of the contractors who are administered by the military and those who are not. The list identifies the contractor contributions according to the study's taxonomy of five types where the information is available to do so.

There are approximately thirty-nine Type V, armed security contractor firms operating in Iraq that are providing protection for people or facilities. Both Deborah Avant and David Isenberg assert there are sixty security firms.¹ However, Avant and Isenberg identify some firms, such as CACI and DynCorp, as security firms while I have identified these firms as Type II, III, and IV according to this study's more rigid taxonomy of firms. Of the Type V armed security firms defined according to this taxonomy, seventeen are from the United States, seventeen are from the United Kingdom, two are from Australia, and there is one each from India, South Korea, and South Africa. Not surprisingly, the number of security contract firms is increasing. According to a June 2006 Government Accountability Office (GAO) report there are now 181 security firms employing approximately 48,000 security specialists in Iraq.² Due to time constraints for completion of this study, I have not classified the security firms in this latest GAO report according to my more restrictive taxonomy for Type V armed security firms.

¹ I base these figures on the scholarly work of Deborah D. Avant and David Isenberg. See Avant, "Privatization of Security," 328–329; and Isenberg, *Fistful of Contractors*, 7.

² U.S. Government Accountability Office, *Rebuilding Iraq: Actions Still Needed*.

My goal here is to put the known numbers of contractors in Iraq into a perspective that gives meaning to how contractors have contributed to U.S. warfare capability by augmenting the size and composition of the total force structure. Comparing the total numbers of contractors working in Iraq with the total number of contractors that contributed in previous U.S. wars shows that this is not the most privatized war in U.S. history, as some scholars have argued. In the Gulf War the United States and United Kingdom relied on more than 1,000 contractors and 9,200 of their employees to support 541,000 military troops at a ratio of 1:58. However, in the Iraq War, the ratio of contractors to service members is 1:6, which is about the same as it was for the Revolutionary War, World War II, and Vietnam.³ This means that the total numbers of contractors contributing to the Iraq War is consistent with the ratio of contractors that have contributed to previous wars. One exception is Type V security contractors, which have a significant presence in Iraq. However, Type V armed contractors have not played a similar role in other U.S. wars.

CONTRACTOR CONTROL AND U.S. WARFARE CAPABILITY

The goal of this section is to analyze the findings for how the nature of oversight and control by administrators from the military and from nonmilitary/political agencies impacts on contractor contributions for warfare capability for each of the two groups of individual cases. The contractors' contributions for warfare capability becomes clearer when the firms are analyzed by comparing how they function with the military or nonmilitary/political administrators of the contract. For example, military contractors

³ Shrader, "Contractors on the Battlefield"; and Avant, "Privatization of Security," 328–329.

such as KBR have provided good support to augment military capability; they have received more administrative oversight and control than have firms such as Bechtel, which work to increase political capability under the control of nonmilitary/political administrators. With some exceptions early in the war, the military has generally provided good protection for its contractors. However, Bechtel, which is an engineering firm similar to KBR, suffered casualties, and the firm's work was affected because the administrators of its contract did not ensure that the firm's employees were protected.

As a result of the improper protection and control provided by their civilian administrators, Bechtel and other builders hired Type V security contractors such as ArmorGroup and Olive Security. One result of prime contractors hiring subcontractors as proprietary security is that the Type V security contractors are not administered or controlled by the military. The evidence shows that Type V contractors are linked to controversial incidents that damage public opinion, which results in instability that threatens the U.S. warfare capability to stabilize Iraq. In Iraq most Type V contractors are hired on a cost-plus-expense basis by the prime contractor, such as Bechtel. Therefore the Type V security contractors that are contributing to the protection of the building contractors are administered by agencies such as USAID, the State Department, CPA, and the Iraqi Ministry of the Interior, not the military. As I will discuss later in this chapter, the separate system of control or chain of command for armed Type V contractors and the military is linked to armed confrontations between the two, which directly damages the readiness of both.

The numbers of security Type V contractors, such as Aegis or Blackwater, that operate as a part of the total force for U.S. warfare capability in Iraq is unprecedented in comparison with any other U.S. war. Therefore, there has been an unprecedented change

in the composition of the total force, which means the warfare capability for stabilizing and rebuilding Iraq is different from U.S. warfare capability for previous wars. I argue that this means that the control of Type V contractors is critical to ensure they make a positive rather than a negative impact on warfare capability to rebuild and stabilize Iraq. In addition to protecting prime contractors, the Type V security contractors protect Iraqi infrastructure and facilities; U.S. diplomats, dignitaries, and executives; the press; and private firms that are not an official part of the civil-political rebuilding process. The unprecedented need for Type V security is also traceable to the administrators for the rebuilding of Iraq, such as Paul Bremer and David Nash, who were hired to fix an emerging strategic crisis. When the downsized and overstretched U.S. military occupation force did not have the capability or readiness to adequately stabilize Iraq, the private security industry took commercial advantage of the opportunity to provide protection for Type II, III, and IV contractors who were administered by civilian government agencies. Agencies such as the CPA and USAID had a mission to rebuild Iraq; however, the U.S. military and Iraqi police capability lacked a ready total force structure large enough at that time to adequately protect the contractors that were hired to do the work.

The findings show that Type V security contractors have damaged public support and therefore have in some cases damaged U.S. warfare capability in Iraq. Security contractors who have not been controlled or supervised have succeeded in creating controversial situations that have adversely affected Iraqi public support, which is linked to the growing insurgency and weakened Iraqi ability to establish its sovereignty. For example, by not properly vetting their employees, some contractors have hired and armed Iraqi security guards that are now suspected of being members of the “death squads” that

are kidnapping and murdering other Iraqis. Type V security firms such as Aegis have been paid huge sums of money to organize security providers for the CPA. In this instance, Aegis's failures to properly organize and vet security providers threatened warfare capability and is evidence of the CPA's failure to exercise proper oversight and control over Aegis. This situation will be discussed in further detail later in this chapter in regard to ways in which contractors are a security threat.

At the same time that some contractors threaten warfare capability, other contractors that have been supervised and subjected to adequate oversight and control have enhanced U.S. warfare capability by augmenting military readiness and sustainability. A case in point is KBR. The firm performs functions that include handling logistics and preparing meals for the U.S. military, which allowed soldiers to fill combat roles instead of combat service support. KBR has been subjected to frequent congressional oversight and investigation by the GAO for overcharges for the fuel it has delivered and for meals it prepared and did not serve. In these situations the firm cooperated with military administrators, and the administrators exercised strong steps to control the contractor.

Bechtel is another example of a firm that provided special skills to augment warfare capability needed to rebuild Iraq. Early in the war the firm organized huge resources to do construction projects that USAID has no internal force structure or capability to perform. Bechtel has been criticized for, among other things, the quality of the work done. Nevertheless, Bechtel did contribute to the size and composition of the civil-political force structure, and the company argues that it did complete the work on its contracts despite being hampered due to violent attacks on its workers. My argument is that this is a case in which the contractor and its administrator failed to interact properly.

The situation indicates that if the administrators had overseen the contractor and properly planned for adequate security to protect the contractor, the firm would have done better construction, which would have augmented warfare capability to rebuild Iraq. In other words, the reconstruction failure in this case is linked to the failure of this firm and its administrators to interact as they should have. Contractors such as Bechtel have been criticized for the expense of subcontracting for private security. However, I argue that the government administrators are responsible for protecting the contractor. When a military contract such as LOGCAP provides military security, and a building contract such as Bechtel's does not, there is a comparative difference in how the contract administrators organize, plan, supervise, control, and most important, support the contractor.

The contract administrators, as a function of overseeing and controlling contractors, are responsible for having a plan to organize and to supervise the contractor's execution of the contract. The U.S. military had policy for administration of contractors when the war started. In comparison, civilian institutions such as the State Department and CPA did not. The civilian administrators wrote their policy as the war evolved. The difference in whether contractors contributed to or threatened U.S. warfare capability can be traced to this lack of planning by civilian contractor administrators.

Warfare capability is diminished, and contractors become a threat to the U.S. warfare goals, when contractors operate independently of military commanders' or government administrators' control. That is to say that when contractors are not held accountable, those who are not managed or controlled not only lose their ability to contribute; they can become victims of the war themselves and ultimately become a threat to warfare goals. The empirical evidence for this is that private companies are increasingly using military levels of force in Iraq to protect themselves. This signals that

there are control or coordination problems between the contractors and their administrators. The contractors are operating without administrator oversight and control in an increasingly hostile threat environment without police or U.S. military protection.⁴

Contractors that are not properly controlled by their military administrators also have a potential for producing adverse consequences that threaten warfare capability goals. Early in the war, even though the military had policies for operating with and controlling contractors, the GAO found that military commanders concentrated on warfighting and did not properly manage contractors on the battlefield. One example I discussed in the case studies is the Abu Ghraib human rights scandal, which occurred because military commanders and administrators did not properly supervise and control the contractors. The Zapata engineers' friendly fire incident is another example. The Zapata team that fired into U.S. Marine positions was operating independently and without direct supervision by the firm's U.S. Army Corps of Engineer contract administrators. Zapata was a Type III contractor providing specialized mine clearing under a contract let by the U.S. Army Corps of Engineers. Apparently the Zapata employees were providing their own Type V security and were "self-supervised" when they recklessly fired their weapons in disregard of the CPA's rules of engagement. The incident damaged total force readiness and damaged the military's capability by infusing distrust and conflict into the relationship between the military and contractors in general. U.S. Marines did detain and expel those contractors from Iraq. The expulsion, I argue, is an exercise of military control over the Zapata contractors, but it was after the damage was already done to military capability.

⁴ Avant, "Private Security Companies," 121.

When the Abu Ghraib and Zapata incidents became public knowledge, the U.S. public's image of the U.S. military and the contractors was damaged. These controversial incidents added to the unpopularity of the war. The Iraqi citizenry was alienated and U.S. military morale suffered. Ultimately, the military commanders failed to control their contractors in a way that could have prevented both incidents.⁵

The rules for governing contractors in Iraq evolved under the authority of the CPA as an administrator. These rules have gray areas that have been challenged in recent legal proceedings. Contractors such as Custer Battles have challenged the rules and the status of the authority of the CPA at the time the rules were made. Ultimately the results of the ongoing legal proceedings are expected to establish precedents for how the United States can or cannot use the U.S. court system to control behavior of its contractors in Iraq. When he was undersecretary of defense, Paul Wolfowitz designated the secretary of the army as the executive agency for the CPA. Therefore the Department of Defense (DOD) and CPA were closely aligned when the CPA was established. For example, the CPA Office of the Inspector General necessarily worked closely with the inspectors general for the military and USAID.⁶

The regulations necessary to legitimize and control contractors on the Iraqi battlefield evolved in the chaos of the early part of the war and as the institutions that administered them evolved. The evolution of these civilian administrators started with the Office for Reconstruction and Humanitarian Assistance (ORHA), CPA, Program Management Office (PMO), Iraq Reconstruction and Management Office (IRMO), and includes the U.S. State Department and Iraqi Ministry of the Interior. Thus during the

⁵ Isenberg, *Fistful of Contractors*.

