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Messiahs or Mercenaries?

The Future of International Private Military Services

Introduction

Private companies that provide military services worldwide are flourishing, especially in Africa. Widespread conflict means that firms prepared to provide explosives disposal, robust security for resource extraction operations and even protection for humanitarian NGO operations are finding lucrative contracts. The same conflicts may also provide opportunities for companies prepared to do combat operations on behalf of states, international or regional organizations. However, widespread international bias against those companies means that their potential for peacekeeping, peace enforcement and humanitarian rescue could very well remain tragically untapped. This bias stems from a number of factors, including their perception as "mercenaries", the concern that they threaten the traditional authority of the state, and the ideological belief that they are a key factor in the worldwide growth of multinational corporations. Ironically, *not* using legitimate private firms will probably lead to a resurgence of uncontrollable individual freelance mercenaries who will flock to satisfy the profitable demand for military expertise, but who have far less regard for the legitimacy of their clients.

Definitions

Defining the international private military services industry has always been problematic. For the purposes of this essay, the focus is on any firm or individual that provides international services traditionally provided by national militaries.

In terms of organized private companies, this article will differentiate between Private Security Companies (PSCs) and Private Military Companies (PMCs). Both PSCs and PMCs provide military services and generally operate in regions or countries experiencing armed conflict. While the definitions are still very much debated, for the purposes of this article “PSC” will refer to companies that provide passive security in high-risk conflict environments - predominately to private companies. “PMC” will refer to companies that provide more active services such as military training or offensive combat operations, generally to individual states or international organizations such as the United Nations (UN). There is obviously some blurring between the two terms, and a number of companies offer services that fit into both categories, but it is helpful to think of PSCs as passive defensive/protective companies with private clients and PMCs as more active military companies that cater to state contracts.

The most common and recognized services include:

	Activity	PMC or PSC
1	Offensive combat operations (pulling triggers)	PMC
2	Armed security services in unstable states to private clients	PSC
3	Armed security services in unstable states to public or international clients, including law and order operations	PMC
4	Humanitarian protection, operations, and support	PMC/PSC
5	Military surveillance, strategic advice and intelligence	PMC
6	Demining	PSC
7	Military and police training	PMC/PSC
8	Logistics and supply for military operations	PSC
9	Hostage situation advice and/or rescue operations.	PMC/PSC

Most PMC/PSCs utilize retired personnel from national militaries (but it should be remembered that a soldier who puts in 20 years in a state military might be as young as 39 or 40 when they retire). They have recognizable company structures based in legitimate states and operate using standard international business practices. They avoid clients that are internationally condemned since that would adversely impact their long-term viability. PMC/PSCs are rewarded for quality and efficiency in the form of future contracts and they strive for international respectability.

The term “freelance mercenaries” refers to private individual soldiers that offer military services on the open market to the highest bidder. Freelance mercenaries are very different from PMC/PSCs in terms of operations, clients, accountability and the capacity of the international community to regulate their activities. Private soldiers prefer to work as contractors with organized companies, which provide dependable income, organized support, and benefits such as emergency medical care and evacuation. Most private soldiers would not resort to becoming freelancers. Nevertheless, when employment in a private company is not an option then some may look to less reputable sources for employment. Thus, freelance mercenaries have an inverse economic relationship with PMCs, in that they thrive in areas of armed conflict where the more legitimate PMCs are usually absent.

It is important that PMC/PSCs should be differentiated from freelance mercenaries. Freelance mercenaries are individuals that generally exhibit few of the inhibitions that influence companies to maintain a degree of ethics in their operations. Companies fear retribution by their home governments for illegal or unethical operations, and recognize that a bad corporate reputation would result in the loss of future contracts to the competition. Freelance mercenaries thus find lucrative work with countries or military groups that are facing international sanctions for their activities. Their motivations range from monetary to idealism, to mere adventure. Freelance mercenaries have fought on the side of a number of internationally condemned organizations and individuals, such as Sierra Leone’s Revolutionary United Front (RUF), Angola’s National Union for the Total Independence of Angola (UNITA) and

Liberia's president Charles Taylor.¹ While legislation can influence and channel the operations of legitimate companies, there is little chance it will affect the behavior of freelance mercenaries.

