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**Private Military Companies: Assisting the  
Transnational Capitalist Class in Accumulation  
by Dispossession**

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## **ABSTRACT**

The topic of this thesis is the privatization of security and military services, and how the emergence of a private military industry should be understood. The argument I put forward has two integrated components. The first has to do with the ways in which privately provided security differs from publicly provided security, and the second with how privatization of security affects the distribution of power between social classes. I argue that privately provided security differs from publicly provided security in three main ways. First, the provision of security is *depoliticized* and turned into a technical issue that should be dealt with by experts only. Second, the objects to be secured are VIPs and selected areas controlled by those who have the means to pay for security, rather than national territories as a whole. Third, the implication of this shift from collective to individual security is that there will be more insecurity over all. These systematic differences in security provision mean that privatization of security is a trend which benefits the *transnational capitalist class* (TCC) exclusively. In order to substantiate my argument, I examine the activities of *private military companies* (PMCs) in Colombia and Iraq. In both countries, PMCs have been used by their national governments, foreign governments carrying out military interventions there, and transnational corporations. I found that PMCs constitute a uniquely suited tool to further capitalist interests through military means while keeping their activity and its purpose behind a veil of secrecy. They also provide a mechanism through which money can be transferred from public coffers to private hands, and through which states at the receiving end of military intervention can be made to pay for their own subjugation. PMCs should thus be understood as a tool for assisting the TCC in accumulation by dispossession abroad, rather than as a technical or cost-saving improvement as neoliberal ideology purports.

# CHAPTER 1

## 1. INTRODUCTION

During the last three decades the privatization drive set in motion by the neoliberal approach to economic policy, which has been in fashion since the early 1980s, has been extended to include military, security, and intelligence services. The argument underpinning this shift from public to private in the military and security sectors is a familiar one: the dynamics of the market will lead to improved services and lower prices. This shift has taken place virtually without any public debate and, given how difficult it is to obtain reliable information on the extent of outsourcing in these sectors, one could even say without the public's knowledge. The United Kingdom and, later on, the United States, have been at the forefront of this development among the industrialized countries. But *private military companies* (PMCs) are also present in most developing countries at the behest of either their governments, foreign governments, private businesses, or international organizations. Proponents of this privatization drive implicitly argue that this shift is merely technical or managerial in nature, a way to improve efficiency and reduce costs (eg. Carafano 2008).

Privatization of the military is, according to this view, merely an alternative way of handling the military's tasks for optimal performance. On the contrary, I argue that the shift from public to private in the military and security sectors is inherently political. Private firms in this business do not only change the way wars are fought or security measures implemented, their presence changes policy, the goals of war, and the conception of security itself. The move from public to private in the sectors

dealing with physical coercion also expresses an expansion of the capitalist class' coercive options vis-à-vis the working class.

## 1.1 Research Question

Two main questions guide this thesis: 1) how does security provided by private firms differ from security provided by public institutions?; and 2) how does the privatization of security reflect the balance of power between different social classes? The answers to these two questions are interrelated and together make up the argument I present throughout this thesis. First, the shift from public to private security provision affects the concept of security and how we deal with it in three fundamental ways:

1. War and security is *depoliticized* and turned into a technical issue that should be dealt with only by experts.
2. The objects to be kept secure are no longer territories with everything and everyone in it, but are narrowed down to VIP persons and installations.
3. Focus is shifted from threat prevention to protection from threat, resulting in more insecurity over all.

In the current political context, all three points represent a shift in the definition and substance of security into one that serves the *Transnational Capitalist Class (TCC)* exclusively. Following that, the answer to the second question is that privatization of security reflects further empowerment of the TCC, and disempowerment of the working class. PMCs constitute a uniquely suited tool to protect the TCC and their assets against pressure from the working class, at home and abroad, in order to assist in primitive accumulation. The state apparatuses of both industrialized home states

and third world countries are used to facilitate this trend. Privatization thus reflects an empowerment of the capitalist class at the expense of the working class in both the industrialized nations of the global north, and third world countries in the south.

## **1.2 Definitions**

The object of study for this thesis is the privatization of security. There is no agreed-upon convention in the literature concerning what terminology to use for what type of private company. This is partly because the different activities of these companies are hard to define, easily blur when operating in a war zone, and because many companies provide different types of services. But it is also due to a certain degree of Orwellian vocabulary used by this industry's proponents, as well as by the companies themselves. The term "private military company" (PMC) was "launched and energetically marketed by Tim Spicer" (Leander 2005b: 608) in an attempt to distance himself from association with "traditional mercenarism". Spicer was a pioneer within the PMC industry, and behind the early outfit Sandline, and later on Aegis Defence Services. In my view, the activities of PMCs do not differ from traditional mercenarism. What separates them from earlier mercenaries is the business-model, as modern mercenaries have taken a corporate format. Singer's tip-of-the-spear typology (2003: 92-93), distinguishing companies by how close to the action they are is a good breakdown of PMC activities, even if most firms do not fit in one category only. In Singer's typology, Military Provider Firms are those closest to the tip of the spear, engaging in actual fighting and command of field units in battle. Sandline and Executive Outcomes are two examples. Military Consultant Firms engage in advising and training of military or police units, exemplified by MPRI, Vinnell and Dyncorp.

Military Support Firms provide “non-lethal aid and assistance” (2003: 93) such as supply, logistics and intelligence. Firms in this category include Brown & Root and SAIC. Another distinction is to refer to firms that take on military functions as PMCs, and those that provide security for shopping malls and prisons in industrialized countries Private Security Companies (PSCs). However, when performing the functions of a PSC in a war zone, the job they do gets more militarized and closer to Singer’s definition of provider firms. The category of provider firm comes close to the traditional image of mercenarism; most firms in the industry today would not overtly advertise combat services, but package it as security services. Throughout this thesis, I use the term PMC to refer to any kind of firm that can be categorized in the broader industry, including logistics firms, and PSC to refer to those that carry weapons to do their job.<sup>1</sup> The second category includes Singer’s provider firms, and companies providing protection for installations, convoy security and mobile security details for VIPs in war zones.

### **1.3 Literature Review**

Scholarly work on PMCs is still in an early phase given that this particular way of offering mercenary services is a relatively recent phenomenon. Only a few observers enthusiastically support the privatization of security (eg. Carafano 2008; and Kinsey 2009), but most writers on the subject agree that the shift from public to private is a *fait accompli* and irreversible (eg. Singer 2003; and Avant 2005). No one commentating on the issue can deny that there have been many problems associated

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<sup>1</sup> Although most of the analysis applies to the industry as a whole, the distinction is important when looking at the emergence of the industry and how the companies gained legitimacy. Supply and logistics firms were put into use early on, and paved the way for PSCs to enter the market.

with the use of PMCs; most scholarly work on the issue revolve around why this happened and how these problems can be resolved. Carafano believes the American government was unable to tap the full resources of the private sector because of insufficient dedication to free market policies. His solution to problems associated with contractors is to “make government a better customer” (2008: 183). In other words, Carafano is a staunch defender of neoliberalism. According to Carafano, the reasons for problems with contractors on the ground are a mix of the US government running its wars poorly, and bad management of its contracts with PMCs. Carafano recommends increasing the size of the national military as well as continued use of PMCs with better oversight. Hence, he is a clear supporter of American imperial commitments. Isenberg, on the other hand, makes no judgment on the advisability of imperial wars, but points out that avoiding contractors means either scaling back US geopolitical commitments or enlarging the military (2009: xii). Kinsey, like Carafano, supports the use of PMCs as augmenting the capabilities of armies, but feels things would have gone better if governments had considered them in their strategic planning, and not just as tactical assets (2009: 4). In a similar vein, both Isenberg and Thurner (2008) recommend bringing PMCs under a unified single chain of command headed by the army to improve oversight and control in the field. However, Thurner also questions US reliance on them in the war on terror, arguing that from a military standpoint “armed contractors are inherently a bad idea, because you cannot control the quality, you cannot control the action on the ground, but you’re held responsible for everything they do” (Col. Hammes quoted in Thurner 2008: 90). Although these four scholars differ on certain details concerning the use of PMCs, they all accept the argument that using PMCs can reduce costs, and they see the solution to any existing problems in the PMCs’ integration into the military on the ground.

The majority of scholars doing work on PMCs take a legal approach to the issue, choosing to focus on how to regulate them. Singer, who has written what many consider to be the authoritative book on PMCs (2003), is no exception. Singer does recognize “the potential overempowerment of private industry” (2003: 187) leading to “corporate imperialism,” and reminds the reader of the big industries in the US before the 20<sup>th</sup> century who “had their own armed forces and enforced their own laws, often with great abuses” (2003: 188). However, unlike the argument I make in this thesis, he sees this corporate imperialism as merely a potential and not an existing fact today. Singer agrees with the fundamental tenet that PMCs under the right circumstances can do a better job than the national military and at a lower cost, and his main concern is to close the “legal void” (2004: 548) surrounding the industry. While Singer looks to the government to accomplish this, other scholars note a lack of political will on the part of governments to police the PMC industry (Carney 2006; and Markusen 2003). Both Carney and Markusen dispute the claim that PMCs are more cost-efficient than the army, and point out that governments may well have other motives for using them than saving money. Carney advocates a greater role for the International Criminal Court in prosecuting PMC personnel who are guilty of breaking international conventions, to put an end to human rights abuses perpetrated by hired soldiers and their firms. Markusen, on the other hand, calls for increased democratic oversight to address the problem. Given that she also asserts that there is a tendency for government officials and private-sector suppliers to ally to the detriment of the taxpayer when public services are privatized (2003: 495), it is unclear to me where this democratic oversight is supposed to come from. At least two other approaches within international law have been suggested. One is the Montreaux document, which outlines legal obligations and good practices concerning states’ use of PMCs, signed

by 17 countries, including the US, the UK, Afghanistan and Iraq, in September 2008. Cockayne sees promise in this document, but recognizes that the document could work as a “fig-leaf to hide the absence of more rigorous efforts to regulate this industry” (2009: 428). The other approach is putting in place an international licensing regime, as Armstrong (2008) advocates. A few legal scholars have disputed the dominant idea that national or international law can be used to regulate a way out of the problems associated with PMCs. Whyte’s article on the issue reads as a critique of those who call for regulation to hold PMCs accountable. In his view, regulation only serves to institutionalize and legitimize the industry, and consolidate ties between politicians and corporations. In Whyte’s opinion, “state participation in illegal practices that heighten state capacities is a systemic feature of capitalist social orders” (2003: 581). Thus, “regulatory regimes [should be seen] as constitutive elements of corporate crimes” (2003: 582). I develop the issue of regulation and the complicity of the state apparatus, including the legal system, in corporate crimes further towards the end of chapter three. For Coleman, the issue of regulating PMCs is irrelevant as mercenarism is already outlawed in the UN Convention Against Mercenaries, which came into force in 2001. Coleman’s main point, with which I agree, is that international law must be adhered to in spirit and not just in letter, so PMCs should be shunned since their activities do not differ in substance from traditional mercenarism (2004: 1495). In Coleman’s opinion, criminal liability should be imputed to states who hire mercenaries, whether they belong to a corporation or not (2004: 1537).

Another trend within the body of scholarly work on PMCs is more concerned with how outsourcing or privatization changes political or state power. Avant sees the issue from the departure point of the liberal notion of “democratic peace”. For her, the

main problem with using PMCs is that it “redistributes power within democratic, intervening states [...] which lowers the political costs of action” (2005: 128). Hence, she fears that democratic societies henceforth will show less “restraint” when it comes to war making. This is in clear contrast to scholars like Kinsey, who maintains that privatization does not change the constellation of political power. For Kinsey, any reservations against military privatization must be due to “that society is still emotionally attached to the Cold War military model” (2009: 145). For Nagan and Hammer it is not just politics that changes, but the nature of the state itself. In their view, state power itself gets outsourced together with the tasks PMCs are asked to perform. Thus, outsourcing is a “particularly destructive consequence of globalization [...] and] an affront to sovereign power” (2008: 450), and it weakens “the foundational principles of good governance and democracy” (2008: 459). A key assumption in their analysis, then, is the classical realist one that states are the key entities in the international system, and that sovereignty and legitimate governance is somehow two sides to the same coin. We can find parts of Avant’s argument in Leander’s work as well, but the latter takes a far more critical approach. For Leander, the PMC industry’s epistemic and structural power result in a shift in political power from the public sphere to the private, and from the civilian sphere to the military (2005a: 825). She also points out that “supply in the market for force is self-perpetuating” (2005b: 618), and that privatization leads to an erosion of public security. The latter point is elaborated in Krahnmann’s work (2008). He posits that PMCs offer a conception of security that makes it a private good rather than public, and focuses on protection from threat instead of threat elimination. Hence, the result could be a more insecure world for the many who cannot afford private security. I revisit some of the points brought up by both Krahnmann and Leander in chapter six.

Both Leander and Krahnmann take critical approaches that hint at the class aspect, but do not acknowledge it explicitly. A few other writers on the topic, including two investigative journalists, also touch on the class aspect with their focus on corporate imperialism and democratic decline. In Hughes' view, state monopoly over violence went hand in hand with democratic development, and the return to mercenarism signals democratic decline. His book is dedicated to mapping what he calls the emerging "security-industrial complex" (2007: 235), with increasing control and surveillance of the population in the aftermath of 9/11. Similarly, Scahill's (2007) description of Blackwater's rise to prominence in the PMC industry paints a worrying picture of corporate influence over policy. Weiss alludes to the imperial aspect, seeing PMCs as agents for frontier capitalism reminiscent of the Pinkerton's role in 19<sup>th</sup> and early 20<sup>th</sup> century America. Weiss asserts that US-led interventions created failing states rather than fixed them – a point which Hughes (2007: 72) agrees with as well – and that the role of PMCs is to ensure that the operations of international capital can go on undisturbed in these countries. This point is integral to the argument I make in this thesis as well.

#### **1.4 Structure of Thesis**

The remainder of this thesis is structured as follows: chapter two adumbrates my theoretical framework. The chapter will discuss some classical Marxist observations about capitalism as well as the specifics of neoliberalism and the role of the state under this regime. Galtung provides a useful distinction between structural, cultural and direct violence, which will be used to provide some clarity to the analysis. Chapter three provides the background of the industry itself, starting out with tracing

mercenarism in history from the ancient period up to modern times. During the 20<sup>th</sup> century the industry developed as an extension of Special Forces, with some of the pioneers hailing from the United Kingdom. Since the administration of George H. W. Bush, Republicans in the US have sought to privatize portions of the American military. The boom came under the administration of George W. Bush, and the launching of the Afghanistan and Iraq wars. The second half of the chapter will outline control and accountability issues associated with the industry, on which there is a general agreement in the literature on the need to resolve. The issue of regulation will also be addressed as most liberal critics of PMCs posit this as a solution to the many problems associated with them. Chapter four and five explore how PMCs created markets for themselves in collaboration with their home states and transnational corporations (TNCs) in Colombia and Iraq, respectively. Though on the surface the two examples may seem like very different cases, they also have striking similarities. In both cases, PMCs worked to safeguard the operations of TNCs while operating with complete disregard for the local populace. They obscure the lines of responsibility for military action, and enhance the level of secrecy surrounding an operation. They also work as a whitewashing mechanism to transfer large amounts of public funds to private hands, both from the industrialized intervening states involved, and from the state coffers of Colombia and Iraq. Chapter six examines the findings from chapter four and five to establish whether, and to what extent, the three tendencies mentioned in the introduction can be found to apply. This chapter goes further into the substance of how privately provided security differs from publicly provided security, and what that means for societies, both domestically in industrialized nations and for third world nations on the receiving end of military interventions. I conclude that private military companies function as a tool of the

capitalist class, and that they facilitate a shift in the understanding of security that benefits the capitalist class exclusively. Privatization thus entails far more than a technical improvement, and legal regulation does not alter the fundamental power structures and dynamics it imposes on society.

## CHAPTER 2

### 2. CAPITALISM AND THE NEOLIBERAL STATE

#### 2.1 Capitalism and Neoliberalism

According to Marx, "the capitalist mode of production and accumulation, [...] have for their fundamental condition [...] the expropriation of the labourer" (1954: 724). In other words, the owners of the means of production appropriate the surplus value created by workers, who are paid far less than the actual value of their work. With control over the means of production and distribution in private hands, capitalism creates private social powers by defining the economic realm as apolitical; "capitalism as a system of social organization, as a way of life, presupposes as part of its structure both a privatized and depoliticized economic sphere and, correspondingly, a public, political state" (Rupert 2010: 163). Although the economy is and always has been political, economic issues are removed from the political agenda and assigned to a sphere where private decision-making reigns. While capitalism created a separation between the economic and political realms, an important part of neoliberalism is to transfer new areas from the political to the economic realm by commodifying them. This effectively means a transfer of control and power to the capitalist class, and a corresponding disempowerment of the popular classes. In Wolin's words, current economic policy aims to "contain politics by introducing structures designed to facilitate managerial control" (Wolin 2008: 189). Instead of a political question of distribution and priorities, economics becomes an issue framed in technical terms, as if the economy was a natural phenomenon that can be manipulated through scientific methods. In current political discourse, the

economy is treated as a beast of nature. Politicians can “stimulate” it or provide “incentives” for it, but never take charge of it. The idea that the economy is a force of nature that cannot be steered is false; the global economy we have today is human-made and shaped to serve a particular purpose, which is the appropriation of surplus value through production.

