Spring 2009
Industry Study

Final Report
Privatized Military Operations

UThe Industrial College of the Armed Forces
National Defense University
Fort McNair, Washington, D.C. 20319-5062

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE **2009**	2. REPORT TYPE	3. DATES COVERED **00-00-2009 to 00-00-2009**
4. TITLE AND SUBTITLE **Spring 2009. Industry Study. Privatized Military Operations**		5a. CONTRACT NUMBER
		5b. GRANT NUMBER
		5c. PROGRAM ELEMENT NUMBER
6. AUTHOR(S)		5d. PROJECT NUMBER
		5e. TASK NUMBER
		5f. WORK UNIT NUMBER
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) **National Defense University,The Industrial College of the Armed Forces,Washington,DC,20319**		8. PERFORMING ORGANIZATION REPORT NUMBER
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)
12. DISTRIBUTION/AVAILABILITY STATEMENT **Approved for public release; distribution unlimited**		
13. SUPPLEMENTARY NOTES		
14. ABSTRACT		
15. SUBJECT TERMS		

16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT **unclassified**	b. ABSTRACT **unclassified**	c. THIS PAGE **unclassified**	**Same as Report (SAR)**	**37**	

Standard Form 298 (Rev. 8-98)
Prescribed by ANSI Std Z39-18

PRIVATIZED MILITARY OPERATIONS 2009

ABSTRACT: The Privatized Military Operations (PMO) industry is a vibrant and essential element of the United States military's Total Force. PMO, in the form of nongovernmental agents providing services in support of militaries, is an age-old concept; however, the strategic environment of the last two decades has led to a dramatic increase in military outsourcing. Unprecedented in both scope and scale, this extensive reliance on contractors has led to a healthy and profitable PMO industry that has generally met the military's requirements and has enabled a relatively small US force to conduct extensive operations worldwide. Despite today's significant challenges tethered by outdated governmental policies and lack of military oversight capacity, the ICAF PMO seminar envisions that a diverse and responsive PMO industry will continue to adapt and meet the military's demands. This paper analyzes the PMO industry, addresses some of the challenges it faces and makes recommendations for governmental policies that will ensure the PMO industry's continued effective support to the nation.

Ms. Kathy Aydt, Dept of Army
GPCAPT Rob Barnes, Royal Australian Air Force
COL Michael Bird, US Army
CAPT Bruce Breth, US Navy
Mr. Michael Brown, Dept of Homeland Security
Lt Col Barry Cornish, US Air Force
Lt Col William Ebeling, US Marine Corps
Lt Col Todd Flesch, US Air Force
CDR Ron Foy, US Navy
COL Michael Hoskin, US Army
Col Doug McCarthy, Canadian Forces
Lt Col William Murphey, US Air Force
COL Broc Perkuchin, US Army
Ms. Glenda Scheiner, Dept of Air Force
Mr. Jeffrey Schott, Dept of Army

COL Craig DeDecker, US Army, Faculty
COL Dave Hill, US Army, Faculty
Col Pat Shaw, US Air Force, Faculty

PLACES VISITED

Domestic

Office of Under Secretary of Defense, Acquisition, Technology and Logistics, Arlington, VA
Joint Staff (J-4), Arlington, VA
Military Professional Resources, Inc. (MPRI), Alexandria, VA
KBR, Inc., Crystal City, VA
DynCorp International, Inc., Falls Church, VA
House Armed Services Committee Staff, Washington DC
Xe Services LLC, Moyock, NC
International Training, Inc., West Point, VA
United Nations, New York, NY
Center on International Cooperation, New York University, New York, NY
89PPth Airlift Wing/Boeing/DynCorp, Andrews AFB, MD
3rd Battalion, 1st Special Warfare Training Group, Fort Bragg, NC
Training and Doctrine Command, Ft Monroe, VA
Joint Forces Command, Suffolk, VA
Northrop Grumman Shipyard, Newport News, VA
Science Applications International Corporation (SAIC), Suffolk, VA
Airborne Tactical Advantage Company, Newport News, VA
Commission on Wartime Contracting, Arlington, VA
Special Inspector General for Iraq Reconstruction, Arlington, VA

International

BAE Systems Australia, Sydney, Australia
ABAKUS Aircraft & Aviation, Sydney, Australia
Regional Assistance Mission to the Solomon Islands, Honiara, Solomon Islands
PDL-Toll, Guadalcanal Base Camp, Honiara, Solomon Islands
Combat Support Group, Royal Australian Air Force Base Amberley, Australia
Defence Support Group, Royal Australian Air Force Base Amberley, Australia
Boeing, Royal Australian Air Force Base Amberley, Australia
College of Law, Australian National University, Canberra, Australia
Center for Defence and Security Studies, Australian Defence College, Canberra, Australia
Border Protection Command, Canberra, Australia
US Consulate, Wellington, New Zealand
HQ Joint Forces New Zealand, Trentham Military Camp, Wellington, New Zealand
New Zealand Defence Forces Command & Staff College, Trentham Military Camp, Wellington, New Zealand
Joint Logistics Support Organization, Trentham Military Camp, Wellington, New Zealand
Royal New Zealand Army Logistics, Trentham Messines Army Centre, Wellington, New Zealand
Royal New Zealand Navy Logistics, Devonport Naval Base, Auckland, New Zealand
VT Fitzroy, Devonport Naval Base, Auckland, New Zealand
New Zealand Defense Industrial Association, Devonport Naval Base, Auckland, New Zealand

The Department's Total Force – its active and reserve military components, its civil servants, and its contractors – constitutes its warfighting capability and capacity.

-2006 Department of Defense (DoD) Quadrennial Defense Review

INTRODUCTION

Since the early 1990s, governments have increasingly relied on private companies in the conduct of warfare, leading to the emergence of a robust global industry known as Privatized Military Operations (PMO). Consequently, today the PMO industry is integral to the success of the Department of Defense (DoD) and other United States (US) government agencies. The PMO industry provides contract services in such areas as logistics, construction, security, and intelligence. While the PMO industry grew significantly in the last decade, non-organic support to military operations is not a new phenomenon. Recorded history is replete with examples of militaries relying on outside entities (e.g. mercenaries, slaves, citizens, or enemy prisoners) to achieve military objectives. The US, for its part, made use of external support since its very founding. George Washington hired Baron Friedrich Wilhelm von Steuben to instill traditional military discipline into the ranks of the fledging American fighting force.[1] The stone faces of Prussia's von Steuben, France's Lafayette and Rochambeau, and Poland's Kosciuszko face the White House in honored stature for their assistance to a nation struggling for independence.[2] From revolutionary times until today, the support of private individuals and organizations to the military evolved from ad hoc arrangements to complex institutionalized practices involving global Fortune 500 businesses with tremendous political and economic influence.

This evolved PMO industry complements traditional military forces, is essential to US military capability and brings to bear a formidable element of national power. The US dominates the global PMO industry, as US based companies account for over 53% of the industry suppliers[3] and US expeditionary operations are the primary driver of its demand. Thus, an examination of the future of the global PMO industry is US centric and relies heavily on an assessment of US expeditionary requirements. Contractors constitute about 50% of US forces in Iraq and Afghanistan,[4] and their support has contributed greatly to operational success.

Despite its tremendous benefits, the nation must use the PMO industry in a manner consistent with its greater military efforts and national interests. This paper examines the strategic impact of this industry whose firms provide a wide range of support services to the DoD and other government agencies. It defines the PMO industry and examines it from several perspectives, assesses its current condition and outlook, outlines challenges it faces and provides policy recommendations to enable its valued contribution to the nation in the future. The paper concludes with two mini-essays on major issues related to the PMO industry.

THE INDUSTRY DEFINED

The PMO industry is sometimes referred to as private military companies (PMCs), private military firms (PMFs) or private security companies (PSCs).[5] For the purposes of this study, the Industrial College of the Armed Forces refers to the industry as Privatized Military Operations (PMO) and the firms within it as PMCs. P.W. Singer, of the Brookings Institution, describes PMCs as "corporate bodies specializing in the provision of military skills, including combat operations, strategic planning, intelligence, risk assessment, operational support, training, and technical skills."[6] Singer further defines PMCs as "business entities that deliver to consumers a wide spectrum of military and security services, once generally assumed to be

exclusively inside the public context."[7] The Peace Operations Institute, a non-profit organization dedicated to educating the public about peace and stability operations, uses a similar industry categorization.[8] Thus, PMCs are commercial businesses that provide governments with a variety of services intricately linked to warfare -- a domain formerly reserved to the public sector. Unlike renegade mercenaries of historical fame, modern-day PMCs are legitimate corporations offering services from tactical operations, to logistical support, to military advice/planning.

Besides lack of uniformity in name, the PMO industry also lacks a universally accepted classification, thus hampering its analysis. Singer uses a "Tip of the Spear" typology to classify firms within the industry. Services closest to the tip of the spear are those nearest to open hostilities. Singer's classification distinguishes PMCs by their range of services, the threat they face and the amount of force they employ.[9] He specifies three categories: military provider firms, military consultant firms and military support firms.[10]

Military provider firms operate at the tactical level and directly engage in fighting. Typical clients are faced with immediate high threat situations and lack adequate military capability. Executive Outcomes and Sandline, now both defunct, were examples of firms that formerly engaged in active combat operations. Singer's second category is military consulting firms that provide advisory/training services integral to the operation and restructuring of a client's armed forces. They offer strategic, operational and organizational analysis. Examples of military consulting firms include Military Professional Resources, Inc. (MPRI), Consolidated Analysis Centers, Inc. (CACI) and Science Applications International Corporation (SAIC). Singer's final category is military support firms. These firms provide supplementary military services including logistics, intelligence, and technical support. KBR, Inc. (formerly a subsidiary of Halliburton), Fluor Corporation and DynCorp International, Inc. are examples of military support firms. This sector is the largest in scope and revenue and most varied in subsectors.

PMO firms such as Xe (formerly Blackwater), Aegis, and Armorgroup operate at the tactical level providing security services. While armed, they generally do not engage directly in combat operations. As such, these type of companies represent a cross-section of Singer's military provider and support sectors.[11] They work in a controversial tactical seam between combatant and non-combatant -- a seam defined by the defensive nature of their operations and the non-combatant status of their cliental (Department of State (DOS) and non-governmental organizations (NGOs)). These personal security details have attracted the most media attention and engendered the greatest controversy. Although comprising only one percent of all contractors, they are responsible for virtually all of the violent incidents appearing in the media and the bad press that accompanies them.[12]

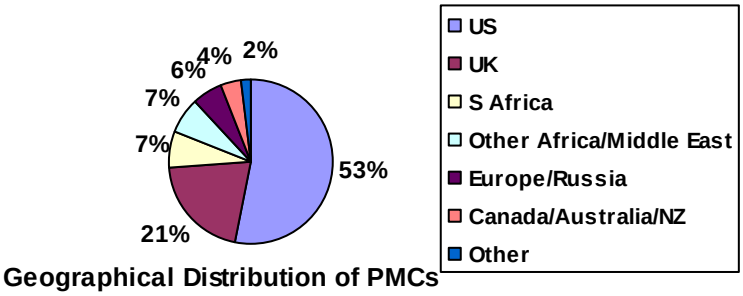
Deborah Avant, a well-known author within the industry, classifies PMCs based on the type of contracts they support. Her typology classifies the industry into external and internal security support. In external security support, she identifies three groups: operational support, military advice and training, and logistics support. In internal security services, she identifies two groups: site/personnel security (armed and unarmed) and crime prevention/ intelligence.[13] The first mini-essay in this report explores unique challenges of private security companies, a sector of PMO, in support of humanitarian operations.