What makes PMC/PSCs viable is their ability to offer military services more efficiently, more timely, and much more cheaply than state militaries or non-military companies could do themselves. PMC/PSCs tend to be more innovative, more flexible and more pragmatic and they allow state militaries to focus on their core missions. Unbound by arcane regulations and red tape, PMC/PSCs contract only those personnel and equipment needed for a given operation thus maintaining a leaner, more cost effective structure. They also give multinational corporations (MNCs) the ability to operate in militarily unstable regions that would otherwise be unfeasible. In Angola, the government actually stipulates that MNCs operating facilities provide their own security, a policy that frees up soldiers for the war with UNITA.²

However, the contrast in quality and efficiency is most stark when PMC services are compared to UN operations – PMCs can do military tasks for a fraction of the costs of typical UN operations. Case and point is Sierra Leone, where the South African company Executive Outcomes forced the Liberian-backed RUF rebels to the point of

¹ There have been numerous accounts about the use of freelance mercenaries in all these cases. For some good references, see "Foreign mercenaries who fought with RUF threat to ECOWAS"; Inter Press Service, 10 February 1999; also in regards to UNITA's use of mercenaries, see Ballesteros, Enrique Bernales, "Report on the question of the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination", UN document E/CN.4/1994/23 submitted to the UN Commission on Human Rights, 12 January, 1994, paragraph 40.

² David Isenberg, "Soldiers of Fortune Ltd.: A Profile of Today's Private Sector Corporate Mercenary Firms," Center for Defense Information Monograph (November 1997), Center for Defense Information.

defeat in 1995-6 for a cost of less than \$40 million.³ Currently, UN peacekeepers are trying to solidify a negotiated peace in an operation that is already estimated to cost well over \$90 million and will ultimately cost much, much more.⁴ At some point in the near future the cost-effective benefits of using private companies will become too obvious to ignore, and the UN will be forced to reconsider its current policies against using PMCs.

In fact, these UN policies mean that PSCs that wish to work with the UN and other humanitarian clients must maintain “squeaky-clean” operations and are scrupulous about their activities so that they are not “tainted” by any hint of “mercenarism.” Thus, they are keen to not only emphasize what services they *do* provide, but also to emphasize what services they *do not* provide.⁵ James Finnell of Defence Systems Limited (DSL), a division of ArmorGroup⁶ writes:

A note of caution. Commercial security organisations need to be seen as separate from “Military Companies” who are often engaged to assist in the prosecution of aggressive actions. In military jargon, their utility is to assist in the “taking and holding of ground”. Commercial security organisations are not involved in such actions. Indeed, for my company Defence Systems

³ Most sources claim the cost was closer to 35 or 36 million. The actual cost of EO’s operations in Sierra Leone has been disputed by many, with some sources indicating that companies related to EO received mining concessions as partial payment. Nevertheless, EO used less than 220 soldiers for its operations, while the UN is currently gearing up for more than 11,000, so it is obvious that EO ran a substantially more cost-effective operation. PMCs make a strong claim that they could do peacekeeping for much less than what it currently costs the UN.

⁴ Norimitsu Onishi, “Anger Still Fires The Hell That Was Sierra Leone”, New York Times, 31 March, 2000. Onishi quotes Oluyemi Adeniji, the United Nations’ special envoy to Sierra Leone for the figure of \$90 million.

⁵ “Companies such as Armor Holdings, or Control Risks, a consultancy based in London, are always keen to stress what they do not do. Although they approach the business of managing risk more directly than, say, an insurance firm, their employees do not don uniforms or wield guns. They are not, in other words, to be confused with Executive Outcomes, a defunct South African firm that could provide anyone who was rich enough to pay with machinegunners and fighter-pilots who had plenty of combat experience.” “Corporate Security: Risk returns”, Economist, 20 November, 1999.

⁶ ArmorGroup is a London-based subsidiary of the American company Armor Holdings, described in more detail later in the paper.

Limited (DSL), a division of Armor Group, involvement in such activities would preclude us from working for many of our major clients.⁷

The policy appears to be effective since ArmorGroup has apparently far more government, UN, and NGO clients than any other PSC.⁸ But while ArmorGroup does provide (lightly) armed security services, there are some PSCs that even shy away from going into any sort of security at all, but still provide military services.

Companies that engage in demining (for example Minetech of South Africa) and those engaged in logistics (such as Brown & Root of the United States) tend to focus only on their particular specialties, despite the fact that they use much the same pool of ex-military personnel as regular PMC/PSCs. Demining companies are considered humanitarian entities and the majority of their contracts come from NGOs, states and international organizations such as the UN. Logistics companies that supply and support state militaries, often in war situations, are also careful about how they are perceived. Although both provide specialized military services, demining and logistics are accepted as more legitimate vocations than other PMC services, and thus benefit from disassociating themselves from services that their clients could label as “mercenary-related.”

⁷ James Fennell, “Private Security Companies: the New Humanitarian Agent”, Presentation to the Conference on Interagency Co-ordination in Complex Humanitarian Emergencies, 19 October 1999 at Cranfield University/Royal Military College of Science, Shrivenham, UK. Abridged document can be found on the ArmorGroup web page (<http://www.armorgroup.com/mainframe.htm>) or the full version can be requested by emailing info@armorgroup.com.

