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국제학석사학위논문

# **Condottieri (non) Ritornati**

**The Re-emergence of Private Military Contractors and  
the Variation in Their Employment by States**

용병의 귀환:

민간군사기업의 부흥과 국가별 활용 방식 차이

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# **Condottieri (non) Ritornati**

**The Re-emergence of Private Military Contractors and  
the Variation in Their Employment by States**

Thesis by

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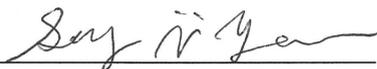
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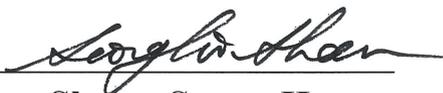
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## **Abstract**

The aim of this research is to build a typology of the PMC (private military company/contractor) from a perspective distinct from the existing literature. An absolute majority of the existing body of research focused on classifying the PMCs themselves, while largely neglecting how their most important clients, i.e. states differ in the use and employment of PMCs.

There exist a few recent efforts to suggest the typology of states in security privatization, particularly concerning the use of PMCs. While these attempts were praiseworthy as a pioneer in the field, their taxonomies are less well-defined and well-organized to serve as a basis for future research. Thus, this thesis seeks to refine and improve on these typologies with a couple of additional criteria for classifying states: one is a three-tier hierarchy in place of the existing two-tier taxonomy of state capability. This enables to distinguish not only countries on the demand side from those on the supply side, but also leaders of security privatizations and those that follow; the other feature of the typology presented here is the division of demand and supply. The previous research largely fails to take into account the possibility that a state can be a provider as well as a client of PMC services at the same time. This thesis addresses this confusion by examining both the demand and the supply sides of the private military industry and thus puts the development of the industry in perspective.

At the same time, the three-tier framework is expected to make it easier to demonstrate how the norms of PMC employment by states spread or ‘trickle down’

from the top to the bottom of the international hierarchy, allowing PMCs (and states using them) to take advantage of legal and political loopholes in creating a win-win situation, where PMCs successfully expand their business while client states manage to enhance national security by unconventional means. The thesis suggests how the unipolar system in the post-Cold War period has turned the clearly delineated flash points in the past into the frontier with blurred, obscure borderlines, left unmanaged by the hegemon and other powers and how this has resulted in the surge of lingering low-intensity conflicts.

In sum, this paper confirms that a country's relative military strength in the region as well as on the global level, measured by a sum of its own military might and foreign military assistance arrangements, is the key determinant whether it becomes a PMC provider, a PMC customer or both.

Also demonstrated in this paper is how the process of security privatization, chiefly in the form of PMC employment, differs by country group. The higher a state is on the international hierarchy, the process of security privatization begins with ideational/normative shift, which then are justified on economic grounds. On the other hand, the weaker states simply take the new norms created by the stronger states as given, and pursue security privatization mostly out of political needs, i.e. survival of the leadership or the regime.

Keywords: PMC, state, security privatization, military capability, international hierarchy

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# I. Introduction

## 1. The Resurgence of Private Military Entities

The exclusive authority and power of state control over its territory and population is under threat from all fronts.<sup>1</sup> The establishment of a global trade and financial order has seriously eroded many states' economic and industrial policy-making and implementation capacity, while the explosive growth of the cyber-space has created an environment where states are compelled to put in more resources than ever to be either responsive or repressive to the public opinion and media formed on a global scale.<sup>2</sup> What has accelerated the trend is the spread of neoliberalism and the consequent wave of privatization. Throwing the incompetence of government into sharp relief against the supposed efficiency of market mechanism, politicians and scholars have justified and reinforced the trend.<sup>3</sup>

The most dramatic representation of the loss of state control or the delegation thereof, however, comes from the use of force, i.e., military affairs. The state, once recognized as the one and the only entity that commands monopoly of force since the

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1 Mary Kaldor, *New & Old Wars: Organized Violence in a Global Era* (Calif.: Stanford University Press, 2012), p.11.

2 John Baylis, Steve Smith, and Patricia Owens. *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford UP, 2008), p.52.