Due to the lack of publically available data, descriptive PMO industry analysis is difficult. Part of the difficulty arises from the fact that many firms perform privatized military operations as part of widely diverse portfolios. In spite of the lack of public data, an excellent source for PMO industry analysis is a December 2007 Naval Postgraduate School (NPS) Masters of Business Administration (MBA) thesis.[14] The NPS students manually collected and analyzed

data on 585 PMO companies in an extremely laborious process involving manual review of over 2,500 lines of data on capabilities.[15] Their analysis provides valuable information permitting PMO industry comparisons in a variety of forms.

The first PMO industry assessment is its geographic distribution. The US (53%) and the United Kingdom (21%) currently dominate the global industry.[16] A primary reason for this dominance is that they are the largest users of PMCs and government leaders prefer to work with contractors they know and understand.[17] Much of the US industry growth occurred in the last decade. Prior to recent exponential growth in US-based firms, largely driven by the war on terror, earlier distribution of firms reflected more global uniformity. Figure 1 shows other countries in the PMO industry, with their respective percentages of the industry.[18]

Figure 1



A second assessment of the industry is by the type of services provided. Using Singer's classification model, the NPS study revealed 21% providing military provider services, 36% providing consultant services, and the remaining 43% of the companies providing military support services as illustrated in Figure 2.

A third industry assessment is by type of contract. Using the Avant classification model, the NPS study reveals 34% were engaged in military training/advice and 37% in logistics support services. This correlates well with the 36% providing military consultant services identified in Singer's model. Operational support, crime prevention/intelligence, and site/personnel security comprised the remaining services as shown in Figure 3.

Figure 2

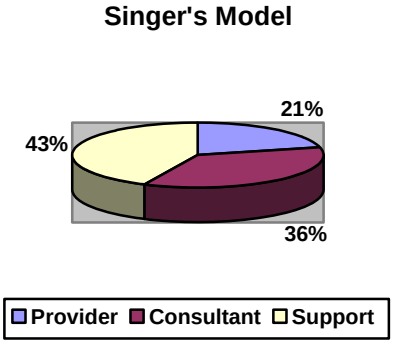
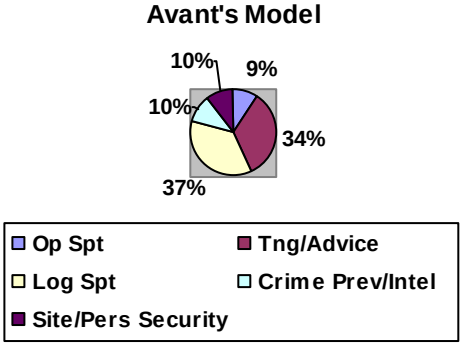


Figure 3



CURRENT CONDITION

The PMO industry is global in both scope and activity. Because of the diversity of PMO firms, a clear assessment of the industry's condition is elusive. Notwithstanding, careful analysis shows a healthy industry fully capable of meeting worldwide demand for its services. The modern PMO industry blossomed in the 1990s and has since been growing in zones of conflict and transition around the world.[19] Trends affecting both supply and demand drove the growth. On the supply side, the reduction in active duty military forces, from 2.1 million at the end of the Cold War in 1991 to 1.37 million in 2006, generated an excess supply of trained personnel.[20]

Meanwhile, demand rose as expeditionary operations increased. As DoD waged the war on terror, it relied increasingly on PMCs to perform tasks previously accomplished by the military. In the 1991 Gulf War, 9,200 contractors supported military operations. In October 2007, the DoD estimated the number of contractors supporting military operations in Iraq to be 129,000.[21] By first quarter 2009, the estimate of battlefield contractors was 259,421 (with approximately 40% being local/host country nationals and another 40% being third country nationals).[22] While in the 1991 Gulf War, the ratio of military to contractors was 55:1, today in Iraq it is 1:1.[23] In 2008, the DoD spent $100B in contractor support to Iraq operations.[24]

Another industry growth driver was a politically driven philosophy toward increased privatization and outsourcing of government functions.[25] PMCs have now provided services in over 110 countries. From 1994 to 2002, the DoD entered into over 3,000 contracts with military firms with an estimated value of $300B.[26] Furthermore, DoD contracts increased 31% between 2004-07. The US government's reliance on private contractors in services delivery over the last two decades reflects an unprecedented market shift from the federal workforce to contractors.

A February 2009 Center for Strategic and International Studies report analyzed end-of-year 2007 data for the DoD professional services industrial base (including PMO). The results indicated, "For the fourth year in a row, providing professional services to the federal government represented a larger market than selling hardware to the government." The Congressional Budget Office (CBO) reported DoD's service contract obligations, expressed in constant fiscal year (FY) 2006 dollars rose from $85.1B in FY 1996 to more than $151B in FY 2006—a 78% increase.[27] However, growth in federal service contracts slowed between 2006 and 2007. That trend is reminiscent of the mid-1990s and may indicate a leveling-off of the market.[28] The CBO report also showed that the industry expanded at a compound annual growth rate of 7% per year over the past 13 years with the fastest growing segments being professional, administrative and management services.[29] These segments correlate with Singer's military consultant services sector and Avant's military advice and training sector.

Although PMO markets reflect extraordinary growth, low profit margins characterize the industry. Comparative analysis of two leading firms, KBR and DynCorp, illustrates this point. DynCorp's profit margin is 6.75% while KBR's is 2.5%.[30] Although profit margins are low, the market sector current ratio[*] of 1.86 is strong with current assets almost double current liabilities. A strong cash position is vital for success in PMO markets typified by heavy reliance on DoD contracts and frequent contract award delays due to prolonged Congressional budget action.

Another PMO market characteristic regards the threat of new entrants as defined by Michael Porter's five competitive forces model.[31] Companies in the military provider (Singer)/private security (Avant) sectors have high threat of new entrants due to low capital

[*] The current ratio indicates whether a firm has adequate resources to pay its debts over the next year.

investment required to enter a labor-intensive market. If companies can obtain licensing and hire skilled personnel, there are few additional barriers to entry. The military support (Singer)/logistics (Avant) sectors have medium-to-high threat of entry driven by the greater level of difficulty in acquiring, deploying, integrating and sustaining the equipment and resources required in these sectors.

With many participants in PMO markets, the industry is highly fragmented. Firms vary in market capitalization, number of personnel, history, employee characteristics, corporate interrelationships, and locations of home bases and operating zones. The single unifier is they all offer services in the military domain.[32] Almost 98% of the industry is comprised of small privately held firms with annual revenues <$8M.[33] The number of PMO firms obtaining the majority of their revenue from the DoD is high. Many operate as near perfect monopsonies receiving more than 90% of their revenue from the DoD. Expanding the customer base to include DOS and other government customers, the allocation approaches 100%. This factor suggests the PMO industry will expand or contract in direct correlation to the US government's level of activity, especially DoD. This heavy dependence on DoD business is significantly higher than large DoD contractors in other industries. Of the FY2006 top 30 US DoD military services contractors, only 73% received >50% in annual revenue from the DoD and only ~50% operated as near perfect monopsonies receiving >90% of their annual revenue from DoD.[34]

Further complicating analysis, the North American Industry Classification System (NAICS) does not identify PMO as an industry. Most PMO firms fall within NAICS 561 Support Services.[35] Although ~98% of PMO firms are private entities[36] not compelled to provide public offerings of their financial data, several large industry-dominating PMO firms are publicly traded. Since they constitute a large proportion of the military support sector, analysis of their financial statistics provides a solid indicator of overall PMO industry health. KBR, DynCorp and Fluor are leading PMO firms operating primarily in the military/logistics support sectors. They share the $15B Army Logistics Civil Augmentation program (LOGCAP) IV contract providing logistics support services in the Middle East.[37] Table 1 presents their comparative financial statistics and indicates they are well positioned in the industry with favorable profitability, growth, value and liquidity ratios.

Table 1 2008 Firm Financial Analysis – Military Support/Logistics[38]

	KBR[39]	DynCorp[40]	Fluor[41]	Industry [42]
Revenue Growth	41.7%	51.5%	28.8%	14.3%
Net profit margin	2.78%	2.11%	3.2%	3.4%
ROE	14.26%	13.39%	29.1%	12.5%
Current ratio	1.36	2.067	1.48	1.59

Similarly, participants in the military consulting (Singer)/military advice and training (Avant) sectors include SAIC, L-3 and CACI who also reflect healthy financial statistics shown below.

Table 2 2008 Firm Financial Analysis – Military Consulting/Training[43]

	SAIC[44]	L-3[45]	CACI[46]	Industry[†]
Revenue Growth	8.0%	5.4%	16.4%	14.3%
Net profit margin	4.36%	6.37%	3.4%	3.4%
ROE	22.83%	16.06%	9.93%	12.5%

[†] While the firms fall into different industry classifications on Yahoo Finance, the majority were in the Technical Services industry which is used for comparative data purposes.

Current ratio	1.7	1.83	2.34	1.59

The PMO industry exemplifies a healthy growth market. However, while rapid growth and high demand markets indicate potential for success, the industry is not without its challenges.

CHALLENGES

The PMO industry has grown dramatically over the last two decades driven by evolutionary decisions to downsize the military, revolutionary changes in the art of warfare and increased military operations tempo. The outsourcing of military operations offers many opportunities. However, the use of privatized contractors in military operations also presents unique industry challenges in three primary areas: political, military readiness and contract management.

Political Factors: Governmental policy has historically fluctuated between promoting and discouraging privatization of governmental activities. For nearly two decades, policy strongly promoted privatization or "outsourcing." However, operations in Iraq and Afghanistan, the recent financial crisis and change in administration, created a political environment that portends a shift in policy away from outsourcing illustrated by three recent governmental actions.

a. Contract Reform. Within weeks of taking office, President Obama signaled his intention to reform government contracting—an action that will affect the PMO industry. He directed the Office of Management and Budget (OMB) to lead an interagency review to reduce the frequency of sole source and cost-type contracts, improve contractor oversight, and redefine inherently governmental functions.[47] The review of inherently governmental functions could result in a more restrictive definition and a reduction in the scope and magnitude of opportunities within the PMO industry. While this could significantly affect firms specializing in inherently government related functions (such as interrogators for detainees), the direct impact on a relatively small number of contractors specializing in such functions will not have substantial impact on the overall industry. Likewise, the PMO industry study believes the reduction of sole source awards will make the industry more competitive. Lastly, as the focus turns to fixed price contracts, the burden of contract risk will shift from government to contractor. Contractors will then likely increase their prices to offset the assumption of additional risks.

b. Suspension of Public-Private Competition.[48] A recent governmental action was a call by influential legislators to suspend public-private competitions. The public private competitions occurring over the last 40+ years often resulted in greater outsourcing to PMO firms. A curtailment of this practice may signal a decrease in contractor opportunities.

c. Reduction of Contracted Effort. The US Secretary of Defense (SECDEF) expressed intent to reduce the percentage of DoD contractors from 39% of its workforce to the pre-Sept 11 level of 26%.[49] This goal, if realized, would reduce the PMO industry's opportunities.