⁸ Ibid. Fennel lists as DSL clients, “Our client list is remarkably similar to the list of major governmental and corporate donors to International NGOs and includes UN agencies, the Governments of the United Kingdom, USA, Switzerland, Sweden, Japan and Canada among others, the European Commission, ECHO, USAID, DFID, the International War Crimes Tribunal, the European Union Human Rights Office, the ICRC and NGOs such as IRC, CARE and Caritas.”

Growth of an Industry

The rapid growth of the industry in the 1990s came about as a result of demand and supply resulting from the end of the cold war. First, the end of the global bipolar struggle meant that many states and dictators once propped up by superpowers were now allowed to fail. The large numbers of small conflicts that resulted created a demand for private security to fill the superpower void. Second, the post-Cold War demobilizations and the end of the apartheid military structure in South Africa also created a large pool of available military talent. Finally, economic globalization has led to greater profits from investments in natural resource extraction operations in less developed countries. Even countries suffering from armed conflict offer impressive opportunities for profits and thus spur increased investment by MNCs. To counter the obvious risks many MNCs turn to private security services. As a result, demand for private military services is strongest from the private sector, but the potential is greatest in the public sector.

In Africa, Western multinational companies (MNCs) are still finding profitable niches in natural resource extraction even in countries that have been suffering conflicts for decades. New oil finds in Nigeria, Angola and Sudan have drawn in new investment, which continues to require adept security services capable of fending off heavily armed dissidents and guerilla forces. Increased economic activity worldwide has also increased the profitability of mineral extraction ventures, making investment in even highly dangerous war zones profitable despite the healthy sums paid to PSCs for security. Thus unless there is a dramatic turnaround in the levels of stability in the developing world PSCs have a lucrative potential for the foreseeable future.

Consolidation and Legitimation

The international private military services industry is still an infant industry in a state of flux. Essentially, the bulk of the industry has only existed since the end of the Cold War. There are a few large established companies and a great number of small new companies. While some smaller companies have found useful and profitable niches, such as advising corporations on security, specialty transportation, or other fields, many others essentially offer similar menus of services as the larger companies. As the industry matures it is likely that most of the smaller companies will be acquired by the larger companies or forced out of the market in the face of the greater efficiency of their bigger competitors. The giant American company Armor Holdings has been at the vanguard of this acquisition of the industry “minnows”.

Armor Holdings represents the future of the legitimate military services industry. Based in Jacksonville, Florida, Armor originally specialized in body armor, industrial security systems and non-lethal weapons. Although founded in 1969, it suffered through lean years, but recently was named one of Fortune magazine’s 100 fastest-growing US companies.⁹ Between 1996 and 1998 Armor acquired no less than fifteen smaller companies, ranging from rivals in the non-lethal weapons market, to security consulting firms.¹⁰ As a result, Armor quadrupled its revenue from security services between 1996 and 1999, and is now earning more than \$104 million a year in

⁹ “America’s Fastest Growing Companies”, *Fortune*, 6 September, 1999.

¹⁰ Nicole Ostrow, “Armor Holdings an industry leader”, Florida Times Union, 3 September 1999, found on Armor Holding’s web page, <http://www.armorholdings.com>.

revenue.¹¹ Armor Holding's rate of growth shows every sign of continuing. In just a one-week period in March, 2000 Armor picked up three new companies.¹² These acquisitions have allowed Armor Holdings to move beyond its American home base and offer a full menu of security related services and products on a global scale.

Perhaps Armor's most interesting acquisition to date has been the British company, Defence Systems Ltd. (DSL), acquired in April, 1997.¹³ DSL had been founded by former SAS soldiers and had a reputation of working closely with the British government in many of their contracts. It's acquisition by the American company raised eyebrows on both sides of the Atlantic, and many thought the secretive nature of so many PMC/PSCs could not survive the scrutiny that comes with being a subsidiary of a company listed on the New York Stock Exchange.¹⁴ Fortunately, DSL appears to have thrived since its acquisition. Currently DSL is one of the few PSCs that have contracts with the privatisation-shy United Nations.¹⁵ With its "foot in the door," and with the acquisition of so many other companies that DSL can call on - including demining and computer security firms - additional UN contracts in the future are very likely.

¹¹ "Corporate Security: Risk returns", Economist, 20 November 1999; "America's Fastest-Growing Companies", Fortune, 6 September, 1999.

¹² "Armor Holdings Acquires Special Clearance Services: Expands Capability in Landmine Clearance Operations and Gains Extended Contracts in Balkans", Company Press Release, Armor Holdings, Inc., PRNewswire, 23 March, 2000; "Armor Holdings, Inc. Completes Acquisition of New Technologies, Inc. and Acquires Safeback Technology from Sydex, Inc.", Company Press Release, Armor Holdings, Inc., PRNewswire, 31 March, 2000.

¹³ Kevin O'Brien, "Freelance Forces: exploiters of old or new-age peacebrokers?", Jane's Intelligence Review, 1 August, 1998. For a rather apocalyptic view of DSL and the merger with Armor Holdings, see Pratap Chatterjee, "Guarding the Multinationals: DSL and the International Private 'Security' Business", Multinational Monitor, March 1998.