3 *Ibid.* p.77.

days of Max Weber, is no longer able to assert that it still monopolizes violence, even in titular terms.<sup>4</sup> While this is a result, in part, of the sustained pressure for privatization being felt in as far as military affairs, it was also caused and reinforced by a series of conscious choices made by states or, more precisely, statesmen. Simply put, historical benefits the ruling elite enjoyed through monopoly of violence has either become obsolete or has been outweighed by the costs.

However, the privatization of violence or, in a more specific term, the outsourcing of military affairs is, somewhat ironically, a luxury affordable only to states and their leaders commanding enough capacity and authority to delegate force as a result of conscious choice; not many countries in the world system are known to retain such resources. Rather, cases of partial or sweeping delegation of military affairs by states since the end of the Cold War reveal that the decisions were made largely out of inevitability or the necessity arising from difficulties in raising their own standing national armed forces quickly enough to meet their urgent security needs.<sup>5</sup>

Shift in the calculus concerning the monopoly of violence as well as explicit moves by countries that they can no longer maintain even the nominal monopoly of force coincide with economic, technological and social transformations. That is, conditions that once enabled and promoted state monopoly of violence have become in short supply. This is clearly evidenced by comparing the ongoing renaissance of the

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4 Alan Mittleman, "Weber's "politics as a vocation": Some American considerations." *Notre Dame Journal of Law, Ethics & Public Policy*, 20(1), 2006, pp.279-293.

5 Jang-wook Lee, *Purchasing Military Power* (Seoul: Sogang University Press, 2011), p.43.

private military companies(PMCs) with the background and the process of the establishment of national standing army as the modern state system emerged and the medieval mercenary practices waned.

## 2. Research Question: Country Differences

A question naturally arises from the fact that many countries employ PMCs today: Why do countries use them in the first place? Although a study on a refined level has yet to emerge, a seminal work on PMCs by Peter W. Singer suggested, if not in a systematic manner, some reasons for the employment. He attributed security privatization to a growing number of armed conflict after the end of the Cold War, the rise of non-state violence(force), an increase in retired soldiers, weapons flooding into the market, the decline of state governance in general, weakening responses to regional conflict, and waning international intervention (i.e. incapability of the UN and the failure of regional institutions).<sup>6</sup>

Still, a question remains concerning the employment of PMCs by states. Can these hypotheses account for every country's case? On the macro-level, the answer might be yes, but individual cases tell us so many different stories about their motives behind and pattern of the use of PMCs. For example, the United States utilize PMCS as a substitute for overseas expeditions by its armed forces, whereas PMCs act as military

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<sup>6</sup> Peter W. Singer, *Corporate Warriors: The Rise of the Privatized Military Industry* (Ithaca and London: Cornell University Press, 2008), pp.49-60.

consultants who raises and trains a standing army in Croatia. In Sierra Leone, the ongoing (civil) war itself is fully commissioned to PMCs.

In answering this question, this thesis makes use of typology. Typology serves as a tool that helps discover a set of regularity by classification and categorization of phenomena. The key is to set criteria by which we can tell apart those phenomena in a certain order. Here, a classification is made largely based on differences by state. In other words, the focus here lies in the statement that ‘differences among states explain different types of PMC utilization.’ This perspective on PMCs, developed by Lee<sup>7</sup>, has the following validity.

First, unlike the existing literature which focuses mostly on the classification of PMCs by function and service, this framework captures the adaptability and flexibility of PMCs in terms of the services they provide according to the market situation, particularly the demand of potential clients, a majority of which is governments(state). Second, a lion’s share of demand in the industry comes from governments. In turn, this suggests that the nature and contents of the services PMCs provide is inevitably dependent on what those clients (state actors) ask them to do. Thus, those on the demand side has as strong, if not stronger, voice as the supply-side actors.

Third, flowing from the two previous points, clients(states) are expected to have more consistency in behavior and preference than service providers(PMCs). This is because security imperatives and defense strategy of each state do not change quickly

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<sup>7</sup> Lee, *Op.Cit.* p.105.

(due to their given geopolitical, economic conditions, etc.), whereas PMCs are relatively quick to adapt their main business areas to shifting needs and the environment.

Building on the existing literature, this thesis aims at a taxonomy of PMC use by country in the following steps. First, criteria by which different uses of PMCs can be distinguished will be developed. Second, a matrix is drawn up based on the criteria and each country's case will be classified accordingly. Third, cases of each category will be studied in-depth, thereby defining the contents and nature of the PMC use in each type.