Military Readiness Factors: The extent and type of governmental contracting poses threats to military readiness as illustrated by three current challenges.

a. Lack of Visibility of the Scope of Contractor Dependency. As noted previously, the use of contractors in support of deployed operations increased substantially since 2001. While there is a general awareness of the magnitude of contractor involvement, the full range and depth of contractor dependency is unknown. This concern spurred the establishment of the Chairman of

the Joint Chiefs of Staff (CJCS) Task Force on Dependency of Contractors in Deployed Operations. The task force will gather, organize and assess data to quantify the initial baseline representing the extent of contractor dependency. Beyond identifying dependency areas, the task force report will be a reference for future contingency planning and force structure assessments.

One way the DoD will monitor future baseline changes is through increased consideration to contracting in contingency plans (CONPLANS). In 2008, DoD awarded a contract for 14 Joint Operational Contract Support Planners, which are distributed throughout the COCOMS, to ensure that contingency plans include clear requirements for contractor support.[50] Revised doctrine guidelines will require COCOMs, in conjunction with Services, to more accurately define required contracted services in their planning processes. The Joint Staff then reviews CONPLANS ensuring the full strategic picture (COCOM, Service and Pentagon) is applied to their use.[51] These procedural changes will lead to a more informed decision making process, based on a thorough understanding of the impact of the use of contracted support. "By factoring contractors into their planning, combatant commanders can better determine mission needs."[52]

b. Erosion of Military Morale and Ethos. The use of contractors in war may have a corrosive effect on warrior morale. Differing motivations between public and private sectors and their manifestations on the battlefield may undermine military effectiveness. The warrior's motivation is characterized by dedication to duty, securing the freedom of our nation, and is epitomized by self-sacrifice. The media often portrays the motivation of the "corporate warrior" as the "almighty dollar." These disparate perceptions may lead to circumstances that negatively influence military morale and jeopardize military effectiveness.

The use of contractors in war, particularly in areas once the exclusive domain of uniformed personnel, can also have a corrosive effect on warrior ethos – that combination of discipline, selflessness, and cohesion that binds warriors in a collective covenant.[53] Ethical warriors are not simply practitioners of warfare; they are representatives of a polity and people using military force as an instrument of power to achieve national aims. If a nation elects to conduct war, not by sworn men and women in uniform, but by civilians under contract, it risks bankrupting the authority, morality, and legitimacy of both soldier and state. The US has increasingly relied on contracted support to fulfill various aspects of military capacity. Moreover, our country has shown a decreasing willingness to share the burdens of war widely among our citizenry. Since contractors are part of the DoD Total Force, they will continue to serve on future battlefields. Therefore, the government must develop strategy that allows the nation to benefit from the use of contracted services in war, without diluting the ethos of the men and women in uniform.

c. Operational Readiness Considerations. Operational readiness refers to the ability to accomplish required missions. One challenge of extensive use of contractors is the potential to erode military core competencies and decrease military operational readiness. The military may lose organic knowledge, skills and abilities as responsibility and institutional knowledge transfer to contractors resulting in heavy dependence on them for operational readiness in mission critical arenas. One interesting aspect gleaned from the PMO international field studies with both the Australian and New Zealand Defence Forces is the emphasis both of these small, yet capable militaries, place on sustaining uniformed operational capability within outsourced support activities. Within the ADF, the "minimum military manpower" required to support expeditionary operations is filled by uniformed personnel who then work alongside contractors—sustaining both ADF operational capacity and institutional expertise that can support more effective contract oversight. The NZDF likewise integrates uniformed and

contractor personnel while operating in the New Zealand sustaining base. The New Zealand Navy, in particular, regularly rotates uniformed technicians through outsourced depot support facilities in order to sustain uniformed technical skills.

Another readiness concern is the lack of standard metrics to evaluate contractor readiness to meet anticipated requirements. The LOGCAP contract supporting Iraq and Afghanistan is the largest service contract in DoD's history. The inability to assess contractor readiness through timely and reliable standardized metrics poses significant risk to deployed forces as the military is highly dependent on the contractors for mission accomplishment. Past contractor performance is part of source selection criteria, but the DoD needs a reliable mechanism to evaluate contractor operational readiness throughout the contract lifecycle.

Contract Management Factors: This category of challenges relates to governmental workforce capacity and contract oversight procedures.

a. Acquisition/Government Workforce Challenges. Research on services contracting concludes that there is a lack of trained acquisition personnel to conduct pre-to-post service contract management. Between 1989 and 1999, DoD decreased the defense acquisition workforce by 50%.[54] A DoD-sponsored task force published an October 2000 report that concluded after a decade of downsizing the current acquisition workforce was not equipped or trained to hire fresh talent.[55] In the 2007 Gansler Report, "Urgent Reform Required, Army Expeditionary Contracting," the Army's former chief acquisition officer and fellow board members reported that while the dollar value of Army contracts increased 331% and the number of Army contract actions increased 654%, there was no increase in the Army's contracting workforce.[56] The shortages in personnel contributed to fraud, waste and abuse in theater, most notably in Kuwait.[57] The SECDEF has recognized these acquisition workforce concerns and specifically targeted acquisitions for in-sourcing.

While a deficiency in oversight from acquisition contracting officers is widely acknowledged, operational contract oversight is also an issue. The DoD has included contracted capability as an essential part of its Total Force, but military commanders who depend on contractors to accomplish their missions are poorly trained to lead the contractors that participate in their area of operations and may represent up to 50% of their workforce. The Gansler Report addresses the issue to some extent; however, more action is needed to prepare operational commanders to manage the contractor element of the Total Force.

b. Integrated Joint/Interagency Coordination. The US lacks integrated joint interagency coordination in acquisition and contracting in support of deployed forces. Although the US has made recent improvements, unity of contracting effort and command continues to be a challenge for US forces in Iraq/Afghanistan. Contracting efforts in theater are administered by three different military organizations with separate contracting authorities and chains of command. Additional contracting authorities and chains of command in other US government agencies further complicate the situation. Greater integration and joint/interagency coordination is needed to reduce duplication of effort, increase Commander's operational awareness and visibility of contractors and improve the provision of support in the contingency environment. A mechanism for a more coherent contracting effort at the interagency and interservice levels is necessary.

The ICAF PMO international studies program included discussions with the Regional Assistance Mission to the Solomon Islands (RAMSI), which serves as a model of how other nations deal with joint/interagency coordination. RAMSI is a partnership between the people and government of the Solomon Islands and 15 contributing countries of the Pacific region. It is a police operation with military backing, led mainly by Australia and New Zealand,[58] and is a

collaborative effort between the military, police, local government, non-governmental organizations and private contractors. RAMSI is highly successful in helping the Solomon Islands lay the foundations for long-term stability and prosperity. The Australian Police is the contracting lead and contractor support generally works well for the police and military elements. However, various issues, including lack of expeditionary contracting training and experience by the Police, hinder its effectiveness and application to other mission elements. Although only a small scale and low intensity environment, the US can apply lessons learned from the RAMSI venture to enhance interagency coordination in US contingency operations.

OUTLOOK

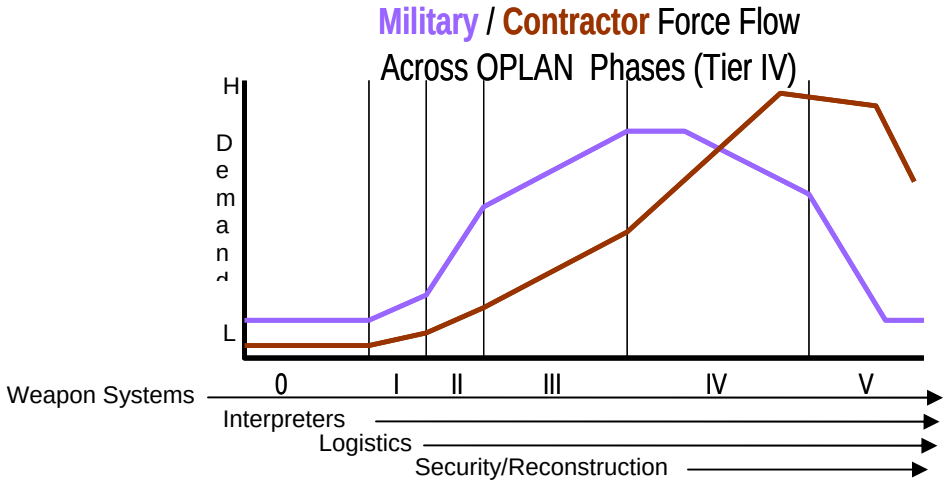
While many challenges face the PMO industry, its outlook remains healthy. The US dominates the global PMO industry in both supply and demand. In the US, expeditionary operations are the predominant driver of demand. Thus, examination of the future global PMO industry draws heavily on both US and expeditionary perspectives.

Since the end of the Cold War, the PMO industry's support of US expeditionary operations has grown significantly and now constitutes over 50% of US forces in Iraq and Afghanistan. The growth is the subject of much analysis, including the ongoing CJCS Task Force on Contractor Dependency. The task force will develop a baseline of contractor-use by joint capability area and mission essential tasks. The Joint Chiefs will examine the baseline from several perspectives including operational risk and erosion of military skills and produce an assessment of the status quo.

Beyond the CJCS Task Force, this paper identifies other initiatives/studies by which the Administration, Congress and public opinion will contribute to the long-term shape of contractor support. Meanwhile, the DoD uses Figure 4 as its template for contractor-use in contingency operations. It shows the relative demand for military versus contractor forces and the type of contract services used during operational phases 0-V, with the number of contractors expected to exceed military during the latter phases. Iraqi operations, for instance, are transitioning from Phase IV (post-conflict reconstruction) to V (transition to civil authority). This section analyzes the PMO industry's future against the template, distinguishing between short and long term as criteria differ for each. In this context, "short-term" refers to during the current Administration.

TT The short-term outlook reflects the current military support force-structure limitations and the upcoming significant US troop reductions in Iraq from 142,000 personnel in February 2009 to 35,000-50,000 troops by mid-2010.[59] There will be concurrent increases of 17,000-30,000 US military personnel in Afghanistan,[60] but the US will be limited in its ability to respond militarily elsewhere in the world and any further troop deployments in the short term are unlikely. The net effect will be an overall reduction in the number of contractors, at home and abroad, required to support the reduced level of US expeditionary activity.

Figure 4[61]



Although the total number of contractors will decrease, the reductions are unlikely to be as deep as those of the military and the impact across Figure 4 contractor categories will be uneven with some categories potentially even increasing. One reason for this is that the desire to achieve rapid military reductions in Iraq will increase the attractiveness of using contractors to fill gaps left by departing service members since contractors do not count against military quotas. Additionally, in recent years the mere presence of US troops close to Iraqi reconstruction sites has provided a level of security that will no longer exist as troops draw down. The PMO industry study expects private security firms to absorb that gap, at least in the short term until Iraq can provide adequate security and rule of law.

The short-term prognosis, therefore, is that the situation illustrated by Figure 4 will remain intact but on a smaller scale. In spite of the SECDEF goal to reduce the level of contracted support and the pending new definition of "inherently governmental," the existing 1:1 ratio of contractor to military forces will likely increase in current operations. The PMO emphasis will shift more to reconstruction and security and less on logistics; however, it will remain a fragmented and mostly monopsonic industry. The overall contractor requirement will remain sufficient to sustain a robust PMO industry.

The longer-term assessment differs as it allows for ongoing policy initiatives to be fully implemented, military force structure to be potentially altered, and recognizes the requirement to address the impact of the rising government debt. The US deficit and debt will have a significant impact on the long-term future of PMO. Although the President intends to half the deficit by 2013, US national debt as a proportion of Gross Domestic Product will be higher in ten years than it is now and the Administration has scheduled the defense budget to shrink in real dollars throughout this period.[62] The PMO industry study expects that DoD will achieve much of the shrinkage through more efficient contracting, but the potential to expand the support force-structure and reduce contractor reliance during this time is unlikely. Also unlikely are trade-offs of existing combat forces for increased support personnel, beyond what the CJCS Task Force on Contractor Dependency deems mission essential.