¹⁴ On the NYSE Armor Holdings is listed as "AH".

¹⁵ David Isenberg, "Combat for Sale, the new post-Cold War mercenaries", USA Today Magazine, 1 March, 2000.

Privatised Peacekeeping

The full potential for PMCs, on the other hand, may have to wait several years, if ever, to be realized. The demand is as strong as ever for peacekeeping, peace enforcement military assistance and humanitarian rescue operations, especially in Africa. Unfortunately, the supply of such services from the developed world has been drastically reduced since the Cold War. Fewer and fewer state militaries are capable of full-scale military interventions due to post Cold War downsizing. In addition, the political willingness to do such interventions waned dramatically since the terrible events of the Somalia intervention in 1992-94 - as the genocide in Rwanda so tragically proved. Without the worldwide threat of the Cold War, former colonial states such as Britain and France have shown less interest in stabilizing their former colonies and have given up much of their “strategic reach” capabilities – their ability to intervene militarily in distant locations. Essentially, no matter how critical a crisis, intervention requires the direct assistance of an increasingly reluctant United States military with its massive air and sealift capabilities, and its large, combat-ready forces.

In an era of world-wide privatization, it would seem that private companies would be ideal to fill this gap, but unfortunately the international community has not been enthusiastic about using PMCs despite their proven military successes in Angola and

Sierra Leone.¹⁶ In fact, PMCs have been exemplary in their behavior, their cost-effectiveness and their capabilities, and would seem ideal for providing the stability so necessary for establishing long-term peace agreements, state building and internationally acceptable democratic governments. The fact that they often use elite troops from the best trained militaries in the world allows them to field extremely competent forces that are fully capable of confronting the much larger but poorly trained armed groups so common to conflicts in less developed countries.

Oddly, what worries the international community enough to shy away from utilizing PMCs is the *potential* harm that they could do, not any particular past incident.¹⁷ The UN, OAU and other potential PMC clients are organizations of states and the concept of private companies doing what used to be a uniquely state task of rescuing other states is in a sense a threat to the rationale for their existence. PMCs are also frequently categorized with the less-respectable mercenaries of the 1960s and 1970s that fought in Africa creating an unmerited bias against them. Such comparisons are

¹⁶ Although a number of analysts have questioned the military capability of PMCs, notably Alex Vines of Human Rights Watch, most concede their military usefulness, while often questioning their long term effects (Christopher Clapham writes, “Efficient armies . . . can have an impact well beyond their numbers. Quality differentials among the various assemblages of human beings engaged in conflict in Africa . . . are very high indeed. The capacity of EO [the South African PMC Executive Outcomes] in Angola, and of EO in collaboration with local Komajor militias in Sierra Leone, to stabilize a previously crumbling government military situation provides the clearest evidence.” Christopher Clapham, “African Security Systems”, in Greg Mills and John Stremlau, eds., The Privatisation of Security in Africa (Johannesburg: South African Institute for International Affairs and United States Institute of Peace, 1999), 43.

¹⁷ Laurie Nathan of the Centre for Conflict Resolution aptly makes many of the classic arguments against PMCs in his article, “Trust me, I’m a Mercenary” (full citation below). However, his main argument is that PMCs do not have the same controls as state militaries and thus they *could* abuse their authority. In fact, there are remarkably few examples of PMCs abusing their authority, and this indicates that while PMCs may not have the *same* constraints as state militaries, like any other private firm they do face *different* constraints. PMCs still fear legal action from their home states, do in fact try to maintain a clean record in order to attract future clients, and, thus far, have proven to be far more observant of international laws of war and human rights than the forces they have faced in combat. Laurie Nathan, “‘Trust Me I’m a Mercenary’: The Lethal Danger of Mercenaries in Africa”, Seminar on the ‘Privatisation’ of Peacekeeping, Institute for Security Studies, 20 February 1997.

inaccurate. To many analysts it is a catastrophe that the only military forces capable *and willing* to do humanitarian interventions are thus ignored.

Nevertheless, this bias against PMC/PSCs will probably last until current UN peacekeeping operations in Sierra Leone and the Democratic Republic of Congo (DRC) are played out. These two operations could make or break standard UN peacekeeping policies. Current indications are that those operations are not likely to meet with long-term success in light of the complex situation and quality of the peacekeeping participants (or likely participants in the case of DRC). Without substantive participation by a first-rate military, ideally the U.S. military, the cards are stacked against the peacekeepers. Nelson Mandela publicly recognized this fact recently when he stated, "The United States has the biggest and strongest military force in the world, and it is for this reason that we hope the U.S. can give us more help . . . We are going to need a strong military force in the Congo because we are dealing with a dangerous and complex situation. But without support from the United States, it is going to be very difficult for us to make progress and create an environment in the Congo where peacekeepers can move freely without threat of violence."¹⁸ And even the U.S. military is not a decisive factor as events in Somalia proved. Furthermore, states that have publicly committed themselves to peacekeeping in DRC are qualifying their commitments. South African Minister for Defence Mosiuoa Lekota said that South African troops would not participate in DRC

¹⁸ Spokes Mashiyane, "U.S. Military Backing Sought: Mandela predicts war could escalate", Reuters News Agency, found in Washington Times, 17 February 2000, pg. 13.

peacekeeping if there were any chance they might be involved in combat.¹⁹ This may make a desperate world take a closer look at the use of PMCs in the future.

