

# The AMERICAN INTEREST

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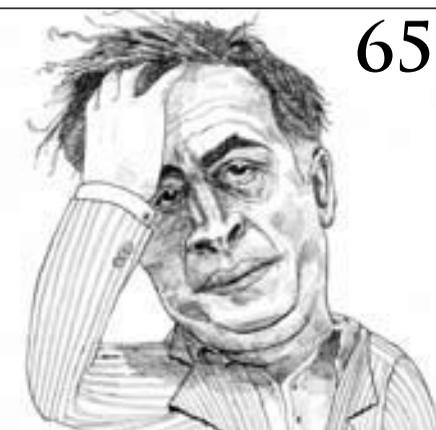


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## Jörg Friedrichs & Cornelius Friesendorf:

*Privatized security cripples state-building; Iraq is a case in point.*

**D**espite the soaring rhetoric of state-building during the presidency of George W. Bush, state-wrecking is a better description of what the Administration actually did. State-wrecking followed different trajectories in different countries. The only common thread among them over the past eight years was their sheer inadvertence. Under the Taliban in the late 1990s, Afghanistan had something resembling a state for the first time since the Soviet invasion in 1979. Since the ouster of the Taliban, the emergence of an effective Afghan state has proved frustratingly elusive. In Somalia, after 15 years of failed statehood, there were signs in 2006 that the Islamic Courts Union might establish control over significant parts of the country. But this was thwarted by a U.S.-backed Ethiopian intervention force. Although there arguably were good political reasons for military intervention in both cases, the rhetoric of state-building is nonetheless belied by the unwitting reality of state-wrecking.

But the most daunting case of Bush Administration state-wrecking is Iraq. The country used to be an autocratic state, and a nasty one at that. Now, however, despite the hopefulness engendered by a reasonably successful election this past January, it is a state most likely headed toward systemic failure.

There are several reasons for pessimism about Iraq's future. The Iraqi state encompasses a deeply divided society that has historically been held together only by a combination of ruthless leadership and, during its Hashemite era, a trans-sectarian religious authority. But then the U.S.-led military intervention decapitated the Ba'ath regime, and an overambitious but understaffed occupation regime that strove officially to transform Iraq into a functioning democracy has instead created a power vacuum that is still unfilled. A key reason for this vacuum is that the effort to restore the Weberian public monopoly over the legitimate use of force has been obstructed by various forms of security privatization.<sup>1</sup>

**I**n Iraq, the United States has done both too little and too much. It did too little when it failed early on to employ soldiers for law enforcement tasks that smacked of policing. It did too much when it disbanded the existing Iraqi army and police. Germany, Bosnia, Kosovo and Afghanistan offer clear lessons on the need to close public security gaps immediately after war. Security forces familiar with the local terrain are needed to protect minorities from attack and shopkeepers from looting. They are needed to arrest war criminals and representatives of the old regime looking for revenge and self-interested restitution. They are needed to fight organized crime newly emboldened by the chaotic environment in which they suddenly find themselves. If domestic forces are not available or reliable, international forces must substitute for them, lest the spoilers of peace become entrenched and incipient state institutions fail to gain legitimacy.

This failure to establish order and authority in Iraq was compounded by the delegation of public tasks to private actors, including a deliberate U.S. occupation policy of military outsourcing. Although the exact number of contractors in Iraq is unknown, in March 2006 the Private Security Company Association of Iraq estimated the number of private security contractors to be more than 48,000. Whatever the precise figure, it is clear that military outsourcing in Iraq has dwarfed all previous cases. Private contractors have constituted the largest deployment except for the U.S. military itself, outnumbering the troops provided by all non-U.S. partners in the allied Coalition combined.

The main reaction of Iraqis to the destruction and privatization of public security has been to retreat behind the ramparts of communal life, with tribal militias and local protection rackets providing what Coalition forces and Iraqi state institutions have been unable to deliver. With the occupation regime understaffed, previous security forces disbanded and many core military functions outsourced, ordinary Iraqis have been forced into the tutelage of local sheikhs. As a result, U.S. policy has unwittingly strengthened armed tribalism and private armies based more often than not

<sup>1</sup>See David Isenberg, *Shadow Force: Private Security Contractors in Iraq* (Praeger, 2008).

on sectarian affiliation. To have done this in a country as heterogeneous as Iraq is to have kicked the struts out from any hope of reassembling a unitary state on the basis of anything other than brute force.