⁶ Halchin, *Coalition Provisional Authority*.

first two years of the war there was no strong central civilian institution to enforce or to control the contractors administered by them. The rules that govern how contractors provide protection and use deadly force when necessary is an excellent example. The CPA's rules for contractors' use of deadly force or rules of engagement were written during the tenure of Ambassador Paul Bremer. They have not been modified since Iraq gained sovereignty, and are still binding. The CPA's rules state that all shots must be aimed, as opposed to being fired randomly or at random. Contractors can use deadly force in self-defense and to defend clients they are hired to protect. They are also given the right to "stop, detain, search, and disarm civilian persons" according to the requirements of the contract. The CPA's rules require contractors to cooperate with coalition and Iraqi security forces. Contractors are prohibited from participating in combat, but can protect their client if the client is in a combat situation.⁷

The rules for controlling contractors in and of themselves may have been fundamentally sound when they were written, in the time of the crisis that existed during Ambassador Bremer's tenure. However, the rules for controlling contractors have not changed since the CPA was dissolved and the Iraqis assumed sovereignty. Without change that takes into account the new political situation and official Iraqi input, the rules governing the contractors weaken Iraq sovereignty and are at cross-purposes to U.S. warfare capability needed to stabilize Iraq. In May of 2006 the Iraqi government began to take some preliminary steps to control troublesome paramilitary units by putting them under control of the Iraqi Ministry of the Interior. One example of this problem is the Facilities Protection Service (FPS). The FPS originated as a security guard service. Its

⁷ Johnson, Woolf, and Whitaker, "Security Industry"; and Blomfield, "Shootings May Lead."

mission was to protect government installations. It did not have a centralized director or commander. The FPS has been estimated to employ 146,000 armed security guards, which means the FPS is almost as large as the U.S. military within Iraq. The FPS is more closely associated with the security contractors that pay them than they are with the Iraqi Ministry of the Interior. The Iraqi Ministry of the Interior is working to place the FPS under a unified command structure; that is, to provide them with one commander who can provide command and control. The contractor companies are arguing on behalf of the FPS because the contractors' employees constitute the FPS.⁸ The irony of these developments is that the contractor companies in many cases have not properly vetted the Iraqi employees.

Integrating contractors into the total force is one way to oversee their work and control their actions. The military is now starting to integrate contractors into its force structure after having suffered the pain of congressional oversight. The nonmilitary/political contract administrators' control of contractors has not evolved to the same level as that of the military administrators. The Quadrennial Defense Review (QDR) of 2006 cites the DOD instruction for contractors⁹ and requires combatant commanders to include contractors as a part of their planning.¹⁰ Including the contractor in planning regulates the contractor by establishing boundaries for how the contractors can operate. The Army LOGCAP is again the example. The contract gives the contractor a legitimate role that entails working within regulated boundaries for support of the military. In the case of LOGCAP, both the contractor and the client using the contractor's

⁸ Knickmeyer, "Iraq Nears Consolidation."

⁹ The subject of this document is contractor personnel. It establishes and implements the policy, guidance, and responsibilities concerning contractors that accompany the U.S. Armed Forces. U.S. Department of Defense, *Contractor Personnel Authorized to Accompany*.

¹⁰ U.S. Secretary of Defense, *Report of the 2006 Quadrennial Defense Review*, 81.

service know what the expectations are in advance of either of them deploying for combat. The plan is not made “on the fly.” Contract administrators, the military commander, and the contractor can interface and establish lines of communication to coordinate their work.

However, the U.S. military’s fundamental policy for contractor management and control still has some confusing points. The joint force, or DOD, doctrine makes contractors responsible for their own security unless the terms of the contract specify otherwise. The doctrine states that the individual contractor employees are not to be armed except in specific circumstances as authorized by the regional commander.¹¹ While U.S. Air Force policy is similar to the joint guidance, the army’s is not. The army makes the commander responsible for contractor security in hazardous areas. U.S. Army policy states that responsibility for contractor force protection, that is to say the protection of the contractors administered by the army, starts with the commander. The same policy also makes the contractor responsible for self-protection.¹² The evidence shows that after having some problems with managing and controlling its contractors at the beginning of the war, the military has improved.

For example, early in the war, military commanders were indifferent to contractors and their role as a part of the total forces and military capability.¹³ By corollary, I argue that the commanders’ indifference to contractor use occurred because the commanders were focused on the enemy situation and the maneuver of military units and did not give the contractor control and protection sufficient consideration. On the

¹¹ U.S. Department of Defense, *Doctrine for Logistic Support*.

¹² U.S. Headquarters Department of the Army, “Contractors on the Battlefield,” 5; U.S. Government Accountability Office, *Military Operations*, 25.

¹³ Wallwork, *Operational Implications*.

other hand, military commanders may not have been able to work to control the contractors simply because the military was stretched thin due to the fact that the size or mass for the force structure was inadequate for the military operational or warfare goal. The result of the military's lack of readiness and capability was that contractor supervision was not one of the commanders' foremost priorities.

Thanks to Congress, military commanders now have some legal remedies for controlling individual contractors that accompany them on the battlefield. Farah Stockman, writing for the *Boston Globe*, has asserted that contractors in Iraq can now be prosecuted for crimes they may commit in a war zone due to a provision that was included in a 2007 defense spending bill. The Defense Bill of 2007 makes contractors accompanying the military force accountable under the Uniform Code of Military Justice (UCMJ). In 2004, the contractors from Titan and CACI who were identified as suspects involved in the Abu Ghraib human rights scandal were not prosecuted due to loopholes in the law. That is because at that time, U.S. law stated that civilians were subject to the code when accompanying the military forces during a war, and the U.S. courts would not prosecute because Congress had not declared war in Iraq. Now the code is applicable for civilians accompanying the force during a declared war or contingency operation. Stockman further asserts that now the press and contract employees from other countries are subject to the code.¹⁴

I agree with Stockman that there are problems with the new bill. Nevertheless, it is a preliminary step in the right direction. One problem with the new bill is that the contractors working for USAID or other nonmilitary administrators are not

¹⁴ Stockman, "Contractors in War Zones."

accompanying the military force. The nonmilitary/political contractors administered by civilian agencies such as USAID are part of the total force but are not part of the U.S. military force. This means that foreign contractors such as Aegis and Erinys, though under U.S. contract, are not subject to this bill. Bechtel's USAID contract means the company would not be subject to the UCMJ, while KBR, when working on its DOD contract, would be. To further complicate the issue, when Blackwater USA is under a contract administered by the U.S. Army, its employees would be subject to the code. However, if the same Blackwater employees in Iraq were working to protect a U.S. diplomat under the provisions of a contract with the State Department, they would not be subject to the code. This argument has not been tested according to the law, but it serves to point out the control differences between military and nonmilitary/political contract administrators.

While the contractual relationship between contractors and military administrators is improving, the U.S. nonmilitary/political agencies and Iraqi administrators are having problems managing and controlling the contractors they administer. On July 28, 2005, Henry A. Waxman, Chairman, Committee on Government Reform, U.S. House of Representatives, released a fact sheet reporting the results of a 2005 GAO investigation of Type V security contractors. The report points out that administrators from the State Department and USAID were not properly accounting for reconstruction security cost. The failure to track security cost implies that administrators for the contracts are not doing their job properly. Furthermore, the fact sheet indicates that if the security costs are

not known, that is evidence of the fact that the administrators are not properly administering the contract or the contractors.¹⁵

Representative Waxman's fact sheet was critical of the high cost of private security as well as dangerous clashes between the contractors and U.S. military on the battlefield.¹⁶ The power of congressional oversight and domestic ideological politics has proved to be an important lever for increasing the level of control over contractors and their clients in Iraq. Representative Waxman's efforts to "check and balance" the commander-in-chief's Iraq War decisions and policies relied heavily on the GAO to investigate suspected contractor fraud, waste, and abuse in Iraq. Representative Waxman's efforts and the results of the GAO investigations give the public information regarding the contractors and their clients in Iraq that it would not have access to otherwise. After investigating KBR's \$16 billion service contract in Iraq for almost two years, Waxman is convinced that the money has been mismanaged by the contract administrators.¹⁷ The point is that congressional oversight and ideological politics are one of the means for controlling defense contractors.

COMPARING THE FINDINGS

The findings to this point show that some contractors, depending on the degree of government oversight and control, augment U.S. warfare capability and others do not. The remainder of the chapter compares the findings for contractors that augment warfare

¹⁵ Waxman, "GAO Finds Problems."

¹⁶ Ibid.

¹⁷ Tumulty, "Scariest Guy in Town."

capability with the findings for contractors whose actions diminish or threaten U.S. warfare capability.

AUGMENTING U.S. WARFARE CAPABILITY

The goal for this section is to analyze the findings for the contractors controlled by military and nonmilitary/political administrators according to how the contractors augment U.S. warfare capability. I will do this by comparing how the contractors augment warfare capability by increasing the size and composition of the total force, which is linked to both improved readiness and sustainability of the force.

The U.S. military's experience with LOGCAP shows that contractors can respond on short notice to supplement military readiness and sustainability and thereby augment the warfare capability needs for the total force. LOGCAP, as a model, indicates that contractors are also capable of providing special skills on short notice according to the needs of nonmilitary/political administrators for rebuilding and providing security for Iraq. In this section I will compare how contractors responded to augment the military and how they responded to create and augment a civil-political building capability.

Secretary of Defense Donald Rumsfeld focused on transforming the U.S. military capability during his tenure in office.¹⁸ The needs for contractors in Iraq can be traced to his restructuring of the size and composition of the military force. Secretary Rumsfeld used the QDR of 2001 to set the fundamental policy for transformation for U.S. military capability at the beginning of the George W. Bush administration. According to Gen. Richard B. Myers, USAF (Ret.), chairman of the Joint Chiefs of Staff, Rumsfeld's

¹⁸ Von Drehle, "Rumsfeld's Transformation."

policies changed military joint force capability and made privatization a part of the National Military Strategy by 2004, as evidenced by “full spectrum force—with a seamless mix of active forces, the Reserve Component, DoD civilians, and *contracted workforce*—fully grounded in a culture of innovation.”¹⁹

The QDR of 2006 focused on the purchase of conventional weapons systems, the readiness of special operations forces, and the sustainability of the existing force. The thrust of the QDR is on sustaining the warfare capability of the United States in Iraq.²⁰ This suggests that the contractor contributions that augment military sustainability are critical in light of the overextension of regular and reserve forces and the inability to resort to a draft to add to the military force level and the warfare capability necessary to stabilize and rebuild Iraq.

The QDR of 2006, as pointed out by Gen. Myers, includes contractors as part of the strategic planning for the twenty-first century. The policy integrates forces, organizations, and processes. This means that contractors are part of the total force composition for U.S. warfare capability. The QDR, like the National Military Strategy of 2004, calls for a total force concept for future missions. The total force comprises active and reserve military, government civilians, and contractor personnel, and calls for the best mix of people with skills for the combat commanders’ needs.²¹ To be successful in achieving the goals for future missions, the total force is to be tailored for easy access to

¹⁹ Emphasis added. See Myers, *National Military Strategy*, 15–27.

²⁰ Von Drehle, “Rumsfeld’s Transformation.”