Then, what will be the elements or variables of the criteria? First and foremost, it is supposed to be closely related to national security and military policy, since a key motive behind PMC use by countries is to supplement and/or substitute a demand gap not filled by the existing armed forces.

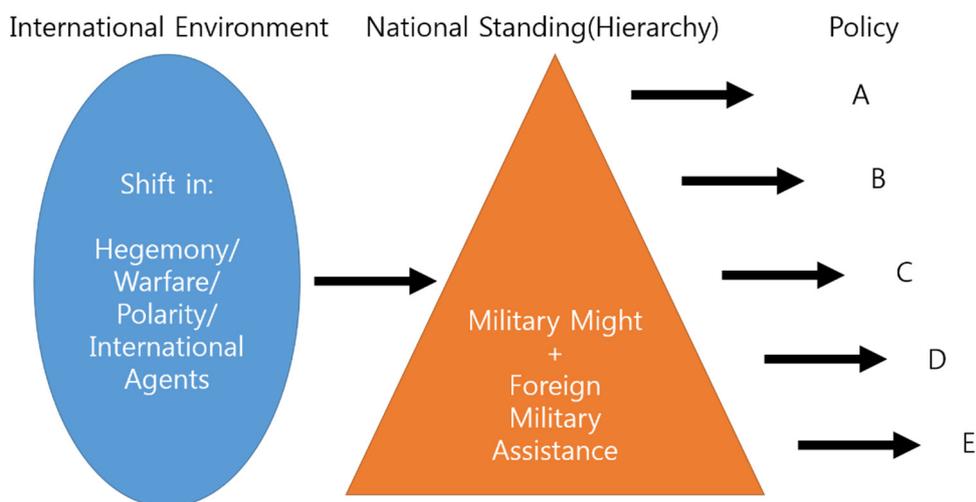
In this regard, the previous study by Lee suggests two variables: a country's military strength and the existence of foreign military aid (either as a donor or a recipient).<sup>8</sup> While this taxonomy is clear-cut and intuitive, it has room for further refinement and articulation, particularly by adding a couple of variables gauging a country's security demand.

First, Lee's framework does not make a distinction between the demand and supply of private military companies. This fails to take into account a fact that a country with PMCs may have a strong demand for private security. In fact, many

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<sup>8</sup> Lee, *Op.Cit.* p.113.

Western countries, most notably the United States and the United Kingdom, are home to many large PMCs and among the biggest clients of PMCs at the same time. Thus, it is necessary to consider both the demand and the supply side separately rather than simply examining whether a country makes use of PMCs or not.

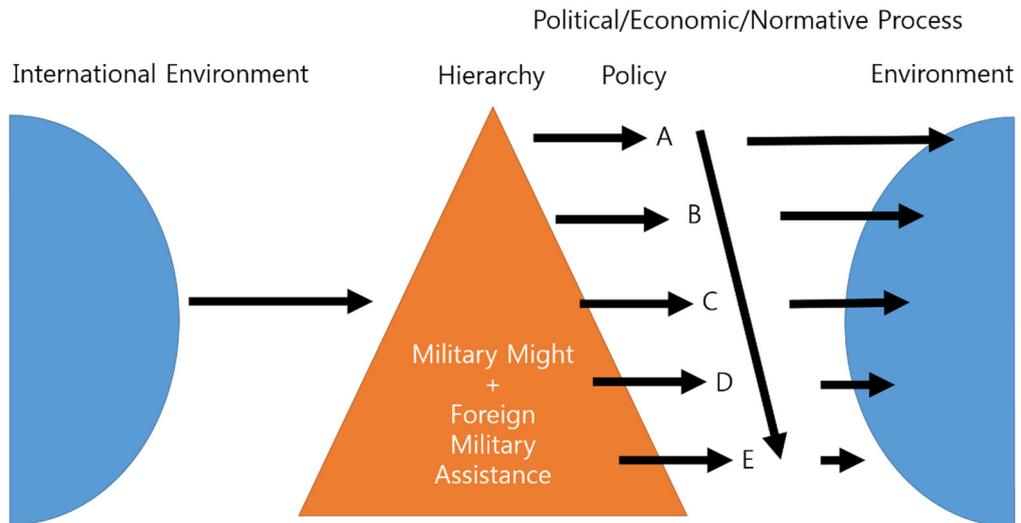


**Figure 1 A 'Prism' Model of Security Privatization**

Second, the existing framework largely neglects how relative power one country exerts on another in the international pecking order. That is, power is operationalized simply as an independent variable taking affecting policies of each country, without taking into account the interaction among countries with different capabilities; a more powerful state not only has military and economic means but also institutional, legal and discursive leverage over less powerful nations' decision-making process, not least