Rather than see the strengthening of tribalism and armed religion as a problem, U.S. policy-makers and pundits have instead touted the virtues of the “Sons of Iraq”, the tribal-based “Sunni Awakening” and other forces that have recently created a relative sense of order. These local militias, armed and, until early 2009, financed by the United States, have stemmed the tide of al-Qaeda and checked sectarian violence, true enough. Unfortunately, the positive effects of these policies may be short-lived and the blowback from them

massive. Iraq’s tribal and religious forces may become the raw materials for an all-out civil war once U.S. forces are drawn down beyond a capacity to exert political control. Some of them could well become the warlords or terrorists of tomorrow.

If we see the situation in Iraq from the wider perspective of state-wrecking, private security companies (PSCs) such as Blackwater—which has recently changed its name to Xe in an apparent effort at image spinning—are an important part of the problem. But their presence is ephemeral; most of their employees will withdraw in parallel with U.S. troops. The real problem is that they will leave a country packed with local protection rackets organized by tribal or religious strongmen. Communal force inspired by a mix of tribalism and rent-seeking behavior may well turn out to be the most enduring legacy of Operation Iraqi Freedom, and it is likely to shape the future of the country for many years to come.

**S**ecurity outsourcing is a Faustian bargain for the United States as a global power. With multiple international engagements, the United States is overstretched. In such a situation, the availability of contractors enhances deployment



Reuters

**A security contractor in Iraq stands in front of a monument at a mass grave of Saddam Hussein’s victims.**

capacity. Had it not been for contractors, the Bush Administration would have been forced to further increase the number of regular forces or National Guard and Reserve troops, to convince Coalition members to provide more soldiers, or to reinstate the military draft. Without private contractors, the U.S. military presence in Iraq would not have been sustainable. The Pentagon has therefore welcomed private contractors as force multipliers.

Outsourcing also offers the U.S. military the advantage of plausible deniability when things go wrong. While soldiers operate under a clear chain of command, contractors operate under murky subcontracting schemes. According to Blackwater President Gary Jackson, some contracts are so secret that the company can’t tell one Federal agency about the business it is doing with another agency.<sup>2</sup> Outsourcing has also made it possible to hide the true costs of war. Even the total cost to the U.S. government of private security services in Iraq is unknown. Yet another advantage is that private contractors tend to make headlines only when they kill or

<sup>2</sup>See Jeremy Scahill, *Blackwater* (Nation Books, 2007), pp. 47, 261.

are killed under exceptional circumstances.

These “advantages” notwithstanding, security outsourcing carries many problems. Aside from obvious questions about constitutional checks and balances and legal transparency, outsourcing does not necessarily save money. The theory is that outsourcing is economical because contractors can be hired and fired at convenience, without long-term payments for social security plans and professional development. The reality is that their rates are high when compared with public sector employees. Indeed, in many cases contractors are former public employees, repackaged by private employers and offered at a higher price.

Besides, “value for money” has not been the main criterion for awarding contracts in Iraq, with Halliburton providing the most infamous example. Its employees were allowed, among other privileges, to stay at the luxurious Kuwait Hilton Hotel at a rate of about \$300,000 per month.<sup>3</sup> As Peter Singer puts it:

Success is likely only if a contract is competed for on the open market, if the winning firm can specialize on the job and build in redundancies, if the client is able to provide oversight and management to guard its own interests, and if the contractor is properly motivated by the fear of being fired. Forget these simple rules, as the U.S. government often does, and the result is not the best of privatization but the worst of monopolization.<sup>4</sup>

Outsourcing has also had a detrimental impact on the perceived legitimacy of the United States as a global power. On several occasions, private contractors have violated human rights with impunity—at Abu Ghraib prison, for example. Neither U.S. civilian nor military authorities have charged any contractors for abuses in the prison (while more than a dozen U.S. soldiers have been punished). In September 2007, Blackwater employees protecting State Department staff killed 17 civilians at Nisour Square, but only in December 2008, after public outrage, did the U.S. government bring charges against five of the contractors. Not just Iraqis but non-U.S. nationals all over the world know this. This certainly does no good to the reputation of the United States as a just and

compassionate power. On the contrary, it levies a heavy soft-power cost.