Although contractor reliance will remain high, the large national debt and smaller (real dollar) defense budgets will reduce operational tempo. The US world role reflects a continuous cycle of expeditionary deployments since the beginning of the 20th century, 16 in total.[63] These deployments spanned war fighting to reconstruction. Most have been smaller and for a shorter duration than the current deployments in Iraq and Afghanistan. Although the US world

superpower role is unlikely to change and these cyclical crises will continue to occur, national debt and defense budget challenges will steer the US towards increased reliance on non-military elements of national power. Nonetheless, continued expeditionary deployments, particularly those with an interagency construct focused on reconstruction and stabilization, are probable but on a smaller scale than those undertaken since 9-11.

The reduced operational tempo will allow the US military to reset its force and reconstitute aging fleets, an activity that could provide elements of the PMO industry with substantial work and mitigate the reduced deployed posture. Nevertheless, budget pressures and a departmental trend towards in-sourcing will likely lead to DoD performing much of this work organically. The longer-term demand for the PMO industry, both at home and abroad, is expected to diminish but will remain sufficient for the industry to remain healthy and capable of surge when needed. However, there will be noticeable changes in its structure.

One such change will result from increasing high technology weaponry, leading to growth and a relatively larger industry role for this PMO segment. The reconstruction segment should also see a relative increase, as increased emphasis is placed on non-military and interagency solutions. Conversely, the new inherently governmental definition is expected to narrow the scope of private security contractors. Despite these structure changes, Figure 4 force ratios by phase should remain virtually unchanged.

Other anticipated longer-term PMO industry changes include a more competitive environment, such as a shift from single to multiple award indefinite delivery/indefinite quantity contracts in which task orders are competed among several contract awardees.[64] This will maintain low profit margins and may require PMCs to diversify beyond military and government contracts. Such diversification would make the industry less of a monopsony, thus decreasing government influence over it. As well, the developing legal framework will result in increased focus on ethics and accountability for the industry. The results of the current CJCS Contractor Dependency Task Force coupled with improvements in contractor planning and decision-making will lead to more informed decisions on their uses. Lastly, enhanced interagency collaboration and improved oversight will ensure more effective program execution and provide better value for the US dollar.

In short, the US will continue to be dependent on contractor support to deployed operations. The PMO industry will remain healthy, albeit somewhat smaller and with a modified structure, and will become increasingly competitive. The challenges of the past decade and the many ongoing initiatives will lead to contractors becoming an increasingly valuable member of the Total Force team. Operational commanders must recognize this change and be provided more training to use contractors to maximum effect.

GOVERNMENT GOALS AND ROLE

Government policy affects the PMO industry particularly for companies who are highly dependant on the federal sector. Given the current political/economic climate, policy related to the PMO industry may change significantly in the coming months. The Obama Administration has already initiated many policy changes such as increases to the acquisition workforce, reexamining the inherently governmental definition, and analyzing levels of contractor dependency. Additionally, the Special Inspector General for Iraq Reconstruction (SIGIR)[65] and the Commission on Wartime Contracting (established under section 841 of the National Defense Authorization Act for Fiscal Year 2008) [66] are collectively studying and formulating policy recommendations to further improve federal agency contracting for reconstruction, logistical

support and performance of security functions in Iraq and Afghanistan. Amongst many other sources, the authors of this paper had an opportunity to discuss PMO industry challenges and potential policy recommendations with both SIGIR and the Commission. It is clear that the key to effective government policy vis á vis the PMO industry is striking the proper balance between too little guidance and accountability and too much regulation. The following policy recommendations may alleviate some of these problems and ensure the PMO industry's continued effective support to the nation.

Political Recommendations:

a. Conduct "strategically smart" in-sourcing. The SECDEF has committed to reduce support contractors from 39% to the pre-2001 level of 26% and replace them with full-time government employees.[67] Many expect the reductions to apply across the DoD, both at home and in deployed operations. Initial implementation is projected for 2010, with the bulk of the in-sourcing completed within 5 years. The SECDEF must in-source in a prudent and smart manner, and the DoD must adopt an approach that considers both strategic and operational impacts. Many roles that contractors fill in deployed operations are military functions that may not be conducive to civilian government employee replacements. Additionally, the military largely divested itself of military support force-structure since the end of the Cold War, thus a military alternative to deployed contractor support is not currently a viable option. The in-sourcing initiative must not result in capability deficiencies. Rather than risk adverse impacts to deployed operations, a greater portion of in-sourcing should occur in CONUS locations. The DoD can mitigate the risks of capability shortfalls and the consequences of error during the period of transition more readily in steady-state CONUS operations.

b. Build the Total Force team. 'Total Force' is used by DoD to describe its complete warfighting capability, consisting of uniformed military, civil servants and contractors. While the US provides complete medical care and legal protection to its uniformed and civilian personnel, its association with its supporting contractors is limited to its contractual financial obligation. Indeed, even when contractors appear to receive unfair treatment at the hands of the media, the military has been reticent about lending factual support. Given the vital role PMCs play in national security, the US government should expand the existing relationship.

Of note, the New Zealand Army, in looking to revamp contracted logistics support for ground systems, has embarked on an ambitious project to establish a significant partner relationship with prospective contractors. This effort, code named Project Alexandre, uses internationally recognized criteria from the Malcom Baldridge Award to evaluate partnership potential between the NZDF and potential contractors as part of the contract award process. While this evaluation has improved contractor transparency and responsiveness, it has also improved NZDF's procedures and promises to result in a more effective long-term partnership essential for a small, strategically agile force such as the NZDF.

Contractor Operational Readiness Recommendations:

a. Support the CJCS Task Force on Dependency of Contractors. Through the CJCS Task Force initiative, the joint staff is examining the full range of contractor capabilities necessary to support and sustain the joint deployed force. Although time intensive, the task force must be comprehensive and thorough in providing a true baseline and awareness of the extent of contractor support and to document force capability shortfalls. Furthermore, the CJCS strategic review is instrumental to maintaining visibility as contractor support evolves.

b. DoD should include contractors in operational and contingency planning. Since contractors are an important component of the Total Force, they must be included in operational and contingency planning. This would allow military planners to better integrate contractor capabilities into war plans. In addition, contractors would have a more realistic understanding of requirements, better enabling them to provide support. Also, military leaders would gain better insight into who is in the battle space and the contribution each makes to mission execution.

c. DoD should "train as we fight" by including contractors in training exercises and war games. Including contractors in military exercises will help educate and prepare both military members and contractors.[68] Operational commanders would gain insight into managing contractors in the deployed environment and contractors would be better prepared to support military forces during actual operations. DoD guidance portends this future direction. Joint Pub 4-10 states that the military services are responsible for integrating identified contract requirements into training simulations, mission rehearsals and exercises.[69]

d. DoD should implement contractor readiness reporting. A 2007 GAO report on DoD transformation highlighted DoD's reluctance to employ a Total Force management approach to planning and execution.[70] The report outlined problems within DoD associated with oversight and management of PMCs. DoD has yet to recommend implementing a Total Force management tool to "define the use and roles of contractors to deployed force operations by requiring readiness reporting similar to that required of the service components."[71] Adopting this policy would greatly enhance military planning and provide transparency and metrics resulting in higher-fidelity risk assessments for commanders.

DoD should use the Statement of Work to outline requirements for PMCs to report contractor readiness to meet anticipated requirements. This should include metrics that measure personnel, equipment, spare parts inventory, and training levels. Post-award metrics should address current response times and growth capacities. For example, a metric may analyze current capacity for establishing a quick response group capability within 72-hours.

e. DoD should address threats to warrior ethos and morale. Current initiatives aimed at better defining inherently governmental tasks and excluding core competencies from outsourcing will have beneficial effects on warrior ethos and morale. These efforts promise to reduce the presence of contractors in military operations where performance by governmental agents is necessary to protect governmental legitimacy and military effectiveness. The pervasive presence of contractors in any military operation creates circumstances that may undermine the military's warrior ethos and morale. Thus, policymakers must remain vigilant regarding impacts of extensive outsourcing of military functions and should ensure this topic is fully addressed by the CJCS Task Force on Contractor Dependency.

Contract Oversight/Management Recommendations:

a. Train "Total Force" Commanders. Contractors currently constitute 50% of the force in Iraq and Afghanistan. Operational commanders receive extensive training on leading the military and civilian components of the force, but virtually no training on how to interact with the contractor workforce. The DoD should incorporate training into both its enlisted and officer leadership courses to better prepare military leaders for their evolving roles. Commanders cannot apply the same personnel rules for the military and civilian workforce to the contractor component. It is imperative that they receive proper training to enable them to use contractors to maximum effect on operations within their areas of operations.

b. Improve Integrated Joint/Interagency Coordination: Combining all contracting efforts in a theater of operations will increase effectiveness and provide efficiencies to the over-

extended acquisition work force. The US government should name one organization with operational control and authority of all contracting in support of a contingency mission. This Head Contracting Authority (HCA) will issue all contracting officer warrants and make recommendations on all contracting issues to the senior government executive in theater. This will improve unity of effort/command and reduce wasteful spending. With regard to current operations in Iraq, Kuwait and Afghanistan, we recommend the Army Corps of Engineers mission in the region and the LOGCAP effort become subordinate to JCC I/A.

c. Produce an Interagency Expeditionary FAR*:* A first step for improved contract management and joint/interagency efforts in contingency operations is the development of an expeditionary Federal Acquisition Regulation (FAR). The FAR provides policies for acquisition of supplies and services with appropriated funds by all federal agencies. It is a large and complex document, consisting of two volumes and some 2,000 pages. Agencies supplement the FAR (e.g. the Defense FAR Supplement) making it increasingly complex. The 2007 Gansler Commission report and the 2009 SIGIR report, "Hard Lessons," characterize the FAR as too lengthy, non-user friendly, too cumbersome for the operational environment and in need of reform for expeditionary operations. A concise interagency expeditionary contracting manual, which eliminates the non-applicable FAR items and agency supplements for expeditionary contracting, is fundamental to effective reform. This uniformly applicable manual would ensure simplified and common contracting for all government agencies in a theater of operations.

ESSAYS ON MAJOR ISSUES

Essay 1 - *Private Military Companies in Peace and Humanitarian Operations*

Privatized Military Companies (PMCs) are commercial businesses that provide governments with a variety of services intricately linked to warfare. They specialize in the provision of military skills, including strategic planning, intelligence, risk assessment, operational support, training and technical skills. One of the most intriguing uses of PMCs is in humanitarian operations. Unlike other contingencies, these operations primarily encompass international aid and relief efforts. Organizations such as the United Nations, U.S. Agency for International Development (USAID), other government aid agencies, international relief organizations, and NGOs are the principle entities engaged in these operations. They attempt to limit their activities to those that support, sustain, and save lives during crises.[72]

Unfortunately, there is an increasing trend of violence directed at humanitarian aid workers. A recent study by the Humanitarian Policy Group concluded that the overall security situation for these operations has deteriorated such that the rate of violence against aid workers has more than doubled this past decade.[73] Given the growing need for security and protective services in these operations, humanitarian organizations have steadily turned to hiring PMCs to meet the requirement.[74] Although in combat operations the preponderant usage for PMCs is logistics, their primary focus in humanitarian operations is security. PMC's broad range of security services include: guarding facilities and premises, mobile escorts, personal protection, security consulting and training, risk assessment and information services.