by setting the frame of policy- and decision- making process *per se*. By the same token, stronger states often take the liberty of creating, modifying, and even overruling the existing norms and institution, which allows them larger room for maneuver, particularly when it comes to addressing unconventional and newly emerging issues, notably security privatization and the (re)emergence of private military entities.

Thus, (relative) power and the resultant international rankings of states should be seen not simply as a ‘prism’ through which structural and environmental changes are reflected into the national policy-making process of each country, but also as a ‘cascade’ where the decisions and norms made by states on higher tiers flow into those on the lower rungs.



**Figure 2 A 'Cascade' Model of Security Privatization**

## II. Literature Review

### 1. Trend of PMC Typology Research

Academic research on private military corporations began in the mid-1990s. Early studies centered on individual cases of PMC activity in civil wars in Africa.<sup>9</sup> More theoretical approaches have been developed since 1998, most notably four key studies by David Shearer, Peter W. Singer, Deborah Avant and Christopher Kinsey.

First, the research by David Shearer examined the feasibility and applicability of PMCs in foreign military intervention.<sup>10</sup> In the research, he argued that PMCs should be actively employed in peacekeeping operations on the ground that PMCs are business entities and thus have characteristics of companies. To elaborate, PMCs see conflict as a market where they can make a profit, and therefore more readily intervene into communal violence than public entities such as states. Building on his own argument, Shearer put forth that a new type of foreign policy could be generated. He

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9 Most notable of these studies include Al J. Venter, "Sierra Leone's Mercenary War: Battle for the Diamond Fields," *Jane's International Defense Review* (November 1995); Jim Hooper, "Sierra Leone: The War Continues," *Jane's International Defense Review* (January 1996); Yves Goulet, "Executive Outcomes: Mixing Business with Bullets," *Jane's International Defense Review* (September 1997); William Reno, "Privatizing War in Sierra Leone," *Current History* (May 1997); Guy Arnold, *Mercenaries: The Scourge of the Third World* (London: Macmillan, 1999).

10 David Shearer, "Private Armies and Military Intervention," *Adelphi Paper*, No.316 (1998).

drew upon case studies of a South African firm Executive Outcomes and the US company MPRI in the 1990s to support his hypothesis.

Other than the case studies, Shearer contributed to the field with his work on the PMC categorization. Based on the types of service PMCs provide, he classified them as military operational support, military advice, logistical support, security services and crime prevention. Although more intuitive than well-organized, his seminal work was the first academic approach to PMCs and their use.

Peter W. Singer's work refined Shearer's study by taking multi-dimensional approaches to PMCs and their impact on international politics in general.<sup>11</sup> His convincingly made his case that the emergence of PMCs on the world stage has the following implications: it transforms the conventional civilian-military relationship (i.e. the military increasingly loses ground); it poses the fundamental dilemma involving PMC contracts and as a consequence increases uncertainty in foreign policy; and it also brings about a change in a foreign policy repertoire, alliance formation and balance of power.

The more developed taxonomy presented by Singer is dubbed was the 'tip of the spear typology.' The criteria are functional and spatial differences and in services PMCs provide. Here, Singer compared the front and the rear of a battlefield to the tip and the shaft of a spear, where the intensity of force required for a given service increases as it gets closer to the 'frontline'. In this configuration, companies engaging

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<sup>11</sup> Peter W. Singer, *Op.Cit.*

in actual combat match the tip; military advisory and training services comes in the middle of the shaft; and military support service compares to the rear end of the spear handle. Singer assumed that there are clusters of private military firms is specialized in each of these categories: military provider firms; military consultant firms; and military support firms.

Deborah Avant developed her theory on the subject of PMCs and control on violence.<sup>12</sup> Her research suggests that the emergence of PMCs could seriously weaken control of violence by examining how much control over PMCs slips under what circumstances.