Outsourcing also has significant consequences for the U.S. military. In theory, it allows soldiers to focus on core military tasks. Indeed, contractors in Iraq have served meals, washed clothes, cleaned cars and performed many other tasks that require no military training. Again: sounds good in theory, but in practice it is different. Coalition forces have also relied on private contractors for activities close to the core of military tasks. During the invasion in 2003, private contractors maintained and loaded weapons systems as critical as the B-2 stealth bomber and Apache helicopters and helped operate the Navy’s Aegis missile defense system and other sophisticated combat technology. Since then, they have gathered intelligence, handled de-mining, secured key locations and headquarters, protected critical infrastructure, escorted convoys, worked as bodyguards, and continued to maintain and operate weapons systems.

In 2005, an estimated 6,000 foreign contractors were involved in armed operations. Escorting convoys, which has been particularly dangerous, became a core business for private contractors. Even Paul Bremer, the head of the Coalition Provisional Authority (CPA), relied on personal protection from Blackwater. Although contractors are officially barred from launching offensive operations and other core military tasks, in many cases contractor forces have taken part in combat.

The contractors themselves do not relish this fact, for it threatens to pin the dreaded label “mercenary” on them. They strive to distance themselves from the “dogs of war” of times past, but the Iraq experience has more often than not closed that distance. It certainly doesn’t help when British contractors return from their duties in Iraq to write adventure books with lurid titles such as *Making a Killing* (2007) or *The Boys from Bagdad: From the Foreign Legion to the Killing Fields of Iraq* (2009).

<sup>3</sup>See Robert Borosage, Eric Lotke and Robert Gerson, *War Profiteers* (Campaign for America’s Future, 2006).

<sup>4</sup>Singer, “Outsourcing War”, *Foreign Affairs* (March/April 2005).

Security outsourcing has not always made the life of military commanders in Iraq easier, either. They have at times gotten bogged down in complex contractual and costing issues. A lack of clarity about the roles and obligations of contractors has increased their planning burdens and often complicated the implementation of operations. In July 2007, retired General Barry McCaffrey testified before Congress that military outsourcing had turned the U.S. logistics system into a “house of cards.” Troop morale in Iraq, too, has reportedly been undermined by the fact that contractors are often paid more than soldiers performing similar tasks. Furthermore, outsourcing drains the military’s personnel resources, particularly for elite forces. Many have left the Army to work for PSCs. As one former marine put it, “the Corps was an all-expenses-paid training ground to graduate me into the private sector.”<sup>5</sup> The outsourcing phenomenon thus generates a bidding contest of sorts. To improve retention rates, military planners must offer better financial and educational incentives. The taxpayer pays the tab.

The unpopularity of private contractors among Iraqis is yet another serious problem, although it is hardly surprising given the inadequacies in their vetting and selection processes. Contractors operating in Iraq have included in their ranks, among others, veterans from repressive regimes and special forces dropouts or expellees. Since the success of counterinsurgency hinges on winning “hearts and minds”, it doesn’t help when private contractors that give the appearance of having been “made in the USA” behave like obnoxious bullies. Iraqis learned quickly that private contractors are virtually immune from prosecution and so are far more likely than U.S. soldiers to shoot at you if you run away or display any suspicious movement.

At first glance, private contractors seem to be the biggest winners of military outsourcing, but that depends on how you look at it. Thanks to cronyism, the owners and top managers of some PSCs have gained enormous power and wealth, making it tempting to speak of their role in Iraq as the “Coalition of the Billing”, as Singer puts it. But financial gains have been unevenly distributed. U.S. agencies have pumped billions of dollars into the coffers of a few large

companies, while smaller companies have had to compete for the scraps of less lucrative contracts. Rank-and-file salaries are also unevenly distributed. The best salaries are paid to former U.S. and British special forces operators, while otherwise comparable contractors from Third World countries get less. The lowest rates go to locally hired Iraqis. (About a quarter of security contractors in Iraq have come from the developed world, another quarter from developing countries, and about half have been Iraqis.)