### **2.1.1 Class power**

The theoretical basis for this thesis is Harvey’s analysis of neoliberalism, joined with Sklair’s definition of the transnational capitalist class. Harvey emphasizes that neoliberalism is a *political* project, not an economic one, and argues its ultimate goal is the restoration of class power. Contrary to what neoliberal ideology predicts, “neoliberalization has not been very effective in revitalizing global capital accumulation”. On the other hand “it has succeeded remarkably well in restoring [...] the power of an economic elite” (2005: 19). This is not a conspiracy theory. It is enough that members of the capitalist class use what influence they have – and that influence is substantial – to push political developments in a direction that favors their own interests, a convergence of forces so to speak. Once the understanding of economic policy espoused by neoclassical economics became hegemonic, as it has, the expansion of economic policies that only benefit the capitalist class became institutionalized and almost automatic. What is good for the capitalist class is defined as what is objectively good for “the economy.” At this point we need to take a look at who constitutes the capitalist class. I use Sklair’s definition because he sees class as a global phenomenon not contained by the nation-state. In his definition the *transnational capitalist class* (TCC), as he terms it, is made up of four different groups (2001: 17). The main group is the *corporate fraction*, consisting of finance

capital, the owners of the means of production and the top executives of *transnational corporations* (TNCs). The three remaining fractions are supporting members of the TCC. They are the *state fraction*, consisting of globalizing bureaucrats and politicians; the *technical fraction*, consisting of globalizing professionals; and the *consumerist fraction*, consisting of merchants and media. The composition of the first fraction reflects a point stressed by Harvey, that under the current economic system ownership and management are fused through paying CEOs in stock options (2005: 32). A recent study by a group of Swiss mathematicians reveals the extent to which control over the global economy is centralized and controlled by a relatively small group of companies. Using network topology designed to map complex systems, they found that the top ten firms control nearly twenty percent of the global economy, and the top fifty firms control as much as forty percent (Khim 2011; and Coghlan and MacKenzie 2011). Sklair does not mention the intellectuals and their role in legitimizing the ideology that underpins the structure. Presumably they would be part of the technical and/or consumerist fraction. Sklair's classification must not be taken to be absolute categories. There is a considerable degree of spillover between the different fractions, also known as the revolving door. Sklair's typology provides us with a breakdown of the different groups that make up the transnational capitalist class. With fewer and fewer restrictions on flows of capital, the capitalist class has become transnational and only rooted in their home state to the extent that they can use its institutions for their own benefit. At the same time, the state is also used to close in and isolate the working class so as to limit its options for resistance, and to discipline it. Keeping mobility as a good exclusive to the capitalist class is a factor that facilitates its appropriation of wealth in third world countries in the global south.

### **2.1.2 Imperialism and accumulation by dispossession**

A key point stressed by Harvey is that neoliberal policy results in redistribution rather than generation of wealth. His concept of “accumulation by dispossession” is parallel to Marx’s “primitive” or “original” accumulation. In Marx’s definition, "the capitalist system pre-supposes the complete separation of the labourers from all property in the means by which they can realise their labour. [...] The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production." (1954: 668) For Harvey, this process is not restricted to having provided the basis for the capitalist system historically, but is a continual process. It is worth quoting at length some of the methods by which accumulation by dispossession happens, often aided by the state:

the commodification and privatization of land and the forceful expulsion of peasant populations [...]; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights [...]; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources); monetization of exchange and taxation, particularly of land; the slave trade (which continues particularly in the sex industry); and usury, the national debt and, most devastating of all, the use of the credit system as a radical means of accumulation by dispossession. (Harvey 2005: 159)

Privatization, whether of the military or of any other state service, constitutes in itself one of the ways values and assets are transferred from the public realm to private hands. In this case, private firms are profiting from the knowledge and experience of military professionals, whose training was financed by the state. But as we shall see later, PMCs have become an important tool aiding in a number of the processes listed above, particularly colonial or imperial processes of appropriation of national assets and resources. A strand of Marxism emerging in the early 20<sup>th</sup> century argued that “capitalism has grown into a world system of colonial oppression and of the financial

strangulation of the overwhelming majority of the population of the world by a handful of 'advanced' countries” (Lenin 1970: 13). This colonial expansion allowed capitalists from the industrialized countries to obtain what Lenin terms “superprofits,” “obtained over and above the profits which capitalists squeeze out of the workers of their 'own' country” (1970: 17). Although the former colonies of the European powers have, for the most part, formally gained their independence, most of the third world is still subjected to exploitative imperial relations to the industrialized countries in the global north. What has happened in the decades following the formal dismantling of the old colonial empires is in many ways parallel to how economics have been depoliticized, as discussed above. Today’s neocolonial powers do not have viceroys and an imperial administration. Instead, TNCs are responsible for most of the economic exploitation while international institutions, such as the IMF, the World Bank and the WTO, play a support role. Rather than having edicts imposed by the imperial bureaucracy, the transfer of resources comes under the guise of technical advice or so-called “structural adjustment.” We shall see examples of this from both Colombia and Iraq in chapters four and five. The false distinction between the political realm and the economic realm thus enables a pretense that third world nations are independent while the exploitative practices continue as before. As Rosenberg puts it, where

a structural separation of economic life and political life is effected, this “means that the exercise of imperial power, like domestic social power, will have two linked aspects: a public political aspect which concerns the management of the states-system, and a private political aspect which effects the [transnational] extraction and relaying of surpluses” (quoted in Rupert 2010: 169).

The second aspect is largely ignored in mainstream liberal analyses of international conflict, to the extent that mentioning the strategic and economic motivations for war has become taboo. In the cases of both Colombia and Iraq, the public spin on the

military interventions there is largely dominated by the states-system aspect, while the aspect of economic exploitation is mostly ignored.

## **2.2 The Role of the Neoliberal State**

### **2.2.1 State and market**

The neoliberal ideology promotes a number of prescriptions for the ideal relationship between state and market, most notably “the primacy of property rights, minimal government, fiscal austerity, free trade, privatization, and deregulation” (Weiss 2007: 13). However, in reality these prescriptions are being implemented selectively. While the principles of property rights, privatization and deregulation are generally enforced in industrialized countries (and advocated to developing countries), minimal government, fiscal austerity, and free trade seem more like flexible concepts that are mainly used whenever it serves the interests of the capitalist class. On the one hand, the options to intervene against corporations who engage in practices that are harmful to the public are reduced, as is oversight. On the other hand, more power is being transferred to private actors with material resources. Concerns over “the economy” have taken precedence in both domestic and international politics to the extent that the role of any government is “to create a good business climate rather than look to the needs and well-being of the population” (Harvey 2005: 48). What is important to realize is that when politicians talk about the health of the economy, what that means in practice is really the interests of the capitalist class. That politicians would draw such an equivalency makes sense seeing as the state itself is a creation of, and dependent on, the capitalist class. Hence, any government is “effectively compelled to serve the long-term interest of the capitalist class” (Rupert 2010: 163). Politicians,

supported by the supposedly scientific discipline of economics, frequently talk about economic policy in techno-managerial terms. The approach to economic policy has become a question of “good governance” or doing what is “good for the economy.” In reality there is nothing more political than economic policy; indeed, “the economy” itself is a political project.

### **2.2.2 Big versus small government**

The capitalist class, however, is also dependent on the state to further its interests. The neoliberal ideology, which uses distrust of big government as an excuse to roll back social services and regulation of business, actually requires a lot of government intervention on behalf of the capitalists to survive. Indeed, “neoliberalism cannot function without a strong state and strong market and legal institutions” (Harvey 2005: 117). It also needs a strong coercive apparatus to stifle political dissent and contain social unrest unleashed as a result of rising inequality, as well as mechanisms of cultural violence, which serves to legitimize the system and its ideology (this issue is further developed in section 2.3). There is a “paradox of intense state interventions and government by elites and ‘experts’ in a world where the state is supposed not to be interventionist” (Harvey 2005: 69). Of course, the state interventions that do happen are framed in technocratic terms so as to appear apolitical. Some form of apocalyptic collapse of the whole system is regularly predicted to justify cases of major interventions and bailouts. Supporting TNCs and businesses domiciled in one’s country abroad is also a large part of the foreign policy of industrialized countries. For example, going through US diplomatic cables released through Wikileaks, a substantial amount of them concern securing market shares for American exports and pushing deals on foreign governments on behalf of American corporations. One of the

main goals of US foreign policy is “creating a world which would be hospitable to the growth of US-centered capitalism” (Rupert 2010: 171). In this way, the state is used as a tool of capitalist expansion; “in the global capitalist system, agents and agencies of the state [...] fulfill the role of facilitators of the global capitalist project” (Sklair 2001: 15). Corporations rely on states “for contracts, subsidies, protection; for promoting opportunities at home and abroad” (Wolin 2008: 136). An article in the *New York Times* listed a number of reasons why PMCs could be an attractive alternative to conventional military force. One of the reasons listed was “the expansion of American corporations into more remote, fractious and potentially hostile settings” (Koppel 2006). There is an underlying logic here that expanding into “hostile settings”, i.e. places where the local population do not want to receive American corporations and actively resists, is nevertheless the right of those corporations. In other words, economic imperialism is the natural order of things, and PMCs are just the latest tool designed to further this expansion.

### **2.2.3 The state and global dominance**

While my analysis of privatization of the military focuses on the American case, it is important to point out that I am not talking about the American state as the principal of global dominance. Rather, the American state is the most prominent agent promoting global dominance for its principal, the TCC. As Robinson explains, using a Gramscian framework: “an emergent global capitalist historical bloc, led by a transnational capitalist class, rather than a particular nation-state, bloc of states, or region, is pursuing a hegemonic project” (2005: 559). The United States is merely the most powerful state on the international arena that the TCC can operate through; “*The empire of capital is headquartered in Washington*” (Robinson 2005: 569, his italics).

Marxism has seen extensive debates on the role of the state in relation to capital. In this thesis, I treat states not as independent entities, but rather as a set of institutions designed to centralize political and coercive power in the hands of those who control it. Among the principal functions it performs is control of the territory and the resources contained within it, disciplining the population, and facilitating the functioning of the economy to the advantage of the capitalist class. The state is thus essentially an instrument of the capitalist class. Also among the functions it performs is shielding the capitalists from challenges against the system by absorbing discontent from the population. There are essentially two ways in which to achieve this. The states we brand authoritarian mainly achieve it through outright coercion; the ones we call democratic mainly achieve it by creating a superficial participatory system that deflects opposition and channels it to issues or mechanisms that have no impact on the underlying power structures underpinning the system. However, both democratic and authoritarian regimes use elements of both strategies. Moreover, whether the regime is democratic or authoritarian, popular pressure has the potential to limit the ways in which the state's power can be used, and to what purposes.

### **2.3 Capital, Coercion and Propaganda**

Both capitalist exploitation and the different tools used by the state and the capitalist class to create consent, take a number of different forms. Hence, I use Galtung's (2008: 106-107) typology of different modes of violence to provide further clarity to the analysis of PMC activities. He separates between structural, cultural and direct violence (he also has a fourth category, natural violence, which is the only one that is unavoidable, but it is less relevant here). Structural violence happens by acts of

omission, according to Galtung. That is, there is no subject with intention to do harm, but violence happens as a non-intended by-product of societal structures.

Nevertheless, there is no reason to exonerate the non-actors who have the power to change those structures from the results of their inaction. The TCC, including both capitalists and politicians, have responsibility for the structural violence visited on the working class through neoliberal policies. The goal may be to enrich the capitalists, but bleeding the masses is a very well known, and necessary, side effect.

Cultural violence happens by acts of legitimation. In this context it is exerted intentionally or unintentionally by academics, intellectuals, and professionals who legitimize the repressive ideology of neoliberalism by presenting it as science. It exerts violence “on the mind rather than on the body [...], preparing that mind to do violence unto others” (Galtung 2008: 109). Through the efforts of these intellectuals, the structural violence associated with neoliberalism is represented as something natural and unavoidable. For Harvey, there is nothing scientific about the neoclassical economics underpinning the neoliberal experiment; “the theoretical utopianism of neoliberal argument has, I conclude, primarily worked as a system of justification and legitimation for whatever needed to be done to achieve [the restoration of class power]” (2005: 19). The attempts to legitimize modern mercenarism by rebranding it as PMCs and seeking to place them under a separate legal regime are forms of cultural violence. Another strain of cultural violence connected to the use of PMCs is that concerning desensitization to war in general and dehumanization of the enemy (see e.g. Der Derian 2001; and Gregory 2004).

The third type, direct violence, is what we usually associate with the word violence: an act of commission with a subject intending to do harm to an object. This thesis is mainly concerned with the different types of *structural violence* that result

from and lies behind the privatization of *direct violence*. For Tilly (1990), the two factors of capital and coercion are so intimately linked that he classifies the different trajectories of state formation in Europe according to what particular mix between the two was present. “Where capital defines a realm of exploitation, coercion defines a realm of domination” (Tilly 1990: 19), and the two usually go together. Where there is domination there is likely also exploitation, and exploitation requires domination to sustain itself. The rise of the PMC industry follows a logic pointed out by Tilly where “coercive means and capital merge where the same objects (e.g. workhouses) serve exploitation and domination” (1990: 19). PMCs provide mobile and readily available coercive units that can be deployed anywhere on short notice, the ideal coercive partner to capital in an age of economic globalization. For a graphic overview of how the different concepts from Sklair and Galtung fit together to provide a unified picture of how the neoliberal capitalist complex works, see Table 1.

**Table 1: Structures, agents, and mechanisms in the neoliberal capitalist complex.**

<b>Violence</b>	<b>How</b>	<b>TNC Fraction</b>	<b>Capital</b>	<b>Tools</b>
<b>Structural</b>	Acts of omission	Corporate  State	Economic  State apparatus, legal	TNCs, financial markets, the global economy  Regulations, subsidies, foreign and domestic policy, the bureaucracy
<b>Cultural</b>	Acts of legitimation	Technical/ Consumerist	Intellectual	Academic discourse, media, think tanks, NGOs
<b>Direct</b>	Acts of commission	Technical	Weapons and training	Military, police, PMCs, intelligence services

## 2.4 Conclusion

Being a tool of the capitalist class, the state facilitates the legal and political environment for corporations to flourish, and absorbs pressure from the population. Since the state is to a certain extent vulnerable to public pressure, there is a limit to how far the state can go in support of capitalist accumulation, at least while using the national military. PMCs allow for military interventions with little or no public scrutiny. Moreover, they are themselves companies and thus, their interests would be in line with capital accumulation. Seeing as the state represents the interests of the capitalist class rather than the public interest, to the extent that the latter is often defined as the former, privatization of the military can be seen as an element of class war rather than in purely techno-managerial terms. Weiss outlines the winners of the military privatization scheme thus: “buccaneer capitalists, the security companies, and the politicians who engage in the politics of fear” (Weiss 2007: 9). These represent the corporate fraction, technical fraction, and state fraction, respectively, from Sklair’s typology of the transnational capitalist class. As we shall see in the following chapters, the corporate fraction of the TCC has gained a tool, which allows it to safeguard and further expand its exploitation of natural resources and cheap labor in remote locations, despite local resistance. The state fraction has gained a way to keep military interventions on behalf of capitalist interests below the political radar, with enhanced secrecy and decreased political risk. The technical fraction, represented by the PMC industry, has gained yet another way of transferring wealth from public coffers to private hands.

## CHAPTER 3

### 3. FROM MERCENARIES TO PMCS

#### 3.1 Mercenarism in History

##### 3.1.1 As ancient as war

Using private forces in warfare is not a new phenomenon. Mercenaries have been contracted to fight wars for as long as wars have existed. Some were individual foreigners selling their services; others were more organized groups specializing in one or another type of warfare. The ancient Egyptian empire used mercenaries, and so did the Persian, Roman, Byzantine and Ottoman ones (Singer 2003: 19-22). Some of the Greek city-states also hired soldiers of fortune; Thucydides recounted the conduct of mercenaries hired to fight in the Peloponnesian wars with warning. From the Middle Ages until the state system started taking shape in 17<sup>th</sup> century Europe, mercenary companies were routinely used to fight wars. Singer shows that “the revival of an urban-based commercial economy” and “the growth of banking” (2003: 22) created concentrated wealth that allowed for the hiring of mercenaries. This led to the emergence of the condottieri in the Italian city-states. In France, mercenaries started to organize in so-called “free companies”. When not engaged in fighting, these armed gangs created much trouble by robbing and blackmailing the population for a living. According to Singer, “the French kings mounted new campaigns against Spain and Hungary just to find the private units some employment and get them out of the country” (2003: 25). Clearly the free companies were not just a market response to

demand for soldiers, the supply of mercenaries also ended up creating more war.

Machiavelli famously warned against their use in *The Prince*:

Mercenaries and auxiliaries are useless and dangerous. [...] For mercenaries are disunited, thirsty for power, undisciplined, and disloyal [...] in peacetime you are despoiled by them and in wartime by the enemy. The reason for all this is that there is no loyalty or inducement to keep them on the field apart from the little they are paid (Machiavelli 1999: 40).

Eventually, more specialized groups emerged, such as the Swiss pikemen and the German Landsknechts. By the 17<sup>th</sup> century the requirements for scale and organization had increased, and larger mercenary armies were recruited and equipped by military entrepreneurs of means. The kind of service these entrepreneurs offered were very similar to the function performed by today's PMCs. Instead of hiring individual mercenaries directly, clients could get a package deal from the entrepreneur. After the 30 years war and the 1648 Peace of Westphalia, the trend slowly shifted to citizen armies loyal to their home state.

### **3.1.2 The rise of national armies**

The move from mercenary armies to national armies took place over the course of a century or so. By the time of the Napoleonic wars starting around 1800, the shift was more or less complete. Tilly defines different epochs in the history of Europe since 990 AD according to the relationship between capital and coercion. In his classification, the period from 1400-1700 was characterized by rulers relying on mercenaries and loans from individual capitalists to wage war. From 1700 to 1850 was the period of nationalization wherein mercenaries were replaced by national armies. The nation-state, national armies, and the Weberian state monopoly over violence are historical exceptions that developed together during this period. Several

scholars have pointed out that “the move away from mercenary soldiering was an essential part of the rise of the modern nation-state. The creation of national armies driven by a patriotic ethos was closely linked to the rise of national self-determination, and in turn to the rise of democracy” (Hughes 2008: 95-96).

Notwithstanding the emergence of bourgeois democracy, popular control over warfare was never substantial. Foreign policy in general has traditionally been the policy area least susceptible to influence by the public. However, warmaking in the era of nationalization required a level of participation from the working class that allowed it to obtain some concessions from the state. The move towards a privatized military today can thus be seen as a move to further reduce the popular influence over warfare that had been gained. In addition, the nationalism that came with the establishment of nation-states has been a double-edged sword. On the one hand, the ideal of self-determination may have been a force against imperialism. On the other hand, during the 20<sup>th</sup> century and up until today, it has served as a powerful tool for rallying people behind authoritarian and imperial wars. Tilly shows that a new relationship between capital and coercion emerged from 1850 onwards. In this age of specialization, military force became a specialized branch of government, and war again turned to the goal of appropriating resources abroad. As Tilly puts it, “in the age of specialization, states accumulated claimants to their services so rapidly that war became, even more than before, a means of satisfying the economic interests of the ruling coalition by gaining access to the resources of other states” (1990: 30). With the emergence of the PMC industry, warmaking has been steered into a format that is well suited to achieve those goals within the current political context.