The Questions of Legislation and Regulation

A key wildcard affecting the shape and growth of the industry is the uncertainty about legislation designed to regulate or even outlaw the trade in military services in countries that host PMCs. This is especially true in Britain, where a much-anticipated Green Paper is slated to be released by September 2000 outlining the basic focus of government policy towards PMCs. Thus far, the relevant sectors of the British government have made it very clear that they will not be consulting with industry representatives, which is an ominous sign for those who desire a constructive policy.²⁰

Much of this antipathy dates from the “Arms to Africa” affair which began in 1997 when the PMC Sandline International shipped arms to Sierra Leone to help restore elected president Tejan Kabbah after a coup. The shipments had the full knowledge and blessing of some in the Foreign Office, including the High Commissioner to Sierra Leone. Unfortunately, others in the Foreign Office were ignorant of Sandline’s

¹⁹ Steven Mann, “SA troops will stay out of hostile territory”, *Mail & Guardian*, 7 April 2000. With South Africa as one of the strongest backers of sending peacekeepers to DRC, this statement makes one wonder which country *is* expected to do the peacekeeping in the more dangerous regions.

²⁰ This was made eminently clear at the Wilton Park conference in November 1999 when industry representatives were first invited, then disinvented, indicating government confusion but also a clear bias against PMCs. Sandline International published a letter describing the incident in detail on their web site (www.Sandline.com) and also online on the “PMCs” discussion group (www.egroups.com/group/pmcs) on 20 October, 1999. For access to the discussion group and its archives contact the author at hoosier84@aol.com.

actions including, embarrassingly, Foreign Secretary Robin Cook.²¹ The scandal was the first to seriously blemish Cook's "ethical" foreign policy, and some analysts believe that this may adversely influence the upcoming Green Paper.

South Africa has already passed some especially restrictive and arbitrary legislation, but to date it has not been effectively tested.²² South African PMC/PSCs have skirted and even blatantly ignored the legislation rather than submit their foreign contracts to the vagary of the law as it is currently written.²³ In addition, South Africa has perhaps the largest pool of willing and available military talent that non-South African PMC/PSCs call on for many of their contracts in the rest of Africa. A change in South African legislation easing restrictions would actually improve the country's control over these private contractors who apparently ply their trade in any case.

While PSCs have shown they can thrive in the current regulatory environment through private and humanitarian contracts, the future of PMCs depends very much on regulation. There are a number of PSCs that would be willing to compete as PMCs for peacekeeping/peace enforcement contracts should that role become legitimized. Legitimization will come through legislation or through regular utilization by the UN, OAU or other international organizations of states. For the

²¹ For a good synopsis of the "Arms to Africa" affair, see: Baffour Ankomah, "How the Good Guys Won", New African, July 1998.

²² The best evaluation of this legislation actually was written before the legislation was passed in hopes it would influence the final product. Unfortunately, the proposed legislation was apparently not much impacted by the critique and many have criticized its current form. See Mark Malan and Jakkie Cilliers, "Mercenaries and Mischief: The Regulation of Foreign Military Assistance Bill", Institute for Security Studies, Occasional Paper no. 25, September 1997. Additional information on the effect of the South African legislation came from discussions with representatives of the South African National Conventional Arms Control Committee and various South African PSCs.

²³ Personal interviews by the author with various South African companies.

time being, however, few PMCs are prepared to do elaborate planning or investment in an industry that could see what legitimacy it has endangered by sudden changes in policies, policy interpretation, or overzealous enforcement.

Thus, while the inherent goal of legislating private military services is restrictive, legislation can also offer companies clear boundaries within which they can operate. In effect, it would end the uncertainty and allow companies to focus their efforts on military services that would thus be officially “legitimate”. For NGOs and regional organizations such as ECOMOG (the Cease-Fire Monitoring Group of ECOWAS, the Economic Community of West African States), legislation could allow them to utilize the services of PMC/PSCs without having to justify the moral position of whether the companies are actually “mercenaries” or not. Most PMC/PSCs have publicly welcomed moves towards increased regulation²⁴ in the industry believing that the increased legitimacy will bring with it new clients, and also because regulations are a “barrier to entry” that helps to keep out new competition.²⁵ Enlightened legislation could do much to give the international community a new tool to use for humanitarian rescue, peacekeeping and peace enforcement.