Employment of PMCs in humanitarian operations is very controversial. It causes consternation due to a perceived violation of the humanitarian organizations' principled belief in providing humane, impartial, and neutral service in relief efforts.[75] For many, the use of a PMC is tantamount to hiring a mercenary and violates fundamental tenets of the humanitarian organizations' belief systems.[76] For this reason, much of the security provided (and preferred) is

from unarmed guards contracted to local firms.[77] This essay outlines reasons humanitarian organizations employ PMCs, the advantages and disadvantages of employing PMCs in humanitarian operations and concludes that the use of PMCs in humanitarian operations is a viable, effective, and cost efficient solution for their security requirement needs.

The first reason humanitarian operations employ PMCs is the current security environment. The deteriorating security situation has overwhelmed humanitarian organizations' ability to defend themselves, and/or their patrons, thus requiring a security force or augmentation of internal capabilities. Secondly, most organizations find that employing PMCs provides cost effective, flexible, and versatile responses. The use of PMCs for security operations in contingency environments is often cheaper, more effective, and may provide higher quality professionals than organic capability. Lastly, the employment of PMCs may provide a buffer against liabilities such as excessive use of force, malfeasance, or unethical behavior.[78] This results from humanitarian organizations directing or redirecting the ire of the populace or governing bodies to PMCs, thus the humanitarian organization can possibly retain its reputation, credibility, and image, though it is by no means guaranteed.

While there are credible advantages to employing PMCs in humanitarian operations, there remain several disadvantages as well. First, PMCs remain intricately linked to the foreign policy and institutions such as the military, law enforcement, or other similar bodies of their "home" nation. As such, PMCs may have an ulterior motive beyond serving a client and earning a profit. Whether perceived or not, these associations can compromise the organization's reputation, its neutrality and make them an active party to the conflict itself. Secondly, the employment of PMCs may compound the security environment further if the threats exceed their capabilities. This is akin to putting a band-aid on a sucking chest wound. Additionally, a pay-for-play environment can exist if PMCs provide security for only those that can afford it. Furthermore, PMCs could possibly collude with local factions, such as teaming with local militias with their own agenda, at the expense of the general populace. A fourth disadvantage is that by outsourcing security requirements to PMCs, the humanitarian organization loses its ability to think critically about security requirements, while also losing the institutional memory required to organize, train and equip its own future forces. Lastly, there remain unresolved issues regarding accountability of PMC employees that have committed human rights violations and/or wrongful and unethical acts.[79] In weighing the pros and cons for employing PMCs in humanitarian operations, the preference for a "private face" to that of a uniformed military presence in humanitarian operations is tantamount.

Humanitarian organizations underutilization of international PMCs should not deter the government or industry from exploring opportunities to expand this market. To expand the market and provide effective service, it is critical that the government and the PMCs thoroughly understand the nature of the humanitarian organization's desire for impartiality and neutrality. As such, PMCs must conduct their operations accordingly - with the highest levels of professionalism, ethical behavior, contractual transparency, and as a trustworthy partner invested in the overall effort. However, even the most professional and upstanding organizations face stiff resistance from a distrustful and cautious humanitarian community.

In the end, humanitarian organizations have three options regarding access to crisis zones in high threat environments. First, they can accept risks and operate without security to demonstrate neutrality. Second, they can "civilianize" their security needs by developing an organic capability or employing a PMC. Third, they can accept security from the government, military or another benefactor. Pursuing this option may suggest that they have taken sides and affect their perception of neutrality. While most humanitarian organizations prefer to "go it

alone," the reality of the situation is that humanitarian zones are increasingly dangerous.[80] As the trend of violence toward humanitarian organizations continues, with belligerent factions continuously trying to manipulate, militarize, and politicize the situation to their own benefit, employment of PMCs for security becomes a viable, effective, and cost efficient solution.

- Lt Col William Ebeling, USMC

Essay 2: *Contracted Warfare and the Erosion of Military Ethos*

The use of contractors in war, particularly in areas once considered the exclusive domain of uniformed personnel, can have a corrosive effect on warrior ethos – that combination of discipline, selflessness, and cohesion that binds warriors in a collective covenant.[81] Ethical warriors are not simply practitioners of warfare; they are representatives of a polity and people using war as an instrument of power to achieve national aims. When a nation elects to conduct war, not by sworn men and women in uniform, but by civilians under contract, it risks bankrupting the authority, morality, and legitimacy of soldier and state. A purist would call for the elimination of contractors, preferring to mobilize the populace to fulfill all roles required for the conduct of war. However, the realist knows otherwise; America has increasingly relied on contracted support to fulfill various aspects of military capacity, although never at the scale of contemporary war. Moreover, our country has shown a continual disinterest in sharing the burdens of war widely among our citizenry. It seems evident contractors will be on future battlefields. The question is how to develop strategy and policy where the nation benefits from the use of contracted services in war, without diluting the ethos of men and women serving in uniform. This essay evaluates degrading effects of contracted services on military culture as articulated by a common set of core values and provides recommendations for maximizing military effect while preserving military ethos.

The Military Ethos: Living Core Values

Military ethos escapes narrow definition. It is an untenable blend of attributes bonding military men and women together in an inextricable covenant. Christopher Coker, Professor of Ethics and International Relations in London, calls it "a complex set of values encompassing morality, trust, and integrity".[82] Coker elaborates, "To be a warrior is to subscribe to a specific ethos. Every ethos is social. The decisive step comes when the soldier recognizes what is expected of him by others."[83] Each of the military services articulates ethos through its own set of core values – "Honor, Courage, Commitment" for the Navy[84] and Marine Corps[85] and "Integrity, Service before self, and Excellence" for the Air Force.[86] The Army lists seven core values that reflect the principles of the other services' values: *loyalty, duty, respect, selfless service, honor, integrity* and *personal courage*.[87]

These core values contextualize military ethos and characterize what distinguishes the Soldier, Sailor, Airman, and Marine from all others. Without this distinction, military men and women lose their effectiveness, their purpose, and their authority for conducting war. The use of contractors in combat areas can contaminate these core values in various ways. First, contractors fall outside the military chain of command, where duty, loyalty, and integrity reside. Second, contractors do not have a sense of shared sacrifice with those in uniform which negatively effects morale, cohesion, and discipline. Finally, the existence of contracted combatants on the battlefield conflicts with the precepts of Just War theory and corrupts a nation's legitimacy in the international court of public opinion. Legitimacy of purpose is a requisite condition for the

military to serve with honor, the most important of all values and the currency of international affairs.

Duty, Loyalty, Integrity, and Commitment

All DoD personnel, uniformed or civilian, take an oath to "support and defend the Constitution of the United Stated against all enemies foreign and domestic, and bear truth faith and allegiance to the same."[88] While this military oath may seem ceremonial, it is in fact a legal statement of loyalty, and binds all who take the pledge to their superiors and to their country. We require no such loyalty from contractors on the battlefield, and military commanders hold no sway over a contractor's conduct, appearance, or performance other than to modify or terminate their contract – a matter which legally only a contracting officer can do, and an authority currently unavailable to even the most senior commander.

This awkward independence of contractors is most troubling when they directly engage with a host population, such as personal security details, or prisoner interrogations. The military suffers the repercussions of illegal, immoral, or unethical behavior of contractors, especially when contractors are in positions of de facto authority as experts. For example, U.S. Army Major General Antonio Taguba found while investigating abuses at Abu Ghraib prison in Iraq in 2003 that contractors allowed and/or instructed military police to engage in physical abuse.[89] While most contractors are loyal, trustworthy team members, the differing motivations for service can come in conflict, even if only perceptually, and can work against unit trust and cohesion. Trust and integrity are elemental to military service and stem from institutional controls legitimized by the chain of command; all people in uniform accept this. Having contractors alongside military who fall under different rules, eats at a foundation of mutual trust, and erodes the military ethos.

Shared Sacrifice and Selfless Service

At the very heart of the military ethos is the sense of sacrifice; the etymological kin to what General Douglas MacArthur called the "sacred trust" from which the respect and admiration for military service emanates.[90] Sacrifice, selflessness, and service are the binding imperatives of ethical warriors, qualities that run squarely in conflict with the motivations of contractors who are circumstantially motivated by financial gain. Certainly one of the perceived benefits of using laboring contractors on the battlefield is that it "can relieve military personnel of mundane support missions, enabling soldiers to focus on mission critical activities that can improve their quality of life significantly and, ultimately, impact on training and retention."[91] Clearly soldiers prefer to have contractors provide messing, laundry, and latrine support than to do it themselves, and the benefits to training, morale, and retention are undeniable. However, the story changes when there are contractors serving alongside military who enjoy higher salaries, have better living conditions, and the advantage of liberal personal freedoms while uniformed people are expected to sacrifice in service to their country. For example, British contractors at a Southern Iraq airbase were able to consume alcohol, while military members were not. This fostered resentment and created discipline problems when some wayward military personnel began frequenting the contractor's quarters.[92]

Complicating the notion of shared sacrifice in contemporary warfare is the level of services available to deployed personnel in the combat zone. Ironically, many soldiers have more amenities available to them at deployed locations in Southwest Asia than in their hometowns. Logistic support contractors are hired specifically to make life better for the troops, and deservedly so, but the well-intentioned funding of services are no substitute for time at home,

which is what troops really need. Alas, if there is one sacred cow in American politics, it is "support for the troops." Unfortunately, this support is poorly manifested, and contributes to the continued decline in patriotic service among Americans. Dr. Andrew Bacevich laments today's all volunteer force inadequately sized for the job asked of them:

> Relying on a small number of volunteers to bear the burden of waging an open-ended, global war might make American uneasy, but uneasiness will not suffice to produce change. To salve the nation's conscience, the government might augment our hard-pressed troops with pricey contractor-mercenaries, but it will not actually trouble citizens to do anything. Indeed, the privatization of war – evident in the prominence achieved by armies for rent such as the notorious Blackwater – suggests a tacit willingness to transform military service from a civic function to an economic enterprise, with money rather than patriotism the motive. Americans may not like mercenaries, but many of them harbor greater dislike for the prospect of sending their loved ones to fight in some godforsaken country on the other side of the world.[93]

At the height of World War II, the United States (US) had nearly six million Americans in uniform. The nation mobilized for war and most Americans put their lives and futures aside to serve their country, others being drafted into service to ensure the size of the military reflected the enormity of the task ahead. During the Vietnam War, the US again relied on mass mobilization through conscription, but for the first time did not call up the reserves, narrowing the burden of waging war. Beginning with the transition to an all-volunteer force in 1973, and through the transformative revolution in the sophistication of weaponry and requisite expertise, the human means for conducting warfare became a limiting factor.[94] The burden of waging war today falls on less than one-half of one percent of all Americans, and the size of the force can grow only marginally, limited by the enormous pressures of mounting government costs, principally health care.

Selfless sacrifice endures as a core value of the warrior ethos, and bonds each warrior to the other, and the collective to the people in what General Douglas MacArthur labeled a "sacred trust". MacArthur went on, "The soldier, be he friend or foe, is charged with the protection of the weak and unarmed. It is the very essence and reason for his being. When he violates this sacred trust, he not only profanes his entire cult, but also threatens the very fabric of international society. The traditions of fighting men are long and honorable. They are based upon the noblest of human traits - sacrifice."[95] Sacrifice distinguishes, yet enjoins the warrior to those who empower them – what Samuel Huntington called "corporateness".[96] Sacrifice is a traditional and necessary part of military service, but it must be shared and communed throughout the corporate body of the serving force. Introducing large numbers of contractors to serve alongside the armed forces, however well intentioned, cheapens the military.