### **3.1.3 Hired guns on the frontiers**

Another trend emerging in the 19<sup>th</sup> century is represented by the Pinkerton National Detective Agency, established in America in 1850. Their services included providing personal security, policing, detective work, spying, and military services. At one point they employed more agents than there were members of the standing American military, prompting concerns that the state might be undermined by interests wealthy enough to hire them as a private army. This was one of the considerations behind the Anti-Pinkerton Act passed in 1893, which prohibited government contracting of agents from the Pinkertons and other similar firms. The Pinkertons, however, stayed active hiring out their services to private businessmen. In the late 19<sup>th</sup> and early 20<sup>th</sup> century they engaged in many actions against organized labor, including strikebreaking, spying, and infiltrating labor organizations. Despite their infamy, the Pinkertons are still alive today as a branch of the Swedish firm Securitas. The Pinkertons pioneered the type of company we see today operating in the grey zone between policing and security services, and more proper military functions (Weiss 2007).

On the other side of the globe, mercenaries were also employed to secure the colonial assets of the European powers. Much of North Africa was conquered by the mercenary unit of the French army, the Foreign Legion. Colonial companies, such as the English East India Company, also had their own mercenary armies. It was these mercenaries that captured India on behalf of the British. However, the primary goal of the East India Company was not so much promoting British national interest as it was the expansion of its own business empire. To that end, soldiers were recruited from multiple locations, among them Gurkhas from Nepal who later were incorporated into the British army, and still are attractive soldiers on the mercenary market to this day.

In the early 20<sup>th</sup> century the United Fruit Company had a similar position of dominance in Latin America, commanding its own mercenary army and wielding substantial political influence in the countries in which it operated. On certain occasions, the American military intervened, or threatened to intervene, on their behalf as well. There is an unmistakable continuity in the behavior of these colonial corporations to today's TNCs, particularly those involved in resource extraction. The idea of the global market and its independence from state intervention, however, lets today's TNCs appear with a substantially shinier image that is somehow detached from the idea of colonialism.

### **3.1.4 Special Forces and the first military companies**

Modern PMCs first emerged as extensions of various Special Forces. During World War II, David Stirling founded the British Special Air Service (SAS) as a new Special Forces unit of the British army. After the war, Stirling went into the mercenary business, and together with friends recruited from the SAS, he provided the British government with a means to conduct covert operations and promote their interests abroad at a time when the British were in the process of dismantling their empire. One well-publicized operation involved ex-SAS men assisting the Royalists against the Nasserites in Yemen's civil war (Jones 2004). In 1967 the relationship between the British government and Stirling's men became more formalized through the establishment of a company, Watchguard International. Stirling initially envisioned Watchguard to be a way of promoting British interests where the government was unable to act overtly for political reasons. However, the company eventually became primarily a commercial enterprise instead of an agent of the British government. Once the PMC industry started to gain a foothold, it "was dominated by British companies,

notably because of their imperial legacy” (Kinsey 2009: 24). Although using PMCs to conduct war was not perceived as legitimate by most before the 2000s, they had been present in the background for quite some time.

## **3.2 The Rise of the PMC Industry**

### **3.2.1 Enter Neoliberalism**

Once neoliberal ideology entered the picture, the drive towards privatizing the military became more systematic. In the UK, Thatcher set in motion a privatization campaign, starting with support services and later expanding into logistics and beyond. Before Thatcher took office, “a key aspect of the UK defence policy was the need for comprehensive in-house self-sufficiency across all the front line and support roles to ensure operational effectiveness” (Kinsey 2009: 25). This policy was abandoned in favor of neoliberal ideals, which did not see a problem in relying on private firms for vital military functions. In the US, privatization of the military started to take off in the early 1990s. The Logistics Civil Augmentation Program (LOGCAP) was established in 1985 to provide the US military with logistics and support services from PMCs. However, the first major contract under its umbrella was awarded to Brown and Root Services as late as 1992. The early 1990s also saw a substantial reduction in the size of the US military, overseen by Dick Cheney serving as Secretary of Defense in the administration of George H. W. Bush. The usual explanation for downsizing the American military was the expectation of a “peace dividend” after the fall of the Soviet Union and failure of communism. Some observers, however, argue that this might have been a deliberate effort to pave the way for hiring PMCs later on (Scahill 2007: 28). Cheney also hired Brown and Root

to do a report on how to make support services for the military more efficient – by privatizing them. Brown and Root, which later became Kellogg, Brown and Root (KBR), is a subsidiary of Halliburton, the defense contractor for which Cheney went to work after ending his tenure as Secretary of Defense. Both Halliburton and KBR subsequently benefitted hugely from logistics contracts for the US military. This is not the only example of defense contractors assuming the role of expert and recommending their own services. In 1996, the Defense Science Board, a “Federal Advisory Committee established to provide independent advice to the Secretary of Defense” (Department of Defense 1996) set down a Task Force on Outsourcing and Privatization. Defense contractors were heavily represented and unsurprisingly, their report recommended further outsourcing on the basis of cost-saving claims with little empirical basis (Markusen 2003: 486). Another push in the direction of privatization came with the Defense Reform Initiative established in 1997. The purpose of this office was to “apply market mechanisms,” “reduce excess support structures” (Defense Reform Initiative 2001), and otherwise streamline and downsize the military through a number of directives and memoranda. By the end of the Initiative in 2001, its members assessed that 95 percent of their recommendations had been implemented.

### **3.2.2 Mercenaries in Africa**

While military support firms were put into play by Western governments fairly early on, the consultant and provider firms, or PSCs, within the industry matured through post-colonial mercenary adventures in various African countries. Tim Spicer’s old firm Sandline, and the South-African outfit Executive Outcomes (EO), were among the most well known firms to offer their services to TNCs, African governments, and

sometimes rebel groups. Unlike today's cleaned-up and presentable PMCs, these companies were not shy about advertising their services. Executive Outcomes' brochure offered "Clandestine Warfare, Combat Air Patrol, Armoured Warfare, Basic and Advanced Battle Handling, and Sniper Training." (cited in Coleman 2004: 1502). In Angola, EO was first contracted to recover equipment on behalf of Ranger Oil. Later on their operations were expanded to include securing oil fields under the control of the National Union for the Total Independence of Angola (UNITA), and training government forces. Once liberated, mentioned oil fields were operated by Heritage Oil & Gas, a company established by Anthony Buckingham who also was a co-founder of EO. On paper EO was paid for the job it did for the Angolan government with money raised through re-establishing production at the oil fields. However, some observers have suggested a three-way deal took place whereby initial payment to EO was guaranteed by Heritage Oil & Gas, who in turn was paid by the Angolan government in the form of oil concessions (O'Brien 2000: 64-65).

Similar dealings took place in Sierra Leone in 1995 when EO went on to secure the diamond-rich Kono district from the Revolutionary United Front (RUF). EO succeeded in defeating the RUF, and a peace accord between the government and the rebels ensued. However, the peace established in both Angola and Sierra Leone turned out to be fragile; both countries returned to war shortly after EO ended its operations. The government of Sierra Leone made another attempt contracting Sandline in 1998 to defeat the sitting junta, reversing the coup staged by the RUF and Armed Forces Revolutionary Council (AFRC) the previous year. The operation was bankrolled by a businessman from India, Rakesh Saxena, who had diamond interests in Sierra Leone (BBC News 12/05/1998). The whole operation resulted in scandal when it was discovered that Sandline was shipping weapons to Sierra Leone in

violation of a UN embargo. Tim Spicer insisted the British government knew about the operation and had given it a green light. As with EO's previous effort in the country, Sandline failed to bring an end to the conflict. EO and Sandline differed from later outfits in that they openly offered combat operations. Today's PSCs focus their efforts on protective security of persons or of assets. However, the difference between the two is not unproblematic; in some cases it is mostly a matter of parlance and image. Kinsey, for example, draws a line between today's PSCs and those operating in Africa during the 90s thus: "the new companies chose to distance themselves from [mercenary] activities, concentrating instead on providing security for the commercial sector, particularly the oil and extraction industries" (2009: 23). Such analysis only shows a failure to recognize the historical link between mercenary companies and TNCs, and the continuity of that link up until today.

### **3.2.3 The war on terror goldmine**

Even before the US went into Iraq, there were plans for the US military to "dramatically increase its long-term reliance on the private sector" (Isenberg 2009: 17), known within the Pentagon as the third wave of outsourcing. The idea was for the military to focus on its "core competencies" and leave the rest to private contractors. The downsizing of the military that had taken place during the 1990s, combined with the dramatic projection of US military power through the war on terror, provided a virtual goldmine for the military and security industry. The American military was not even close to having the capability of fighting wars in both Afghanistan and Iraq, and was completely reliant on PMCs to step into the breach. Not only was the military dependent on contractors for support, logistics, and sometimes site security, it was also unable to undertake the tasks incumbent on an occupying force under

international law. With the occupier unable to provide security in Iraq, non-military entities operating there were required to bring their own security in the form of PSCs. Politicians, diplomats, NGOs, and TNCs all brought their own entourage of security guards with them when doing business in either Iraq or Afghanistan. The Department of State (DoS), for instance, contracted Blackwater to provide security for its diplomats. The same firm was also responsible for the security of Paul Bremer, the head of the Coalition Provisional Authority (CPA) from 2003-04. This situation seems to have been a result of policy rather than a failure of the military to run the occupation properly; “the United States was explicitly telling companies wishing to do business in Iraq to bring their own armed security forces into the country” (Scahill 2007: 76). A 2009 report for Congress found that in Iraq, the number of contractors employed by the Department of Defense compared to the number of military personnel was 1:1. In Afghanistan, contractors made up around 65 percent of the total US force there (Schwartz 2009: 1). These numbers do not include contractors working for the DoS, foreign companies, or other entities, so if we look at the total picture, contractors probably outnumbered soldiers by a substantial margin. *The Economist* found that during the first year of the occupation of Iraq, the revenues of British PMCs went up “from \$320 million before the war to more than \$1.6 billion by early 2004” (Scahill 2007: 77). As a whole, PMCs went from being a relatively small industry before the war on terror to being worth an estimated US\$100 billion in 2003 (Yeoman 2003). Reliable numbers are hard to find, but the industry has likely more than doubled in size since then.

### **3.3 Control and Accountability Issues**

#### **3.3.1 Profits and loyalties**

There are a number of issues that more or less every scholar concerned with the PMC industry acknowledge as problems. However, there is disagreement on whether these can be resolved or if they are simply integral to the PMC model. Machiavelli's famous warning against using mercenaries designated the profit motive as the source of more or less all the ills associated with them, seeing as their only loyalty is that induced by money. Although the new mercenaries like to describe themselves as patriots who merely found an alternative way of serving their country, there are plenty of examples of incidents where money certainly came first to the detriment of the client. In 1997, the British government outsourced the refitting of its sole nuclear weapons system, consisting of four submarines each carrying 48 Trident nuclear missiles, to Halliburton. When costs escalated beyond the limit stipulated in the contract, Halliburton "decided to squeeze more money out of the Ministry of Defence by effectively holding Britain's nuclear deterrent hostage" (Hughes 2007: 46). The cost of the project increased by 50 percent over five years. While the UK government believed it would win a legal case against Halliburton, "putting Britain's only nuclear weapons in the middle of a court case would have compromised the UK's position as a nuclear power" (Hughes 2007: 46). Canada experienced a similar situation in 2000 when a contracted transport ship was carrying soldiers, vehicles, ammunition, and other military equipment from Bosnia back to Canada. Singer describes what followed: "Due to a financial dispute between two subcontracting agents, the ship began sailing in circles outside Canadian waters" (2003: 160). About one third of the Canadian army's equipment and personnel were thus unavailable for two weeks due to circumstances over which the Canadian government had no control. No matter how

patriotic a firm may claim to be, the fact of the matter is that its primary responsibility remains with its shareholders, not with its clients. And at the level of individual employees, bailing out in the middle of an assignment does not have remotely the same kind of consequences as it would for a member of the armed forces. Breaking a contract is a minor issue; desertion may be punishable by death.

### **3.3.2 Contractual issues and fraud**

Many contracts between governments and PMCs are so called cost-plus contracts where the firms are guaranteed that costs will be covered, the profit is a percentage of that, and there is also an incentive fee on top of that that can vary in size. The idea behind this sort of contract is to keep the size of the operation flexible, as it can be difficult to assess the exact size of a military operation at its outset. The more fixed type of contract makes it hard to change the content and adjust the mission to facts on the ground. However, the cost-plus contract gives the contractor an incentive to drive up costs, and as a result, the profits it will gain from the contract. Again, Halliburton added to its profits in Iraq by doing unnecessary work under its base-maintenance contract. Among the creative cost-adding activities were cleaning officers' rooms twice a day and driving around empty trucks, which drivers referred to as "shipping sailboat fuel" (Hughes 2007: 54). A related issue is that since many defense contracts are long-term, "firms have an incentive to 'low-ball' bids, knowing they can negotiate add-ons later" (Markusen 2003: 478). Thus, the bidding process does not reflect the actual cost a contract will have for the client.

Another way to maximize profits is to simply not provide the service you are paid to provide. Custer Battles did a bit of both with their contracts in Iraq. Among

other things, the firm created a number of fictional companies to lease them their own trucks, thus increasing the 25 percent markup they were allowed under the contract they had to provide logistics support for currency exchange. Finding a spreadsheet accidentally left behind in a meeting, CPA employees discovered the whole operation was billed with a 162 percent markup (Isenberg 2009: 87). The firm also delivered non-functional trucks and bomb sniffing canine teams consisting of one “guy with his pet” (Ballard cited in Isenberg 2009: 89). Custer Battles was taken to court over its conduct in Iraq, but was left off the hook over jurisdiction issues. However, most cases of such misconduct will not result in legal proceedings. It is politically costly to pursue cases of breach of contract because it draws attention to what is as much a political failure as a business failure. Politicians and bureaucrats will be held responsible as much as the firms, and are much more reliant on their public image. Thus, politics gives the government a stake in the businesses they contract services from that is incompatible with the idea that customers will punish bad companies. Indeed, according to Leander, the reputation of individual firms does not affect demand to any significant degree in the PMC industry (2005b: 614).

### **3.3.3 Hiring and vetting**

Vetting and screening of PMC employees is another issue that leaves much to be desired. According to Isenberg (2009: 110), PMC personnel went through fairly thorough background checks during the early phase of the war on terror. However, once demand increased, the companies lowered their requirements and pretty much hired anyone they could come by to keep up. When American firms hire Americans to work for them, they have access to records at the county, state, and federal level to check the background of their prospective employees. However, for recruits from

other countries it may be hard to gain access to criminal records, and the company is reliant on the applicant to supply information on where to look for those records as they fill in their previous addresses. Several PMCs also knowingly hired former soldiers from repressive regimes whose armies were infamous for their human rights violations. For example, Chilean commandos from the Pinochet-era, who have amnesty for their crimes committed during the Pinochet regime provided they stay retired, went to Iraq to fight for Blackwater (Scahill 2007: 199). The commandos had extensive experience in kidnapping, torturing and killing civilians (Tricot quoted in Scahill 2007: 200), and Blackwater assessed them as excellent recruits. Blackwater also tricked Colombian soldiers to come to Iraq by offering high salaries. Once there, the recruits discovered their pay was only a fraction of what was promised, and when they complained, their return tickets to Colombia were confiscated (Scahill 2007: 203-205). Several firms, of which Erinys was the largest, employed ex-soldiers from apartheid-era South Africa, despite the South African ban on its citizens offering their services as mercenaries abroad. When asked about their vetting of future employees, a representative of the firm said they “ask them to sign an affidavit stating they have not been convicted of any crime or belonged to an illegal paramilitary group” (quoted in Hughes 2007: 162).

#### **3.3.4 Misconduct on the ground**

As it turned out, questionable behavior from contractors in Iraq became an issue of some public concern. Some of the complaints concerned how some contractors’ arrogant and aggressive attitude were hurting the effort to “win hearts and minds,” for example by pushing civilian vehicles off the road when doing convoy security. Other complaints were of a more serious nature. Kinsey estimates that incidences of both

fraudulent contracts and of illegal use of force against Iraqis by contractors in Iraq could number in the thousands (2009: 141). Among the more infamous cases is the Abu Ghraib scandal, where prisoners were subjected to torture and abuse at the hands of both military personnel and contractors. Two PMCs were involved in the events at the prison: Titan, which provided translators, and CACI, Inc., which provided interrogators. At least four employees of CACI and Titan were directly involved in abusing prisoners and directing others, including military personnel, to abuse prisoners (Isenberg 2009: 113). Another case that received much attention, and led to proposals for how to improve accountability of contractors, was Blackwater's Nisour Square incident. On September 16, 2007, a convoy of Blackwater contractors opened fire in Baghdad's Nisour Square resulting in the killing of 17 Iraqi civilians, and another 24 injured. Blackwater's men claim they were responding to threats in the form of a slow-moving vehicle that refused to stop and small arms fire from another location in the square. However, the victims all turned out to be civilians, and eyewitness accounts describe the incident as a massacre with the Blackwater contractors shooting at everything and everyone in the square (Armstrong 2008: 158-64). This particular incident received a lot of attention, but according to local Iraqis, these things happened quite often. Some of the locals interviewed by Armstrong described the contractors as being afraid of having to sit in the traffic alongside Iraqis, sometimes resulting in panicked shooting sprees on surrounding cars and buildings (2008: 161). Although contractor misconduct in Iraq received a lot of media attention, these kinds of problems were not new to the industry. In one of the worst revelations of contractor misconduct in the Balkans during the 1990s, DynCorp employees were found to have trafficked young girls in Bosnia and sold them as sex slaves. DynCorp, who had a contract to assist the American military in its peacekeeping operation in

Bosnia, sent the guilty employees home before they could be prosecuted locally, and subsequently fired the two whistleblowers who revealed the misconduct (Yeoman 2003).

### **3.3.5 Legal status and accountability**

Despite the crimes regularly committed by PMC personnel, very few cases have been taken to court. This is usually explained by a lack of clarity as concerns their legal status; it is not clear under international law whether they should be considered civilians or combatants. Those seeking to define them as mercenaries have met with fierce resistance from both the industry and its clients, which is understandable given that the use of mercenaries is banned under international law. Since PMC personnel are not soldiers, they cannot be brought before a military court. At the same time, they enjoy the same immunity from the local legal system as the armed forces do. In short, they switch between the two roles according to what is more expedient to the situation at hand. At the end of the day, the commercial contract the PMC has entered into with its client remains as the main regulation on what they can and cannot do, and what opportunities for sanctions exist. This in and of itself is fairly discouraging, but overseeing the contracts is also exceedingly difficult. It is quite common to subcontract tasks down several levels to the point where it is difficult to keep track of which company does what for whom. For instance, the four Blackwater contractors who were killed in Fallujah in 2004 after being sent there two team members short, without maps or other necessary equipment, and without armored vehicles, should never have been in the field at all. The Blackwater teams were on their way to provide security for a convoy of kitchen equipment on behalf of a Kuwaiti company, Regency Hotel, which in turn was employed by Eures Support Services (ESS). At the top of

the chain of contracts was KBR, which had the original logistics contract with the US army. Two years after the incident, the army confirmed that hiring private armed security was prohibited under the original contract (Isenberg 2009: 55-56).

