

America's For-Profit Secret Army

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WITH the war on terror already a year old and the possibility of war against Iraq growing by the day, a modern version of an ancient practice -- one as old as warfare itself -- is reasserting itself at the Pentagon. Mercenaries, as they were once known, are thriving -- only this time they are called private military contractors, and some are even subsidiaries of Fortune 500 companies.

The Pentagon cannot go to war without them. Often run by retired military officers, including three- and four-star generals, private military contractors are the new business face of war. Blurring the line between military and civilian, they provide stand-ins for active soldiers in everything from logistical support to battlefield training and military advice at home and abroad.

Some are helping to conduct training exercises using live ammunition for American troops in Kuwait, under the code name Desert Spring. One has just been hired to guard President Hamid Karzai of Afghanistan, the target of a recent assassination attempt. Another is helping to write the book on airport security. Others have employees who don their old uniforms to work under contract as military recruiters and instructors in R.O.T.C. classes, selecting and training the next generation of soldiers.

In the darker recesses of the world, private contractors go where the Pentagon would prefer not to be seen, carrying out military exercises for the American government, far from Washington's view. In the last few years, they have sent their employees to Bosnia, Nigeria, Macedonia, Colombia and other global hot spots.

Motivated as much by profits as politics, these companies -- about 35 all told in the United States -- need the government's permission to be in business. A few are somewhat familiar names, like Kellogg Brown & Root, a subsidiary of the Halliburton Company that operates for the government in Cuba and Central Asia. Others have more cryptic names, like DynCorp; Vinnell, a subsidiary of TRW; SAIC; ICI of Oregon; and Logicon, a unit of Northrop Grumman. One of the best known, MPRI, boasts of having "more generals per square foot than in the Pentagon."

During the Persian Gulf war in 1991, one of every 50 people on the battlefield was an American civilian under contract; by the time of the peacekeeping effort in Bosnia in 1996, the figure was one in 10. No one knows for sure how big this secretive industry is, but some military experts estimate the global market at \$100 billion. As for the public companies that own private military contractors, they say little if anything about them to shareholders.

"Contractors are indispensable," said John J. Hamre, deputy secretary of defense in the Clinton administration. "Will there be more in the future? Yes, and they are not just running the soup kitchens."

That means even more business, and profits, for contractors who perform tasks as mundane as maintaining barracks for overseas troops, as sophisticated as operating weapon systems or as secretive as intelligence-gathering in Africa. Many function near, or even at, the front lines, causing concern among military strategists about their safety and commitment if bullets start to fly.

THE use of military contractors raises other troubling questions as well. In peace, they can act as a secret army outside of public view. In war, while providing functions crucial to the combat effort, they are not soldiers. Private contractors are not obligated to take orders or to follow military codes of conduct. Their legal obligation is solely to an employment contract, not to their country.

Private military contractors are flushing out drug traffickers in Colombia and turning the rag-tag militias of African nations into fighting machines. When a United Nations arms embargo restricted the American military in the Balkans, private military contractors were sent instead to train the local forces.

At times, the results have been disastrous.

In Bosnia, employees of DynCorp were found to be operating a sex-slave ring of young women who were held for prostitution after their passports were confiscated. In Croatia, local forces, trained by MPRI, used what they learned to conduct one of the worst episodes of "ethnic cleansing," an event that left more than 100,000 homeless and hundreds dead and resulted in war-crimes indictments. No employee of either firm has ever been charged in these incidents.

In Peru last year, a plane carrying an American missionary and her infant was accidentally shot down when a private military contractor misidentified it as on a drug smuggling flight.

MPRI, formerly known as Military Professionals Resources Inc., may provide the best example of how skilled retired soldiers cash in on their military training. Its roster includes Gen. Carl E. Vuono, the former Army chief of staff who led the gulf war and the Panama invasion; Gen. Crosbie E. Saint, the former commander of the United States Army in Europe; and Gen. Ron Griffith, the former Army vice chief of staff. There are also dozens of retired top-ranked generals, an admiral and more than 10,000 former military personnel, including elite special forces, on call and ready for assignment.

"We can have 20 qualified people on the Serbian border within 24 hours," said Lt. Gen. Harry E. Soyster, the company's spokesman and a former director of the Defense Intelligence Agency. "The Army can't do that. But contractors can."