²¹ U.S. Secretary of Defense, *Report of the 2006 Quadrennial Defense Review*, 5.

the joint commander and be configured to operate with other state and international actors. The QDR points out that the skills of the four components must be balanced.²²

The Pentagon now considers contractors to be a part of the total force, in accordance with the previously cited policy in the National Military Strategy of 2004 and the QDR of 2006. This is illustrated by Army Regulation 715-9, which is a policy for fundamental organizational change of the United States' largest ground service. Contractors change the organization's combat or military capability by changing force composition and the way the military functions.²³ The U.S. Army has complied with the Pentagon policy by changing the composition of its force structure and policy to accommodate the use of contractors as part of the army. Also, according to Army Regulation 715-9, the U.S. military uses contractors to increase its combat potential by capitalizing on marketplace resources.²⁴

The military and government downsizing can also be traced to the contractor contributions that augment or diminish the U.S. warfare capability to accomplish political or civil-affairs assistance goals in Iraq. The need for contractors to provide a nation-building capability starts with faulty planning for rebuilding and stabilizing Iraq. The U.S. military prefers a force capable of decisive military operations that can quickly exit from combat while avoiding the tedious quagmire and high casualties connected with the warfare capabilities necessary for nation-building. Neither the U.S. military nor civilian agencies such as the State Department or USAID had a force capable and ready to sustain civil-political nation-building in Iraq when the war started. In their critique of the

²² Ibid., 75–76.

²³ Wilson, James Q., *Bureaucracy*, 29.

²⁴ U.S. Department of the Army, *Contractors Accompanying the Force*, 12.

operational planning for Operation Iraqi Freedom, authors Michael R. Gordon and Bernard E. Trainor write of General Tommy Franks, “Like many of his generation, he had no fondness for Clinton-style nation-building.”²⁵

This suggests that the United States did not have a plan and therefore lacked the proper warfare capability for achieving the political objective of stabilizing and rebuilding Iraq.²⁶ The U.S. military plan did not include civil affairs capabilities. Little attention was paid to the Iraqi police and the need for law and order. As a consequence civil violence increased, and in the ensuing tactical crisis the United States had little choice other than to hire contractors as a nation-building force. The absence of a capable Iraqi police force has been a constant throughout the war, and is traceable to one of the most important contractors, DynCorp International. DynCorp won a \$50 million Type II contract administered by the U.S. State Department to train the Iraqi police.²⁷

According to Frank Miller, an official who tried to coordinate U.S. governance for Iraq as the chaos started, “three different government groups developed three different plans to train Iraq’s police, all without knowing the existence of the other.”²⁸ The result was that contractors found a way to interact with the different groups to contribute to post-invasion warfare capability necessary to establish stability and to rebuild Iraq.²⁹ Contractors that were administered by the military and those that came to contribute to rebuilding and security came because there was a need to fill a gap in the military and/or

²⁵ Gordon and Trainor, *Cobra II*, 25.

²⁶ Gray, *Irregular Enemies*.

²⁷ Moss and Rohde, “Iraq Police Dysfunctional.”

²⁸ Ibid.

²⁹ Gen. Anthony Zinni provides a very clear prescription for what the U.S. military must do to win the next war. See Zinni, “How Do We Overhaul?”

nation-building/warfare capability that did not exist in the U.S. military or government at the time. They also came for the money.

Contractors administered by the military in Iraq have augmented the size and composition of the military force structure that was weakened by the downsizing of the military. This contribution increased the capability of the military's total force by increasing its readiness and sustainability, which was necessary to accomplish the U.S. warfare goal to stabilize and rebuild Iraq. For example, KBR's truck drivers have increased the downsized military force structure significantly. The military dependence on contractors is asserted by Col. Ronda G. Urey, U.S. Army, in her excellent U.S. Army War College Strategic Research Project. The colonel wrote that contractors contribute many essential functions that U.S. military personnel previously performed. Col. Urey asserts that the Army became dependent on contractors because of congressional pressure to privatize. She traced the army's decisions to cut force structure to contingency-mandated military strength and a need to modernize with technology to make up for the reduced force.³⁰

However, even with 20,000–21,000 or even 50,000 contractors working to increase the size of the total force structure needed by the military and nonmilitary/political agencies working to stabilize and rebuild Iraq, the total force to date has not been large enough. The results show that the civil-military planners for the war were slow to produce a plan to integrate necessary military and contractor resources into a single force or resource for achieving U.S. warfare goals in Iraq. The U.S. plan to use a ground force limited to approximately 150,000 troops has not proven to be enough to

³⁰ Urey, "Civilian Contractors," 15.

achieve stability and to rebuild Iraq. Not only are the size and structure of the employed force too small; the size of the total military force has proven to be too small to provide the sustainability necessary to keep 150,000 troops in combat for four years. Considering that the original war plans for Iraq called for 500,000 troops, the contractor contributions necessary to make up the difference would be at a ratio of 3.5 contractors to one service member. The size or numbers of contractors participating in the war becomes important when they are fully integrated into the war effort.

One of the warfare goals of Bechtel's Type III contract was to contribute to the total warfare capability by helping to stabilize civil order through rebuilding infrastructure and increasing the Iraqi quality of life. According to the U.S. Department of Commerce, as of November 14, 2003, Bechtel had hired 41 Iraqi subcontractor firms. Subsequently, during the course of my research, I found that Bechtel had hired a total of 123 subcontractors (see the Appendix). That included 95 Iraq firms.

The number of employees hired by these subcontractors is not known and conceivably consists of as few as one or two employees. However, by hiring local Iraqis as part of the force, the contractors further contributed to total warfare capability and provided Iraqis with employment.

Contractors have contributed specialized skills that have augmented the capabilities that the military and civilian agencies do not have and which are necessary for achieving the warfare goal of stabilizing and rebuilding Iraq. For example, DynCorp, under State Department administration and control, provided special police training necessary to build a police force structure ready and capable of providing a secure environment in Iraq. This was significant because before the war, the U.S. did not have a capable civil-political nation-building force. Contractors also have provided special

language skills for the military and for civil-political efforts to rebuild Iraq. It takes years to develop interpreters/translators that are ready to support military and political objectives. The U.S. force in Iraq does not have enough foreign-language capability. Contractors such as Titan and CACI are a rational choice to increase that capability.

Another favorable or beneficial aspect of contractor service that contributes to warfare capability is that the contractors are readily available. Contractors can “surge” or respond quickly to fill requests for specialized skills that do not exist within the military or government institutions. The contractors in Iraq quickly became resource multipliers and increased the numbers of “boots” on the ground for the military and for nonmilitary/political agencies such as USAID and State Department. Contract firms do not have to maintain an expensive, large, paid organization when they are between contracts. When needed, contractors such as Blackwater USA and MPRI can tap into their digital Rolodex and mobilize the experts needed for special missions. Having a low level of permanent employees minimizes overhead expenses, which means that contractors can be hired for less than the cost of maintaining a military force of the same size.³¹ They also are capable of adapting to special needs and requests. Contractors are pragmatic, and their availability gives U.S. military forces the ability to concentrate on core functions, thereby extending U.S. sustainability and readiness.³² Resources are precious and must be used wisely to maintain the warfare capability necessary to preserve security. Paul Kennedy, in writing *The Rise and Fall of Great Powers*, uses the principle of “overstretch” to explain the decline of great powers throughout history.³³

³¹ Singer, *Corporate Warriors*, 105.

³² Brooks, “Messiahs or Mercenaries?” 131.

³³ Kennedy, *Rise and Fall*, 72.

In a statement prior to September 11, Secretary of Defense Rumsfeld identified 300,000 military jobs as “non-combat” tasks that could be done by contractors. Subsequently a 2002 GAO report asserted that outsourcing of non-combat functions saved the military approximately 20 percent.³⁴ The 20 percent cost savings example is the KBR LOGCAP experience in Bosnia. KBR reportedly was paid \$2.5 billion for its support in the Balkans through 2002. The firm was to earn \$734 million more over the next two years. A Logistics Management Institute report that analyzed KBR’s contribution in Bosnia makes the following comparison: It would have taken 8,918 military troops and \$638 million to accomplish what 6,766 KBR employees did with \$462 million. The report concluded that a comparison of a military force equivalent and its cost with LOGCAP resources indicated that the LOGCAP contributions were the most economical. Builders such as Bechtel and combat support firms such as KBR do not have the expense of training the builders and truck drivers, for example, that are among their employees. In contrast, the military has the expense of training its future drivers for up to a year to become soldiers before they ever step into a truck. However, some security contractors do require some extra training. For example, Blackwater personal protection specialists receive extensive training, but the employees pay Blackwater to train them before they are employed.³⁵ Contractors can save by hiring host-country nationals at less

³⁴ Reeves, “Dancing with DynCorp.”

³⁵ The cost for six to eight weeks of training for one individual—just for food, lodging, weapons, ammunition, vehicles, training facility overhead, and instructor and management salaries—is substantial. In the case of Blackwater, students pay to attend training, but now military and government organizations are also paying for their agents to attend Blackwater training. The point is that the cost data is so convoluted that the cost effectiveness figures that exist cannot be taken seriously.

than the government scale. Carpenters and electricians in the Balkans were paid \$15.80 per hour compared to \$24.38, and laborers were paid only \$1.12 per hour.³⁶

EROSION OF U.S. WARFARE CAPABILITY

The goal for this section is to analyze the findings for the contractors controlled by military and nonmilitary/political administrators according to how the contractors diminish warfare capability. I will do this by comparing how the contractors threaten warfare capability by misusing resources, a situation that is linked to both the erosion of readiness and sustainability of the force. This section also analyzes four other ways that contractors erode both military and political dimensions of warfare capability; the four ways are related to public opinion, political lobbying, contractor criminality, and contractors as security threats. These threats are not mutually exclusive and overlap in the ways they diminish warfare capability.

Contractors have threatened and thereby eroded the fundamental capability of the United States to rebuild and stabilize Iraq due to the misuse of resources that may have been better spent to augment warfare capability. These findings are counter to the findings that contractors can be force multipliers, as I argued earlier in the chapter. For example, Custer Battles claimed cost for equipment that it in fact stole from the Baghdad airport. The economic consequences of that fraud run counter to the claims that contractors can extend resources by being cost-effective. War profiteering has eroded military capability and diminished unit readiness by wasting defense resources that could have been used for increasing the size and composition of the military to include more

³⁶ Bianco and Forest, "Outsourcing War."

civil affairs forces. The case study for KBR pointed out the allegations involving overcharges for fuel the firm purchased and passed on to the military contract administrator. In another example included in the Custer Battles case, the firm allegedly defrauded its CPA administrators with a scheme of fake subsidiaries and false charges.³⁷

Security contractors such as Aegis, Erinys, and Custer Battles are enormously expensive. The GAO report of August 2005 states that more than \$766 million was paid by the United States for private security companies in Iraq just for the period covering the start of the war until the end of 2004. As an example of the expense, the GAO report explains that four Type III contractors similar to Bechtel spent more than 25 percent of their total contract cost on security. For the most part, the USAID and CPA Type III contracts are cost-plus contracts. This means when Bechtel subcontracts with Olive Security and ArmorGroup for protection, the cost is paid by the USAID contract administrator.³⁸ As was pointed out in the Blackwater USA case, some reporters have asserted that under the CPA contract to protect Paul Bremer, individual contractors were paid as much as \$1,000 a day to work his security detail.³⁹ As a matter of comparison, contractors administered by the military are protected by the military, while those administered by nonmilitary/political administrators are not. Therefore, the cost of security contractors is related to an erosion of the economic resources available to pay for the warfare capability to rebuild Iraq.

The empirical evidence for how security cost threatens warfare capability is contained in the GAO report of August 2005. That report recognized that the cost

³⁷ Singer, "Outsourcing War"; McKenzie, "Armed and Ready."

³⁸ Kelley, "GAO: U.S. Contractors"; and U.S. Government Accountability Office, *Rebuilding Iraq: Actions Needed*.