### **3.4 Regulation or Consolidation?**

#### **3.4.1 Existing legal options**

Even their most enthusiastic supporters cannot deny the lack of accountability, absence of legal prosecution in cases of human rights violations on the ground, and dubious cost overruns that have been associated with these companies. But despite the fact that very few countries have legislation directed specifically at PMCs, many are not using laws that could have been applied. In the case of the US, there are already a number of laws in existence that could have been used to hold contractors to account for their actions. This is especially true of contractors that are citizens of the United States, and contractors that are working for the DoD. First, the Military Extraterritorial Jurisdiction Act (MEJA) of 2000 stipulates that civilians employed by or accompanying the armed forces can be prosecuted before American courts for offenses committed abroad. However, the act has rarely been invoked, and when it has, the offenses committed are usually against fellow contractors or soldiers, not local civilians. Second, the War Crimes Act of 1996 gives American courts jurisdiction to prosecute grave breaches of the Geneva Conventions when either the victim or the perpetrator is an American citizen. However, the US administration went to great lengths to define their enemies in the war on terror as “unlawful combatants,” and hence outside the protections offered by the Geneva Conventions. This was codified in the 2006 Military Commissions Act, which authorized trial by

military commission for said type of combatants. Third, the Special Maritime and Territorial Jurisdiction Act allows for the prosecution of crimes committed on any piece of land (including military bases), aircraft, and vessels belonging to the United States. And finally, in response to the perceived lack of legal tools to prosecute contractors, “Congress amended the Uniform Code of Military Justice to include contractors operating alongside soldiers in contingency operations such as Iraq or Afghanistan” (McCoy 2010: 119) in 2007. However, “the Defense Department and other agencies have not taken the necessary steps to bring contractors into the chain of command, which makes it doubtful that contractors could be tried in a military court for a breach of military law” (McCoy 2010: 119). Despite these legal options, very few cases of contractor misconduct have been brought before the courts, and even fewer have resulted in convictions. Furthermore, these laws all apply to individuals while there are fewer options to punish firms which consistently fail to oversee their employees’ behavior. And even if mechanisms to bar certain firms from getting contracts were used, setting up a company under a new name with the same people is a relatively trivial affair. The input required for a new PMC to start bidding on contracts is little more than access to a list of phone numbers.

### **3.4.2 Regulation as facilitation**

Despite existing options not being used, many observers of the security industry have advocated regulation as a way out of the problems associated with PMCs (eg. Singer 2003; Avant 2005; Carney 2006). To the contrary, Sklair maintains that regulation of TNCs is usually symbolic (2001: 92), and the same would presumably be the case for PMCs. Other observers go one step further, arguing that regulation, however weak and symbolic, ultimately serves to legitimize the business. Furthermore, regulatory

regimes help consolidate the industry by eliminating competition from smaller ventures that cannot afford the cost of compliance (Weiss 2007: 10). Whyte's analysis of the UK government's Green Paper on options for regulating PMCs reveal that the authors have been rather more concerned with maintaining the competitiveness of British PMCs than holding them accountable for their actions. The proposals suggested for regulation of British PMCs are weak and very much in line with what the companies have been lobbying for. A licensing regime was one of the proposals, but the preferred option was "regulation" by voluntary adherence to an industry standard code of conduct. As Whyte concludes, the purpose of regulation "should be understood as the facilitation rather than the restraint of those markets" (2003: 575). The International Stability Operations Association (ISOA, formerly International Peace Operations Association), representing a number of firms in the industry, has been at the forefront of the lobbying effort to introduce a voluntary standard code of conduct. Their membership includes industry leaders such as DynCorp International, L-3 MPRI, Triple Canopy, Inc, and BAE Systems (ISOA 2011). ISOA's own code of conduct, however, is woefully lacking in specifics. Although it specifies that members must adhere to relevant conventions in international law, the code primarily appeals to vague values in the form of statements such as "signatories shall operate with integrity, honesty and fairness" and "signatories [...] shall strive to operate in a safe, responsible, conscientious and prudent manner" (ISOA 2011/2009). There are also no specifics concerning legal sanctions for misconduct; the code simply stipulates that "signatories shall support effective legal accountability to relevant authorities for their actions and the actions of their personnel" (ISOA 2011/2009). An effort within the framework of international law to regulate the industry resulted in the Montreux document of 2008. The document is partly based on the ISOA code of conduct.

Cockayne points out a tension between two regulatory approaches in the process of drafting the document: “A state-backed approach that emphasizes a patchwork of hard law obligations; and an industry-backed approach that encourages cross-jurisdictional regulatory harmonization to reduce transaction costs and help secure industry investments” (2009: 404). The second approach is clearly the most beneficial to the industry, and particularly to the largest firms. Considering the document is not binding and does not have any options for sanctions, the latter approach mostly won the day. Meanwhile, other international efforts at regulation are “still directed at controlling post-colonial mercenary activities in Africa” (Milliard quoted in Coleman 2004: 1517). The key question for any legal approach is whether or not one accepts that PMCs are in fact providing mercenary services, regardless of their attempts to rebrand and refresh their image since their adventures in Africa. As mentioned earlier, mercenarism is already outlawed by the 1989 United Nations Convention against the Recruitment, Use, Financing and Training of Mercenaries, which entered into force in 2001. Thus, attempts to re-regulate this market serve first and foremost to “grant access to private actors to markets that were previously unambiguously criminal” (Whyte 2003: 599).

### **3.4.3 Political will**

At the end of the day, regulation is not enough to stop abuses if it does not come with a political will to prosecute the perpetrators. Judging from the fact that governments continue to employ companies that have been involved in serious abuses, the presence of such willingness is in serious doubt. Scholars focusing their attention on advising governments on how to become a better customer (see e.g. Singer 2003: 236) assume that governments are merely incompetent, not that overlooking abuses is systemic. In

the American case, not only has the government failed to punish perpetrators of various types of misconduct, “the United States has made what appear to be repeated attempts to exempt its citizens and agents from the international legal system” (Coleman 2004: note 101, p. 1516). One example is Bremer’s Order 17, which granted legal immunity to all contractors operating in Iraq. Even the infamous Nisour Square incident did not lead to any serious consequences for the perpetrators:

The US government’s reaction to the shootings at Nisour Square has been characterized by confusion, defensiveness, a multiplicity of uncoordinated ad hoc investigations, and interagency finger pointing. These failures underscored the Justice Department’s unwillingness or inability to systematically investigate and prosecute allegations of serious violent crimes. (Human Rights First report quoted in Kinsey 2009: 117).

Apart from the apparent unwillingness of US authorities to investigate and prosecute PMC personnel for crimes committed abroad, there is also the question of what resources are allocated for those purposes. According to Isenberg, “In Iraq the problem for PMCs has not been a lack of relevant laws, but of means. [...] The relevant administration existed mainly on paper” (2009: 153). So while there were mechanisms in place to hold PMCs accountable, no one was assigned to actually do the job.

PMCs have also succeeded in changing government policy for the sake of their business on certain occasions. Military Professional Resources, Inc. (MPRI) had an offer to assist the government of Equatorial Guinea, but needed the permission of the US government since it is an American firm. After a considerable lobbying effort, MPRI managed to persuade the State Department to approve the mission, despite the policy of not assisting Equatorial Guinea’s military dictatorship. MPRI’s argument was that if it did not do it, a non-American firm would, precluding the opportunity for the US to influence the content of the contract (Leander 2005a: 816). The revolving

door between government and companies spins rapidly in the PMC industry. All the major military firms employ retired four-star generals to speak on their behalf, and the targets are often DoD officials who previously served under said generals. Moreover, influential bureaucrats who prove cooperative can expect to find employment in the private sector at the end of their tenure. For example, Joseph Schmitz who in 2002 was appointed Inspector General at the Pentagon, responsible for preventing fraud and abuse, went to work for Blackwater in 2005 (Scahill 2007: 305). In sum, the much-cited “legal vacuum” that existed for armed contractors in Iraq was not a result of serendipitous circumstances. Their status had been pushed in that direction by both the firms themselves and sympathetic government officials who refrained from using what oversight and accountability mechanisms existed. Contractors have purposefully been placed in between the legal context applying to civilians and that applying to soldiers, so that they may enjoy the benefits of both while staying unaccountable and with minimal liability to the sending state (McCoy 2010).

#### **3.4.4 A mutually beneficial arrangement**

To conclude, PMCs take one step further a development brought on by new technology in the military field: war is now a capital-intensive activity as opposed to the labor-intensive style of warfare utilized in the period of nationalization. This means rulers are no longer dependent on the consent and active participation of the masses to wage war, as in the era of nationalization. Frederick the Great in his time acknowledged that “an army of patriotic citizens would be more effective [than mercenaries...] however, he was unwilling to risk the redistribution of political power that conscription would force” (Singer 2003: 33-34). Considering the political controversy of a military draft today we can conclude that the choices and

considerations confronting present-day politicians are not much different. PMCs are useful as a foreign policy instrument to avoid too much attention being drawn to controversial interventions. One example of that was when the US sent MPRI to train the Croatian army during the Balkans war, circumventing UN sanctions on the warring parties. The training appears to have been a main factor turning the war around, and the Croat army proceeded to commit a massacre on the Serbian population in the Krajina region (Markusen 2003: 489). We are not talking about Executive Outcomes and Africa here; MPRI represents the so-called respectable part of the industry, and it received a license for the mission from the US Department of State. It should be clear by now that more transparency is not in the interest of the clients of these companies; it actually runs directly contrary to the reason for using them in the first place. If PMCs or their employees were hauled to court, more light would be shed on their activities, possibly embarrassing politicians and contracting governments as much as the companies themselves. And yet, the PMC industry's biggest client is responsible for both of the regularly proposed paths of accountability: market demand and legal systems.

## CHAPTER 4

### 4. PMCS IN COLOMBIA

In the next two chapters I look at two countries where PMCs have been widely used, both by the governments of those countries, foreign governments intervening in those countries (mainly the US), and TNCs seeking to protect their operations there. The first case is Colombia, where PMCs have had an extensive presence for some time. According to McCoy (2010), Colombia represents a sort of best case scenario for the use of PMCs by the American government because they have cooperated closely with US state officials and hence the capacity to oversee their activities has been substantial, and because the tasks they have been contracted for are well-defined and supposedly out of the line of fire. The second case is Iraq, where the use of PMCs exploded with the invasion and subsequent occupation by a US-led coalition of countries in 2003. Iraq represents the other end of the scale where the use of armed contractors increased at such a rate that oversight and accountability mechanisms fell completely by the wayside. Moreover, Iraq was an all-out war-zone where tasks that were, in theory, non-combat in nature still carried substantial risk. In the introduction I mentioned three ways in which privately provided security differs from publicly provided security, and that those three tendencies serve the TCC as opposed to the working class, in both the sending and the receiving states. First, using PMCs tend to *depoliticize* an operation; second, the objects that are to be kept secure shift from the territory as a whole to VIPs and installations owned by the TCC; and third, the result is more insecurity overall. In the following I will recount the experiences of Colombia and Iraq, respectively, to see if they demonstrate these tendencies.

## **4.1 Background**

Colombia has a long history of violent class struggle as well as foreign intervention on behalf of business interests. The current conflict is in many ways a continuation of a conflict that has been going on for most of the 20<sup>th</sup> century. The guerilla groups, mainly the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), which have been a thorn in the side of the Colombian government for decades, first grew out of leftist groups seeking to defend workers and peasants from government violence in the 1960s. Subsequently, right-wing paramilitary groups began to form in order to defend the interests of wealthy landowners and businessmen. These groups, which united under a common umbrella organization in 1997, the United Self-Defense Forces of Colombia (AUC), were later shown to have strong ties to officials within the Colombian government. Starting in the 1980s, the processing and later on cultivation of drugs such as marihuana, cocaine, and heroine began to finance the armed groups on both the left and right side of the political spectrum. The US government first hired contractors to conduct aerial fumigations of drug crops during the 1980s (McCoy 2010: 41). However, US involvement in Colombia's civil war, including the use of armed contractors, sharply escalated with the launch of Plan Colombia in 2000.

## **4.2 Plan Colombia**

Plan Colombia was authorized in 2000 by President Bill Clinton, and comprised a multi-year aid package with an initial cost of US\$1.3 billion. The plan aimed to reassert state control over territories of Colombia controlled by the guerillas and to reduce funding for the guerillas by targeting drug production, thereby allowing it to

be marketed in the US as a part of the so-called War on Drugs. A few years earlier, the Colombian government had proposed a Plan Colombia which first and foremost focused on development and giving coca farmers an alternative to drug production, but requests for funding were turned down. The Plan Colombia that was put into action in 2000 had ten elements, of which the military and counternarcotics components were only two, but the remaining eight components went virtually without funding. In the initial proposal, Colombia was supposed to come up with US\$4 billion to finance the plan along with US\$3.5 billion of foreign money. Colombian officials had relied on the EU to fund the humanitarian parts of the plan, but the EU refused to take part in an initiative they saw as American-controlled and too militarized (Leech 2000a). Indeed, an American PMC, MPRI, had been contracted to come up with a strategic plan, which also ended up encroaching on the political goals of Plan Colombia. According to McCoy's fieldwork there, one "senior Ministry of Defense official who had been involved in early talks over the strategic goals of Plan Colombia, described how the U.S. government allowed the firm MPRI to determine policy goals, despite the strenuous objections of Colombian defense officials" (2010: 199). One US diplomatic cable from the start of phase II of the plan explicitly states that "strengthening the capacity of the state, especially the military capability, is key to the success of any national plan. The weakness of the state is at the heart of Colombia's ills." (Wikileaks 04BOGOTA1703) The same cable also argues that a drastic increase in defense spending is a sign of the government of Colombia's dedication to Plan Colombia. In official statements on Plan Colombia, the "soft side" aspects including development, providing alternatives for coca farmers, human rights initiatives, and judicial reform are invariably emphasized. But looking at the patterns of funding, the priorities become clear. Plan Colombia is administered

through the Narcotics Affairs Section (NAS) at the American Embassy in Bogotá.

According to their website, out of US\$3.5 billion channeled through their office since FY 2000, “149 million has been ‘soft side’ money” (NAS 2011).

#### **4.2.1 Neoliberalization and American control**

Around the same time as Plan Colombia was approved, Colombia was forced to introduce austerity measures and cuts in social spending after accepting a loan from the IMF in December 1999 (Leech 2000a). Neoliberal policies of privatization, austerity, and opening up of markets to foreign investors was considered the economic component of the plan, and were expected to contribute to the overall goals of the plan by increasing economic growth and reducing Colombia’s national debt. The austerity measures met with massive resistance from workers, who held a general strike and showed up in the thousands in the streets of the capital to protest the measures in August 2000. The reaction of the government was taking the military option as tanks rolled into the streets of Bogotá, quite in line with the strategy of Plan Colombia (Leech 2000b). Testament to the militarized approach of Plan Colombia is the estimate that approximately fifty percent of Plan Colombia funding goes to American PMCs (McCoy 2010: 200). Furthermore, although Plan Colombia is portrayed as a Colombian-run initiative, Colombian officials seem to have very little say in the execution of the plan. One Colombian Ministry of Defense official interviewed by McCoy said Colombia has very little influence over operations, and that any objections to US tactical decisions are met with the implicit threat that aid might be cut across the board (2010: 200). According to McCoy, “several former Ministry of Defense officials contended that they had no firm sense of the number of contractors operating in their country at any given time” (2010: 200), one of them

referring to the situation as a blackout. In other words, information about the primary agents executing Plan Colombia, supposedly on behalf of the Colombian government, was only accessible to the US embassy in Bogotá and its Narcotics Affairs Section.

### **4.3 PMCs on Government Contracts**

Plan Colombia made Colombia the third largest recipient of US military aid after Israel and Egypt, but about half of the money went to American corporations for supplying services or military hardware to the effort in Colombia (McCoy 2010: 200). According to McCoy “the U.S. military has outsourced nearly every aspect of military policy in Colombia, and the Colombian military has itself turned to PMCs on occasion as well” (2010: 11). Some of the mostly American firms that have benefitted from contracts with the NAS are “DynCorp, Lockheed-Martin (LM) (and their subcontractor Consulting, Contracting and Engineering, LLC (CCE)), Aeronautical Radio, Inc. (ARINC), and Olgoonik Logistics, LLC” (Wikileaks 05BOGOTA5301). MPRI’s role in the strategic planning for Plan Colombia on contract with the Pentagon “laid the foundation for the types of operations that military contractors are involved in today.” (McCoy 2010: 37). Also, United Technologies and Textron won contracts for supplying Blackhawk and Huey helicopters, respectively (Weisbrot 2000), to be operated and maintained by DynCorp, Northrop Grumman, or Lockheed Martin personnel in the field. DynCorp’s contract is perhaps the most well-documented of the PMCs working in the field. Although drug crop eradication, training, and drug interdiction are its main tasks, DynCorp “also participates in air transport, reconnaissance, search and rescue, airborne medical evacuation, ferrying equipment and personnel from one country to another, as well as aircraft

maintenance” (contract cited in Bigwood 2001). Officially, DynCorp is only providing support for the units of Colombian police who are responsible for the aerial fumigations, but in reality “it has a ‘command and control’ function in the field” (Bigwood 2001).