Military outsourcing also leads to a re-allocation of personal risks from employers to employees. Profit logic dictates “cutting corners” to lower costs. This leaves contractors in a vulnerable position when in harm’s way. By the fall of 2008, almost 1,300 contractors (armed and unarmed) had lost their lives in Iraq since the invasion, while almost 10,000 had been wounded.<sup>6</sup> Risks are high not least because military personnel do not feel as obliged to rescue contractors as they do their fellow soldiers.

But the biggest losers already, and into the future, are bound to be Iraqis. Due to the failure of the occupying powers to establish public order, Iraqi society has experienced a catastrophic trifurcation. Those who are wealthy enough can purchase a modicum of security in the emerging private market; those with access to social networks have become clients of local sheikhs and their militias; those excluded from both wealth and social networks either live in permanent danger or have become refugees in Jordan, Syria or internally in Iraq.

The Iraqi elite have had the largest number of choices. Until recently, many found refuge in the heavily fortified Green Zone. The inhabitants of this huge gated community, also called “The Bubble”, were emotionally and physically separated from the rest of the population. Others bought private protection, living in heavily guarded fortresses that they only leave when accompanied by a convoy of armed bodyguards.

<sup>5</sup>Quoted in Orville Schell, “Baghdad: The Besieged Press”, *New York Review of Books*, April 6, 2006.

<sup>6</sup>“Iraq: Key Figures since the War Began”, *Associated Press*, March 3, 2009; Peter W. Singer, “Outsourcing the Fight”, *Forbes*, May 6, 2008.

Both choices have played into the hands of insurgents and terrorists, whose goal has been to prevent the forging of bonds between “collaborators” and the rest of the Iraqi population.

These choices have also significantly retarded the building of Iraqi national security institutions. Due to the increased demand for high-end security services, it is not surprising that Iraqis trained for military service prefer employment in commercial security to joining the Iraqi military or police. This is likely to get worse, not better. To fill the void after the withdrawal of the international military and contractor presence, the indigenous private security industry is likely to grow. International oil companies, fiercely competing to tap the world’s third-largest oil reserve, will be among the main customers.

The situation is similar for tribal militias. Since 2007, when Sunni militias were put on the payroll of the U.S. government under the label of “Concerned Local Citizens” (later renamed “Sons of Iraq”), these deputized local protection rackets ran their own prisons and armies inside neighborhoods surrounded by high concrete walls. Now the Iraqi government is taking control of the “Sons of Iraq” from Coalition forces. A fifth is to join the Iraqi military and police, while the other four-fifths have been promised other government jobs. However, when Coalition forces leave, many “Sons of Iraq” will stick to their guns and vie for money and power. They will compete for the control of streets and neighborhoods, and they will be ready to turn against central authorities if that proves more advantageous than working with them.<sup>7</sup> Coalition policy will have set the stage for gang warfare on a national scale.

In the meantime, Iraqis who have neither the means to purchase commercial security nor protection from local strongmen suffer more from bombings, sniper attacks and raids. Insofar as security depends on access to financial resources or social networks, the poor and marginalized will remain trapped in a desperate situation. Outside fortified areas of privilege, life in Iraq will be very cheap.

**T**he privatization of security in Iraq also hampers the operations of NGOs, independent media and small investors. These non-state stabi-

lizers have all been caught in the same dilemma: Since they cannot rely on Iraqi police or military forces to protect them, they must play the same game as the Iraqi elite. That means they have to spend scarce resources on security, tough it out, or pull out. Hiring private protection can devour more than half an NGO’s budget, and it places a barrier between NGOs and their clients. It also sends a signal that somebody in the organization is important enough to be kidnapped or killed. The Iraqi “collaborators” protecting expatriate staff become additional targets. Yet renouncing private protection is not a viable option. Various charitable workers have paid with their lives for trying to do so. Many NGOs have left Iraq, while others have never entered the country. Whatever they choose, NGOs are damned if they do and damned if they don’t.