³⁹ Porteus, "Fast Facts: Contractors in Iraq."

accounting data for the use of contract security was incomplete and recommended that the Department of State, DOD, and USAID “develop a means to track and account for security costs to develop more accurate budget estimates.” Subsequently, the State Department’s January 2006 report to Congress showed that 16–22 percent of its infrastructure reconstruction cost was for security. Based on GAO recommendation, the DOD, USAID, and State Department now will include direct and indirect security cost with reconstruction contract cost.⁴⁰

The relevance of competition is an important factor to be considered in evaluating the economic cost advantages of private services and how they augment or misuse resources. When the government is the only customer, contractors do not face competition and are more likely to misuse resources. This lack of competition means the advantages of the free market and the full economic advantage of privatization are not maximized and cannot be quantitatively evaluated.⁴¹ Contractors that are controlled and administered by the military in support of the U.S. military generally win their contracts through the competitive bid process. Later in this section I will analyze the evidence of contractor lobbying, which I argue is a factor that affects competition and influences whether or not the contract acquisition and bid process is fair. In that lobbying influences competition, it is linked to the erosion of warfare capability. As found in the KBR case, the LOGCAP is a competitively bid cost-plus contract. However, the military administrator can give the contractor a task order that is not bid but which falls under the parameters of the LOGCAP. The point is that even though the contract was bid for, the

⁴⁰ U.S. Government Accountability Office, *Rebuilding Iraq: Actions Still Needed*.

⁴¹ For a succinct discussion of the economic issues concerning privatization and free market competition, see Hedahl, “Outsourcing the Profession.”

task order is an expensive option that the military may bear for the advantage of bureaucratic expedience in the face of a crisis. In other words, the task order is a financial cost but can enhance operational capability.

I do not accept the argument that temporary contractor force is more economical when compared to the overhead costs for an active duty force that includes military retirement and medical benefits, training, and equipment. The evidence shows that the U.S. Army spends one out of three of its operational dollars for contractors. This is empirical evidence that supports my argument that contractors threaten warfare capability by the misuse of financial resources.⁴² The findings have shown that some individual salaries paid to security contractors administered by nonmilitary/political agencies in Iraq are much more than the average soldier's pay. One key to making outsourcing cost-effective is competitive bidding. The evidence disclosed in this study indicates that competitive bidding, especially after the fall of Baghdad, was not used due to the task order clause that is part of LOGCAP. The lack of competitive bids and cost-plus contracts creates opportunities for fraud and war profiteering. I argue that the case studies show that use of contractors was more about avoiding political cost and lobbying than about concerns with warfare capability.⁴³ Iraqi public opinion or support, as the empirical evidence has shown throughout this study, is a reflection of order and stability, which is the U.S. warfare goal in Iraq. In other words, contractor behavior that erodes public support is linked to the erosion of warfare capability.

⁴² Mullen, "Pentagon Needs Better," 1-2.

⁴³ Fredland, "Outsourcing Military Force," 205-19; and Schooner, "Contractor Atrocities," 549; first cited in Pelton, *Licensed to Kill*, 3.

U.S. domestic public opinion is an essential influence necessary for shaping the debate on the role of contractors as a part of the U.S. warfare capability. This is traceable to the arguments and oversight of politicians and to military decisions regarding the use of contractors on the battlefield in Iraq that was explained in the introductory chapter. It is apparent that both civilian and military Pentagon leaders chose to use contractors because of casualty dread and to avoid public backlash for the Iraqi intervention. This implies that civil and military leaders were more attuned to public opinion and the desire to avoid casualties than to long-run operational capabilities. This argument is also a part of the logic for using contractors, which suggests that the loss of a contractor theoretically would result in less notice and avoid a backlash from public support. Interestingly enough, Professor Jeffry Record, of the Department of Strategy and International Security at the U.S. Air Force Air War College in Montgomery, Alabama, argues that the U.S. public can tolerate casualties and will support intervention when presidential leadership is sound and when combat is conclusive.⁴⁴

In the June 28, 2006, edition of *The Christian Science Monitor*, an editorial by John Hughes concerns the impact that foreign policy has had on public support for political candidates in U.S. elections. He noted that Henry Kissinger⁴⁵ has argued that public support is the acid test for foreign policy.⁴⁶ Partisan alliance politics can complicate or shape the events in a conflict, especially where allies are depended on.⁴⁷ As

⁴⁴ Record, "Collapsed Countries," 9–10.

⁴⁵ In explaining the importance of public support for foreign policy, Kissinger wrote that since 1700 public opinion in Great Britain has shown unity in the face of foreign crisis. Hughes' point is that Great Britain is well known for an unrelenting tenacity once committed to a foreign policy course of action. He attributes this to public unity that is formed during the course of open debates. Kissinger, *Diplomacy*, 100–101.

⁴⁶ Hughes, "The Mutual Impact."

⁴⁷ Clark, *Waging Modern War*, 295.

an example, in Kosovo, the various states' governments that make up NATO limited the military objectives and the way the NATO commander fought the war due to each state's partisan interest. General Wesley Clark, former NATO Supreme Allied Commander, said that the controversies that surrounded the conflict in Kosovo were an impetus for NATO's success.⁴⁸ The foregoing is evidence that public opinion is linked to the overall way the Iraq war is waged and how contractors that contribute to it are perceived as part of the total force for U.S. warfare capability. Also, this is linked to how partisan politics can gain or lose political currency by shaping how the public perceives the role of contractors in Iraq.

Lt. Col. Lourdes A. Castillo, U.S. Air Force, an experienced logistics officer, has argued that contingency contractors increased military capability by increasing deployment options that can be linked to public support for the war. According to Castillo's argument, contingency contractors make it easier for any administration to go to war. As an example, President Clinton, who agreed to a congressionally mandated troop ceiling of 20,000 for the peacekeeping operation in Bosnia, gained political flexibility by adding 2,000 contractors to the total force. President Lyndon Johnson, as shown in the literature review, had done the same thing on an even larger scale in Vietnam by sidestepping a congressional mandate and using more than 80,000 contractors at one point.⁴⁹

However, I argue that in some cases contractors threaten public opinion, thereby poisoning the contractors' potential to support the necessary use of force as a matter of warfare capability. The evidence for this is that the use of contractors results in

⁴⁸ Ibid., 422.

⁴⁹ Castillo, "Waging War with Civilians."

diminished transparency and the ability to hold politicians accountable as they make decisions to go to war. When transparency is lost it minimizes congressional oversight of the issue, and the executive branch is less restrained from taking action. The loss of transparency that allows politicians to act without oversight is a political “benefit” in limited and contained situations, such as when the Clinton administration allegedly used MPRI in Bosnia. However, in the long term the short-term operational solution changes or “backfires.” At that time the contractors become a political cost as Congress and the U.S. public discover they have been deceived. Thus, the way in which contractors are used has the potential to damage the public support necessary for the United States to wage war, and this in turn is a threat to U.S. warfare capability.

Contractors mostly provided a short-term gain for politicians in the earliest stages of the Iraq War. However, the cases indicate that the actions of some contractors diminished the public’s support for the war as the war stretched out. In an interview about how and why contractors are part of the total force for U.S. warfare capability in Iraq, Peter Singer told Robert Young Pelton, “It’s not about economic cost savings: it’s about political savings. When things go wrong, you simply blame the company.”⁵⁰ Secretary of Defense Rumsfeld shaped the military plan to deploy an expeditionary force that was quickly and easily transported into the operational theater. The more rapidly deployed force lessens the time and opportunity for a long critical debate that could persuade the public to oppose intervention.⁵¹ The LOGCAP contract enabled KBR to contribute logistic support quickly without a lot of public notice because the terms of the contract were negotiated and bid before formal war planning began. As a contractor, KBR was not

⁵⁰ Quoted by Pelton, *Licensed to Kill*, 107.

⁵¹ Zinni, “How Do We Overhaul?”; and Moniz, “Ex-Army Boss.”

as visible to the public before the war started as were military forces. This means KBR had much of the logistics ready to support a rapid deployment. This increased military capability and helped politicians escape a long political debate about the merits of intervention.

Contractor human rights abuse incidents, such as those at Abu Ghraib, have a strong negative impact that diminishes favorable U.S. public opinion, especially when there are other widely published incidents of individual contractor criminal behavior. The Aegis “trophy” video is a good illustration of the point. First of all, the video, which shows an Iraqi automobile apparently being shot by a contractor, was posted on the Internet. Then the press began to report the story of the incident. My point is twofold. The international public has broad access to the stories regarding contractor behavior in Iraq. These stories are frequently followed up by respected news organizations. Therefore, stories of human rights abuse, such as the trophy video, are readily accessible to inform the general public and to shape its perceptions of contractors and U.S. policies.⁵²

An example of how contractors damage public opinion and warfare capability is seen in the problem of excessive security costs. In one case the GAO has traced that problem to the closing of two USAID energy projects in March of 2005. The two energy projects were closed before work started because the cost of Type V security contractors would have added 20 percent to the \$15 million that the two projects were already worth. The \$15 million cost savings realized from closing the two projects helped to pay the increased security cost of other projects. Incidents of waste and mismanagement of

⁵² Regan, ““Trophy Video.””

resources due to the use of contractors have contributed to the U.S. public withdrawing its support for the war and elected officials. Additionally, incidents such as this indicate to the public that contractors waste money.⁵³ The Vietnam experience shows that military success depends a great deal on economic power and advanced technology for successful warfighting.⁵⁴ Public support is necessary to sustain and shape the government choices for achievement of its security or warfare capability goal. Civil-military leadership, especially the U.S. Army, has an obsession with casualty dread, which is associated with adverse public opinion and therefore is a threat to the public support necessary for matters pertaining to warfare capability. Casualty dread comes from the specter of a disaster such as *Blackhawk Down* or from the long and constant loss of life in a long war such as Vietnam. Professor Jeffrey Record has argued that Pentagon aversion to taking casualties is so strong that war and peace decisions have been made with U.S. troop safety as the primary concern.⁵⁵

My argument is that the foregoing example links public opinion to the use of contractors as a means of avoiding military casualties. Therefore, the role of contractors and how they perform as part of the total military and nonmilitary/political force for warfare capability ultimately influences the degree of public support for the war and U.S. warfare capability.

Lobbying, as I mentioned earlier in this section, erodes warfare capability by influencing government decision makers and contract administrators. The case studies show that most contractor firms are active lobbyists and have strong connections with the

⁵³ Waxman, "GAO Finds Problems."

⁵⁴ Owens, "Rumsfeld and His Critics."

⁵⁵ Record, "Collapsed Countries."

Pentagon and the government community. Lobbying facilitates the primary goal of contractors, which is to earn money, and the results of mixing politics and money have the potential for eroding the U.S. warfare goals in Iraq. Numerous U.S. contractor companies, such as MPRI, have executives or board members who are retired diplomats, government officials, or general officers. One of the best examples is the vice chairman of Blackwater USA's board of directors, retired Ambassador Cofer Black. The firms have a well-documented record of lobbying and providing political donations. The benefits the contractors and politicians gain from such a relationship are easily exploited by critics of contractors and privatization. In turn these arguments can influence public support for the war and ultimately damage warfare capability to achieve U.S. goals in Iraq.

The individual cases contain an abundance of circumstantial evidence that shows that lobbying relationships have leverage for securing profitable contracts for the firms who pay back politicians with political donations and support. I argue this damages public confidence in elected officials, contractors, and ultimately U.S. warfare capability. The primary example here is the frequent criticism of Halliburton and KBR, which makes a point of linking their contracts and huge profits to Vice President Cheney's past executive status with the firms.