#### **4.3.1 War on drugs or counter-insurgency?**

DynCorp’s work in Colombia is portrayed in terms of counter-narcotics and supposedly has nothing to do with the counter-insurgency efforts of the Colombian military. After receiving much criticism over the role played by EO and Sandline in Africa during the 1990s, the PMC industry sought to build an image of their services as merely supporting military operations without being involved in direct combat. However, as McCoy points out, PMCs still “operate in an integrated military context. Highlighting only the discrete roles of specific contractors in such cases obscures the extent to which they are actually involved in war.” (2010: 59) According to her fieldwork, most DynCorp employees working in Colombia had a military background, and many of them were from Special Forces units with previous experience in Latin America. These interviewees “stressed that their current work as contractors very closely mirrors their previous work in the Special Forces.” (McCoy 2010: 49) Although DynCorp may be hired to do aerial fumigations, these missions are joint operations with the Colombian military, and have a clear counter-insurgency component. The planes spraying the crops need to fly fairly close to the ground, and so aerial fumigations in guerilla-controlled territory necessarily also involve a military advance on the ground. McCoy explains:

Each spray operation consists of a battalion of Colombian Special Forces (called “JUNGLAS”) which operates on the ground. Their task is to clear the

area of drug dealers, guerrillas, or anyone else who might pose a threat. They are accompanied in the air by an armored spray plane, two to three armored helicopters (Blackhawks or Hueys), and an armored “ghost” plane which flies above all three (“Leandro” Interview) Contractors make up the pilots and crewmembers of the spray planes and the armed escort helicopters, as well as providing much of the direction from the ground. (2010: 42)

In addition to Colombian Special Forces, there have also been reports from human rights workers on the ground that paramilitaries have been sent in prior to a spraying operation to clear the ground of insurgents and other possible sources of resistance (Bigwood 2001). Although formally a Colombian operation, there is evidence that the US in fact plays the leading role; one DynCorp employee conceded that “all the missions flown in that program are basically directed just by NAS” (Contractor interview in McCoy 2010: 47). Apart from being an integral component of counter-insurgency missions, the fumigations in themselves are not unproblematic. They kill subsistence crops as well as drug-related crops, the land becomes unusable for a period of time after, and there are also reports of severe health effects among the local population in sprayed areas. Although the US officially deems the chemicals they use safe, they have a 26 times higher concentration of glyphosate than what is recommended for similar use within the United States’ borders (Spearin 2003: 13).

#### **4.3.2 Circumventing public scrutiny**

Fearing mission creep and seeking to avoid American involvement in the Colombian civil war, Congress passed legislation limiting the number of American troops and contractors allowed to work there at any given time. The exact number changed somewhat from year to year, but the combined number of troops and contractors allowed stayed below one thousand. However, there were two problems with this. The Colombian government could still contract PMCs to work for them, and PMCs

working for the NAS could hire third country nationals that also would not count towards the total number of Americans involved. DynCorp thus took to hiring third country nationals, and also made sure that the most dangerous jobs were performed by third country nationals so as to avoid attention from the American media when casualties occurred. According to McCoy, “the contractors and State Department officials with whom I spoke seemed to regard the troop cap more as a bureaucratic hurdle to be worked around than as a prohibition on widespread U.S. military involvement in Colombia” (2010: 191). And the way to work around this bureaucratic hurdle was through using PMCs. One Colombian military analyst also expressed that PMCs were a clear advantage to the US State Department as they are quite invisible on the ground (McCoy 2010: 185). Not only do they fall outside certain control and accountability mechanisms, they also wear civilian clothes and blend in where they are stationed, as opposed to a military contingent whose soldiers would be dressed in uniform. The secrecy surrounding the activities of contractors is accompanied by corresponding suspicions against them. Colombian media regularly refer to them as mercenaries. Some have questioned why they use planes for fumigations that were originally designed for reconnaissance and light attack in counter-insurgency operations (Singer 2003: 208). In 2000, DynCorp employees were caught smuggling heroine to the US as well as using drugs on the job (Lawson 2001), which naturally undermined their claim to be engaged in a war against drugs. DynCorp sent the employees in question out of the country, and resisted sharing information with Colombian judicial authorities. The most disturbing allegations, however, are those linking PMCs to paramilitary groups. In one instance of PMC involvement, “drug cartels—supposedly with the knowledge and backing of the Colombian government—hired an Israeli PMC to provide training to paramilitary forces.”

(McCoy 2010: 32). Both left-wing guerillas and right-wing paramilitaries are branded “narco-terrorist” groups by the US government, but in terms of human rights violations and killings the latter groups are far worse. Eighty-five percent of political murders in 2000 were committed by state security forces or paramilitaries, while fifteen percent were done by guerrillas (Isacson 2002: 25). In 2003 it was estimated that the AUC had committed upwards of 80 per cent of human rights violations in Colombia in the preceding years (Spearin 2003: 7). And yet, the focus of the counter-insurgency efforts is on the left-wing guerillas. Given the very close connections between paramilitaries and the Colombian military, it is likely that US-sponsored training for the Colombian military has in some ways benefitted the paramilitaries. Colombian military brigades are supposed to be vetted for human rights abuses before receiving US training, but they usually get around the requirement by reshuffling individuals, forming new brigades, and not reporting on abuses (Dube and Naidu 2010: 7).

#### **4.4 PMCs and TNCs**

The other major client base for PMCs operating in Colombia consists of transnational corporations seeking to secure their investments there. Colombia is rich in oil and other natural resources such as natural gas, coal, timber, gold, and precious gems, and has attracted a number of foreign companies in resource extraction. It is the largest source of coal imports to the US, and the tenth largest source of oil per 2011 (EIA 2011). However, the left-wing guerillas generally oppose TNCs operating in the country, and have been known to sabotage installations and kidnap company executives, creating a rather challenging business environment. “The ELN has

especially targeted foreign multinationals doing business in Colombia, frequently attacking the country's oil and energy infrastructure" (Isacson 2002: 27), for example pipelines carrying oil from the source to the export hubs.

#### **4.4.1 British Petroleum and Defence Systems Ltd**

British Petroleum (BP) is one of the TNCs that hired its own private army with the help of a PMC to protect its operations in Colombia. The British PMC Defence Systems Ltd, chaired by a former SAS officer, set up a subsidiary, Defence Systems Colombia (DSC), to provide security for BP in the Casenare region. DSC trained Colombian police on behalf of BP, and very likely helped the Colombian army's 14<sup>th</sup> Brigade, one of the most notorious human rights-violators, by importing arms for them. Given that DSC personnel had access to BPs private terminal at the main airport in the area, it was basically free to bring any kind of weaponry into the country unchecked. Human rights NGOs connect a number of killings and disappearances of activists opposed to BPs presence in Casenare, committed by paramilitaries and certain army brigades, to intelligence provided by DSC (Whyte 2003: 595).

Investigations by the *Guardian* newspaper revealed proposals from DSC to form intelligence cells in the local communities, and from an Israeli subsidiary, Silver Shadow, which offered a seminar in intelligence and psychological warfare for DSC and BP staff (Hughes 2007: 101). The latter proposal, which BP called a "community relations" seminar, was never realized. The former was set into motion with DSC personnel working for the Ocesa consortium of which BP was a member; BP denies any involvement with intelligence gathering in local communities (Gillard et al. 1998). A group of farmers who had lost their livelihood through either displacement or environmental destruction resulting from the building of the Ocesa pipeline took

the step of suing for compensation through the British court system. According to the lawsuit, paramilitaries had assisted the construction of the pipeline by forcefully removing farmers from its path, using rape, sexual harassment, forced expulsion and murder. Lawyers associated with legal cases against oil companies had been murdered as well. A British lawyer working on the case argued that “BP took advantage of the regime of terror brought about by the army and paramilitaries [...] - and even took steps to sideline the obtaining of legal advice when it was available” (Verkaik 2005).

#### **4.4.2 Occidental Petroleum and Airscan**

Another TNC which required the services of a PMC to protect its operations in Colombia is the American company Occidental Petroleum. Together with its Colombian partners, Ecopetrol, it hired Airscan Inc. to conduct “anti-guerrilla surveillance of the pipeline that carries oil from Occidental's wells in Arauca” (Wikileaks 04BOGOTA3628) from 1997 onwards. Similar to what DSC was doing for BP, Airscan provided intelligence and advice to Colombian military units in order to fight the guerillas and protect the pipeline. In 1998 one such mission went awry when Airscan advised the Colombian military to hit the village of Santo Domingo. A cluster bomb was dropped on the village killing 18 unarmed civilians. The incident became an issue in US-Colombia diplomatic relations when a lawsuit was filed in California under the Alien Tort Claims Act arguing that Occidental and Airscan shared responsibility with the Colombian army. Colombian officials worried that a ruling would have to weigh blame, and therefore result in public criticism in the US of how Colombia used its army within its borders. American officials worried that “a ruling against Oxy and/or Airscan could complicate contracting, recruitment, and/or

mission objectives” (Wikileaks 04BOGOTA3628). With the George W. Bush administration came a review of their Colombia-policy as key officials wanted to shift the focus from anti-narcotics to counter-insurgency. A 2003 aid request to Congress under the Foreign Military Financing program proposed “\$98 million to help Colombia’s army protect the Caño Limón-Coveñas pipeline” (Isaacson 2002: 37), which is the very same pipeline carrying Occidental Petroleum’s oil. Despite the efforts of Airscan, “guerrillas attacked the pipeline 166 times in 2001” (Isaacson 2002: 37). The initiative was the first major non-drug related one undertaken by US personnel, and according to a Colombian human rights group, it came with “a huge upsurge in paramilitary activity in Aracua” (Weinberg 2005).

#### **4.4.3 TNCs and paramilitary groups**

While oil companies hired PMCs for security, and left it to them to liaise with paramilitary groups, other TNCs paid paramilitaries directly for the same kind of services. In this context, the paramilitaries functioned more like traditional mercenaries, reminiscent of the Pinkertons, with no qualms about performing the jobs on the dirtier end of the spectrum in order to ensure solid profits for TNCs. Chiquita has admitted to making payments to the AUC, but claims these were extortionate in nature. Families of victims, however, “claim Chiquita paid the AUC to drive the guerillas out of Chiquita's banana-growing areas and used AUC forces to suppress union activity on the plantations” (Filip 2011). A recent ruling from a federal court opened the door for the relatives of activists and banana-workers to sue Chiquita “over claims of torture, extrajudicial killings, war crimes and crimes against humanity” (Filip 2011). There is a disturbing continuity in the practices of Chiquita today from the practices of its predecessor, the United Fruit Company. In one of the

major incidents of colonial exploitation that is regarded as having led up to the long conflict in Colombia, the Colombian army massacred an unknown number of striking workers in the United Fruit Company's employ in 1928. The massacre came after pressure from the US, which was threatening a military invasion unless American interests in Colombia were protected by suppressing the strike. Another company with a similar record in Colombia is Coca-Cola. Trade union membership used to be high and working conditions and salaries comparatively good at the Coca-Cola bottling plant in Carepa. That was before the paramilitaries moved into the area in the mid-1990s. Once there, the paramilitaries engaged in a systematic campaign of violence and intimidation to break up the trade union, Sinaltrainal, representing workers at the plant. Several trade union organizers were killed, others were forced into exile, and remaining workers were forced to resign from the union. According to workers there, the manager of the plant had a close relationship with paramilitary leaders, and paid them to break up the union (Thomas 2008). After getting rid of the union, salaries were slashed to a fraction of what they were, and about 80 percent of the workers were put on temporary contracts with very few rights. The Coca-Cola Company claims it has no responsibility for these atrocities, as the bottling plant is a franchise belonging to Panamco. However, Coca-Cola does hold a controlling share of the company, and has two board members. Similar dealings are reported in a number of sectors (for an overview of the dangers for trade unionists in Colombia, see Amnesty International 2007).

## **4.5 What was Accomplished?**

The last few years have seen mounting evidence that paramilitary groups were working closely with key figures in the Colombian government, including many parliamentarians in former President Álvaro Uribe's coalition, as well as the president himself. It has also been revealed that US aid money contributed to furthering these people's political agenda. One of the agencies that received training and support from the US is Colombia's intelligence bureau, the Department of Administrative Security (DAS). The DAS was caught infiltrating Colombia's Supreme Court with the aim of crippling its investigation into corrupt government officials allied with Uribe (Forero 2011; and DeYoung and Duque 2011). There are several other indicators that Uribe was indeed a very dubious ally in the so-called war on drugs. A declassified report from the early 1990s by the US Defense Intelligence Agency "revealed the then Senator Uribe as having 'worked for the Medellín Cartel' as a 'close personal friend' of the cartel's drugs baron, Pablo Escobar." (Pilger 2008) Furthermore, a demobilized AUC commander claimed "that the paramilitary organization contributed funding to President Uribe's 2002 election campaign" (Leech 2009b). According to the US Drug Enforcement Administration (DEA), "all branches of government' in Colombia are involved in 'drug-related corruption'" (cited in Chomsky 2000: 72). However, the US chose to ignore the evidence that Colombia's drug-problem went straight up to the President's office. Although Plan Colombia was purportedly a part of the war on drugs, it ended up supporting a government and a state apparatus, which were deeply involved in drug-related corruption.

#### **4.5.1 Success or failure?**

Looking at the results of the drug crop eradication efforts the picture does not get any brighter. The original goal of Plan Colombia was to reduce coca production by 50 percent (Wikileaks 04BOGOTA1703). In 2008, the Government Accountability Office (GAO) reported that coca cultivation had increased by some 15 percent from 2000 to 2006 (GAO 2008: 4). In 2010, coca cultivation had still not gone down, but there was evidence that “potential cocaine production” had decreased drastically due to degradation of arable land as a result of aerial fumigations (GAO 2010: 4).

Although destroying the land and livelihoods of Colombia’s peasant population might eventually yield results in the so-called war on drugs (Leech 2002), it seems like an excessively cumbersome and clearly immoral method, especially given that demand-side efforts against drugs have been proven to be many times more effective (Chomsky 2000: 80). The GAO admits that counter-narcotics operations are “closely aligned with the achievement of other U.S. foreign policy goals” (GAO 2010: 10). Hence, despite the failure to reduce coca cultivation, Plan Colombia is still declared successful since the security apparatus of the Colombian state has been strengthened vis-à-vis the FARC. Similarly, the process set in motion in 2003 to disarm and demobilize paramilitary groups has turned out to be seriously flawed. As early as 2005, Human Rights Watch (HRW) reported that paramilitary demobilization happened mostly on their own terms, and that they were “taking full advantage of the demobilization process to launder their illegal fortunes and legitimize their political control” (HRW 2005). Five years later HRW issued another report, documenting human rights abuses by successor groups to the paramilitaries (HRW 2010).

#### **4.5.2 The class agenda**

If US involvement in Colombia did not bring a reduction of drug cultivation or human rights abuses, it did succeed in establishing a more attractive business environment. Colombia has some of the most attractive tax rules for foreign companies in the oil business, and limited public oversight over the industry. While security for workers and farmers has arguably gotten worse over the past decade, strengthening the state has increased security for foreign corporations, the local capitalist class, and the paramilitary mafia network. One of the achievements in rural development boasted by the Colombian government involves manual eradication of coca crops, and giving the farmers an alternative in producing African palm for exportation. In reality, large parts of the peasant population is being forcibly displaced by paramilitaries ahead of the manual eradication operations so that the land may be taken over by wealthy landowners. For those that stay there is no economic support to carry them through the three years it takes for the African palm crops to yield (Leech 2009a). Furthermore, farmers take up loans to start cultivating African palm that they may be unable to pay back, leaving the door open to what Harvey (2005) calls accumulation by dispossession through the credit system. According to Leech, “thousands of Afro-Colombians and indigenous peoples have been forcibly displaced to make their lands available for African palm cultivation—much of which is being produced to satisfy the increasing demand for agrofuels in the wealthy nations of the global North” (Leech 2009b). In regions where mineral extraction takes place, the story is the same. According to one Colombian governmental commission, “‘the criminalization of social protest’ is one of the ‘principal factors which permit and encourage violations of human rights’ by the military and police authorities and their paramilitary collaborators” (cited in Chomsky 2000: 69). Indeed, clampdowns on trade union

leaders and human rights activists are frequently justified by branding them insurgents. Numerous reports by human rights NGOs have established that Colombia is the most dangerous country in the world for organized labor; at certain times more than half of all trade unionists murdered the world over were in Colombia (Amnesty International 2007; Human Rights Watch 2007). And yet, “President Álvaro Uribe has shown little inclination to rectify this situation. ‘There are no assassinations of workers in Colombia,’ he has stated, adding that there are ‘rotten apples’ in the trade union movement” (Thomas 2008). Another indicator of the class agenda of the Colombian conflict is that inequality in Colombia has risen since Plan Colombia, from a Gini coefficient of 53.8 in 1996 to 58.5 in 2009. After a decade of US intervention purportedly to promote peace and development, Colombia is now the eighth most unequal country in the world (CIA World Factbook 2011).

#### **4.6 Conclusions**

There is little doubt that what PMCs hired by the US have been engaged to do in Colombia is war, and not just discrete counter-narcotics operations. Contractors for DynCorp interviewed by McCoy were very clear that they had been hired for war. Their “allegiance lay with the U.S. government and its objectives in Colombia. Whether those objectives involved them in missions that were nominally dedicated to law enforcement [...] or more explicitly to combat [...] seemed immaterial.” (2010: 52) The reason for using PMCs instead of the US military, then, has a lot to do with hiding the fact that the US is intervening militarily in Colombia’s civil war. State Department employees McCoy talked to while in Colombia indicated that “U.S. operations in Colombia are not seen by politicians as having sufficient support from

the electorate back home.” (2010: 177-8) Media attention to incidents involving contractors is usually much less than if US soldiers are involved in combat on foreign soil. Hence, although there were US military advisers on the ground in Colombia as well, PMC personnel were more frequently sent to the front lines while military units did training in secure areas. Furthermore, it is not uncommon that army veterans talk to the media about their experiences after deployment. This happens much less with contractors. And keeping contractors out of any sphere of legal accountability, as discussed in chapter three, also serves to lessen the risk of media attention that would usually follow a court case. Contractors in Colombia working for the US state are immune from prosecution in Colombian courts (McCoy 2010: 120), and they will also not be held to account through the US system of military justice. Finally, it seems in this case that using PMCs was useful to the Colombian government as well to escape accusations of foreign meddling in Colombian affairs; “One former Ministry of Defense official [...] pointed to contractors’ relative invisibility on the ground as helping to reduce the potential protests that had resulted from perceptions of ‘gringo imperialism’ in past U.S. military actions” (McCoy 2010: 204).