Honor

The "highest ethical and moral standards" – more demanding aspirations are hard to imagine.[97] Yet, this is what the nation expects of its military – and that is what they get. The code of honor is meant not merely to influence individual behavior, but more importantly, it serves to legitimize the actions taken on the battlefield. In The Armed Forces Officer, we find the efficacy of the need for honorable service tied to the ancient articles of Just War theory:

> American warriors, of course, are not expected simply to win. They are expected to win constrained by values important to the American people. This is increasingly important as the actions of Soldiers become immediately visible to the world through instantaneous communications. At a minimum, the American armed forces are expected to fight according to the principles of "Just War" enshrined in international conventions to which the nation is a party. Violation of these rules, however inconvenient or dangerous to one's self or one's unit, is contrary to the national laws of war and indicative of a failure of professional discipline as well as morality.[98]

Thus, the strategic aim is not simply defined by achieving military objectives. How America fights its wars says as much or more about our people and our government as why and whether we fight, or even if we defeat the enemy. Just War principles require adherence to particular criteria before engaging in war (Jus ad bellum) and criteria directing how combatants are to act once war has begun (Jus in bello). Most relevant to contractors are the Jus ad Bello criteria of having *legitimate authority* to wage war, and the *intent* of correcting a suffered wrong as opposed to material gain. Meanwhile, Jus in Bello criteria distinguishes between *combatants* and *noncombatants*, a distinction blurred by the status of contractors falling outside the authority of commanders.[99] Experts on ethics and Just War theory claim the use of private security contractors violates these principles of international law.[100] Dr. Christopher Coker says there is a price for using contractors, largely an ethical price, warning "The central dilemma of subcontracting to them is that they are not political actors in the true sense of the term, even if they carry out political tasks. Their status is ambiguous in international law because they are essentially unaccountable. The ethical problem derives from their ambivalent relationship with the governments that use them." He continues:

> And what is an ethos but the tone, character, and quality of a soldier's life, moral style, and mood, as well as his underlying attitude towards his own profession? Private companies have their own honour codes, of course. They discharge their contractual responsibilities and hold themselves to account for the services they provide, or fail to provide. That is the point: they enter into a contract with their customers, not a covenant. Their duties are narrowly prescribed. Few of their employees are asked to go "beyond the call of duty." The warrior ethos that has developed more fully in the West than anywhere else reminds soldiers that their actions have consequence. When subcontracting to others we are in danger of forgetting that our warriors want to be valued by the rest of us for the work they do, not merely admired for their courage.[101]

Therefore, honor is a mutual pact between soldier and society; a core value in a profession of arms distinctive not only because of the honor revealed in its practitioners, but also by the reciprocal honor the people have in those who fight on their behalf. Honor is weakened by ethical/moral deficiencies of resorting to private forces to achieve national aims.

Recommendations and Conclusion

P.W. Singer, author of Corporate Warriors: The Rise of the Privatized Military Industry declared, America has four choices vis á vis developing strategy for meeting our national objectives: increase the size of the force, avoid discretionary conflicts which don't involve a national mobilization, bring in allies or the UN to fulfill tasks, or use private contractors.[102] These capture the fundamental choices for US decision-makers.

From a budgetary standpoint, the first two choices are linked: the size of the force should be representative of the objectives of our national security strategy, without the anachronistic budget supplements the US has recently used as a strategy substitute. This is fundamental to grand strategic thinking–measuring ends and means. Clausewitz related this as relative strength, "The more restricted the strength, the more restricted its goal must be."[103] If the US restricts military end-strength as a discretionary expenditure of public wealth, it must also curtail military adventurism and over reliance on the military instrument of power. It must do this to preserve the true strength of its military force, comprised not just of numbers, but also of a military ethos reflective of the highest moral and ethical values. A contracted force, especially at a one-to-one ratio with military, endangers this ethos, and the nation's legitimacy. If the objective warrants, as it may in the future, we must have the courage and leadership to mobilize the country and bring more Americans into the profession of arms serving a national covenant, not a contract.

From a political standpoint, Singer offers another compelling choice: make political concessions to share the burden of war with allies. This requires a multilateral approach to foreign policy, but ultimately furthers the nation's legitimacy in the international community if we are patient enough to negotiate the rather languid process of unifying effort, in particular within the UN. While we are tempted to resort to the bastion of American energy and ingenuity that exists in the US private sector to "get the job done," we must realize by doing so we are eroding our military's ethos and our authority as a nation to engage in war. There is also a perception we lack the national will to achieve our goals through national means. These perceptual issues antagonize foreigners creating more problems in the end.

The use of contractors to support combat operations has increased dramatically over the past decade. The extensive use of contractors may diminish the core values of duty, loyalty, commitment, selfless service, and honor, which constitute the lifeblood of our military. Our nation must accurately scope national security objectives to the resources available, seek ways to achieve political aims through multilateral engagement, and reform the current methodology for contracting combat-related services. Failing this, our nation's military will suffer continued erosion in their greatest strength – the warrior ethos.

- Lt Col Barry Cornish, USAF

CONCLUSION

The PMO industry consists of companies specializing in military services. They complement traditional military forces and are essential to US military capability. Exponential growth has characterized this industry over the last two decades. While use of private contractors on military missions is not a new phenomenon, the PMO industry was elevated to unprecedented levels by military downsizing, increases in expeditionary operations and government policies favoring outsourcing. They have become an essential and valued component of the DoD's Total Force, and have generally met the military's substantial requirements on current operations in Iraq and Afghanistan.

The PMO industry is currently healthy and should remain so in the future, albeit within a smaller and modified structure. While the future looks promising, the industry must nonetheless effectively deal with current challenges. Political factors, readiness issues and contractor oversight/management are amongst the greatest challenges it faces.

Endnotes

[1] Donald Stoker, *Military Advising and Assistance* (New York: Routledge, 2008), 1.

[2] National Park Service, "Lafayette Square Historic District," NPS, http://www.nps.gov/history/NR/travel/wash/dc30.htm, accessed 1 April 2009.

[3] Christopher Kinsey, *Corporate Soldiers and International Security*, (New York: Routledge, 2006), 1.

[4] Mark Cancian, "Contractors: The New Element of Military Force Structure," Parameters, August 2008, 62.

[5] Sam Perlo-Freeman and Elisabeth Sköns, "The Private Military Services Industry," *SIPRI Insights on Peace and Stability, No. 2008/1*, (2008): 1.

[6] P.W. Singer, *Corporate Warriors* (New York: Cornell University Press, 2004), 8.

[7] Ibid.

[8] JJ Mesner and Ylana Gracielli, *State of the Peace and Stability Operations Industry, Second Annual Survey 2007* (Washington D.C.: Peace Operations Institute, 2007), 10, http://peaceops.org/poi/images/stories/poi_rp_industrysurvey2007.pdf, accessed 29 March 2009. Staff from the International Peace Operations Association (IPOA) established the Peace Operations Institute (POI) in late 2006. It is a non-profit organization dedicated to educating the public about peace and stability operations, and to promoting practical solutions to peacekeeping operations. IPOA was established in 2001 and rapidly became the world leader in knowledge and research concerning the private peace and stability operations industry. In 2005, IPOA became a member-led organization, and transformed into an influential trade association for companies active in conflict and post-conflict zones and disaster relief.

[9] Charles J. Dunar, III, Jared L. Mitchell, and Donald L. Robbins III, "Private Military Industry Analysis: Private and Public Companies," MBA Professional Report, (Monterey, CA: Naval Postgraduate School, December 2007), 21.

[10] Singer, 91.

[11] Ibid, 92.

[12] Mark Cancian, "Contractors: The New Element of Military Force Structure," Parameters, August 2008, 65.

[13] Deborah D. Avant, *The Market for Force: The Consequences of Privatizing Security*, (Cambridge, NY: Cambridge University Press, 2005), 9-15.

[14] Dunar, 21.

[15] Nicholas Dew and Bryan Hudgens, "The Evolving Private Military Sector: A Survey," Naval Postgraduate School, Monterey CA, August 2008, 4.

[16] Kinsey, 1.

[17] Michael Lee Lanning, *Mercenaries* (New York, Random House, 2005), 206.

[18] Dew, 9.

[19] Singer, 9.

[20] MSN Encarta, "Private Military Firms," http://74.125.93.132/search?q=cache:8ZfOmgwg0ucJ:encarta.msn.com/encyclopedia_701702759/private_military_firms.html+%22active+duty%22+military+downsized+%222.1+million%22&cd=3&hl=en&ct=clnk&gl=us, accessed 20 May 2009.

[21] William M. Solis, Testimony Before the Committee on Homeland Security and Governmental Affairs Subcommittees, U.S. Senate, "MILITARY OPERATIONS: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future," http://www.gao.gov/new.items/d08436t.pdfp, GAO-08-436-T, 24 January 2008, accessed 29 March 2009, 3.

[22] Assistant Deputy Under Secretary of Defense (Program Support), Office of the Secretary of Defense (Policy), "Contractor Support of US Operations in USCENTCOM AOR, Iraq and Afghanistan" (Briefing presented to ICAF PMO Seminar, Washington, D.C., 22 January 2009).

[23] Bernard Carreau, "Outsourcing Civilian Capabilities and Capacity." In *Civilian Surge: Key to Complex Operations*, edited by Hans Binnendijk and Patrick M. Cronin, (Ft. Lesley J. McNair: National Defense University, 2008,) 112.

[24] Roger D. Carstens, Michael A. Cohen, and Marin Figueroa Kupcu, "Changing the Culture of Pentagon Contracting," *New America Foundation*, http://www.newamerica.net/publications/policy/changing_culture_pentagon_contracting, accessed on 20 May 09.

[25] Perlo-Freeman and Elisabeth Sköns, 1.

[26] Andrew Alexandra, Deane-Peter Baker, and Marina Caparini, *Private Military and Security Companies*, (New York: Routledge, 2008), 19.

[27] Government Accounting Office Report, *"Military Operations: DoD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations,"* GAO-08-1087 (Washington DC: Sept 2008), 1.

[28] David Berteau, Guy Ben-Ari, and Gregory Sanders, "Structure and Dynamics of the US Federal Professional Services Industrial Base, 1995-2007", Executive Summary, Center for

Strategic International Studies, February 2009, http://www.csis.org/media/csis/pubs/090212_fps_report_2009.pdf, accessed 29 March 2009, x.

[29] Government Accounting Office Report, *"Military Operations: DoD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations,"* GAO-08-1087 (Washington DC: Sept 2008), 1.

[30] Reuters financial ratios, http://www.reuters.com/finance/stocks, accessed 29 March 2009.

[31] Michael E Porter, "The Five Competitive Forces that Shape Strategy," *Harvard Business Review*, January 2008, 3.

[32] Singer, 88.

[33] Ibid, 24.

[34] "The Top 30 US Department of Defense contractors for military services, financial year 2006," www.sipri.org/contents/milap/milex/aprod/Top_30_Table.pdf/download, accessed 30 March 2009.

[35] David L. King, The ICAF Industry Studies Program: Revisiting the Academic Basis and Framework, (Ft. Lesley J. McNair: National Defense University, February 2009), 14.

[36] Dew, 11.