Between 1999 and 2003, more than \$12.4 million was put into lobbying efforts by defense contractor firms. As an example, in 2001, contractors united in a lobbying effort to defeat a bill that would have mandated that federal agencies justify private contracts on a cost savings basis. With the huge profits contractors are making in Iraq today, the \$32 million spent in that lobbying effort could be doubled if necessary. Over a dozen lobbyists—including the wife of then Senate Minority Leader Tom Daschle—

participated in the 2001 effort. In 2002, L-3 Communications, MPRI's parent company, gained defense contracts valued at \$1.7 billion.⁵⁶

The potential for augmenting warfare capability in the political dimension is jeopardized when contractors become involved in the commission of crimes such as fraud and human rights abuse. This is equally true for contractors controlled by the military or nonmilitary/political administrators. Contractors administered by both the military and nonmilitary/political agencies have been involved in criminal behavior.

Contractors also present other drawbacks that threaten military and/or warfare capability. A good many of the drawbacks involve the legal status of contractors on the battlefield. This problem was identified to be a military management and administrative problem in the Gulf War. Since then little has changed.⁵⁷ Adam Easton, reporting for BBC News, points out that, even though contractors are essential to the U.S. war effort, they are largely unregulated. This was argued in the findings pertaining to contractor legal restrictions. The point of Easton's report is that contractors were found to have been involved in one out of three of the known incidents in the Abu Ghraib scandal. None of the contractors, according to Easton, have been prosecuted. This international report by a respected news agency is an example of how criminal or humanitarian abuse by contractors can damage the U.S. goal to stabilize Iraq.⁵⁸ Widespread public reports such as Easton's damage the chances for the U.S. to gain the confidence or support of the Iraqi

⁵⁶ Yeoman, "Soldiers of Good Fortune."

⁵⁷ Shrader, "Contractors on the Battlefield."

⁵⁸ Easton, "War Privatization Talks."

people. Dissidents opposed to the U.S. goals in Iraq benefit because they can use the incidents to shore up their propaganda and enlist additional dissidents.⁵⁹

Contractors administered by the military or nonmilitary/political administrators that do not cooperate with the military can disrupt military operations and erode military and warfare capability. Unity of command (chain of command) is a simple military control procedure that can help prevent disruptions and accidents on the battlefield. As a case in point, the relationship between the military and the Type V security contractors administered by civil-political nation-builders “is based on cooperation not control.”⁶⁰ A recent GAO report that investigated private security providers shows this to be the case. *Rebuilding Iraq: Actions Needed to Improve Use of Private Security Providers* (June 2005) indicates that the security services provided by contractors have come at a high cost, which includes dangerous clashes between them and regular U.S. military forces.⁶¹ The Zapata Engineering case shows that irresponsible contractor behavior can damage contractors’ reputations and ruin military relations. When contractors do not cooperate and come into or operate within a military commander’s area of responsibility without coordination or oversight, their presence can disrupt military operations, erode the potential for stability, and at the worst can result in a friendly fire incident. Unity of command facilitates communication and visibility.⁶² However, unity of command breaks down when a civil-military contractor fails to coordinate with the regional combat commander while moving to a building site.

⁵⁹ See Lacquement, *Shaping American Military Capabilities*, 4; and Huntington, *Soldier and the State*, 1–2. Lacquement uses an operational assumption to frame his argument that U.S. policy makers need to make better choices regarding force structure and doctrine.

⁶⁰ U.S. Government Accountability Office, *Rebuilding Iraq*.

⁶¹ Waxman, “GAO Finds Problems.”

⁶² U.S. Government Accountability Office, *Military Operations*, 25.

The March 2004 Blackwater incident at Fallujah is an example of a contractor operating outside of oversight. The findings indicate that Blackwater's contract in Iraq is administered by the U.S. State Department. However, in this incident it appears that Blackwater was working as a subcontractor for a KBR subcontractor. No central authority knew where the Blackwater security contractors were operating. The contractors, who were lost, could not even reach out to determine their location. The death of the contractors is tragic, but the ramifications of the incident had military and political consequences that further eroded Iraqi stability and U.S. warfare capability.

The White House and Pentagon ordered a U.S. military attack on Fallujah in retribution for the incident. The Fallujah area was the responsibility of U.S. Marines who had been taking a constructive and conciliatory approach to develop civil and political cooperation up to the time the contractors were ambushed. The Marine commander, Lt. Gen. James Conway, was not in favor of the attack, but the Marines followed the orders from Washington and attacked Fallujah accordingly. The subsequent operations in Fallujah resulted in the death of seventeen Marines and numerous Iraqis. My argument is that the political damage came because Blackwater was operating without oversight.⁶³ The Zapata friendly fire incident is another example of how contractors operating outside of military control have disrupted military operations and damaged military/warfare capability.

When the contractors' activities in the local community are not coordinated with the military, they can be a security threat and complicate counterintelligence activities, thereby damaging military capability. Contractors who work independently lead to

⁶³ Sengupta, "Eight US Marines."

friction and controversies that diminish warfare capability and the ability to achieve Iraqi stabilization. By the beginning of 2005, there had been twenty reports of friendly fire incidents between contractors and the military. Aegis won a contract to create a system to prevent these incidents. As a part of that contract, the firm established Reconstruction Operations Centers (ROCs), which facilitate the sharing of information between the contractors and the military. According to the GAO, the Aegis ROC system contributed to there being fewer clashes between the military and contractors.⁶⁴ The cost of the Aegis contract was \$153 million.

However, the GAO returned to Iraq in May 2006 to learn from U.S. military officials that even though there were some improvements in 2005, there currently are problems with the lack of coordination between security contractors and the U.S. military, which threatens U.S. warfare capability. The GAO interviewed Third Infantry Division officials regarding their experience with security contractors in the Baghdad area circa January 2005 to January 2006. The military officials reported that they had no means of communication with the Type V security contractors. Thus, the military and security contractors had problems and did not interface. The military reported that contractors frequently came into the military area of responsibility without coordinating beforehand. The military pointed out that they could not assist contractors in trouble if the contractors do not communicate with them. The military interviewees, who were not aware of the ROC, stated that with better coordination they could advise contractors of

⁶⁴ Kelley, "GAO: U.S. Contractors."

danger zones and other problems they could encounter while transiting their area of responsibility.⁶⁵

The contractors' failure to coordinate with the military has resulted in numerous incidents that have caused dissension between them and the U.S. military and thus have damaged force readiness and warfare capability. An example of how contractors can damage warfare capability by creating a controversial situation is seen in a shooting incident in Irbil, Iraq, on July 14, 2005. A convoy of SUVs allegedly fired on and wounded an Iraqi citizen, Ali Ishmael. According to Iraqi police, the contractors drove from the scene of the shooting to a USAID compound nearby. The U.S. investigation exonerated the contractors and reported that Ishmael's vehicle had been fired on from the sides and rear. Ishmael and the Iraqi authorities claim a contractor fired from the rear of his vehicle into the front of Ishmael's. The evidence and facts for this incident are not entirely clear. However, it is clear that Iraqi citizens, authorities, and the U.S. military are frustrated with contractor involvement in situations such as this. Brig. Gen. Karl R. Horst, deputy commander of the Third Infantry Division, was the top U.S. official responsible for the security of the Baghdad environs at the time. Horst is critical of security contractors. He has asserted that they operate with impunity and without military authority over them. Horst explains that when the security contractors shoot someone, the U.S. military ends up taking the blame, as it did in a May 12, 2005, incident in which contractors killed three people. Subsequently, according to Horst, the contractors' killing of the Iraqis was linked to an attack on his soldiers that occurred a few days later, when the soldiers came into the area where the incident had taken place. "Do you think that's

⁶⁵ U.S. Government Accountability Office, *Rebuilding Iraq*.

an insurgent action? Hell no,” Horst said. “That’s someone paying us back because their people got killed. And we had absolutely nothing to do with it.”⁶⁶ My point is that the actions of Type V armed security contractors in this incident have threatened U.S. military capability and damaged the U.S. warfare goal of gaining the Iraqi public confidence needed to stabilize Iraq. Furthermore, these incidents have damaged the U.S. public’s confidence in its elected officials’ administration of the war.

Contractors diminish U.S. military capability when they compete with the military for core military roles and functions. Contractors are, for the most part, paid much more than are military members for doing or performing essentially the same functions. The issue of contractor pay and the lack of balance in pay for military members came to light in the arguments that followed after Zapata contractors fired on Marines.⁶⁷ These findings show that having contractors as a part of the total force can diminish military professionalism and ultimately result in damaging military readiness. Representative Waxman illustrated the cost of private security by posting the results of the GAO report of 2005 on the Internet. According to the posting, private security employees earn as much as \$33,000 per month. These costs suggest that some security contractors are drawing the same salary as the president of the United States. These costs represent a threat to military morale and readiness and ultimately to warfare capability.⁶⁸

Security contractors challenge the uniqueness of the military culture and professional status by competing for its roles in the marketplace. The results damage warfare capability. Private firms offer higher wages for military personnel, and create

⁶⁶ Finer, “Security Contractors.”

⁶⁷ Blomfield, “Shootings May Lead.”

⁶⁸ Waxman, “GAO Finds Problems.”

competition for core military duties. Contractors pose a threat to the capability of the military profession because special skills that take years to develop are exploited by contractors for profit. For example, special operations skills have been drained away by contractors who pay high salaries to those who have such skills.⁶⁹

However, there is evidence that indicates that contractors are motivated by more than paychecks. A contractor firm's loyalty may be focused on pleasing stockholders, but the individual contractor is a different matter. Robert Young Pelton is an experienced observer who has enjoyed considerable success studying contractors on the battlefield. In living and working with contractors from various firms, he has gained their trust and insight into their world in a way other researchers have not. Pelton argues that the contractors in Iraq are loyal, patriotic Americans. Most are former military members or police officers. One contractor interviewed by Pelton told him that "just because a man gives up his uniform, does not mean he gives up his professional ethics."⁷⁰

Contractors diminish military/warfare capability when the military becomes dependent on contractor services, because this represents a loss of unit readiness. That is to say that the military cannot then stand to fight on its own. The inability of U.S. forces to establish order in Iraq shows that it does not have the mass to carry out civil protection or policing operations. The fact that contractors were tapped by the Pentagon civilian leadership to be part of the total force to fill the empty military "boots" is empirical evidence of U.S. military dependency on contractors in order to have a ready and sustainable warfare capability. This dependency is traceable to how contractors diminish military readiness. In particular, army dependency on contractors is at cross-purposes

⁶⁹ Singer, "Outsourcing War."

⁷⁰ Pelton, *Licensed to Kill*, 213.

with the general U.S. Army policy for contract support for military operations. That policy states that contractors are not intended to replace force structure. Accordingly, contractors are to augment Army capabilities, and contractors must be integrated into the overall support plan.⁷¹

There is no doubt that the military has become dependent on contractors. For example, the army's force reduction of the Fourth Infantry Division (Mechanized) to a technology-centric warfighting organization has resulted in a need for contractors to maintain unit readiness and sustainability. The Fourth Infantry Division (Mechanized) was designated to become the First Force (prototype force for modernization) for the twenty-first century. The transition to the "Digitization Division" and evaluation of its new way of war started in 1995. With the increase in digital technology, there was a reduction of about 1,700 soldiers. In addition, 24 percent of the platforms—mechanized vehicles for mounting weapons or transporting troops—were removed from the former armor and infantry structure. The smaller, faster division's level of capability increased through information-age technology and logistic efficiencies. On the other hand, when the "Digitization Division" took to the battlefield in Iraq in April 2003, the soldiers were not all fully trained with the specific skill sets for the division to fight with its newest systems. The division found it necessary to deploy with 183 contractors to teach the soldiers how to operate their new weapons. One-third of these contractors were deployed with the command and control element, where they were needed to support high-tech digital systems.⁷²

⁷¹ Urey, "Civilian Contractors," 8.