The situation is likely to remain even more difficult for journalists. The dismal security situation and cost of private security have driven many journalists out of Iraq or prevented them from entering the country in the first place. As a result, the public has had to rely on fewer and fewer information sources. High levels of violence have put large media outlets at an advantage. One journalist, describing the situation in 2006, wrote that news bureaus in Baghdad were

fortified installations with their own mini-armies of private guards on duty twenty-four hours a day at the gates, in watch towers, and around perimeters. To reach these bureaus, one has to run through a maze of checkpoints, armed guards, blast-wall fortifications, and concertina-wired no-man’s lands where all visitors and their cars are repeatedly searched.<sup>8</sup>

Although the situation has improved, dramatic and serious journalistic work is still very dangerous in Iraq. According to the Committee to Protect Journalists, 11 of the 41 journalists killed on duty during 2008 died in Iraq (down from 32 out of 56 in 2006).

Small investors are also having a hard time. Those unable or unwilling to afford protection

<sup>7</sup>See Steven Simon, “The Price of the Surge”, *Foreign Affairs* (May/June 2008).

<sup>8</sup>Schell, “Baghdad.”

by private firms or local militias have been marginalized. An entrepreneur in Baghdad complained in May 2007 that, in order to start a project in a neighborhood controlled by the Mahdi Army of Muqtada al-Sadr, he first had to pay the Sadrists.<sup>9</sup> The reconstruction of Iraq has thus been dominated by a few large firms. Iraq's main infrastructure provider, Bechtel, has received protection from DLS and its parent company ArmorGroup. General Electric has used the services of Olive Security and Custer Battles. Erinyes provided most of the 14,000 armed guards who protected oil wells in 2004. Although this increases costs, large companies (typically in the extractive and construction sectors) can live and even thrive under such conditions. For smaller firms, however, security costs, and thus production costs, have become prohibitively expensive. Competition is thereby limited. This is problematic not only because it affects consumer prices and the competitiveness of the Iraqi economy, but also because the displacement of small- and medium-sized enterprises has endangered social development and economic growth.

**F**or the aspirant Iraqi state, private and communal security is thus a double-edged sword. It alleviates short-term pressure, but it forestalls the emergence of an effective public monopoly of force. Many of the most capable personnel join militias or the private sector, sending the wrong signal to Iraqis: namely, that loyalty is owed not to the country but to whomever can pay a decent salary. It thus foils efforts to establish a legitimate public monopoly of force in Iraq. The emergence of viable national political institutions is extremely unlikely under such circumstances. While states are supposed to protect citizens no matter their financial and political clout, private security companies and local sheikhs protect selectively. Communal force is particularly problematic in that sooner or later the empowerment of local strongmen is bound to ignite further sectarian and internecine violence. Supporting commercial security and local sheikhs encourages the illusion of the quick fix at the expense of sustainable state- and nation-building.

<sup>9</sup>See International Crisis Group, "Iraq's Civil War, The Sadrists and the Surge", *Middle East Report*, February 7, 2008.

On balance, therefore, the consequences of private and communal force in Iraq have been negative. There are more losers than winners in the short term, the advantages are highly debatable, and, except for a few interested individuals, there are no long-term winners. Short-term winners have included the Bush Administration, the bigger PSCs, large companies in the extractive and construction sectors, tribal leaders and other strongmen, and insurgents thriving on social disintegration. Losers include U.S. and allied military commanders, who are bogged down by the need to interpret contorted subcontracting schemes and are deprived of qualified personnel; common people living in Iraq; humanitarian workers; independent journalists; small investors unable or unwilling to pay for private security; and Iraqi institutions grappling to establish a public monopoly of force.

Advocates of military outsourcing like to point to recent changes in Iraq that allegedly correct past errors. In June 2008, a private contractor was convicted by a U.S. military court under the Uniform Code of Military Justice for offenses committed in Iraq. This is the first time since Vietnam that a non-member of the armed forces has been prosecuted under military law. And last year's revisions to the Status of Forces Agreement mean that employees of companies such as Xe, *née* Blackwater, may lose their immunity from prosecution by Iraqi courts.

None of this will solve the basic problems inherent in outsourcing security, however. The best solution is the determination not to rely on private force in a war zone. If that requires a larger military, so be it. If that requires instead the United States to scale back its commitments and aspirations, so be it. But one way or another, matters need to be brought into balance, for private security contracting simply does not suffice as a way to avoid the hard choices. Its benefits are either specious or fleeting, and its costs are massive and manifest. Of all the lessons of the Iraq war, this is perhaps the clearest one of all. 🌐

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