#### **4.6.1 Creating a favorable business climate**

If PMCs in Colombia are engaged in covert warfare, what, then, is the purpose of their engagement? Considering the dismal record in drug supply reduction, support for corrupt Colombian officials, and the fact that American officials still consider Plan Colombia a success, we can conclude that a war on drugs was not the primary target. If it was, other methods that have been proven to be much more efficient would have been used, and paramilitaries would have been targeted as much as guerillas seeing as the majority of Colombia’s drug production is controlled by them. According to a

drug specialist from the region, “counterinsurgency battalions armed and trained by the US do not attack traffickers, [...] but ‘have as their target the weakest and most socially fragile link of the drug chain: the production by peasants, settlers, and indigenous people’” (Vargas cited in Chomsky 2000: 74). Furthermore, a study by Dube and Naidu finds that paramilitary attacks increase in municipalities that receive US military aid while the effect on guerrilla attacks and drug cultivation is none. Also, voter turnout goes down in election years, and political killings by paramilitaries go up when a municipality receives military aid from the US (Dube and Naidu 2010). So while US aid might have served to strengthen Colombia’s security institutions, it certainly has not strengthened security for farmers and the working class. On the other hand, the combined structural violence, in the shape of neoliberal reforms imposed, and direct violence, in the shape of US military aid, have succeeded in creating a favorable investment climate for foreign investors, increasing security for TNCs operating in Colombia, and granting the US access to Colombia’s military bases. When the Colombian newspaper *El Tiempo* interviewed the US ambassador to Colombia, Anne Patterson, about US support for protection of Occidental’s pipeline, she admitted that it is not an anti-narcotics issue, but argued “it is something we have to do. It is important for the future of the country (Colombia), for our petroleum supplies, and for the confidence of our investors” (cited in Sage 2002). A former US Special Forces sergeant told another Colombian newspaper, *El Espectador*, that Plan Colombia was about “defending the operations of Occidental, British Petroleum and Texas Petroleum, and securing control of future Colombian fields” (cited in Moore 2002).

#### **4.6.2 Access to military bases**

Flying under the political radar of both the US and the Colombian public is a tendency we find again in negotiations to grant America access to Colombian military bases. A counterproposal from the government of Colombia delivered during negotiations of the Defense Cooperation Agreement between the two countries had three major points of objection to the American proposal. Two of them were to “avoid the use of the word ‘base’” and to “place the agreement under the umbrella of existing bilateral and multilateral accords to avoid the need for Colombian congressional approval” (Wikileaks 08BOGOTA4083). The recommendation from the American Embassy in Bogotá was to accommodate those needs, seeing as they were vital to concluding an agreement. The agreement was signed in August 2009, but challenged in the Colombian Constitutional Court a year later over the lack of Congressional approval (Pitarque 2010). That George W. Bush chose to shift the focus from counternarcotics to counterinsurgency as part of the global war on terror may not be surprising, but looking at the Obama administration’s aid package for Colombia it seems he is not only following the former President’s lead, but actually intensifying US support for counterinsurgency efforts (Leech 2009c). Colombia is seen by the Obama administration as a successful example of US aid, and one that could serve as a model for other countries, notably Afghanistan.

#### **4.6.3 A whitewashing mechanism for class war**

Looking at the broader picture, we see that intricate tools from the legal, diplomatic, economic, and military realms are brought to bear in order to let the US government achieve its goals in Colombia and at the same time abdicate responsibility for the structural results of their policies, as if they had no relation. The Colombian

government and military as well as the paramilitaries are complicit in this effort. PMCs constitute one important tool utilized to keep the reality of US involvement and its goals away from public scrutiny, and to carry out tasks that it would be very difficult to have the US military do. Apart from serving a particular function on behalf of the US government, the Colombian government, and TNCs, it is difficult to assess how much the conflict itself has changed in nature due to the involvement of PMCs. But in McCoy's opinion, the "conflict has presumably been shaped by PMCs that have variously been hired by the Colombian and U.S. governments, although not all of these cases are well documented." (2010: 33). The governments and TNCs involved can try to distance themselves as much as they like from abuses perpetrated by their allies. But even if the means are slightly more palatable, there is little doubt that the PMCs they employ are working towards the same goals that the paramilitaries do, and that they are benefitting from paramilitary activity. Furthermore, the work that PMCs in Colombia do on behalf of their clients is either impossible or futile without the collusion of paramilitaries and Colombian military units engaged in human rights abuses. DynCorp could not do aerial fumigations without counterinsurgency ground support. DSC and Airscan's efforts at collecting intelligence would be worthless if Colombian units, military or paramilitary, were not there to act on that intelligence. In sum, PMCs in Colombia act as a whitewashing mechanism for what is in reality direct support for moneyed interests in Colombia's class war.

## CHAPTER 5

### 5. PMCS IN IRAQ

#### 5.1 Background

Like Colombia, Iraq has a history of colonial exploitation throughout the 20<sup>th</sup> century. Having been part of the Ottoman Empire, Iraq was carved up into spheres of influence of the European colonial powers after World War I, and ended up mostly under British control. Oil was discovered in the 1920s, and monopolized through the red line agreement. All oil production within the red line was controlled by the Turkish (later Iraq) Petroleum Company, a consortium of the largest Western oil companies which we recognize today as British Petroleum, Total of France, Exxon-Mobil, and Royal Dutch Shell. Britain granted independence to Iraq in 1932, but invaded it again during World War II for fear of losing its oil supply during the war. After the war, Iraqi politics were characterized by frequent coups, one of them bringing the Ba'athists to power in 1968. The Ba'athist government nationalized Iraq's oil in 1972 after failed negotiations with the foreign oil companies. Another coup brought Saddam Hussein to power in 1979. Shortly after the Iranian revolution next door, Hussein declared war on Iran. The war lasted nearly a decade and ended in devastating losses on both sides. During this period Iraq built a nuclear research facility, and used chemical weapons against Iran, thus providing the background for the campaign to disarm Iraq of its weapons of mass destruction (WMD). Up until this point Saddam Hussein's regime had been an ally of American and Western interests in the Middle East, and a recipient of weapons sales from the West. Iraq's invasion of Kuwait in 1990 and the following Gulf War changed Hussein's status from friend to

enemy. An American-led coalition expelled Iraqi forces from Kuwait and destroyed a large part of its military capability in the first Gulf War. Economic and trade sanctions were also imposed by the UN Security Council in order to force Iraq to disclose its WMD programs and arsenals. Iraq was also subjected to a continuous campaign of aerial bombardment under the euphemistically termed “no-fly zone”. In spite of the fact that Iraq for the most part complied with UN weapons inspectors (Powell 2004), and that the sanctions turned out to mostly affect civilians to the point where up to a million Iraqis may have died as a result (Pilger 2000), the sanctions remained in place until the war in 2003.

## **5.2 The Iraq War**

The stated objective of the George W. Bush administration for going to war against Iraq in 2003 was to reveal the undeclared weapons of mass destruction it believed Iraq had. In 2002, after US demands for Iraq to let the weapons inspectors that had been expelled in 1998 finish the job, Iraq produced a 12,000-page document detailing its weapons. Hans Blix, the chief UN weapons inspector, assured the United Nations that Iraq was in compliance with the relevant UN resolutions, but to no avail. In fact, the Bush administration had started preparing for war with Iraq in 2001, shortly after 9/11, and continued preparing the ground by designating Iraq a member of the “axis of evil” composed of states seen as sponsors of international terrorism, together with Iran and North Korea (Bush 2002). The Iraqi regime was seen to have links to Al-Qaeda, and the war on terror rhetoric developed after 9/11 was utilized to the full despite the dubiousness of the alleged connections. Furthermore, ever since the first Iraq war in 1991, a number of prominent Republicans had been advocating that

America should go back into Iraq and “finish the job”. Key members of the Bush administration such as Donald Rumsfeld, Paul Wolfowitz, Richard Perle, Richard Armitage, and Dick Cheney were all members of a group called the Project for the New American Century (PNAC), which had advocated a radical reshaping of the Middle East to suit American strategic objectives. Together with the absence of a UN mandate for the attack, the background of some of the Bush administration’s officials added to the controversy surrounding the war. Although the invasion itself was controversial to say the least, things were to get much worse with the apparent mismanagement of the occupation. After President Bush declared victory in Iraq on May 1, 2003, the country steadily descended into a violent mess while the alleged WMDs proved to be non-existent. The decisions to dismiss the Iraqi army and to purge Ba’athists from the political system entirely, made sure there was little left of internal forces that could have contributed to stabilize the situation. Instead, disgruntled, armed, and newly unemployed men were set loose in the thousands, leading to rampant sectarian violence as well as an insurgency against the occupation.

### **5.2.1 Bremer’s neoliberalization scheme**

De-Ba’athification (May 16, 2003) and dismissing the army (August 23, 2003) constituted Orders 1 and 2 from the newly established Coalition Provisional Authority (CPA) in charge of the occupation (CPA 2004). The next step was to reform Iraq’s economy from the centrally planned economy it was under Hussein to a free market dream. L. Paul Bremer III, head of the CPA from May 2003, issued four orders on September 19 that year ensuring neoliberalization of the market, foreign ownership rights, and a strictly regulated labor market (CPA 2004). According to the Geneva Convention, “an occupying power is mandated to guard the assets of an occupied

country and not sell them off” (Harvey 2005: 6). But “in Iraq, where there is little public or Congressional oversight, the administration has privatized everything in sight” (Paul Krugman quoted in Scahill 2007: 372). Shortly after Bremer arrived in Baghdad and took up residence in the former dictator’s old palace, he declared Iraq open for business and started selling off state owned companies to foreign investors. Bremer was hardly the type to run the operation low-key. When confronted with Iraqi resistance, he responded that “we are going to fight them and impose our will on them” (quoted in Scahill 2007: 66). In Naomi Klein’s opinion, Bremer was brought in not as an expert on Iraq, but because he is “an expert at profiting from the war on terror and at helping US multinationals make money in far-off places where they are unpopular and unwelcome” (quoted in Scahill 2007: 64). Among the generous provisions Bremer decreed for the TCC was a 15 percent flat tax rate, allowing foreigners to own 100 percent of Iraqi assets (exempting natural resources), and allowing foreign investors to repatriate 100 percent of profits earned in Iraq, no reinvestment required (Scahill 2007: 68). On paper, the new Iraq was a neoliberal dream, but the escalating violence turned out to be a discouraging factor for international capitalists considering investing there. However, the PMC industry was having a field day.

### **5.3 PMCs on Government Contracts**

From the very beginning the American government was not willing to dedicate the number of soldiers necessary to maintain the occupation. The invasion was based on “shock and awe,” inflicting maximum damage through a massive bomb campaign and using minimum levels of troops to follow up. Consequently, the number of military

contractors required became larger than in any previous war, and has steadily increased as a percentage of the total force since the invasion. In 2003 it was estimated that 1 in 3 people deployed on behalf of the coalition in Iraq were contractors (Scahill 2007: 147). In 2006 the ratio of contractors to soldiers was 1:1 (Scahill 2007: 341), and in 2008 contractors outnumbered soldiers on the ground (Schwartz and Swain 2011: 15). Although the total number of soldiers and contractors has declined since the peak in 2007, the number of contractors is set to increase again when the US military pulls out at the end of 2011. By far the largest number of PMCs employed by the US government is providing one form or another of base support. In FY2010 the Department of Defense alone spent almost US\$7 billion on contracts in Iraq (Schwartz, Ginsberg and Alexander 2011: 7). The second largest category in DoD's spending is PSCs providing static security or security details for convoys or VIPs (Schwartz and Swain 2011: 116). In addition to the DoD, the State Department and USAID have been among the biggest government customers of PMCs in Iraq.

### **5.3.1 Rampant outsourcing and dismal performance**

Exempting direct combat operations, nearly every aspect of the war and the following attempt at reconstruction and stabilization was outsourced. DynCorp was again one of the PMCs benefitting from this outsourcing. In 2003 it received a contract to support law enforcement functions. Among other things, DynCorp was responsible for field training the Iraqi police, a job that the American military took over in 2004 due to a failure on the part of DynCorp to execute the job properly (Isenberg 2009: 92).

DynCorp were supposed to train police recruits, and then provide advisers to oversee and mentor them in their daily work. However, the company never put the required amount of advisers on the ground, and hence it did not take long before the new Iraqi

police force became thoroughly infiltrated by Shiite militias. The performance of the police recruits that managed to complete the program was dismal, and soon the force degenerated into armed gangs for local politicians. At the end of the contract, US\$36.4 million worth of weapons and other equipment that DynCorp supposedly had supplied could not be found (Hughes 2007: 88-90). But instead of punishing the company as free market theory assumes unhappy customers will do, DynCorp continued to secure contracts with the American government. In 2006, DynCorp together with another company got a deal to provide linguists for the army, potentially worth up to US\$4.6 billion (Isenberg 2009: 95).

In the British camp the situation was similar. The British Foreign and Commonwealth Office (FCO) spent around £50 million on security contractors yearly between 2004 and 2006. Among other things, FCO had a contract with ArmourGroup to provide international police advisors (Isenberg 2009: 32). ArmourGroup is formerly Defence Systems Limited (DSL), the same company that was gathering intelligence on guerillas and activists on behalf of British Petroleum in Colombia. One ArmourGroup employee interviewed by Armstrong said he felt pressured by the company not to share intelligence with the British army on militias having infiltrated the police force (Armstrong 2008: 194). Even though this was vital intelligence to defeat the insurgency, the information would be bad for business as hiring contractors to train insurgents via the police force was clearly contrary to the overall aims of the coalition forces. Another PMC, Vinnel, got a contract in 2003 to train nine battalions, 1000 men each, of Iraq's army. Again, this contract was cancelled a year later due to bad performance (Isenberg 2009: 104). The level of failure in each stage of the effort to stabilize Iraq is really quite astonishing. After first dismissing the army, then failing to train the new army, then failing to train the new police force while ending up

training insurgents instead, it was clear that American soldiers as well as PMCs would have to stay on a lot longer than originally announced. While the situation was only getting worse for the majority of Iraqis, the window of opportunity for PMCs to make a profit was extended.

### **5.3.2 State Department contracts**

DynCorp also had a contract with the State Department for Worldwide Personal Protective Services (WPPS), first awarded to them in 2000 (Isenberg 2009: 30). In 2005, parts of WPPS II again went to DynCorp. Triple Canopy also got a share, but Blackwater took away the biggest chunk of the contract. Blackwater provided security for America's top administrators in Iraq, such as L. Paul Bremer III, head of the CPA, and John Negroponte, the US ambassador who arrived after power was transferred from the CPA to an Iraqi government in 2004. It provided static security as well as personal security details for VIPs. Following a number of incidents, Blackwater became the symbol of all bad things associated with contractors in Iraq. Its employees were accused of being aggressive and culturally insensitive in their behavior towards the locals. When moving on public roads they would drive aggressively and frequently run other vehicles off the road, purportedly for security reasons, thus antagonizing local Iraqis. A US businessman, Howard Lowry, having worked in Iraq from 2003 to 2009 came forward in 2010 as part of a whistleblower lawsuit with information that he had bought drugs and weapons on the black market for Blackwater employees in Baghdad. According to Lowry, the use of steroids and testosterone was widespread amongst the company's employees, and he had witnessed Blackwater personnel firing their weapons randomly at Iraqis on the street and at residential buildings (Scahill 2010). In the aftermath of the Nisour Square

incident where 17 Iraqi civilians were killed by Blackwater guards, the Iraqi government revoked Blackwater's operating license. However, the firm kept operating under a different name, and eventually many of its guards went over to DynCorp or Triple Canopy and kept working the same jobs. Blackwater was newly established when the global war on terror became a reality. Its founder, Eric Prince, was well connected within the Republican party and made generous donations to its politicians, which might explain some of its formidable growth the following years. Or perhaps the increase in federal contracts from US\$736,906 in 2001 to US\$1 billion in 2006 (Isenberg 2009: 76) was simply testament to the incredible security boom brought on by the global war on terror. In any case, it has been reported that less than five percent of Blackwater's contracts with the US government were awarded competitively (Isenberg 2009: 20), which is quite contradictory considering that competition is supposed to be the one factor making private contractors more efficient than government employees, according to neoliberal theory. Although neoliberal theory is used as justification for outsourcing, the US government is not adhering to its preconditions for successful outsourcing when offering government contracts.

### **5.3.3 Outsource everything**

While Blackwater may have fallen into disfavor, plenty of other PMCs stand ready to take over. Triple Canopy, while managing to avoid high-profile incidents such as the one in Nisour Square, has similar recruiting habits as did Blackwater. Both firms recruited heavily in Latin America among ex-soldiers from militaries with atrocious human rights records, specifically Colombia, Chile, and El Salvador. Apart from WPPS II, Triple Canopy got contracts to guard CPA facilities around Iraq from 2004, and to protect the Green Zone in Baghdad from 2005 onwards. A few other PMCs

and contracts are worth mentioning, both for their monetary size and for their content. Science Applications International Corp (SAIC) was awarded a number of different contracts “to reshape the oil industry, rebuild the prison system, advise on democracy, act as a liaison with the United Nations, and analyze intelligence.” (Isenberg 2009: 101) SAIC also ran Iraq’s first post-Saddam TV network, under a US\$82 million contract with the Pentagon’s psychological warfare division. Strangely enough, the latter contract was cancelled after accusations of spreading propaganda. One of the problems that surfaced in connection with the extensive use of PMCs in Iraq was a general lack of coordination and communication between the military and the different PMCs operating there, sometimes resulting in armed confrontations between the two due to misunderstandings and lack of information. The US government responded to this problem by outsourcing oversight and coordination to yet another PMC. Aegis Specialist Risk Management, the new company of PMC pioneer Tim Spicer, formerly of Sandline, was awarded a contract in 2004 to oversee and coordinate between all armed contractors in Iraq (Hughes 2007: 168). The contract was valued at a maximum of US\$293 million over three years, but was expanded already the next year (Isenberg 2009: 68).

## **5.4 PMCs and TNCs**

### **5.4.1 The reconstruction boom**

Despite the enormous amounts spent on PMCs by the US government, more PMCs working in Iraq are on contracts with TNCs, some hired for reconstruction projects, or with other governments. One example is ArmorGroup, which had contracts with KBR and Bechtel to provide executive security and site security for reconstruction projects

(Isenberg 2009: 75). If the security industry boom was big, the amount spent on American corporations for reconstruction projects was even bigger. After Iraq was duly put under administration, a number of huge reconstruction projects were planned building the country's infrastructures up from scratch using largely American TNCs. It was as if using American firms would bring American standards to the investments, so building on existing structures in Iraq and using Iraqi firms to do the job was dismissed, even though it would have been much cheaper and would have provided jobs to Iraqis. As soon as oil production was restored and revenues started flowing in to the Iraqi government, Iraq was made to pay for these reconstruction projects as well. This made perfect sense to US government officials, as if the Iraqis had destroyed their own infrastructure, and not US bombs. However, most of the reconstruction projects turned out to be failures. To add insult to injury, billions were wasted or lost to fraud. The American-led CPA squandered as much as US\$9 billion of the US\$20 billion of Iraqi funds it had appropriated during the first year only; the Special Inspector General for Iraq Reconstruction (SIGIR) found that there was "no assurance that the funds were used for the purposes mandated by UN Resolution 1483" (SIGIR 2009: 155). While firms involved in reconstruction were profiting, so too were the PMCs. The US Chamber of Commerce's guide to doing business in Iraq came with a recommended list of PMCs to protect the operations of TNCs wishing to get involved (Scahill 2007: 155). The vice president of Fluor, an American TNC with roughly US\$2 billion in contracts in Iraq, admitted "there are more people carrying guns and protecting than turning wrenches" (cited in Scahill 2007: 156). Ironically, the subsequent reconstruction failure was largely trumped up to a lack of security. In sum, enormous sums were spent and little was accomplished except soaring profits for private companies. PMCs and TNCs involved in reconstruction came together in a

sort of perverse symbiosis of war profiteering where the TNCs could not operate without hiring private security, and in return they provided yet another mechanism through which PMCs could turn a profit from the war.