[37] Lt. Col. Martin Downie, "LOGCAP IV logistics contract awarded through full and open competition," US Army News Release, US Army Public Affairs, Washington DC, http://www.globalsecurity.org/military/library/news/2008/04/mil-080417-army01.htm, accessed 17 April 2008.

[38] Yahoo! Finance, *Yahoo Finance Web Site*, http://finance.yahoo.com, accessed 30 March 2009.

[39] Yahoo! Finance, "KBR, Inc (KBR) Competitors," *Yahoo! Finance Web Site*, http://finance.yahoo.com/q/co?s=KBR, accessed 30 March 2009.

[40] Yahoo! Finance, "DynCorp International Inc (DCP) Key Statistics," *Yahoo! Finance Web Site*, http://finance.yahoo.com/q/ks?s=DCP, accessed 30 March 2009.

[41] Yahoo! Finance, "Fluor Corporation (FLR) Key Statistics," *Yahoo! Finance Web Site*, http://finance.yahoo.com/q/ks?s=FLR , accessed 30 March 2009.

[42] Yahoo! Finance, "Industry Browser, Services /Sector Industry List," *Yahoo! Finance Web Site*, http://biz.yahoo.com/p/7conameu.html, accessed 30 March 2009.

[43] Yahoo! Finance, *Yahoo Finance Web Site*.

[44] Yahoo! Finance, "SAIC International Inc Key Statistics," *Yahoo! Finance Web Site* http://finance.yahoo.com/q/ks?s=SAI, accessed 30 March 2009.

[45] Yahoo! Finance, "L-3 Key Statistics," *Yahoo! Finance Web Site*, http://finance.yahoo.com/q/ks?s=LLL, accessed 30 March 2009.

[46] Yahoo! Finance, "CACI International, Inc. Key Statistics," *Yahoo! Finance Web Site*, http://finance.yahoo.com/q/ks?s=CAI, accessed 30 March 2009.

[47] President Barack Obama, "Memorandum for the Heads of Executive Departments and Agencies; Government Contracting," (The White House: Office of the Press Secretary, 4 March 2009), 1-3.

[48] Office of Management and Budget, "Competitive Outsourcing: Conducting Public-Private Competition in a Reasoned and Responsible Manner," Executive Office of the President Office of Management and Budget, July 2003, http://www.whitehouse.gov/omb/procurement/comp_sourcing_072403.pdf, accessed 18 May 2009.

[49] Dana Hedgpeth, "Contracting Boom Could Fizzle Out," *Washington Post*, 7 April 2009, A1.

[50] "Department of Defense Program for Planning, Managing, and Accounting for Contractor Services and Contractor Personnel during Contingency Operations. Report to the Congress of the United States," April 2008, http://www.acq.osd.mil/log/PS/p_vault/final_section854_report_Congress_ Apr08.pdf, 3.

[51] Peter G Stamatopoulos, Commander, Supply Corp, United States Navy, Joint Staff (J-4), Division Chief Logistics Services/ Operational Contract Support 3, (Telephone Interview with Colonel Douglas McCarthy, 3 April 2009).

[52] Quadrennial Defense Review, Department of Defense, Washington, D.C. 6 February, 2006.

[53] Coker, Christopher, *The Warrior Ethos: Military Culture and the War on Terror*, (London: Routledge, 2007) 135.

[54] Lawrence P. Farrell, Jr., "*Acquisition Workforce Nears Crisis Point"* National Defense Magazine. May 2002. http://www.nationaldefensemagazine.org/ARCHIVE/2002/MAY/Pages/Acquisition4070.aspx accessed 30 April 2009.

[55] Ibid.

[56] Gansler, Jacques S., and others, Urgent Reform Required: Army Expeditionary Contracting, Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations: http://www.army.mil/docs/Gansler_Commission_Report _ Final_071031.pdf, accessed on 19 Apr 09.

[57] Ibid, 31.

[58] Alex Gerrick, "The Proliferation of Private Armies and their Impact on Regional Security and the Australian Defence Force," Center for Defence and Strategic Studies, (Canberra, Australian Defence College, 2008), 23.

[59] CNN, "Obama: U.S. to withdraw most Iraq troops by August 2010", February 27, 2009, CNN Politics. Com Web Site, http://www.cnn.com/2009/POLITICS/02/27/obama.troops/index.html, accessed 22 April 2009. The goal is to have complete US troop withdrawal by December 2010, but the specifics and exceptions associated with that have not yet been determined.

[60] Barbara Starr, CNN, "Obama approves Afghanistan troop increase," February 18, 2009, *The 44th President First 100 Days, CNN Web Site*, http://www.cnn.com/2009/POLITICS/02/17/obama.troops/index.html, accessed 20 April 2009.

[61] Captain Randy Onders, USN, "Scene Setter," *Operational Contract* Support, the Pentagon, (Briefing to ICAF PMO Class, 22 January 2009).

[62] Based on calculations conducted by Seminar 1 during the National Security Strategy Exercise conducted at the Industrial College of the Armed Forces in March 2009.

[63] Minxin Pei and Sara Kasper, "Lessons from the Past: The American Record on Nation-Building," *Carnegie Policy Brief No. 24*, (Washington, DC: Carnegie Endowment for International Peace, May 2003), 1.

[64] Yahoo! Finance, "Form 10-Q for DYNCORP INTERNATIONAL INC.," SEC filings, 10Q report, 11 February 2009, http://biz.yahoo.com/e/090211/dcp10-q.html, accessed 20 May 09.

[65] Special Inspector General for Iraq Reconstruction, http://www.sigir.mil/, accessed 19 May 2009.

[66] Commission on Wartime Contracting, http://www.wartimecontracting.gov/default.htm, accessed 19 May 2009.

[67] Robert Gates, Secretary of Defense, "DoD News Briefing with Secretary Gates from the Pentagon," http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4396, 6 April 2009, accessed 19 May 2009.

[68] Moshe Schwartz, "Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress," *Congressional Research Service*, December 17, 2008, http://www.crs.gov, accessed 20 May 09.

[69] Joint Publication 4-10, "Operational Contract Support," Final Coordination, 1 November 2007, https://acc.dau.mil/CommunityBrowser.aspx?id=185824&lang=en-US, accessed 19 May 2009.

[70] Government Accounting Office Report, *"Defense Transformation: Challenges and Opportunities"*, GAO-08-323CG (Washington D.C.: GAO, Nov 29, 2007).

[71] Government Accounting Office Report, *"Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight"*, GAO-08-572T (Washington D.C.: GAO, Mar 31, 2008), 30.

[72] Abby Stoddard, Adele Harmer, and Victoria DiDomenico. "The Use of Private Security Providers and Services in Humanitarian Operations." *Humanitarian Policy Group*, 7.

[73] Ibid, 1.

[74] Ibid, 1.

[75] Jean S. Renouf, "Do Private Security Companies Have a Role in Ensuring the Security of Local Populations and Aid Workers," *Autumn's Humanitarian University*, 7-9.

[76] Stoddard, pgs 1, 7, and 24.

[77] Ibid, 19.

[78] Ibid, 22. Information provided in this paragraph derived from analysis of reference.

[79] Analysis derived from a combination of the Cockayne, Renouf, and Stoddard articles.

[80] Stoddard, 27.

[81] Coker, 135.

[82] Ibid, 133.

[83] Ibid, 92.

[84] The U.S. Navy Official Website, "Honor, Courage and Commitment" http://www.navy.mil/navydata/navy_legacy_hr.asp?id=193, accessed 20 May 09.

[85] "Marine Corps Core Values," Marines, http://www.marines.com/main/index/making_marines/culture/traditions/core_values. accessed 20 May 09.

[86] "Learn about the Air Force," U.S. Air Force, http://www.airforce.com/learn-about/our-values/, accessed 20 May 09.

[87] "Soldier Life," Go Army, http://www.goarmy.com/life/living_the_army_values.jsp, accessed 20 May 09.

[88] United States Code, Title 5, Part III, Subpart B, Chapter 33, Subchapter II: Oath of Office, http://www.law.cornell.edu/uscode/uscode05/usc_sec_05_00003331----000-.html, accessed 20 May 09.

[89] Major General Antonio Taguba, Article 15-6 Investigation of the 800th Military Police Brigade Report, May 4, 2004, http://74.125.93.104/search?q=cache:dxVge1BvsVIJ:fas.org/irp/agency/dod/taguba.pdf+taguba+report&cd=10&hl=en&ct=clnk&gl=us, accessed 20 May 09.

[90] Coker, 135.

[91] Matthew Uttley, "Private Contractors on Deployed Military Operations: Inter-Agency Opportunities and Challenges," The Heritage Foundation lecture #972, October 31, 2006, http://www.heritage.org/research/nationalsecurity/hl972.cfm, accessed 20 May 09.

[92] Personal interview with Group Captain Andrew Powell, Commanding Officer of Shaibah Air Base; Basra Palace; Camp Bucca, Iraq, 2 April, 2009.

[93] Andrew Bacevich, *The Limits of Power*, (New York: Metropolitan Books, 2008), 155.

[94] Jerald G. Bachman, John D. Blair, and David R. Segal, *The All-Volunteer Force: A Study of Ideology in the Military*, (Ann Arbor: The University of Michigan Press, 1977), 5-24.

[95] Major General Courtney Whitney, *Macarthur: His is Rendezvous with History*, (New York: Alfred A Knopf, 1956), 272.

[96] Samuel Huntington, "Officer as a Profession", *War, Morality, and the Military Profession*, (Boulder: Westview Press, 1979), 14.

[97] Marine Corps core values.

[98] U.S. Department of Defense, *The Armed Forces Officer* (Washington DC: National Defense University Press, 2007), 95.

[99] James F. Childress, "The War Metaphor in Public Policy: Some Moral Reflections," *The Leader's Imperative*, ed. J. Carl Ficarrotta, (West Lafayette: Purdue University Press, 2001), 182-183.

[100] Some notable writing on Just War Theory and Privatization include the following: James Pattison, "Just War Theory and the Privatization of Military Force", *Ethics & International Affairs*, Volume 22.2 (Summer 2008); Edward Barrett, "Market Failure: The Moral Hazards of Private Military Corporations (PMCs)," Paper presented at the annual meeting of the Midwest Political Science Association 67th Annual National Conference, The Palmer House Hilton, Chicago, IL, (April 4, 2009); Eckert, Amy, "Just War Theory and the (Re)Privatization of

Force," Paper presented at the annual meeting of the MPSA Annual National Conference, Palmer House Hotel, Hilton, Chicago, IL, Apr 03, 2008 (April 4, 2009).

[101] Coker, 143.

[102] P.W. Singer, "The Contract the Military Needs to Break," *Washington Post*, (September 13th, 2004), http://74.125.93.104/search?q=cache:xyNKdIFxbF4J:falcon.arts.cornell.edu/govt/courses/F04/CONTRACTORS_in_Iraq.pdf+Singer,+the+contract+the+miliary&cd=1&hl=en&ct=clnk&gl=us, accessed 20 May 09.

[103] Carl von Clausewitz, *On War*, Edited by Michael Howard and Peter Paret (New Jersey: Princeton University Press, 1976), 283.

Bibliography

Alexandra, Andrew, Deane-Peter Baker, and Marina Caparini. *Private Military and Security Companies*. New York: Routledge, 2008.

Avant, Deborah D. *The Market for Force: The Consequences of Privatizing Security*. Cambridge: Cambridge University Press, 2005.

Bacevich, Andrew. *The Limits of Power*. New York: Metropolitan Books, 2008.