⁷² For a succinct combat history of the Fourth Infantry Division in Iraq, see GlobalSecurity.org. Also see U.S. Government Accountability Office, *Military Operations*, 8; and Ricks, "It Looked Weird."

When contractors have not been properly vetted, they are a security risk and a serious threat to warfare capability. Generally the U.S. military administrators have done a good job of vetting the military's contractors. However, the cases do show several incidents in which contractors administered by nonmilitary/political agencies have hired employees that have become a threat. Custer Battles was hired by the CPA without its management or employees having been vetted. The same is true for Erinys and the 14,000 guards it hired. The Iraqi guards from the FPS have also become a security threat, and one reason is that they were not properly vetted by the security contractors that hired them. Iraqi contractors and third-country nationals, such as Pakistanis, need security background checks to give them access to U.S. facilities where they may be working.⁷³

Contractors in Iraq such as Bechtel and Erinys have hired large numbers of Iraqis and third-country nationals. This has increased local employment and reduced the cost of contract employees. However, Iraq and some other countries do not have criminal records or files to access. Access to criminal records is critical for background screeners to do a security investigation. The GAO found that in the case of Iraqi subcontractors, there is no understanding of the screening process. The GAO found that the Iraqi subcontractors were screening potential employees based on inquiries with tribal leaders and the Iraqi Ministry of the Interior. The effectiveness of such screening is evident with the problems that have surfaced with the FPS and Erinys guards.⁷⁴

The improper vetting of contractors is linked to contractors' ability to quickly respond or surge to fill an administrator's needs. The cases show that when contractors surge, especially if a firm is not an established business, there is a potential for problems

⁷³ U.S. Government Accountability Office, *Military Operations*, 33.

⁷⁴ U.S. Government Accountability Office, *Rebuilding Iraq: Actions Still Needed*, 11–12.

that will damage warfare capability. For example, Custer Battles was quickly launched with the intent to make money. The CPA was under pressure to get the Baghdad airport operational as quickly as possible. The CPA contracting authority signed Custer Battles with little more than a promise that the firm would secure the airport. The contractor was not vetted, and the employees the firm hired also could not have been properly vetted in the short time period available before they took over security for the airport. The Custer Battles record of criminal behavior is evidence of how improper oversight (vetting) and control of the contractor by its nonmilitary/political administrators resulted in a controversial situation including both security threats and criminal fraud, which damaged U.S. warfare capability.

BLACKWATER THREATENS U.S. WARFARE CAPABILITY

At high noon on September 16, 2007, there was a shoot-out at Nisoor Square in Baghdad that was heard all the way from there to Washington. The aftermath of the shooting caused uproar among Iraqi and Americans citizens, created friction between U.S. and Iraqi officials, and enflamed controversy at the highest levels of the U.S. government.⁷⁵ At the same time, the shooting, which involved a Blackwater USA security detail protecting a U.S. government diplomat, is a concise summary of how Type V armed contractors damage the U.S. warfare capability in Iraq.

The details of the shooting as claimed by Iraqi and Blackwater officials vary. The incident is currently under investigation. At this time, it fundamentally appears that a three-vehicle Blackwater security detail may have encountered a car bomb and

⁷⁵ Partlow and Pincus, "Iraq Bans."

exchanged fire with an unknown number of assailants. Eleven or more Iraqi citizens are believed to have been killed. Apparently there were no U.S. casualties. The Blackwater detail's exit from the scene was initially blocked by an Iraqi military or police unit. However, the Blackwater detail was subsequently able to depart the scene with the assistance of the U.S. Army.

Not surprisingly, soon after the shooting the Iraqi Ministry of the Interior announced that Blackwater would no longer be allowed to work in Iraq. I say not surprisingly because Iraqis have a great dislike for Type V armed security contractors such as Blackwater because of the intimidation tactics the contractors use in traffic and their apparent immunity from prosecution if they shoot Iraqi citizens. One Iraqi official asserted that Blackwater security providers have no respect for the lives of Iraqi citizens.⁷⁶ The Iraqi officials point to Blackwater in this incident, but they have the same problem with all Type V armed security contractors.

Blackwater is known for its aggressive tactics and apparently has a history that includes the unreported killings of several Iraqi citizens. On the other hand U.S. State Department officials, none of whom have been killed while being protected by Blackwater, have supported the firm. According to reports recently released from Rep. Henry Waxman's committee, the firm's employees have been the first to fire 85 percent of the time in more than 195 "escalation of force" incidents, which resulted in a total of sixteen known Iraqi casualties. Rep. Waxman has been critical of the State Department's soft approach to restraining Blackwater's aggressive tactics. Blackwater officials counter

⁷⁶ Fainaru, "Where Military Rules."

that a total of 122 of its employees have been terminated while working on the State Department contract.⁷⁷

Not surprisingly, Iraqi officials particularly do not like Blackwater because of the 2006 Christmas shooting of an Iraqi vice-presidential security guard by a Blackwater employee. In the Blackwater case I explained that the firm's employee was allegedly drunk and was returned to the United States and fired without further legal retribution. Thus, these situations give rise to the Iraqi mantra that security contractors are above Iraqi law. Worse, the most recent incident gives Iraqi officials and citizens a popular political issue to use against the United States.⁷⁸

This latest situation with Blackwater has also shown that the United States has become dependent on Type V armed security providers. When the Iraqi Ministry of the Interior announced that Blackwater could no longer work in Iraq, it became apparent that the U.S. State Department would not be able to function in Iraq without the contractors. This necessitated the involvement of Secretary of State Condoleezza Rice, who had to ask the Iraqis to allow Blackwater to continue providing protection for U.S. Ambassador Ryan C. Crocker.

The controversy over the shooting incident has been an impetus to get the U.S. government moving to pass legislation to control the contractors in Iraq. On October 4, 2007, the House of Representatives voted 389–30 to pass a bill designed to control contractors in Iraq by giving U.S. criminal courts jurisdiction over them. There is a similar bill pending a vote in the Senate. The White House opposes the legislation on the grounds that the bill requires the F.B.I. to establish a capability in Iraq to investigate

⁷⁷ DeYoung, "Other Killings by Blackwater."

⁷⁸ Partlow and Pincus, "Iraq Bans."

contractors, and asserts that the bill will stretch the resources of the F.B.I. and the military. A *New York Times* editorial discussing the bill states that U.S. agencies in Iraq are supported by approximately 180,000 contractors, and that this number includes “some 30,000 heavily armed guards.”⁷⁹

ANALYTICAL SUMMARY

This chapter has critically analyzed the findings for the research problem by comparing the findings for those contractors administered by U.S. military with those administered by nonmilitary/political administrators. This chapter has consolidated the findings for the individual cases and identified most of the contractors known to have worked in Iraq. Ultimately the findings for the case study support the argument that the degree of government oversight and control is key to whether contractors augment or diminish warfare capability.

This chapter contained a summary of case study findings for the two groups of individual cases: those that have military administrators and those that have nonmilitary/political administrators. The contractors working in Iraq are identified and described by their size, capabilities, client or administrator, and the type of functions they were contracted to perform. The summary of this effort is included in the Appendix. Next the findings for the cases administered by the military were systematically compared with the findings for cases administered by nonmilitary/political agencies in terms of how and whether the contractors either augmented or eroded warfare capability.

⁷⁹ *New York Times*, “Accountability on the Battlefield.”

The findings show that some contractors augment warfare capability and others do not. Contractor contributions have augmented both U.S. military and civil-political nation-building needs when the contractors have been properly controlled by the government. Some contractors, such as KBR under the LOGCAP, have contributed essential logistic support that has augmented military sustainability and capability. At the same time, the military contractors are expensive and are the focal point of political and domestic criticism, which erodes U.S. warfare capability. Contractors that provide enormous engineering and building capabilities, such as Bechtel, have provided a capability to rebuild Iraq that does not exist in any U.S. agency. The use of firms of this nature also comes with the cost of domestic U.S. public and political criticism when the contractor is not properly controlled. Additionally, Type III contractors such as Bechtel are “soft targets” without an inherent capability to protect their workers. As a result, rebuilders such as Bechtel have subcontracted armed Type V security firms such as ArmorGroup and Olive Security. This security is then added to the cost-plus contract and adds as much as an additional 25 percent to the cost of the contract. In addition, Type V security contractor firms such as Erinys and Aegis and numerous Iraqi guards from the FPS have provided security for important government facilities and assets such as the oil fields. These efforts have augmented warfare capability.

However, Type V security contractors, most of which are not administered by the U.S. military, have also diminished both U.S. military and civil-political capability needs. This is because Type V contractors’ controversial behavior can seriously disrupt the potential for establishing good relations with Iraqi citizens and government. Therefore Type V contractors have at times seriously eroded U.S. warfare capability. A recent example of Type V security contractors’ threat to U.S. military capability is seen in the

Blackwater USA incident at Nisoor Square, which has reverberated all the way to the highest levels in Washington.

CHAPTER IX

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The goal of this chapter is to present the comprehensive conclusions in support of my argument that

It is the degree of government control over contractors that determines whether the contractors' contributions have a positive or negative impact on warfare capability.

The following conclusions are based on a generalization of the findings in the previous chapters. Contractors that were properly controlled by the U.S. military in Iraq have augmented warfare capability in two basic areas. First, the contractors quickly increased the size of the total force structure in Iraq. The mass that contractors added was a critical contribution that increased military sustainability and force readiness and made a civil-political rebuilding capability possible. With proper planning and early mobilization of reserve forces, this would not have been necessary. However, because there were no military or government resources or personnel available to make up a civil-political rebuilding force, contractor contributions in these roles have been essential. The reasons behind the necessity of contractors' contributions can be traced to political decisions made to reduce the size of the military and federal government structure; faulty war planning; the reluctance of allies to get involved; and the length of the Iraq War. The United States had few choices other than to hire contractors to fill empty military "boots" and to create a civil-political rebuilding force structure after it invaded Iraq so that it would have the warfare capability necessary to stabilize and rebuild that country.

The second area of contractor contributions that augment warfare capability in Iraq includes providing specialized expertise and technology for modernizing the force composition, which made a technology-centric military force possible. Contractors changed the composition of the total force by contributing essential special skills for civil-political rebuilding. These skills included a large civil engineering capability, port salvage and dredging, mine clearing and ordnance disposal, oil well maintenance, translators, and police trainers. The military-industrial complex provided technicians to train the military to operate the advanced weapons technology that increased military sustainability and unit readiness. The contractors' beneficial contributions are a function of firms controlled by the U.S. military that provide Type II, III, and IV services in support of the U.S. warfare goals. Even as contractors have made favorable contributions, those that have not been properly controlled have frequently threatened military capability and damaged the capability to restore order to Iraq. The contractors in Iraq are frequently firms that have made large political contributions, and many are engaged in political lobbying. The contractor lobbyists contribute to the perception that private enterprise contributes better service than does government or military resources. The lobbyist efforts make it politically easier to go to war, while at the same time contractor financial goals can be at cross-purposes with political goals for increasing stability.¹ Contractors that have engaged in criminal acts of human right abuse and fraud have wasted economic resources and damaged their good standing with both U.S. and Iraqi citizens. These same acts have weakened public confidence in elected officials and created friction with active duty military forces. Contractors are competing with the

¹ Mullen, "Pentagon Needs Better," 2-3.

military for its mission and its personnel, and also are damaging the professional military by paying relatively huge salaries to its employees while the government is paying military members a great deal less for similar work. Type V security contractors also diminish U.S. warfare capability because their aggressive and threatening tactics and immunity from prosecution have created controversy and damaged the fundamental good reputation of the United States.