For the purpose of her research, Avant devised two different taxonomies. The first one is similar to that of Shearer and Singer, focusing on the types of PMC services. Her original typology and the one with greater significance to her key arguments was an adaptation of a taxonomy invented by John Donahue for privatization in general. Donahue assumes that privatization involves financier and delivery, which are again divided into public and private entities. Donahue then defines privatization as a combination of a public financier and a private delivery, that is private delivery of means to fulfill public ends.

Avant elaborated Donahue's typology; public entities are subdivided into national, foreign national and multi-national bodies while private actors are classified

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12 Deborah Avant, *The Market for Force: The Consequences of Privatizing Security* (New York: Cambridge University Press, 2005).

as either profit or non-profit organizations. After conducting 5 cases studies based on this new taxonomy, she concluded that the control over PMCs is generally slackening except in cases of strong states directly financing the PMC operations.

The last noteworthy research on the typology of PMCs was performed by Christopher Kinsey, whose theme was the emergence of PMCs and international security.<sup>13</sup> In particular, he was interested in the impact of PMCs on global security environment. In a word, he contended that the use of PMCs can add to international security. As a basis for his thesis, Kinsey pointed to the fact that PMCs offer a cost-effective alternative to a growing dilemma states are facing, i.e. the limit to internal mobilization and socio-political limitations.

Instead of a matrix, Kinsey made use of a quadrant. Here the X and Y axes each represents lethality and object of security.<sup>14</sup> Here, different PMCs are dispersed in three of the four quadrants, each representing lethal-public, non-lethal-private and non-lethal-private categories.

What the existing studies presented above have in common can be summarized as follows. First, PMCs and their use are independent variables while states and/or international system are dependent variables. Second, typology is employed as the key method of research. Third, the characters of PMCs and the services they provide play a pivotal role in classification. The following table sums up the literature review thus far.

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13 Christopher Kinsey, *Corporate Soldiers and International Security: The Rise of Private Military Companies* (London: Routledge, 2006).

14 *Ibid.* p. 10.

**Table 1 Summary of Existing PMC Typologies**

Author	Methodology	Classified by	Variables	
			Independent	Dependent
D. Shearer	Typology	PMC service	PMC	Interventionist Policy
P. W. Singer	Typology	PMC service	PMC	State type / Int'l relations
D. Avant	Typology	1. PMC service 2. Supplier/Client	State Capacity	State type (violence)
C. Kinsey	Typology	1. Public/Private 2. Lethality	PMC	International relations

## 2. The Limitations of the Existing Typologies

The previous works on PMCs have enriched the field of IR studies by pioneering a new phenomenon as a subject of an academic inquiry. Nonetheless, they betray certain limitations in their perspectives and explanatory power of typology. As a consequence, the variety of PMCs and their use is not fully described.

First, the previous studies have a common problem with the perspective. All of them look at the given phenomenon through the lens of PMCs. However, there is supposed to be a counterpart in every deal PMCs make, which is usually a state. Still, the existing literature treats states insignificantly, and most of the research regards states as a dependent variable.

Second, there seems to exist an implicit prejudice against state capacity; that is, PMCs are essentially more effective and efficient in resolving armed conflict than states are. Again, this presumption leads to the argument that the emergence of PMCs will usher in an era when states lose ground in public security areas, which will be filled by the growth of the private sector.

It is undeniable that the state-based military system has limitations in responding to a changing international order and that a drastic change is inevitable in the way it is operated. Also, it is true that a series of failures by UN peacekeeping operations reveal limitations in the concept of collective security.

Still, it is too early to tell if states are in retreat on the security front. On the contrary, one may argue against the decline of states in security affairs, given that states are playing a leading role in the ongoing security privatization. The biggest clients of the PMCs are not individuals or other private entities but states. In 2004, KBR earned 55% of its revenue from the contract with the US Department of Defense, while another PMC Vinnell narrowly escaped bankruptcy by winning a contract with Saudi Arabia. The heavy reliance of PMCs on contracts with states indicates only too clearly that security is still largely defined and distributed by states, and the growth of PMCs cannot be sufficiently explained without states' decisions. Therefore, it is necessary to analyze the rise of PMCs from the perspective of states, which determine whether and to what degree they are going to use PMCs.