#### **5.4.2 Operation Restore Iraqi Oil**

Like Colombia, Iraq is rich in natural resources, particularly oil and gas. Iraq's proven oil reserves are the fourth largest in the world and its gas reserves the tenth largest, but these numbers are based on decades-old data, and unexplored areas are suspected to hold a lot more (EIA 2010). Although investment is required to replace aging infrastructure, the extraction costs of Iraqi oil are also among the cheapest in the world. Shortly after the invasion, a Task Force to Restore Iraqi Oil (TF-RIO) was put in place under the US Army Corps of Engineers. KBR was awarded a no-bid contract to repair oil fields and restore oil production so that revenues would start flowing in to the Iraqi state coffers. PMCs were also brought in to secure Iraq's oil installations. As in Colombia, Airscan was hired to provide aerial surveillance of oil pipelines (Isenberg 2009: 74). The biggest contract, however, went to Erinys to provide an Oil Protection Force (OPF), financed by Iraqi funds administered by the CPA. While the national museum was looted and national archives burnt down, Erinys provided some 16,000 guards to protect oil fields and installations. The OPF was made up of Iraqis, most of them with a background from the army, under supervision of international management. So after dismissing these Iraqi state employees, a British PMC with roots in South Africa was paid generously to bring them back on the job. The Iraqi Oil Police, which had protected the country's oil infrastructure before the invasion, had also been disbanded, and many of its officers were "inherited" by Erinys (Erinys

2005: 20). Erinys' mission came to an end in December 2004 when the Iraqi Oil Ministry took over the OPF.

#### **5.4.3 Privatizing natural resources**

Although natural resources were exempt from the foreign ownership laws imposed by Bremer, it did not take long before the issue of privatizing Iraq's oil re-emerged. In 2006, during some of the worst violence the country had seen, the US government helped drafting a law governing Iraq's oil that amounted to an all-out resource grab. The law placed no limit on the amount of profit multinationals could take out of the country, no requirements to partner with Iraqi firms or hire Iraqis, and left no authority for the Iraqis to set the terms of future oil contracts (Klein 2007: 454).

Although the law was adopted by Iraq's cabinet in 2007, it has met with massive resistance, particularly from Iraqi trade unions. The struggle over Iraq's oil legislation has continued up until today, and the executive branch is still the only guarantor of the contracts that have been awarded in the last few years. Among those contracts is a no-bid contract for gas exploration awarded to Shell in 2008. As Shell representatives sat down with Iraqi officials who had no experience and little knowledge about such contracts, it was left to Shell to educate the Iraqi officials and lay out the terms of its own contract (Lando and Van Heuvelen 2011). Contracts in the oil sector have been awarded with more transparency, but still on very favorable terms to the oil companies. Two bidding rounds were held in 2009, offering up the most attractive oil fields in Iraq. The first round of what the US Embassy called "the greatest show on earth" (Wikileaks 09BAGHDAD1648) was conducted on June 29-30 that year. Only one deal was concluded at the show; the giant Rumaila field was awarded to BP and China's CNPC. However, two other contracts were concluded in the aftermath of the

show, accepted by the multinational oil companies in question only after Iraqi authorities decided to sweeten the deal. ExxonMobil and Shell got their hands on West Qurna while Eni and Occidental secured the Zubair field. The second bidding round went much smoother, with Russian Lukoil securing the largest reserves, followed by Shell (Wikileaks 09BAGHDAD3196). While these contracts are lucrative for big oil, they will also fuel another boom in the engineering sector as they come with a commitment to build infrastructural capacities. In order to exploit the oil, lots of new equipment is needed as well as the building of oilrigs, pipelines, oil terminals, pumping stations, processing plants and paved roads. PMCs such as Erinys, Triple Canopy, and Steele Foundation stand ready to facilitate the entry into Iraq of any TNC wanting a piece of the pie. Iraq's National Investment Commission recommends Erinys' program designed for TNCs, tellingly named Bridgehead, in their brochure "The New Iraq: 2011 Discovering Business." Bridgehead offers a wide range of services including "visa processing, secure accommodation and secure transport [...], designed to enable clients' preparation and market entry, with the minimum of fuss." (NIC 2010: 58) Beyond the resource extraction sector, corporate clients of Erinys in Iraq include companies such as Siemens, Austrian Airlines and Lufthansa. In the natural resource sector, then, initial government investments in security and infrastructure facilitated the later entry of TNCs, and established a foothold for PMCs through their initial government contracts. Thus, PMCs are in a position to facilitate the entry of resource extraction multinationals while the latter ensure a continued demand for the former.

## **5.5 What was Accomplished?**

As mentioned above, the stated reason for the Iraq war was to reveal and then destroy its weapons of mass destruction. However, no such weapons were found in the aftermath of the war. An additional goal was to rid Iraq of its dictator and “bring freedom and democracy” to its people. The institutions of bourgeois democracy may have been implanted, but this is hardly synonymous with freedom. Regardless of what institutions eventually replaced the American occupation, “freedom and democracy” in this context should not be seen as concepts with a substance, but rather as empty signifiers used as a form of cultural violence to legitimize the invasion. The immediate results of the war were rather a near total destruction of Iraq’s infrastructure, institutions, and economy, and initiation of a period of extreme violence. As Scahill put it “Iraq had become known as a ‘Wild West’ with no sheriff” (Scahill 2007: 77).

### **5.5.1 “What went wrong?”**

The question many observers asked at the height of the insurgency was, “what went wrong?” Kinsey’s view of why the use of PMCs became so prevalent is also a common answer to that question: “[PMC] presence is the result of a catalogue of political mistakes by the Bush administration that allowed an insurgency to take hold in parts of the country, and which the US military were unable to prevent as a result of having too few troops on the ground” (Kinsey 2009: 33). In other words, everything that “went wrong” about the Iraq war was a result of mistakes and bad planning on the part of the Bush administration, and PMCs simply came to the rescue where troop levels had been miscalculated from the start. That Kinsey ended up with

a view of PMCs as the saviors of the war is perhaps not surprising; when doing a research trip to Baghdad in 2006, Tim Spicer was the person doing the arrangements on his behalf (2009: x). The question is if the low troop levels were really a result of mistakes and bad planning, or if they rather reflected priorities or even a deliberate strategy of privatizing larger chunks of the American military than ever before. Creating an insurgency in Iraq may not have been a goal of the Bush administration, but neither was it contrary to the goal of facilitating the entry of the TCC into Iraq. That overarching goal took priority over preventing violence and providing security for the country and its population as a whole. Bringing in PMCs was also not a sign of defeat of the original plan, as Kinsey opines, but a way of keeping the level of military commitment flexible. It also worked to circumvent bureaucratic or congressional hurdles and public opinion, which may have posed some serious obstacles if the administration had tried to execute its plans using the military exclusively.

### **5.5.2 Creating a business boom**

One of the more immediate and tangible results of the war was to create a business boom for TNCs, mostly American, in several different sectors. On the ground in Iraq, the PMC industry experienced unprecedented growth in demand for its services. PMCs became the top beneficiaries of Iraqi violence, and were even given legal immunity from prosecution in Iraqi courts through Bremer's Order 17. One indicator that outsourcing the war effort to PMCs was not simply a remedy for low troop levels is that functions were outsourced even where there were members of the American military ready to deploy. For example, interrogations were contracted out despite unused capacities in the military (Isenberg 2009: 117). Another example is training of

Iraqi police, which France and Germany had offered to do for free, but it was still contracted out and Iraq was forced to pay (Isenberg 2009: 161). When looking at the amount of money spent, it seems the US administration used the excuse of the war on terror to throw money after military contractors of all shapes and sizes. The final report of the bipartisan Commission on Wartime Contracting (CWC), which came out recently, found that a total of US\$206 billion had been spent on contracting of all kinds during the war on terror. This number only counts American government spending, however, and not the costs borne by the Iraqi state, other coalition members, international institutions, and private entities. KBR's base support contract alone amounted to \$40 billion over the course of the war on terror. In the UK the picture was the same although slightly less indecent; Isenberg reports that UK companies had earned a war dividend of £1.1 billion in Iraq (2009: 160). Not only were enormous sums spent; enormous sums were also wasted or lost to fraud. Dina Rasor provides some insight into how this may have happened. According to her, it was quite common that KBR threatened to stop feeding the troops and provide equipment if bills were not paid immediately, despite a lack of invoices and proper documentation (Rasor 2011). In 2008, the *Washington Post* reported that US\$15 billion worth of goods and services that the Pentagon had contracted from private companies could not be accounted for (Hedgpeth 2008). According to the CWC's recent report, as much as four times that number may have been lost to waste and fraud;

Engaging in contingency operations is not cheap. But U.S. operations in Iraq and Afghanistan have entailed vast amounts of spending for little or no benefit. That is waste. The Commission's conservative estimate of waste and fraud ranges from \$31 billion to \$60 billion based on contract spending from FY 2002 projected through the end of FY 2011 (CWC 2011: 5).

This uncontrolled spending on private firms stands in stark contrast to the value of a human life put on ordinary Iraqis by US authorities. Whenever Iraqi families were affected by the activities of its security contractors, the US Embassy in Baghdad paid them a compensation of US\$10,000 for a death or US\$5,000 for injury (UN Human Rights Council 2011: 18). This is less than some of their security contractor employees would earn in a month. In yet another instance of the revolving door between government and the PMC industry, Michael Thibault, former co-chairman and commissioner of the CWC recently found employment with DynCorp (Gordon 2012).

As mentioned previously, the engineering sector also cashed in massively on reconstruction, and will continue to do so as infrastructure for the production of petroleum products is put in place. As for the oil sector, profits from exploiting Iraq's oil are still to be realized, but a foothold has been established. However, it is worth mentioning that the war itself led to an increase in the price of oil on world markets, benefitting oil companies. Furthermore, the war also increased demand for oil as the needs of the Pentagon soared. The brochure for corporate security in Iraq of the PMC Steele Foundation is interesting in that it actually points to the extreme inequality between American TNCs coming into Iraq and the local population. One of the reasons it cites for the violence to which foreign TNCs are exposed, is rising unemployment among Iraqis, up to 80 percent according to their numbers (Steele Foundation, page 5). When the US military pullout from Iraq was announced in early 2011, there was scant mention of PMCs. But as the military pulls out, the number of private security contractors is set to increase. As far as the American public is concerned the war might be over, but for Iraqis the same faces of the occupation will still be there. The State Department will retain more than 5,000 armed security

contractors to protect its diplomats, and there will also be a significant CIA presence. The size of the US Embassy in Baghdad is unprecedented, and reminiscent of the US Embassy in Bogotá, with the security cooperation now under a section of the embassy by the name of International Narcotics and Law. As of January 1, 2009, Order 17 giving contractors immunity has been replaced with the 2009 Status of Forces Agreement (SOFA) between the US and Iraqi governments. Article 12 of the SOFA states that “Iraq shall have the primary right to exercise jurisdiction over United States contractor employees” (quoted in Cotton et. al. 2010: 25). But whether Iraqi courts will actually be able to prosecute contractors with the US Embassy for crimes committed in Iraq remains to be seen.

## **5.6 Conclusions**

### **5.6.1 Nominal sovereignty in a failed state**

Unlike American involvement in Colombia, the American-led invasion of Iraq was quite high profile. But while the reality of American involvement in a war against Iraq was no secret, the real motives for the war remained shrouded in the usual inane propaganda pitting freedom-loving peoples against evil terrorists and madmen. A far more likely explanation is Robinson’s observation that military “intervention creates conditions favourable to the penetration of transnational capital and the renewed integration of the intervened region into the global system” (2005: 569). Saddam Hussein’s mistake was not so much that he was a brutal dictator to his people, but that he at the same time neglected to be a friend to transnational capital, as was the regime in Colombia. Hence, in order to bring Iraq into line with the Washington Consensus and gain access to its economy and resources, regime change was necessary. Freedom

and democracy, which the Bush administration professed to love, are quite unsuitable tools to neoliberalize a country. In order to achieve the aims of the military intervention, Bremer's rule by decree was a necessity. The transfer of authority to an Iraqi transitional government in 2004 was also little more than window-dressing. As Scahill puts it, at the end of the CPA Bremer "left behind a violent, chaotic mess that the White House called 'a free and sovereign' Iraq. [...] This 'sovereignty' [...] was a way to set the stage for U.S. officials to blame the puppet government in Baghdad for the worsening American-made disaster." (Scahill 2007: 281) A failed state was created where a relatively strong state had existed, now wide open to exploitation by the TCC and to policy dictates from the occupier. While authority and responsibility were nominally transferred to an Iraqi government, the US brought in an ambassador, John Negroponte, who had previously been known as "the proconsul" of Honduras during his time there, enjoying more influence than the president of that country (Scahill 2007: 282).

### **5.6.2 Rendering public consent irrelevant**

PMCs operating in Iraq did not manage to retain the same level of secrecy as those operating in Colombia. It may have been because they operated so close to a major military operation, because the size of the industry grew so quickly, or simply because reckless behavior by some of them got the media interested. Nevertheless, the use of PMCs worked to reduce the political fallout and public opposition to the war. Most importantly, using PMCs precluded the option of a military draft, the necessity of which would have been highly likely if no PMCs were used, given the level of involvement. Although there was public opposition to the war from the beginning, a draft would most certainly have increased that opposition at the same time as it would

also have increased the war effort's dependency on the consent of the public. Even if the media covers the activities of PMCs, it generally affects people less hearing about contractor deaths than deaths of US soldiers. Contractors are not representatives of the nation in the same way soldiers are; even if they are American, they are not "our boys." Furthermore, although the presence of PMCs was well known, it is much more difficult to obtain information on their activities than it is with the armed forces. Congress has the right to obtain information from the military, but private firms are not obliged to give out any information at all. As for PMCs supporting a scheme of accumulation by dispossession, the case of Iraq is even more extreme than Colombia. In the Iraqi case, PMCs were themselves among the biggest beneficiaries of this scheme. Not only was almost the entire economy privatized in an instant, large sums of Iraqi funds were also appropriated and handed over to foreign companies so that the Iraqis would finance their own subjugation.

## CHAPTER 6

### 6. CONCLUSIONS

Present day hired forces shun the term mercenaries; they prefer the term “private military company.” As far as this thesis is concerned, the change in name is only a tactic to allow modern-day mercenaries to continue operating within a field that is defined as criminal under international law. Among the reasons given by the United Nations for outlawing mercenarism is that it “destabilizes sovereign nations” (Coleman 2004: 1493) and “seriously impede[s] the process of self-determination of peoples struggling against colonialism, racism and *apartheid* and all forms of foreign domination...” (UN General Assembly Resolution 39/84 quoted in Coleman 2004: 1498). Even scholars who do not explicitly recognize PMCs as mercenaries trace their roots to traditional mercenarism (eg. Singer 2003). Singer also found in his historical survey of privatized military that “past military entities often mirrored, or in some cases even initiated, the development of the prevailing business forms in general society” (Singer 2003: 19). So the fact that mercenaries are taking the corporate format today fits the historical pattern, and that fact does not in any way alter the substance of the services they are offering. In this chapter I discuss the three ways in which security provision from private companies differs from publicly provided security, and how this benefits the transnational capitalist class, in light of the empirical evidence presented from Colombia and Iraq.

## 6.1 Depoliticization

In chapter two I explained how capitalism created a fictional distinction between the realm of politics and the realm of economics so as to paint a picture of the economy as a natural phenomenon that can be studied objectively and manipulated by experts who understand the technicalities of how it works. In the same way, privatizing military and security services serves to depoliticize the provision of security and turn it into a technical issue. In line with neoliberal ideology, PMCs have successfully framed themselves as security experts, while publicly held expertise is discredited as outdated and inefficient. In reality, PMCs are taking over public investments for free, and then selling them back to the state. An extreme example of this was when Erinys employed ex-soldiers from the Iraqi army that Bremer had just dismissed. In general, employees of PMCs have their training and experience from publicly funded national armies and Special Forces. Leander also points out that “security expertise is increasingly defined in technical and military ways” (2005a: 819), which serves to camouflage the political nature of decisions of how, where, and when to use military force. This notion stands in sharp contrast to Clausewitz’s assertion that a military commander can never give purely military advice (1976: 607); any military advice is also at the same time political advice. As Clausewitz points out,

the assertion that a major military development, or the plan for one, should be a matter for *purely military* opinion is unacceptable and can be damaging. Nor indeed is it sensible to summon soldiers, as many governments do when they are planning a war, and ask them for *purely military advice* (1976: 607, his italics).

PMCs influence the perception of security, what Leander terms their “epistemic power,” in a number of different ways. The most direct way is “when PMCs gather, select, and analyse intelligence” (Leander 2005a: 811), thereby creating the threat assessments that provide the basis for using military force. They also influence the

perception of security through their “work as lobbyists, hired consultants and trainers” (2005a: 811). Indeed, PMCs are increasingly hired to provide threat assessments and recommend responses, and unsurprisingly find their own products to be uniquely suited to deal with the threats at hand. In Colombia we saw that MPRI’s involvement in the planning phase contributed to a militarized and privatized approach to a civil war that had its roots in social and economic inequality. There are also examples of PMCs being used to evaluate the efficiency of the armed forces. Needless to say, they found the military quite inefficient, and promptly recommended further privatization (Scahill 2007: 28). Thus, these companies are first paid to provide the government with their sales pitch, and then paid again to provide the services they are selling. Far from providing advice that is objective or technical, PMCs then actively work to change the perception of security into one that serves the neoliberal agenda of increasing the economic and coercive powers of the capitalist class.