For that, MPRI is paid well. Its revenue exceeds \$100 million a year, mainly from Pentagon and State Department contracts. Retired military personnel working for MPRI receive two to three

times their Pentagon salaries, in addition to their retirement benefits and corporate benefits like stock options and 401(k) plans. MPRI's founders became millionaires in July 2000, when they and about 35 equity holders sold the company for \$40 million in cash to L-3 Communications, a military contractor traded on the New York Stock Exchange.

Within the military, the use of contractors is Defense Department policy for filling the gaps as the number of troops falls. At the time of the gulf war, there were 780,000 Army troops; today there are 480,000. Over the same period, overall military forces have fallen by 500,000.

Pentagon officials did not respond to many telephone calls and e-mail messages requesting interviews, but they have maintained that contractors are a cost-effective way of extending the military's reach when Congress and the American public are reluctant to pay for more soldiers.

"The main reason for using a contractor is that it saves you from having to use troops, so troops can focus on war fighting," said Col. Thomas W. Sweeney, a professor of strategic logistics at the Army War College in Carlisle, Pa. "It's cheaper because you only pay for contractors when you use them."

But one person's cost-saving device can be another's "guns for hire," as David Hackworth, a former Army colonel and frequent critic of the military, called them.

"These new mercenaries work for the Defense and State Department and Congress looks the other way," Colonel Hackworth, a highly decorated Vietnam veteran, said. "It's a very dangerous situation. It allows us to get into fights where we would be reluctant to send the Defense Department or the C.I.A. The American taxpayer is paying for our own mercenary army, which violates what our founding fathers said."

They are not mercenaries in the classic sense. Most, but not all, private military contractors are unarmed, even when they oversee others with guns. They have even formed a trade group, the International Peace Operations Association, to promote industry standards.

"We don't want to risk getting contracts by being called mercenaries," said Doug Brooks, president of the association. "But we can do things on short notice and keep our mouths shut."

That, some critics say, is part of the problem. By using for-profit soldiers, the government, especially the executive branch, can evade Congressional limits on troop strength. For instance, in Bosnia, where a cap of 20,000 troops was imposed by Congress, the addition of 2,000 contractors helped skirt that restriction.

Contractors also allow the administration to carry out foreign policy goals in low-level skirmishes around the globe -- often fueled by ethnic hatreds and a surplus of cold war weapons -- without having to fear the media attention that comes if American soldiers are sent home in body bags.

At least five DynCorp employees have been killed in Latin America, with no public outcry. Denial is easier for the government when those working overseas do not wear uniforms -- they often wear fatigues or military-looking clothes but not official uniforms.

"If you sent in troops, someone will know; if contractors, they may not," said Deborah Avant, an associate professor of political science at George Washington University and author of many studies on the subject.

Only a few members of Congress have expressed concern about the phenomenon.

"There are inherent difficulties with the increasing use of contractors to carry out U.S. foreign policy," said Senator Patrick J. Leahy, Democrat of Vermont and the chairman of the foreign operations subcommittee. "This is especially true when it involves 'private' soldiers who are not as accountable as U.S. military personnel. Accountability is a serious issue when it comes to carrying guns or flying helicopters in pursuit of U.S. foreign policy goals."

In the House, Representative Jan Schakowsky, an Illinois Democrat, led the battle against a Bush administration effort to remove the cap that limits the number of American troops in Colombia to 500 and private contractors to 300.

"American taxpayers already pay \$300 billion a year to fund the world's most powerful military," Ms. Schakowsky said. "Why should they have to pay a second time in order to privatize our operations? Are we outsourcing in order to avoid public scrutiny, controversy or embarrassment? Is it to hide body bags from the media and thus shield them from public opinion?"

SUCH concerns are hardly slowing the pace across the Potomac, at MPRI in Alexandria, Va. The company may look like hundreds of other white-collar concerns that fill small office buildings in northern Virginia, but there are telltale signs to the contrary: the sword that serves as the corporate logo and conference rooms named the Infantry Room, the Cavalry Room and the Artillery Room. Its art consists of paintings of celebrated battles, largely from the Civil War.

It's hard to tell where the United States military ends and MPRI begins. For the last four years, MPRI has run R.O.T.C. training programs at more than 200 universities, under a contract that has allowed retired military to put their uniforms back on. It recently lost the contract to a lower bidder, but MPRI offset the loss with one to provide former soldiers to run recruitment offices.