Contractors from private industry contributed ten times the number of contractors for the Iraq War that they did for the Gulf War of 1991. On the other hand, the numbers of contractors that have participated in Iraq is consistent with contractor participation in most U.S. wars. Armed Type V contractors, the majority of which have not been administered by the military, have participated at a level that is unprecedented in other modern U.S. wars, and they have seriously changed the composition of the total force capability. Because they have the potential for creating controversial incidents that can severely damage the U.S. warfare capability to stabilize Iraq, proper oversight and control over Type V contractors is paramount.

I have concluded that the findings indicate the U.S. Army is dependent on contractors, especially in the Logistics Civil Augmentation Program (LOGCAP) contract. Thus, because of the joint nature of U.S. warfare, the total force is now dependent on contractor contributions, and this dependency diminishes military readiness and threatens warfare capability. Still, the contractors' "surge" or quick response to requests for their services after the fall of Baghdad contributed essential tactical and strategic support at a time when the U.S. had few options.

I have concluded that Type V civilian security firms such as Blackwater USA, Custer Battles, and Erinys are too expensive, and that their contributions are an

unacceptable threat to both military and civil-political capability. It has been estimated that 10–15 percent of total reconstruction funds for Iraq are paid to contractors that provide security.² In the aftermath of Abu Ghraib, CACI CEO Jack London posted a press release on the firm’s Web site that contributes to my conclusions. London asserted that contractors are a permanent part of the U.S. total force. The press release stated in part, “Since 1962, CACI has successfully provided IT and related professional services during nine U.S. Presidential administrations that have had varying policies and objectives.”³ That statement says to me that even though contractors can and do threaten the success of U.S. warfare goals, contractors have been, and will continue to be, an essential part of the U.S. total force. More to the point, in this study I have shown that contractor contributions are essential and that they either augment or diminish U.S. warfare capability according to the nature of government oversight and control over them. Also, I have identified Type V armed security contractors as posing an unacceptable threat to U.S. warfare capability and emphasized why they must be controlled.

In sum, based on the findings for this dissertation I have concluded that *It is the degree of government (military or nonmilitary/political) control over contractors that determines whether the contractors’ contributions have a positive or negative impact on warfare capability.*

² Isenberg, *Fistful of Contractors*, and Isenberg, “Government in Search,” 5.

³ CACI International Inc.

RECOMMENDATIONS

Since some contractors in Iraq have had a positive impact on warfare capability and others have not, depending on the nature of government control that was exercised over them, it is paramount for the United States to institute and maintain good control over these firms. Contractors that have been properly controlled fundamentally have made significant, and, in some cases, critical military and political contributions. They have done so in an extremely hostile environment. The findings show that when they are not properly controlled, some firms and individual contractors have perpetrated criminal acts, including serious human rights abuse, fraud, and waste, that have seriously diminished the overall U.S. warfare capability.

I have four recommendations: (1) all contracts should be administered by one joint contracting office consisting of representatives from the military and civilian agencies involved; (2) enforceable rules and regulations need to be created that will shape the contracts and behavior of the contractors; (3) the security for Type II, III, and IV contractors and U.S. government officials in support of the military and U.S. federal organizations should be provided by the military commander; and (4) Type V security providers, especially teams that provide close individual protection, should be eliminated or placed under the strict control of military commanders. If Type V security providers continue to be used, I recommend that each firm and each employee be required to show proof that they are qualified to serve with U.S. forces on the battlefield. This means that each security provider must meet a specified standard for licensing.

In crisis circumstances, the use of contractors administered and controlled by the military on the battlefield is a rational, short-term choice for filling the gaps. Optimally, I would recommend structuring the military force to be completely self-sustaining on the

battlefield. However, civilian decision makers have bureaucratically made subjective choices to privatize existing military functions to such a point that this option is not a real possibility.⁴ The military has few options other than to change its organizational structure and accept that contractors are part of the military total force structure, as it has done. The LOGCAP contingency contractors are a practical choice for augmenting Type II and III support. However, I recommend that these activities be for theater support as much as possible. In those circumstances in which LOGCAP contractors and their convoys and/or storage areas must traverse or locate within the battle space, the military contract administrators should provide security for the contractor.

In circumstances in which the United States may need an organization to establish stability and to rebuild, as it did in Iraq, contractors are essential. Fundamentally, the United States does not have an organized nation-building or civil-political building capability. As part of my first recommendation, a contingency contract modeled on LOGCAP should be designed for civil-political builders such as Bechtel and others that contribute Type II, III, and IV support. Contractors of this nature need security. My recommendation is that all matters of security, based on the principle of unity of command, should be under operational control of the military commanders. The LOGCAP model for this contract would put the firm on notice, and neither it nor the government would be a victim of frenzied or surge planning.

Contractor control should come under the administration and control of one agency or institution created to manage the contracts with one set of rules. My argument is that having one administrator with legal jurisdiction and operational control over

⁴ U.S. Government Accountability Office, *Military Operations*, 1.

contractors will ensure the contractors' optimal contributions. This will also help prevent criminal behavior on the part of contractors and their employees. My recommendation is that the agency or institution should be under the operational and administrative control of the military commander up to the point at which stability and order are clearly established. When order and security have been established, the operational and administrative control could be passed to civilian administrators, such as the State Department. Contractors can make essential Type II, III, and IV contributions when there is a secure environment. Resources such as DynCorp police trainers and Bechtel engineers can augment warfare capability, but they are vulnerable and require a relatively secure environment in which to work.

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APPENDIX
CONTRACTORS IN IRAQ

Source Key: 1 – *Windfalls of War*¹
 2 – Iraq Reconstruction Task Force, 2003²
 3 – Central Command Census of Contractors, 2006³
 4 – *Fistful of Contractors*, 2004⁴

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Abt Associates Inc. W/sub-contractors: International Medical Corps (IMC), Health Services Engineering (HSE), Huffman & Carpenter HR First International, The QED Group, TransCentury, Voxiva	US		2003	\$43,818,278	II	USAID	1 2
<i>Iraq</i>							
Abu Dhabi Supplies & Commercial Services	UAE				III	DOD Air Force	1 2
Advanced Systems Development, Inc. <i>Iraq</i>	US			\$259,958.56		DOD	1
AD Constancy	UK		2004		V		4

¹ Center for Public Integrity, *Windfalls: Contractors: All*.

² U.S. Agency for International Development, "U.S. Government Iraq Reconstruction."

³ Merle, "Census Counts 100,000."

⁴ Isenberg, *Fistful of Contractors*, 80–99.

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
AECOM <i>Iraq</i>	US			\$21,610,501		DOD	1
Aegis Defence Services	UK				V	DOD, UN PMO	4
AirScan	US				III, IV,	DOD	4
AKE Limited	UK	13	2004		II, III, V		4
AllWorld Language Consultants <i>Iraq</i>	US			\$4,051,349		DOD	1
American International Contractors, Inc. <i>Iraq</i>	US			\$1,500,000,000	III	DOD	1
American International Security Corp	US				V		4
American President Lines Ltd. <i>Iraq</i>	US			\$5,000,000		USAID	1
AOS, Inc. <i>Iraq</i>	US			\$866,988		DOD	1
Applied Marine Technology Inc.	US				IV		4
ArmorGroup	UK			\$154,000,000	V	U.K. F.O. Iraq	4
Artel <i>Iraq</i>	US						1
Atlas Case, Inc. <i>Iraq</i>	US			\$17,243		DOD	1
Bald Industries <i>Iraq</i>	US			\$35,734		DOD	1
Bea Mauer, Inc. <i>Iraq</i>	US			\$9,920		DOD	1
BearingPoint Inc. W/sub-contractor: Chemonics International, Crown Agents <i>Iraq</i>	US US UK			\$240,162,668	II	USAID	2

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Bechtel Group Inc.	US			\$2,829,833,859	III, IV	USAID	1
Bechtel had a total of 123 sub-contractors that include 95 Iraq firms	4 UK 4 Saudi 5 Kuwait 1 Swiss 1 Cyprus 1 Jordan 95 Iraq						2
BH Defense, L.L.C.	US				V	CPA	4
Blackheart International, L.L.C.	US				II		4
Blackwater Security Consulting L.L.C.	US	450-1000	2002	\$35,700,000	II	Navy	4
<i>Iraq</i>			2004	\$21,331,693		DOD	1 3
BritAm Defence Ltd.	UK				V	Pvt. Firm	1
CACI International Inc.	US			\$66,221,143.19	III	Interior (DOD)	1, 4
<i>Iraq</i>				\$125,000,000	III	Navy	4
Capital Shredder Corporation	US			\$11,803		DOD	1
<i>Iraq</i>							
Carnelian International Risk	UK				V		4
Cartridge Discounters				\$40,492		DOD	1
<i>Iraq</i>							
CastleForce Consultancy Ltd.	UK				V		4
Centurion Risk Assessment Services	UK				II, V	The Media	4
CDW Government, Inc.	US			\$35,174		DOD	1
<i>Iraq</i>							
Cellhire USA	US			\$1,465,983		DOD	1
<i>Iraq</i>							