Bachman, Jerald G., Blair, John D. and David R. Segal. *The All-Volunteer Force: A Study of Ideology in the Military*. Ann Arbor: The University of Michigan Press, 1977.

Berteau, David, Guy Ben-Ari, and Gregory Sanders. *Structure and Dynamics of the US Federal Professional Services Industrial Base, 1995-2007*. Washington D.C.: Center for Strategic International Studies, 2009. TThttp://www.csis.org/media/csis/pubs/090212_fps_report_2009.pdf.

"CACI International, Inc. Key Statistics." Yahoo! Finance. http://finance.yahoo.com/q/ks?s=CAI.

Cancian, Mark. "Contractors: The New Element of Military Force Structure." *Parameters*, August 2008.

Carreau, Bernard. "Outsourcing Civilian Capabilities and Capacity." Chap 7 of *Civilian Surge: Key to Complex Operations*, edited by Hans Binnendijk and Patrick M. Cronin. Ft Lesley J. McNair: National Defense University, 2008.

Carstens, Roger D., Michael A. Cohen, and Marin Figueroa Kupcu. "Changing the Culture of Pentagon Contracting." *New America Foundation.* http://www.newamerica.net/publications/policy/changing_culture_pentagon_contracting.

Childress, James F. "The War Metaphor in Public Policy: Some Moral Reflections." Chap 13 of *The Leader's Imperative*, edited by J. Carl Ficarrotta. West Lafayette: Purdue University Press, 2001.

Clausewitz, Carl von, *On War*. Edited by Michael Howard and Peter Paret. New Jersey: Princeton University Press, 1976.

Coker, Christopher. *Ethics and War in the 21st Century*. London: Routledege Press, 2008.

Coker, Christopher. *The Warrior Ethos: Military Culture and the War on Terror*. London: Routledge Press, 2007.

Commission on Wartime Contracting, http://www.wartimecontracting.gov/default.htm.

Dew, Nicholas and Bryan Hudgens. *The Evolving Private Military Sector: A Survey*. Monterey: Naval Postgraduate School, 2008.

Downie, Martin. "LOGCAP IV Logistics Contract Awarded through Full and Open Competition." Army News Release, US Army Public Affairs. http://www.globalsecurity.org/military/library/news/2008/04/mil-080417-army01.htm.

Dunar, Charles J. III, Jared L. Mitchell, and Donald L. Robbins III. "Private Military Industry Analysis: Private and Public Companies."*MBA Professional Report.* 2007.

"DynCorp International Inc (DCP) Key Statistics," Yahoo! Finance. http://finance.yahoo.com/q/ks?s=DCP.

Farrell, Lawrence P., Jr. *"Acquisition Workforce Nears Crisis Point"* National Defense Magazine. (2002): http://www.nationaldefensemagazine.org/ARCHIVE/2002/MAY/Pages/Acquisition4070.aspx .

"Fluor Corporation (FLR) Key Statistics." Yahoo! Finance. http://finance.yahoo.com/q/ks?s=FLR.

"TTForm 10-Q for DYNCORP INTERNATIONAL INC.," Yahoo Finance, SEC filings. 2009, http://biz.yahoo.com/e/090211/dcp10-q.html.

Gansler, Jacques S., and others. Urgent Reform Required: Army Expeditionary Contracting. Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations. http://www.army.mil/docs/Gansler_Commission_Report_Final_071031.pdf.

Gates, Robert. Secretary of Defense, "DoD News Briefing with Secretary Gates from the Pentagon." Defense Link. http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4396.

Gerrick, Alex. "The Proliferation of Private Armies and their Impact on Regional Security and the Australian Defence Force." Center for Defence and Strategic Studies. Canberra: Australian Defence College, 2008.

Hackett, John Winthrop. "The Military in the Service of the State." In *War, Morality, and the Military Profession*, edited by Malham M. Wakin. Boulder: Westview Press, 1979.

Hedgpeth, Dana. "Contracting Boom Could Fizzle Out." *Washington Post*, April 7, 2009.

Huntington, Samuel P. *Officer as a Profession. War, Morality, and the Military Profession*, Boulder: Westview Press, 1979.

Interview. Confidential interview in accordance with ICAF non-attribution policy, Sydney, Australia, May 2008.

"KBR, Inc (KBR) Competitors." Yahoo! Finance. http://finance.yahoo.com/q/co?s=KBR.

King, David L. *The ICAF Industry Studies Program: Revisiting the Academic Basis and Framework.* Fort Lesley J. McNair: National Defense University, 2009.

"Industry Browser, Services /Sector Industry List." Yahoo! Finance. http://biz.yahoo.com/p/7conameu.html.

Kinsey, Christopher. *Corporate Soldiers and International Security.* New York: Routledge, 2006.

"L-3 Key Statistics." Yahoo! Finance. http://finance.yahoo.com/q/ks?s=LLL.

Lanning, Michael Lee. *Mercenaries.* New York: Random House, 2005.

"Learn about the Air Force." U.S. Air Force. http://www.airforce.com/learn-about/our-values/.

"Marine Corps Core Values." Marines. http://74.125.93.132/search?q=cache:krfFTHOpSSkJ:www.marines.com/main/index/making_marines/culture/traditions/core_values+%22marine+corps%22+%22core+values%22&cd=1&hl=en&ct=clnk&gl=us.

Mesner, JJ, and Ylana Gracielli. *State of the Peace and Stability Operations Industry, Second Annual Survey 2007.* Washington D.C.: Peace Operations Institute, 2007. http://www.globalsecurity.org/military/library/policy/dod/qdr-2006-report.pdf.

MSN. "Private Military Firms." MSN Encarta. http://74.125.93.132/search?q=cache:8ZfOmgwg0ucJ:encarta.msn.com/encyclopedia_701702759/private_military_firms.html+%22active+duty%22+military+downsized+%222.1+million%22&cd=3&hl=en&ct=clnk&gl=us.

The National Park Service. "Lafayette Square Historic District." Washington DC. A National Register of Historic Places Travel Itinerary. http://www.nps.gov/history/NR/travel/wash/dc30.htm.

T"Obama: U.S. to withdraw most Iraq troops by August 2010." CNN Politics.Com. February 27, 2009, http://www.cnn.com/2009/POLITICS/02/27/obama.troops/index.html.

Obama, Barack. "Memorandum for the Heads of Executive Departments and Agencies; Government Contracting." Washington D.C.: The White House: Office of the Press Secretary, 4 March 2009. http://74.125.93.132/search?q=cache:rRaEcjno0JIJ:www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-3-9-09/+%E2%80%9CMemorandum+for+the+Heads+of+Executive+Departments+and&cd=1&hl=en&ct=clnk&gl=us.

Onders, Randy. "Scene Setter," *Operational Contract Support*. Briefing to ICAF PMO Seminar at Pentagon, 22 January 2009.

Pei, Minxin and Sara Kasper. "Lessons from the Past: The American Record on Nation-Building." *Carnegie Policy Brief No. 24.* 2003.

Perlo-Freeman, Sam and Elisabeth Sköns. "The Private Military Services Industry." *SIPRI Insights on Peace and Stability, No. 2008/1*. 2008.

Powell, Andrew. Interview by Barry Cornish. Telephone. Shaibah Air Base, Basra Palace, Camp Bucca, Iraq, 2 April, 2009.

Porter, Michael E. "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*. (2008): 3.

Renouf, Jean S. "Do Private Security Companies Have a Role in Ensuring the Security of Local Populations and Aid Workers?" Paper presented at the 5th edition of the Autumn's Humanitarian University. 2007.

Reuters financial ratios. http://www.reuters.com/finance/stocks.

"SAIC International Inc Key Statistics." Yahoo! Finance. http://finance.yahoo.com/q/ks?s=SAI.

Schwartz, Moshe. "Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress," *Congressional Research Service.* (2008).

Singer, P.W. *Corporate Warriors.* New York: Cornell University Press, 2004.

Singer, P.W. "The Contract the Military Needs to Break." *Washington Pos*t. 13 September, 2004.

"Soldier Life." Go Army. http://www.goarmy.com/life/living_the_army_values.jsp.

Solis, William M. Testimony before the Committee on Homeland Security and Governmental Affairs Subcommittees, U.S. Senate. "Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future." GAO-08-436-T, http://www.gao.gov/new.items/d08436t.pdfp, 2008.

Special Inspector General for Iraq Reconstruction. http://www.sigir.mil/.

Stamatopoulos, Peter G. Interview by Douglas McCarthy. Telephone. 3 April 2009.

Starr, Barbara. "Obama approves Afghanistan troop increase." *The 44th President First 100 Days, CNN Web Site.* http://www.cnn.com/2009/POLITICS/02/17/obama.troops/index.html.

Stoddard, Abby, Adele Harmer and Victoria DiDomenico. "The Use of Private Security Providers and Services in Humanitarian Operations." *Humanitarian Policy Group.* Report 27. 2008.

Stoker, Donald. *Military Advising and Assistance.* New York: Routledge, 2008.

Taguba, Antonio. "Article 15-6 Investigation of the 800th Military Police May 4, 2004." http://74.125.93.104/search?q=cache:dxVge1BvsVIJ:fas.org/irp/agency/dod/taguba.pdf+taguba+report&cd=10&hl=en&ct=clnk&gl=us.

"The Top 30 US Department of Defense contractors for military services, financial year 2006." http://www.sipri.org/contents/milap/milex/aprod/Top_30_Table.pdf/download*T*.

"The U.S. Navy." Navy. http://www.navy.mil/navydata/navy_legacy_hr.asp?id=193.

United States Assistant Deputy Under Secretary of Defense (Program Support), Office of the Secretary of Defense (Policy). "Contractor Support of US Operations in USCENTCOM AOR, Iraq and Afghanistan." Briefing presented to ICAF PMO Seminar in Pentagon, 22 January, 2009.

United States Department of Defense. *The Armed Forces Officer.* Washington, DC: National Defense University Press, 2007.

United States Department of Defense Quadrenial Defense Review. Washington, D.C., 2006.

United States Code, Title 5, Part III, Subpart B, Chapter 33, Subchapter II: Oath of Office. http://www.law.cornell.edu/uscode/uscode05/usc_sec_05_00003331----_000-.html.

United States Department of Defense. "Department of Defense Program for Planning, Managing, and Accounting for Contractor Services and Contractor Personnel during Contingency Operations. Report to the Congress of the United States." April 2008, www.acq.osd.mil/log/PS/p_vault/final_section854_report_Congress_Apr08.pdf.

United States Department of Defense. *Joint Publication 4-10, Operational Contract Support.* Washington D.C.: Pentagon, 2008.

United States Government Accountability Office. *"Defense Transformation: Challenges and Opportunities."* GAO-08-323CG, Washington D.C.: 2007.

United States Government Accountability Office. *"Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight."* GAO-08-572T, Washington D.C.: 2008.

United States Government Accountability Office. *"Military Operations: DOD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations."* GAO-08-1087, Washington DC: 2008.

United States Office of Management and Budget. "Competitive Outsourcing: Conducting Public-Private Competition in a Reasoned and Responsible Manner." Executive Office of the President Office of Management and Budget. http://www.whitehouse.gov/omb/procurement/comp_sourcing_072403.pdf.

Uttley, Matthew. "Private Contractors on Deployed Military Operations: Inter-Agency Opportunities and Challenges." The Heritage Foundation. http://www.heritage.org/research/nationalsecurity/hl972.cfm.

Whitney, Courtney. *Macarthur: His Rendezvous with History.* New York: Alfred A Knopf, 1956.

Yahoo! Finance. http:/finance.yahoo.com.