This raises a key question of *who* can legislate the international military services industry effectively, and *how* they can do it. While there are piecemeal efforts in various countries, there is no unified consensus. Although the UN is the entity that is

²⁴ For example, comments by Sandline International head Tim Spicer in, Andrew Gilligan, “Inside Lt Col Spicer’s new model army”, London Telegraph, 22 November 1998, <http://www.telegraph.co.uk/et?ac=001224792737135&rtmo=LKdx333d&atmo=999999d9&pg=/et/98/11/22/narmy22.html>

²⁵ This phenomenon is investigated at length in Jeffrey Herbst, “The Regulation of Private Security Forces”, in The Privatisation of Security in Africa, ed. Mills and Stremlau.

most likely to benefit from the legitimization of PMCs, as recently as April 2000 the UN Economic and Social Council passed anti-mercenary resolutions designed to vilify and outlaw PMCs, as well as more traditional types of mercenaries.²⁶ By taking this hard-line stance, the UN is abdicating any effective role it could have in creating practical international regulations for PMC/PSCs. Thus, it is left to individual states to create their own legislation.

The Americans simply use their International Traffic in Arms Regulations (ITAR), which covers all military goods and services.²⁷ Similar to the South African legislation, the advantage the United States has in enforcing it is that most of the PMCs/PSCs do contracts for the U.S. Department of Defense and do not want to risk those contracts by bypassing the ITAR. Most notably, the American company MPRI has had a number of its projects delayed or even denied by the government.²⁸ Most states do not have that kind of leverage over their military service companies.

Therefore, lacking UN regulation of the industry, states need to take a pragmatic approach to legislation. Legislation must be done from the states that are home to the PMC/PSCs. States in which PMC/PSCs operate are unlikely to have functioning legal structures and thus of little use in regulating the companies. But it should be

²⁶ It is interesting to note that this resolution was passed less than a month *before* the peacekeeping debacle in Sierra Leone, an event that may force a more realistic analysis of current UN peacekeeping capabilities. United Nations Economic and Social Council, "The use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination The Commission on Human Rights", E/CN.4/RES/2000/3: 7 April 2000, <http://www.unhchr.ch/Huridocda/Huridoca.nsf/TestFrame/e7cd9c4cd7f5185d802568ce005286c3?OpenDocument>

²⁷ James Taulbee, "Myths, Mercenaries and Contemporary International Law." California Western International Law Journal 15:2 (Spring 1985): 339-363.

²⁸ Personal discussions with Ed Soyster of MPRI.

kept in mind that PMC/PSCs are legitimate companies that have a long-term perspective on their profitability. This means the companies are going to be inherently lawful and above-board since transgressions will adversely affect their corporate reputation and thus their long-term profitability. Thus, regulation needs to be a balance that allows PMCs/PSCs based inside a state's borders to operate legitimate international contracts that advance, or at least do not harm, state policies and goals while simply listing penalties for straying from national legal norms and policies. Ideally, the legislation would list activities and states that are "legitimate" or "illegitimate" and would only require enforcement when a company transgresses these norms.²⁹

If and when PMCs are to be utilized by international organizations such as the UN or OAU, there should be used with a number of safeguards. The company should first have an international mandate for its activities. Rules of engagement and operation should be predetermined in a contract between the PMC and the international organization or its home state. The international organization or home state of the PMC must take ultimate responsibility for the companies' actions and the sponsor should be prepared to take political and legal actions against the company should it stray from its mandate. Finally, the PMC should be required to accept experienced military monitors at every level of their operations, from planning to field actions. The monitors would ensure the mandate is followed and humanitarian needs are

²⁹ For more information on regulation of the industry see: Jeffrey Herbst, "The Regulation of Private Security Forces", in The Privatisation of Security in Africa, ed. Mills and Stremmlau; and Juan Carlos Zarate, "The Emergence of a New Dog of War: Private International Security Companies, International Law, and the New World Disorder", Stanford Journal of International Law, Winter, 1998, Vol 34 p.75.

safeguarded.³⁰ Whether the international community will ever use PMCs is an open to question, but necessary safeguards and regulations are not complex or unworkable.

Military Services Worldwide

For the past decade, private military services have been a growth industry around the world. However, the United States Department of Defense (DoD) has gone the furthest in privatizing many of their traditional tasks. Such privatization has allowed the DoD to focus more of its resources into the combat arms and streamlined its logistics and supply lines. While post-Cold War defence changes have hit many of the equipment suppliers hard, service companies have been doing well working with the Pentagon both inside the United States and supporting American missions abroad.³¹

In the Balkans, private firms are often used instead of regular military units for training, demining, policing, supply and logistics, minimizing the commitment and exposure of US military personnel. Increasing US involvement in drug interdiction and the Colombian civil war has included the use of DynCorp for training, aerial surveillance and intelligence.³² International observers provided by the United States to high-risk multinational operations in the future are as likely to come from private

³⁰ Special thanks to Dr. Abdel-Fatau Musah of the Centre for Democracy and Development in London who deserves a great deal of credit for these and other more insightful suggestions during personal discussions in past couple of years.