The company, which has 900 full-time employees, helps run the United States Army Force Management School at Fort Belvoir. It also provides instructors for advanced training classes at Fort Leavenworth, teaches the Civil Air Patrol and designs courses at Fort Sill, Fort Knox, Fort Lee and other military centers.

The Pentagon has even hired MPRI to help it write military doctrine -- including the field manual called "Contractors Support on the Battlefield" that sets rules for how the Army should interact with private contractors, like itself.

Overseas, MPRI is, if anything, more active. Under a program it calls "democracy transition," the company has offered countries like Nigeria, Bosnia, Saudi Arabia, Taiwan, Ukraine, Croatia and Macedonia training in American-style warfare, including war games, military instruction and weapons training.

In Croatia, MPRI was brought in to provide border monitors in the early 1990's. Then, in 1994, as the United States grew concerned about the poor quality of the Croatian forces and their ability to maintain regional stability, it turned to MPRI. A United Nations arms embargo in 1991, approved by the United States, prohibited the sale of weapons or the providing of training to any warring party in the Balkans. But the Pentagon referred MPRI to Croatia's defense minister, who hired the company to train its forces.

In 1995, MPRI started doing so, teaching the fledgling army military tactics that MPRI executives had developed while on active duty commanding the gulf war invasion. Several months later, armed with this new training, the Croatian army began Operation Storm, one of the bloodiest episodes of "ethnic cleansing" in the Balkans, an event that also reshaped the military balance in the region.

The operation drove more than 100,000 Serbs from their homes in a four-day assault. Investigators for the international war crimes tribunal in the Hague found that the Croatian army carried out summary executions and indiscriminately shelled civilians. "In a widespread and systematic matter, Croatian troops committed murder and other inhumane acts," investigators said in their report. Several Croatian generals in charge of the operation have been indicted for war crimes and are being sought for trial.

"No MPRI employee played a role in planning, monitoring or assisting in Operation Storm," said Lieutenant General Soyster, the MPRI spokesman. He did say that a few Croatian graduates of MPRI's training course participated in the operation.

Yet what happened in Croatia gave MPRI international brand recognition and more business in that region. When Bosnian Muslims balked in 1995 at signing the Dayton peace accords out of fear that their army was ill-equipped to provide sufficient protection, MPRI was called in.

"The Bosnians said they would not sign unless they had help building their army," said Peter Singer, a foreign policy fellow at the Brookings Institution who is writing a book on contractors. "And they said they wanted the same guys who helped the Croatians."

That is who they got. Under a plan worked out by American negotiators, the Bosnian Muslims hired MPRI using money that was provided by a group of Islamic nations, including Saudi Arabia, Kuwait, Brunei, the United Arab Emirates and Malaysia. These nations deposited money in the United States Treasury, which MPRI drew against.

"It was a brilliant move in that the U.S. government got someone else to pay for what we wanted from a policy standpoint," Mr. Singer said.

At the moment, MPRI is advertising for special forces for antiterrorist operations, is bulking up to

train American forces in Kuwait and is looking for people with special skills like basic-training instruction and counterintelligence. Recently, however, it lost a \$4.3 million contract to provide training to the army in Colombia when officials there complained about what they called the poor quality of MPRI's services.

In Africa, MPRI has conducted training programs on security issues for about 120 African leaders and more than 5,500 African troops. Most recently, it went toe to toe with the State Department, and won, gaining permission to do business in Equatorial Guinea, a country with a deplorable human rights record where the United States does not have an embassy.

After two years of lobbying at the State Department, and after being turned down twice on human rights grounds, MPRI was finally given approval last year to work with President Teodoro Obiang Nguema, whom the State Department describes as holding power through torture, fraud and a 98 percent election mandate. MPRI advised President Obiang on building a coast guard to protect the oil-rich waters being explored by Exxon Mobil off the coast.

More recently, when MPRI and President Obiang proposed that MPRI also help the country build its police and military forces, the State Department objected and the project is now dormant.

"We thought helping the coast guard would be pretty innocuous in terms of human rights," Lieutenant General Soyster of MPRI said. But Ms. Avant of George Washington University disagreed, saying any alliance with United States military contractors would strengthen President Obiang's power.

MPRI is not the only company to have run into problems overseas. DynCorp, a privately held company in Reston, Va., with nearly \$2 billion in annual sales, has been tapped to provide protection for Mr. Karzai in Afghanistan. DynCorp also provides worldwide protective services for State Department employees.