Last but not least, the typologies presented by the existing literature all have inherent problems. They failed to meet the key criterion of typology, i.e. 'a systematic

classification of a phenomenon.’ As John Stuart Mill suggested, the key to classification is that members in one class must have similarities and that different classes must not overlap with one another.

However, it is unclear what criteria Shearer employed to construct his taxonomy of PMCs. The five types of PMC services, upon closer examination, seems like a result of intuition. In addition, there are too many overlaps among his ‘classes’. For example, Executive Outcomes(EO) belongs to 3 of the 5 categories and PMCs like Saracen and Sandline International are mentioned in different classes.

Singer’s taxonomy is a refinement of Shearer’s but it is also plagued with a number of problems. First, the two criteria Singer used, i.e. the area or ‘space’ of a service and the level of force, do not play a significantly distinct role for classification purposes. In other words, only one of the two criteria is sufficient to create the same result, because Singer assumes that the closer to the frontline, the more heavily armed the service is.

Another misconception by Singer is identical to that by Shearer. Although Singer suggests that each category of services is provided exclusively by different PMCs, the truth is that most of the companies provide services that belong to different classes of Singer’s taxonomy. For instance, EO and Sandline International provide all the three types of services while Dyncorp provides logistics support as well as strategic advice.

A problem with Avant’s typology is that 5 cells of the 5-by-5 matrix are empty, that is those classes are non-existent in reality. Worse, she only deals with three types of cases when developing her argument. It could have been more than enough for the

analysis purpose if she had simply added one criterion of nationality or origin (domestic / foreign) to Donahue's classification, rather than creating a much more complex 5-by-5 table. Furthermore, she abruptly proposes a new taxonomy based on state capability in the conclusion part of each category, which is irrelevant of her original classification.

By locating each case on the quadrant rather than a wholesale classification of similar cases, Kinsey lay groundwork for a subtler and more rigorous analysis that could identify even a small degree of differences. However, he does not elaborate on these differences in the following chapters. For his research purpose, a 2-by-2 matrix could be sufficient.

Moreover, the criteria themselves are not rigorous. Even though EO and Sandline International provided almost identical services on the field, Kinsey posited that EO was less lethal than Sandline International, without giving any concrete evidence. Also, while Kinsey classifies Erinys, a private military firm based in South Africa, as a private security company, it currently performs convoy protection for the US Army.

The review of the existing literature above demonstrates that the typologies they present largely fail to match examples and classes neatly. It is thought that the source of the problem originates from the PMC-based approach all the studies take. The hidden assumption here is that a specific service is provided by a specific firm. If this were to be true, categorization of PMCs by service type would be possible.

However, PMCs in reality constantly expand their business area. For instance, an Israeli PMC Beni Tal began as secret operations and VIP guard operations firm but

now engages in weapons dealings while KBR, used to be known as a logistics company, now provides VIP guard services. In extreme cases, like those of EO and Sandline International, PMCs cover all types of private military services. As of 2010, 140 PMCs operating worldwide provide multiple types of services, while 60% of them provide training, VIP guard and logistics services.<sup>15</sup> This trend makes categorization by service even more difficult and irrelevant.

The most recent studies by Dunnigan and Kruck address these issues by focusing on state behavior, rather than PMCs themselves, in adopting various levels of security privatization mostly by hiring PMCs. In particular, Dunnigan's work compares various types of security provision in terms of effectiveness, ranging from a wholesale dependence on mercenary to a nationally mobilized standing army.<sup>16</sup> Comprehensive and thorough as the work may be, it fails to explain why a specific country chooses a particular combination of security arrangement. Also, Kruck's research on the political and economic mechanisms of security privatization, while escaping a static analysis of cases, has limitations in that it deals only with democratic/developed countries.<sup>17</sup>

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15 "Private Security Database", *Data on Armed Conflict and Security*, [http://www.conflict-data.org/psd/Data\\_Download/index.html](http://www.conflict-data.org/psd/Data_Download/index.html). (2016-04-31)

16 Molly Dunigan, *Victory for Hire: Private security companies' impact on military effectiveness* (Stanford, Calif.: Stanford Security Studies : Stanford University Press, 2011).

17 Andreas Kruck, "Theorising the use of private military and security companies: A synthetic perspective" *Journal of International Relations and Development*, 17(1), 2013, pp.112-141.