PMCs also provide a second way of depoliticizing the use of military force. The extent of public scrutiny and the possible avenues of oversight are much decreased while using PMCs as opposed to national armed forces. PMCs provide plausible deniability, and as such they can fulfill much the same function as CIA front companies used to do, but now they are also for profit. In the case of Colombia we saw that State Department officials there viewed the congressional troop cap as merely a bureaucratic hurdle, a hurdle that they overcame by using PMCs who could hire third country nationals to carry out the US military mission there. A RAND report for the U.S. Army noted that “using PMCs offers ‘options that the Army [or any other state agency] cannot easily exercise within its legal, political, and diplomatic constraints’” (Camm and Greenfield quoted in McCoy 2010: 205). We also saw that when assigning tasks, PMC personnel and particularly third country

nationals were preferred to do the most dangerous jobs closest to the action, so as to avoid controversy in the event something went wrong. The potential for keeping military interventions abroad behind a veil of secrecy seems to have been important for key officials in the Bush administration. According to Scahill, Vice President Dick Cheney expressed five days after 9/11 that “a lot of what needs to be done here will have to be done quietly, without any discussion” (cited in Scahill 2007: 254). This need for secrecy to implement their plans is also reflected in the way Colombian and American officials sought to bypass the Colombian congress when concluding the agreement granting the US access to military bases in Colombia. In Iraq, the most important function of using PMCs in terms of depoliticization was that using them precluded the possibility of a military draft, which would demand a higher level of participation and consent from the American working class. Perhaps the most important way that the use of military force was depoliticized in Colombia is relevant for both government and TNC use of PMCs. Using PMCs, and sometimes also the Colombian military, as middlemen allowed US officials as well as TNCs to distance themselves from the activities of paramilitary groups, even though they were in fact their allies in Colombia’s civil war. The egregious human rights abuses and violent oppression of farmers and workers perpetrated by paramilitaries were not just unfortunate circumstances. They were a necessary component of the overall effort to impose neoliberal economic policies and to carry out the mission of the so-called war on drugs. This mission was not to reduce the drug supply, but to create a favorable business environment for the TCC by crushing organized resistance from the working class to the policies of accumulation by dispossession.

Another trend worth noting is that in both Colombia and Iraq, civilian state agencies commanded their own private military forces as opposed to traditional

military interventions where the military would be in charge. In Colombia, the State Department was in charge of the whole operation through its Narcotics Affairs Section at the US Embassy in Bogotá. In the case of Iraq, some of the most controversial incidents during the occupation involved contractors employed on the State Department's WPPS contract, such as Blackwater. As McCoy points out, "this militarization of civilian agencies is currently taking place in the U.S. without any public discussion of whether this is desirable or how much coercive force these agencies should be allowed to manage." (2010: 214) An even more disturbing development is the extent to which TNCs used PMCs to secure their operations in both Colombia and Iraq. One of the common objections to traditional mercenarism is that anyone could hire their services, including for instance illegitimate rebel groups or terrorists. However, TNCs also do not have access to the kind of legal legitimacy that states can claim through the principle that states have monopoly on legitimate use of violence. There is no obvious reason why TNC use of force to impose their operations in a foreign country should be any more legitimate than the force used by local "rebels" to resist being dispossessed of the natural resources present in their region. Hence, it is clear that TNCs are regarded as legitimate customers of PMCs only because they represent the TCC.

## **6.2 Securing What?**

The second trend associated with privatized security provision is a focus on securing VIP persons and installations exclusively, as opposed to national territories as a whole. Krahmman (2008) comes to the conclusion that privately provided security favors security for the few and a continued general state of insecurity for the many by

analyzing the issue using theory on collective and private goods. Krahmman operates with three meanings of security and corresponding security mechanisms. First, security in the sense of absence of threat leads to a focus on threat prevention and eliminating the causes that leads to insecurity. Second, the suspension of threat is dealt with by one or another mechanism of deterrence. Third, security in the sense of survival leads to a focus on protection from the consequences of threats. Krahmman also defines four types of goods on the basis of whether they are excludable and rival in consumption. Collective goods are non-excludable and non-rival; common pool goods are non-excludable and rival; club goods are excludable and non-rival; and private goods are excludable and rival. Private businesses will have strong tendencies toward providing private or club goods since they eliminate the problem of free riding, and can therefore be made profitable. If we look at what types of security correspond with what type of goods, we find that absence of threat (or peace, if you will) is a collective good, deterrence is a club good, and survival or protection is a private good (Krahmann 2008: 386). Hence, it is not in the interest of PMCs to eliminate threats, which would benefit everyone, but rather to provide protection from threats as a private good to those who can afford it. In this way PMCs help facilitate a shift from collective to individual security that benefits the TCC exclusively. This point was particularly clear in the behavior of some of the PSCs operating in Iraq. A narrow focus on protecting their principal meant that the preferred approach to mobile security details included practices, such as aggressive driving and a shoot-before-you-ask policy, which clearly increased the insecurity of the local populace. This unpopular behavior also ended up adding fuel to the fire of the insurgency.

A key point that Krahmman does not define is what type of threats people might need securing against, and the origins of those threats. The greatest threat

farmers and workers in Colombia and Iraq are faced with is violent dispossession perpetrated by armed forces working in the interest of the TCC. The greatest threat faced by the TCC, on the other hand, is violent resistance from the people they seek to dispossess. While the state, including its national military, is a tool of the capitalist class, PMCs grant a larger degree of flexibility as to where and how the TCC may utilize military force in defense of its interests. When TNCs use PMCs, the security they provide is per definition in the interest of the TCC only. We have seen examples of this in both Colombia and Iraq. But the class bias is clear in government use of PMCs also. So for example, in Colombia there was a selective focus on combating the guerrillas and not the paramilitary groups, even though the stated goals of Plan Colombia were to decrease drug supply and increase security generally. The paramilitaries controlled the majority of drug production and trafficking, and were responsible for most of the violence, but it was the guerrillas that represented a threat to the TCC. In both Colombia and Iraq the US government directed PMCs to protect oil pipelines for the benefit of capitalist interests. In both cases, PSCs were also used to protect VIPs such as State Department employees and business executives. In Iraq the principle of security provided for VIPs exclusively was institutionalized in the creation of a Green Zone in Baghdad and the abandonment of the rest of the country as a “Red Zone”. The Green Zone itself was “a Halliburton-run city state, with the company in charge of everything from road maintenance to pest control to movie and disco nights” (Klein 2007: 419). VIPs could travel between the Green Zone in Baghdad and other green enclaves around the country, in the form of military bases, oil installations, and other areas that had been singled out as security priorities, using PSCs for personal mobile security. We find this principle of a security barrier between the capitalist class and the working class in industrialized countries as well.

Here they take the form of gated communities shielded from the public sphere, which is abandoned as a red zone while the rich may create their own green zone enclaves and mobile personal security details. In Klein's opinion, the Green Zone in Baghdad

is the starkest expression of this world order. It has its own electrical grid, its own phone and sewage systems, its own oil supply and its own state-of-the-art hospital with pristine operating theatres – all protected by five-metre-thick walls. It feels, oddly, like a giant fortified Carnival Cruise Ship parked in the middle of a sea of violence and despair, the boiling Red Zone that is Iraq. If you can get on board, there are poolside drinks, bad Hollywood movies and Nautilus machines. If you are not among the chosen, you can get yourself shot just by standing too close to the wall. (Klein 2007: 497)

To add insult to injury, the Green Zone was established in and around Saddam Hussein's old palace complex. One could hardly find a more symbolic way of telling the Iraqi people that the invasion was not undertaken in order to liberate them from their dictator, but in order to liberate the power of the Iraqi state from the hands of a ruler who was uncooperative with the TCC.

### **6.3 Increasing Insecurity**

The second trend of security provision held exclusive to the TCC is closely related to the third trend of increasing overall insecurity. Krahmman points out that the shift in policy from threat prevention to protection from threat implies increased insecurity and instability in the long run. In fact, the security industry relies on it as it will create constant demand and dependency. PMCs are also likely to overstate the need for security for the sake of their business. And security provided as a rival good implies a zero-sum situation where more weapons in the hands of one person will increase the insecurity of those around him. As Krahmman points out, the growing number of private security guards leads to a "militarization of civilian spheres" (2008: 388), even in industrialized countries. PMCs and the type of security they promote involves "no

financial incentive to promote peace and stability” (Liu quoted in Weiss 2007: 9). If we go back to the notion that states serve as facilitators for business we come to an even more disconcerting conclusion. Given that PMCs have grown into an industry of considerable size, we have landed ourselves in the absurd situation that a reduction of threat is bad economic policy. Under neoliberal doctrine and a regime of privatized security, peace would in fact threaten the economy. Robinson attributes this to the structural crisis of overaccumulation wherein increased inequality reduces world markets’ ability to absorb output. Military spending by states is an outlet for surplus, which gives the global order a built-in war drive. This together with the crisis of legitimacy has led to more coercion. In Robinson’s opinion, “the ruling group has had to increasingly forsake [Gramscian] hegemony and resort to direct coercion to maintain its supremacy” (Robinson 2005: 570). Contrary to free market theory, this increased insecurity also gives advantages to the established capitalist class as the need for hiring private security to protect business operations provides a threshold that keeps smaller businesses from accessing markets in volatile regions. Weiss sees PMCs as a revival of an old service for assisting frontier capitalism. Much like the Pinkertons in 19<sup>th</sup> and early 20<sup>th</sup> century America, the role of PMCs is to help conquer new frontiers for capitalist exploitation and primitive accumulation. But, as Weiss points out,

primitive accumulation under neoliberalism is a violent affair, igniting political resistance as well as intensifying organized crime and a wide array of labour discipline problems [...]. Hence, neoliberalism reprises the process of policing social junk and social dynamite. (2007: 8)

In other words, the transnational capitalist class and transnational corporations create the conditions that make private security necessary in the first place. The resulting instability ensures that only the businesses that are large enough and have the funds to secure their own installations can operate in these areas. The joint ventures of TNCs

and PMCs create markets for the latter and ensure monopolies for the former. In this way, structural violence paves the way for direct violence, the latter works to secure the continuation of the former, and the goal of both is to further enrich the corporate fraction of the TCC, according to Sklair's framework.

In Iraq, the violence of the insurgency was clearly a boon to the PMC industry in and of itself. The violence in both Colombia and Iraq, furthermore, did function to provide a threshold shutting out companies that were not large enough to buy their own mercenary army to protect their operations. Although neither country has been fully pacified, TNCs may avail themselves of security services as exemplified by Erinys' Bridgehead solution for Iraq. While the crisis of violence is thus resolved for the TCC, the same cannot be said for the majority of farmers and workers in Colombia and Iraq. In Colombia we saw that regions receiving US military aid experienced an upsurge in violence against workers and farmers. The same thing was true in areas where TNCs set up operations, using PMCs or paramilitaries, or both, to quell popular resistance. The extreme levels of violence visited upon trade union leaders in Colombia is a particularly stark example of how working class people are expendable for the cause of continuing the TCC's accumulation by dispossession. According to Leech, incidences of disappearances, extrajudicial executions and forced displacement increased under Plan Colombia, facts which were conveniently overlooked by the US in its assessment of the plan's success. Although security for TNCs operating in Colombia increased, for most Colombians "the human rights situation under the Uribe government [was] worse than at any other time during the country's decades-long conflict" (Leech 2008).

Under international law, it is incumbent on an occupying power to enforce law and order in the occupied territory. But during the occupation of Iraq, security for

Iraqis was virtually non-existent. On the contrary, local Iraqis were exposed to violence from a number of private security actors representing the TCC in a system where might is right. Hughes makes the point that “instead of replacing failing states, the US-led interventions created failing states” (2007: 72). Or, at least that is true in the sense that the social fabric of Colombia and Iraq was torn apart while public law and order disintegrated. For the TCC, however, a successful state is not necessarily one that does well on indicators of social stability, but one that will help them accumulate more value and resources.

#### **6.4 Frontier Capitalism and Money-Laundering**

The military interventions in Colombia and Iraq, enabled by the participation of PMCs, served the TCC in at least two major ways. First, the result of the military effort was to conquer new markets for the TCC, and to safeguard their operations in those markets. Second, the military interventions in themselves served as a money transfer mechanism enabling a transfer of public funds to private hands. According to Robinson, “the beneficiaries of US military action are transnational capitalist groups and the US state has, in the main, advanced transnational capitalist interests” (2005: 569). In Colombia, there was already a local comprador government in place willing to cooperate with international capital. However, outside help was needed in order to pacify local resistance to the scheme of accumulation by dispossession. In Iraq, the government had started to signal its unwillingness to cooperate with American-centered capitalism, among other things by denominating their oil in euros instead of dollars. Hence, the Iraqi government had to be toppled through military intervention in order ensure compliance. The euphemism of nation-building is frequently used to describe this incorporation of unwilling nations into the global capitalist system. It is

presented as “an international act of hygiene to cleanse the dangers lurking under the world’s rim” (Hughes 2007: 72), whether that be “breeding grounds for terrorism” in the Middle East or “narco-terrorism” in Colombia. For Foucault, the modern system for punishing criminals through correctional facilities was a means of producing “correct” human beings. It is no accident that the US is branded international policeman; US involvement in both Colombia and Iraq can be seen as attempts to produce “correct” states. That is, states that work to enrich the TCC while controlling its population’s inclinations to object through armed resistance or other forms of direct action. The IMF’s structural adjustment language of financial “discipline” and “austerity” is actually quite reminiscent of Foucault’s vocabulary when talking about the punitive system in terms of discipline and austere institutions. As disciplinary institutions for individuals functioned to produce useful individuals (Foucault 1995: 211), so the economic policies imposed on Iraq and Colombia along with military action to enforce the new rules, functioned to produce useful nations and national economies for the global economy controlled by the TCC. The prison analogy also applies to the fact that the working class has been increasingly hemmed in within the territorial boundaries of their respective states as well as put under increasing surveillance, while the TCC enjoys almost full freedom of movement and capital flows.

While the military interventions in Iraq and Colombia sought to bring about conditions favorable to the TCC, they were also goals in themselves. In addition to the strategic goals of military interventions, they also served the purpose of transferring large amounts of money from the public coffers of states, at the sending as well as the receiving end of the military effort, to private hands. Beneficiaries included the PMC industry as well as weapons manufacturers and other types of

companies within the broader military-industrial complex. In an interview with John Pilger, Julian Assange remarks how modern wars resemble tax havens, and serve as a money-laundering mechanism:

Pilger: In the information that you have revealed on Wikileaks about these so-called endless wars, what has come out of them?

Assange: Looking at the enormous quantity and diversity of these (*sic*) military and intelligence apparatus inside the documents, what I see is a vast sprawling estate – what we would traditionally call the military-intelligence complex or military-industrial complex – and that this sprawling industrial estate is growing, becoming more and more secretive, becoming more and more uncontrolled. This is not a sophisticated conspiracy controlled at the top, this is a vast movement of self-interest by thousands and thousands of players all working together, and against each other, to produce an end result which is Iraq and Afghanistan and Colombia and keeping that going. You know, we often deal with tax havens and people hiding assets and transferring money through offshore tax havens, so I see some really quite remarkable similarities. Guantanamo is used for laundering people to an offshore haven, which doesn't follow the rule of law. Similarly, Iraq and Afghanistan and Colombia are used to wash money out of the US tax base and back.

Pilger: Arms companies...

Assange: Arms companies, yes.

Pilger: I mean, what you're saying is that money and money-making is at the center of modern war, and its almost self-perpetuating.

Assange: Yes. And its becoming worse. (Pilger 2010)

In Colombia we saw that more than half of the funds allocated to Plan Colombia ended up in the hands of American PMCs or weapons manufacturers. In Iraq, vast amounts of public money were spent on firms within the PMC industry as well as on reconstruction. Funds were also taken from Iraqi state coffers and transferred to multinational corporations for one or another service provided in Iraq. So on the one hand, tax money from the industrialized, intervening states is transferred to private companies, at the expense of the working class in those countries. Instead of financing public services, tax money is spent supporting the TCC in their accumulation by dispossession abroad, and these foreign interventions also serve to launder public

money and transfer them to private companies. On the other hand, public money from the states on the receiving end of military intervention is confiscated and spent on contractors, or those states are directed to hire contractors directly. It would clearly have been too absurd if Iraq had been made to pay the salaries of American soldiers, but making them pay PMCs to execute the same mission was relatively unproblematic. Whyte argues that “PMCs allow the prohibitive costs associated with a permanent military presence to be minimized. In some cases, the costs of security are absorbed by host states, and in some cases, costs are socialized by corporations” (Whyte 2003: 587). Looking at the enormous amounts spent on the war on terror, it does not seem that cost saving was very high on the policy-makers’ agenda. However, the point is still valid that PMCs do offer a mechanism through which receiving nations can be made to pay for their own subjugation. Proponents of privatizing security often claim that using PMCs is more cost-efficient than using the national military. A recent report by the Project on Government Oversight (POGO), however, found that using military or civilian employees cost less than using American contractors (Isenberg 2011). Furthermore, PMCs offer no economics of scale, so the total sum of all privately provided individual security is likely to exceed the sum needed for publicly provided collective security.

## **6.5 Conclusion: A Tool of the Transnational Capitalist Class**

In the same way that what is good for the capitalist class is defined as what is good for the economy, what is good for the TCC is defined as the national interest when it comes to foreign policy. According to Clausewitz, “war is simply a continuation of political intercourse, with the addition of other means [...]; war in itself does not

suspend political intercourse or change it into something entirely different” (1976: 605). PMCs promote an understanding of security and the kind of threats that need securing against that ultimately benefit the transnational capitalist class and the industry itself. If we accept Clausewitz’s assertion that war is the continuation of politics by other means, then the direction the organization of the war apparatus is taking says something about the politics of our time. PMCs are found working in support of operations that can be classified as acts of class war. The kind of operations they are involved in also comes at the expense of the working class in both industrialized states and third world countries. Moreover, these are operations that it would be very difficult for national militaries to carry out, given that the relative level of transparency and the required level of public support are considerably higher. These operations are more similar to the kind of activities the CIA and its associated front companies and clandestine groups have been involved in for some time, however, PMCs allow this to happen on a much larger scale than before. I am not arguing that PMCs cause the trends described above. However, PMCs are representative of these trends, and they also constitute a set of coercive tools that are uniquely suited to facilitate these trends. The use of PMCs, therefore, should be understood in these terms rather than as some sort of technical improvement or cost-saving mechanism.

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