³¹ For an excellent article on “frontline” PSCs see: A. Craig Copetas, “Corporate Soldiers Advance in Balkans”, Wall Street Journal, 14 April 1999, pg. 21.

³² Tod Robberson. “Contractors Playing Increasing Role in U.S. Drug War,” Dallas Morning News, 27 February, 2000.

companies as the regular military, as was shown in Kosovo in 1998 shortly before the war.³³ While much of the military-industrial complex has suffered from downsizing and consolidation since the end of the Cold War, the military services industry has been blossoming. Companies like MPRI³⁴ and Pacific Architects & Engineering (PA&E) have taken advantage of increasing worldwide opportunities to supply and train foreign militaries. PA&E provided extensive logistics services for ECOMOG forces operating in Sierra Leone, while MPRI recently began a training program in newly democratic Nigeria to professionalise and military and encourage better civil-military relations.³⁵ This project is substantially funded by USAID.

Other nations are recognizing the utility of private military companies. The post-Cold War military downsizing has drastically diminished the combat readiness of Western militaries. While overall size has been reduced, more significantly the proportion of the militaries that are actual combat units has also been reduced. The war in Kosovo revealed to European NATO members how embarrassingly inadequate the combat arms of their militaries are compared to the United States. American aircraft did well over 90% of the bombing, and European militaries were painfully stretched even in providing the few necessary ground units for occupying Kosovo once Serbia had capitulated and pulled out. To be able to field more combat units European militaries will have to follow the American lead and increasingly turn over their logistics and

³³ Rick Rigazio (ed.). "A New Approach to Honoring American Military Commitments – Hiring Mercenaries," Balkans Chronology, Vol 1 Issue 24, 26 October – 1 November 1998, <http://www.nwc.navy.mil/balkans/sumo26n1.htm>

³⁴ MPRI used to be "Military Professional Resources Inc.," but has since officially simplified the company name to just the acronym.

³⁵ Peter Andersen. Untitled news item reported from Liberian Star Radio, Andersen Web Page, 30 May 1998, <http://www.sierra-leone.org/>; "U.S. Hopeful of New Relations With Nigeria," IPS, 29 November 1999; Ed Soyster (Vice President, International Operations, MPRI), interview by author, 16 March 2000, Alexandria, Virginia, USA.

supply operations to private companies so that they can focus their militaries into combat arms. The United Kingdom is a notable holdout against the privatization of their military services, purportedly on ethical reasons, but that policy will not last long and in any case would almost certainly not survive a change of government.

Outside of strictly military activities, many companies are finding a lucrative security market in unstable states, as previously discussed. Globalization has opened up new opportunities for MNCs to expand into countries with marginal security situations. To protect their facilities these corporations usually turn to private firms since state militaries are often unwilling or unable to provide the necessary security. The PSCs offer specialization, experience, and flexibility that would not be possible if the MNCs provided their own security. The increasing numbers of PSCs offering services in this area make working for MNCs highly competitive, bringing security costs down and encouraging MNCs to expand their operations in regions of conflict.

Africa

Africa, especially South Africa, will see proportionately the greatest growth in the private security industry. While MNCs will increasingly use private firms to protect valuable assets such as mines and oil facilities, regional and international organizations such as ECOMOG in West Africa and the UN will turn to private firms for expertise and services that member states are unable to provide. Any future African peacekeeping operations that take place in the Democratic Republic of Congo or Angola will require the services of private firms for logistics at the very least. The

South African government has been highly critical of its international private military services industry, but since South African troops are likely to be significantly involved in future African peacekeeping missions, this policy will most likely be modified. The ANC government already tried to use two South African PSCs to provide security for “Xanana” Gusmao, the East Timorese leader with whom they have close ties. The Mail & Guardian newspaper found out about the plans and embarrassingly revealed them, indicating that the South African government saw the utility of PSCs and was willing to ignore its own legislation in regards to selling military services abroad. Once publicly revealed, the plans were quietly dropped.³⁶

If Western militaries are used in African peacekeeping operations, they will bring private companies with them in the form of support services. There will also be many opportunities for African PMCs to gain contracts supporting such a force, and it is likely that many new African PSCs will be created for just such tasks, and existing companies expanded to provide the necessary services. Although up until now the UN has been reluctant to work with private military companies, the situation will require a more nuanced policy in the future since some interaction with private companies will be useful, cost effective and probably unavoidable. It is also likely that the UN will face political pressure to use African companies to supplement the few Western PSCs already under contract.