In late September, DynCorp settled charges -- for an undisclosed sum -- brought by a whistle-blower the company had fired after he complained of a sex ring run by DynCorp employees in Bosnia. In August, a British court, meanwhile, ruled in favor of another former DynCorp employee in a separate whistle-blower case. DynCorp is appealing.

The two employees made similar accusations: that while working in Bosnia, where DynCorp was providing military equipment maintenance services, DynCorp employees kept underage women as sex slaves, even videotaping a rape. Among the charges was that while the DynCorp employees trafficked in women -- including buying one for \$1,000 -- the company turned a blind eye. Since the DynCorp employees involved were not soldiers, their actions were not subject to military discipline. Nor did they face local justice; they were simply fired and sent home.

In both cases, after complaining, the two employees who blew the whistle were fired. Ben Johnston, one of them, said last April in Congressional testimony: "DynCorp employees were living off post and owning these children and these women and girls as slaves. Well, that makes all Americans look bad. I believe DynCorp is the worst diplomat our country could ever want

overseas."

A DynCorp spokesman, Chuck Taylor, said the company "felt horrible" and held its own internal investigation before firing the employees who operated the ring.

DynCorp also handles aerial anti-narcotics efforts for the United States government in the skies over Colombia and nearby countries -- where several employees have been killed. Because of Congressional caps on the use of private military contractors, DynCorp has hired local citizens; two were recently killed.

Still, in its recruiting material, the company plays up the excitement of this type of work: "Being the best is never easy and when your office is the cockpit of a twin-engine plane swooping low over the Colombian jungle, the challenges can often be enormous."

Incidents like these -- sex rings, deals with dictators, misused military training and tragic accidents -- raise questions about the use of contractors. To whom are they accountable: the United States government or their contract? When such incidents occur, who bears the responsibility?

Moreover, while the general mantra about military privatization is that it saves money, there are few studies to prove the case -- and in fact, reports exist to the contrary.

For instance, Kellogg Brown & Root, which was paid \$2.2 billion to provide logistics support to American troops in the Balkans, was the subject of a General Accounting Office report entitled, "Army Should Do More to Control Contract Costs in the Balkans." The office found that the Army was not exercising enough oversight on Kellogg Brown & Root as contract costs rose, to the benefit of the company. Still, the company continues to pick up new business.

Questions about security and control are even more basic. In the battlefield, a commander cannot give orders to a contractor as he can a soldier. Contractors are not compelled by an oath of office, as soldiers are, but instead by an employment contract that provides little flexibility. Nor are contractors subject to the Uniform Code of Military Justice.

Contractors cannot arm themselves -- they risk losing their status as noncombatants if they do and, in the extreme, could be declared mercenaries and subject to execution if captured. Yet in the gulf war, contractors were in the thick of battle, providing maintenance to tanks and biological and chemical vehicles as well as flying air support.

Should there be a war in Iraq, the line could be even blurrier.

"There are no rear areas anymore," Colonel Sweeney of the Army War College said. With chemical and biological weapons, "no place is safe," he said.

"You can't draw a map and say 'no contractors forward of this line,' " he added. "The American concept of combat is to take the battle to the rear areas and be as disruptive as possible. The other guy is thinking the same thing."

One tenet of warfare is that soldiers handling support functions can grab a gun and hit the front lines if needed. While this is often dismissed as a quaint World War II concept, it happened in Somalia in 1993 when Army rangers were in trouble and military supply clerks came to their rescue. When the support staff is filled with contractors, would they do the same? Or would commanders in the field become responsible for the safety of the growing number of contractor employees at the expense of advancing the battle?

The issue is just beginning to generate some attention in military circles.

"We sort of blur the lines," Col. Steven J. Zamparelli of the Air Force said in an interview. In an article in 1999 for the Air Force Journal of Logistics, Colonel Zamparelli said: "The Department of Defense is gambling future military victory on contractors' performing operational functions in the battlefield."

Others in the military are more blunt about the effect on soldiers. "Are we ultimately trading their blood to save a relatively insignificant amount in the national budget?" said Lt. Col. Lourdes A. Castillo of the Air Force, a logistics expert, in a 2000 article in Aerospace Power Journal. "If this grand experiment undertaken by our national leadership fails during wartime, the results will be unthinkable."