Contractor	Country of Origin	Number of Employees in Iraq	Year Value	Type of Contract	Agency	Source
CH2M Hill <i>Iraq</i>	US		\$1,528,500,000		DOD	1
Chugach McKinley, Inc. <i>Iraq</i>	US		\$3,068,407		DOD	1
Cochise Consultancy Inc.	US			V	DOD	4
Combat Support Associates	US			V	DOD	4
Comfort Inn <i>Iraq</i>	US		\$47,324		DOD	1
Complement, Inc., The <i>Iraq</i>	US		\$3,358		DOD	1
Contrack International Inc. <i>Iraq</i>	US		\$2,325,000,000		DOD	1
Control Risk Group	UK	500		V	Pvt.+ Gov.	4
Creative Associates International Inc. W/ sub- contractors: Research Triangle Institute, American Manufacturers Export Group (AMEG), The Iraq Foundation, American Islamic Congress <i>Iraq</i>	US		\$273,539,368	II, III	USAID	2
Critical Intervention Services	US			V	DOD	4
Custer Battles	US			V	CPA	4
Dataline Inc. <i>Iraq</i>	US		\$1,028,851.89		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Decision Strategies	UK				V	Pvt.	4
Dell Marketing L.P. <i>Iraq</i>	US			\$513,678.88		DOD	1
Detection Monitoring Technologies <i>Iraq</i>	US			\$5,584,482		DOD	1
Development Alternatives Inc. W/sub-contractor: Sagric International <i>Iraq</i>	US Australia			\$39,523,857	II	USAID	2
DHS Logistics Company <i>Iraq</i>	US			\$223,497		DOD	1
Diligence Middle East	US				V	Pvt.	4
D S Vance Iraq	UK				V	CPA	4
DTS Security L.L.C.	US				V	?	4
DynCorp (Computer Sciences Corp.) <i>Iraq</i>	US	1,000-1,500		\$50,000,000	II	State	1, 3, 4
Earth Tech, Inc. <i>Iraq</i>	US			\$65,449,155		DOD	1
EGL Eagle Global Logistics <i>Iraq</i>	US			\$111,000		USAID	1
EHI Company <i>Iraq</i>	US			\$3,956		DOD	1
Electric Generator Store, The <i>Iraq</i>	US			\$6,974		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Environmental Chemical Corporation <i>Iraq</i>	US			\$1,475,000,000		DOD	1
EOD Technology Inc. <i>Iraq</i>	US	30		\$71,900,000	III, V	DOD	1, 4
Erinys International	UK	14,000		\$100,000,000	V	CPA	4
Expedited World Cargo Inc. <i>Iraq</i>	US			\$55,004	III	USAID	1
Explosive Ordnance Technologies Inc. <i>Iraq</i>	US			\$1,475,000,000	II, III	DOD	1
Export Depot <i>Iraq</i>	US			\$21,182		DOD	1
Fluor Corp. <i>Iraq</i>	US			\$3,754,964,295	III	DOD Air Force	1,2
Force 3 <i>Iraq</i>	US			\$274,651.95		DOD	1
Foster Wheeler Co. <i>Iraq</i>	US			\$8,416,985		DOD	1
General Electric Company <i>Iraq</i>	US			Value Unknown	III, IV	DOD Air Force	1 2
Genric					III, IV, V	Pvt.	4
Giesecke & Devrient America <i>Iraq</i>	US			\$72,700		DOD	
Global Container Lines Ltd. <i>Iraq</i>	US			\$1,850,000		USAID	1
Global Professional Solutions <i>Iraq</i>	US			\$590,232		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year Value	Type of Contract	Agency	Source
Global Risk Strategies Ltd.	UK	1, 500	\$28,000,000 \$7,112,813 \$3,537,449 \$2,413,205 \$1,633,032	V	DOD	4
Global Security Services	US			V		4
Global Services <i>Iraq</i>	US		\$910,468		DOD	1
Group 4 Falck A/S	India			V		4
GPS Store, Inc., The <i>Iraq</i>			\$19,761		DOD	1
Halo Group	US			V		4
Hardware Associates <i>Iraq</i>	US		\$4,304		DOD	1
Harris Corporation <i>Iraq</i>	US		\$165,000,000		DOD	1
Hart Group	UK, offshore			V	Sub-to Iraqi firm	4
Henderson Risk Ltd.	UK	40		V		4
ICP Group Ltd.	UK			II, IV, V	Pvt. Firms, NGO's	4
ISI	UK, US Joint			V	CPA	4
Inglett and Stubbs LLC <i>Iraq</i>			\$1,826,974		DOD	1
Intelligent Enterprise Solutions <i>Iraq</i>	US		\$19,835		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
International American Products Inc. <i>Iraq</i>	US			\$628,421,252		DOD	2
International Global Systems, Inc. <i>Iraq</i>	US			\$157,383.40		DOD	1
International Resources Group w/sub-contractor: Crown Agents Consultancy Inc. <i>Iraq</i>	US			\$38,000,000	II, III	USAID	1,2
Janusian Security Management Ltd.	UK				V		4
John S. Connor Inc. <i>Iraq</i>				\$34,153		USAID	1
JSI Inc. <i>Iraq</i>				\$3,376		DOD	1
Kellogg, Brown and Root (Halliburton) <i>Iraq</i>	US	50,000		\$10,832,000,000		DOD	1,3
Kollsman Inc <i>Iraq</i>	US						1
Kroll Inc. (Kroll Security International Ltd.) <i>Iraq</i>	US UK			Value Unknown		USAID	1
Kropp Holdings <i>Iraq</i>	US			\$11,880,000		DOD	1
L-3	US	500				DOD	3
Lab Safety Supply <i>Iraq</i>				\$53,379		DOD	1
Laguna Construction Company, Inc. <i>Iraq</i>	US			\$19,536,683		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
LandSea Systems, Inc. <i>Iraq</i>				\$47,750		DOD	1
Landstar Express America Inc. <i>Iraq</i>				\$24,396		USAID	1
Liberty Shipping Group Ltd. <i>Iraq</i>				\$7,300,000		USAID	1
Logenix International L.L.C. <i>Iraq</i>	US			\$29,000	III	USAID Air Force	1 2
Louis Berger Group <i>Iraq</i>	US			\$27,671,364		DOD	1
Lucent Technologies World Services, Inc. <i>Iraq</i>	US			\$75,000,000		DOD	1
ManTech International Corp.	US	44			IV	DOD	4
Management Systems International <i>Iraq</i>	US			\$15,116,328		USAID	1
McNeil Technologies, Inc. <i>Iraq</i>	US			\$716,651		DOD	1
Mediterranean Shipping Company <i>Iraq</i>				\$13,000		USAID	1
Meteoric Tactical Solutions	South Africa			\$599,383	II, V	DOD	4
MEI Research Corporation <i>Iraq</i>	US						1
Meyer & Associates	US				III, V		4

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Michael Baker Jr., Inc. <i>Iraq</i>	US			\$4,528,328		DOD	1
Midwest Research Institute <i>Iraq</i>	US			\$1,765,000		DOD	1
Military Professional Resources Inc. <i>Iraq</i>	US			\$2,608,794.74	III, IV	DOD	1, 4
Miscellaneous Foreign Contract <i>Iraq</i>				\$3,026,630		DOD	1
Motorola Inc. <i>Iraq</i>	US			\$15,591,732		DOD	1
MZM Inc. <i>Iraq</i>	US			\$1,213,632 \$3,640,896	V	DOD	1 4
NANA Pacific <i>Iraq</i>				\$70,000,000		DOD	1
Native American Industrial Distributors Inc. <i>Iraq</i>	US			\$123,572		DOD	1
Neareast Security					V	IPA	4
New Korea Total Service	S. Korea	100			V	Pvt. Firms	4
Night Vision Equipment Company <i>Iraq</i>	US			\$153,118	IV	DOD	1
Ocean Bulkships Inc. <i>Iraq</i>				\$5,000,000		USAID	1
Odebrect-Austin <i>Iraq</i>				\$1,500,000,000		DOD	1
Olive Security (UK) Limited	UK				V	Pvt. Firms, Bechtel	4
Optimal Solution Services	Australia				V		4

Contractor	Country of Origin	Number of Employees in Iraq	Year Value	Type of Contract	Agency	Source
Outfitter Satellite, Inc. <i>Iraq</i>	US		\$33,203		DOD	1
Overseas Security & Strategic Information, Inc/Safenet – Iraq	US			II, III, V		4
Parsons Corp. <i>Iraq</i>	US		\$5,286,136,252		DOD	1
Parsons Energy and Chemicals Group <i>Iraq</i>	US		\$43,361,340		DOD	1
Perini Corporation <i>Iraq</i>	US		\$2,525,000,000		DOD	1
Pilgrims Group	US			II	The media	4
RamOPS Risk Management Group	US			V	Pvt. firms	4
Raytheon Technical Services <i>Iraq</i>	US		\$12,412,573		DOD	1
Readiness Management Support LC (Johnson Controls Inc.) <i>Iraq</i>	US		\$173,965,104		USAID	1
Red River Computer Company <i>Iraq</i>	US		\$972,592.90		DOD	1
Research Triangle Institute W/sub-contractor: Creative Associates International	US			II	USAID	2

Contractor	Country of Origin	Number of Employees in Iraq	Year Value	Type of Contract	Agency	Source
Ronco Consulting Corporation <i>Iraq</i>	US		\$12,008,289.60	II, III	DOD	1,4
Rubicon International Services	UK			V		4
SCG International Risk	US			II, V		4
S&K Technologies Inc. <i>Iraq</i>	US		\$4,950,384.80		DOD	1
Science Applications International Corp. <i>Iraq</i>	US		\$159,304,219		DOD	1
Sealift Inc. <i>Iraq</i>			\$4,000,000		USAID	1
Security Applications Systems International L.L.C.	US				Erinys Sub-contract	4
Segovia Inc. <i>Iraq</i>			\$320,636		DOD	1
SETA Corporation <i>Iraq</i>	US		\$3,165,765		DOD	1
Shaw Group/Shaw E & I <i>Iraq</i>	US		\$3,050,749,910		DOD	1
Signature Science <i>Iraq</i>	US		\$4,704,464		DOD	1
Simmonds Precision Products <i>Iraq</i>	US		\$4,412,488		DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
SkyLink Air and Logistic Support (USA) Inc. w/sub-contractor: Serco Group (UK) <i>Iraq</i>	US UK			\$27,344,600	II	USAID	2
Smith Office Machines Corporation <i>Iraq</i>	US			\$2,961		DOD	1
SOC-SMG (SPECIAL Operations Consulting-Security Management Group)	US				V	DOD & Sub-contract for builders	4
SPARCO <i>Iraq</i>				\$9,215		DOD	1
Stanley Baker Hill L.L.C. <i>Iraq</i>				\$1,200,000,000		DOD	1
Stanley Consultants <i>Iraq</i>				\$7,709,767		DOD	1
Staples National Advantage <i>Iraq</i>	US			\$4,194		DOD	1
Steele Foundation	US				V	Sub for builders	4
Stevedoring Services of America <i>Iraq</i>	US			\$14,318,895	II	USAID	1,2
Structural Engineers <i>Iraq</i>	US			\$1,113,000		DOD	1
Sumer International Security	US				V	Pvt. Firms	4
TECO Ocean Shipping Co. <i>Iraq</i>	US			\$7,200,000		USAID	1

Contractor	Country of Origin	Number of Employees in Iraq	Year Value	Type of Contract	Agency	Source
Tetra Tech Inc. <i>Iraq</i>	US		\$1,541,947,671		DOD	1
Titan Corporation <i>Iraq</i>	US	6,500	\$402,000,000	III	DOD	1,4
Total Business <i>Iraq</i>	US		\$4,696		DOD	1
Transfair North America International <i>Iraq</i>			\$19,351		USAID	1
Triple Canopy Inc.	US			V	CPA State Dept.	4
Triumph Technologies <i>Iraq</i>			\$228,924		DOD	1
Unisys Corporation <i>Iraq</i>			\$320,000		DOD	1
United Defense Industries, L.P. <i>Iraq</i>			\$4,500,000		DOD	1
Unity Resources	Australia			V		4
USA Environmental Inc. <i>Iraq</i>	US		\$1,541,947,671	III	DOD	1
			(\$65,000,000 according to 4)			4
Vinnell Corporation (Northrop Grumman) <i>Iraq</i>	US		\$48,074,442	II	DOD	1,4
Wade-Boyd and Associates L.L.C.	US					4
Ward Transformer Sales & Services <i>Iraq</i>	US		\$115,000	II	DOD	1

Contractor	Country of Origin	Number of Employees in Iraq	Year	Value	Type of Contract	Agency	Source
Washington Group International <i>Iraq</i>	US			\$3,133,078,193		DOD	1
WECSYS <i>Iraq</i>				\$3,040		DOD	1
Weston Solutions, Inc. <i>Iraq</i>	US			\$16,279,724		DOD	1
Worldwide Language Resources, Inc.	US				III		4
Zapata Engineering <i>Iraq</i>	US			\$1,478,838,958	III	DOD	1,4

Windfalls of War list of contractors modified for those serving in Iraq.

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