MNCs that have extensive operations in Africa are likely to already use African PSCs to provide the necessary security for their facilities. In many countries, security firms are required to have a percentage of “local content.” In some cases, the deal that

³⁶ Paul Kirk and Ivor Powell, “Private SA force for East Timor conflict,” Mail & Guardian, 29 October 1999.

MNCs make with the governments requires the use of locally owned and operated private security firms, or they form partnerships with locally owned firms to get around restrictive legislation.³⁷ Even Western-based PSCs operating contracts in Africa usually provide little more than management personnel, while the bulk of their employees are recruited and trained locally. Due to the nature of most African wars, these security firms are often exposed to direct attack by rebel forces. Therefore, while they may be perceived as private “police,” the reality is that many are by necessity trained and armed not only to prevent theft, but also to repel military attacks. The presence of these private, defensive armies protecting valuable economic facilities frees up national militaries to concentrate on regular military operations and enhances localized security, especially at sites of strategic economic importance.

It is ironic that African nations that have suffered from recent wars have a comparative advantage in the globalized world because of their experiences. Their recent experiences with conflict have created useful military skills applicable to conflicts worldwide. Notably, demining companies based in Zimbabwe and South Africa are already cornering much of the world market with their services. Few Western companies can match their experience, skills, technology or even their prices.³⁸ Mozambique also has a number of companies, which are currently employed in extensive domestic operations, but could eventually market their services internationally. These companies have a great deal of experience in the field and have a large potential market for their services, as conflicts are resolved around the world.

³⁷ David Shearer, “Outsourcing War”, Foreign Policy, Fall 1998, pp. 68.

³⁸ Conversations with Gareth Elliot, Researcher and demining specialist, South African Institute of International Affairs, 1999-2000.

Trends & Predictions

1. Around the world PMC/PSCs will increasingly take over military tasks such as training, intelligence, surveillance, demining and logistics from state militaries. This growth will be especially prevalent in the militaries of less developed countries.
2. With the mounting numbers, size, scope and complexity of peacekeeping operations, PMC/PSCs will eventually be called on by regional organizations and even the UN to assist with humanitarian efforts, military logistics, intelligence, supply and all forms of peacekeeping support. Within five years, PMCs may take prominent and active roles in peacekeeping and peace enforcement. Recent events related to the UN peacekeeping effort in Sierra Leone might even advance this timetable.
3. Although a few firms have made clear their willingness to participate in offensive combat operations, there is no opportunity for such action on the immediate horizon (although individual freelance mercenaries will continue to sell specialist war services such as piloting combat aircraft). Nevertheless, PMC/PSCs will increasingly see combat in their roles providing security for industrial sites in war zones, peacekeeping support, and when protecting humanitarian operations. Should the UN or regional international organization (such as ECOMOG) decide to “legitimize” the use of PMCs for combat operations then there will be a rapid growth in the number of PMCs, mostly as subsidiaries of established PSCs.

4. MNCs with operations in unstable states (such as oil companies and mining firms) will increasingly contract out to PSCs to protect their facilities. Outsourced security will be preferred due to the high levels of specialization required, the complexity of such operations, and to provide a degree of separation from any ugly security “incident”. Utilizing PSCs cushions MNCs from potentially disastrous public relations situations and allows them greater flexibility in their response to such incidents.

5. PMC/PSCs from less developed countries that have recently emerged from war will increasingly offer essential military services on the world market. These companies can utilize the skills left over from their conflicts to provide inexpensive military services underselling established Western military service companies.

6. The industry will experience increasing consolidation. While there are a great number of small companies that appear and disappear almost daily, they will not be able to compete effectively with the larger companies that have name recognition and proven reliability. Perhaps due to a lack of regulation and legitimization the industry has too many firms claiming to provide too many services. Whether they can provide the services they claim is unknown, but MNCs, states, NGOs and the UN are more likely to patronize only those companies that have a reputable track record.

Summary

The international private military services industry is still in its infancy. It is an industry where reputation means everything as evidenced by the domination by a few large firms. The bulk of their revenues come from the private sector, but the greatest opportunity for future contracts comes from the public sector. While the UN and NGOs have only used PMC/PSCs in limited roles, they will increasingly use their services for humanitarian, peacekeeping, and even state-rebuilding operations in the future. The increasing numbers of public sector contracts will result in a “legitimization” of the industry, which will include a standardization of regulation and oversight to ensure humanitarian standards are maintained. For newer PMC/PSCs, the key to accessing these future international contracts will be to rapidly develop stellar reputations for efficiency, ethics, and humanitarianism. In Africa which suffers from many of the world’s conflicts and many of the worst trained and operated state militaries, the trend towards privatization of military services with their potential to end violent wars, provide effective peacekeeping and peace enforcement, and ability to force warring parties to the negotiating table, can only be a positive development.