### III. Research Design

#### 1. Definition of Terminology

##### (1) PMCs: Are They Different from Mercenaries?

The definition of PMC(Private Military Companies/Contractors/Corporations) in the existing literature varies. While some argue that they are no different from traditional mercenaries<sup>18</sup>, others shed light on the differences between the two entities although they share similar characteristics in relation to national army.<sup>19</sup> At the opposite end of the spectrum are those who posit that PMCs are distinct from mercenaries in essence. An interesting point is that while the former argument is put forth in political science and IR literature more often than not, writings of jurists and legal experts tend to side with the latter.<sup>20</sup>

The difference seems to stem from the fact that legal studies normally adhere to the legal definition of mercenary stated in the modern law of war. That is to say, they construe the term ‘mercenary’ not in the day-to-day, political context but as a technical

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18 Abdel-Fatau Musah and Kayode Fayemi, *Mercenaries: An African Security Dilemma* (London: Pluto Press, 2000).

19 Dunigan, *Op.Cit.* p.28.

20 Lee, *Op.Cit.*, p.37

term. In particular, the literature of this orientation contrasts the character of PMCS as a ‘corporation’ with that of mercenaries as individuals.

In this regard, the historical ‘free company’ or a group of mercenaries could arguably set a precedent of modern PMCs. Individual mercenaries formed an organization in order to win contracts from clients, mostly monarchs, and maintain their business in a stable manner. With the increasing cases of condotta (an outsourcing contract), some of them created guilds to protect their rights. In fact, the term ‘company’ as we know today was derived from these free companies of mercenaries.<sup>21</sup>

The historical comparison of entities similar to PMCs demonstrate that even though they may differ in the legal, normative status, their role as private entities providing public (or state) security are almost identical throughout history. Thus, for the purposes of the research, this thesis does not make a particular distinction between PMC and mercenary.

## 2. Designing a Taxonomy

The previous studies examined in the literature review revealed one major problem: They neglect the changing nature of PMCS (and the homogenization of the

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<sup>21</sup> Peter W. Singer, *Op.Cit.*, p.54.

services they provide) and develop a classification based on such a changeable character. Thus, this thesis instead brings states at the focal point of categorization.

However, some may question the availability of cases sufficient for classification. If the answer is negative, then it naturally calls for an alternative. Addressing these questions should be a prerequisite for the development of the classification sought in this paper. The next part, therefore, tackles the question of case selection.

## (1) Case Selection

According to the 2010 IPOA report, PMC activity was sighted in 40-odd countries.<sup>22</sup> However, this figure includes cases where a PMC was employed by one country and worked in another or employed by a multinational corporation. Also, due to the secret nature of the business, the details of the PMC activity in these 40 countries are largely hidden and available information is fragmentary at best. Unlike contracts involving the United States, where the government contracts are publicly accessible, those of less developed countries are next to impossible to gain access. This represents one limitation to addressing all the 40 cases in the classification process.

Here, the problem of ‘case selection’ arises, particularly when there is only a limited set of data and the quality or level of data is inconsistent. This, in turn, tends to amplify ‘selection bias’. These problems loom particularly large when the subject of a

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22 International Peace Operation Association, *State of the Peace and Stability Operations Industry Survey 2010* (Washington D.C.: IPOA, 2010), pp.10-16.

case study is countries. Unlike research on the electorate or political parties, country case studies have an inherent limitation of limited population, rendering quantitative methodology largely, if not completely, irrelevant. Still, the lack of cases does not impede an academic explanation.

One possible solution to this problem haunting scholars was put forth by Barrington Moore Jr. His methodology was to extract specific cases from a small number of population through controlled comparison. The key here, as a matter of course, has to do with the research question and the hypothesis. That is, the researcher selects cases that best highlight similarities or differences which, in turn, best corroborate the logic of the hypothesis.<sup>23</sup> Even though this methodology is limited in the scope of comparison, it instead provides rich information on the phenomenon at issue as well as deepen understanding of the relevant phenomena by proposing ‘ideal types’ based on characteristic cases of each type.

This thesis, therefore, borrows from Moore’s methodology of “macro-causality analysis,” where different paths taken by countries towards the same goal was categorized, i.e. differences in common behavior. This draws a significant parallel with the subject of this study, the differences in the use of PMCs by states: While many countries employ PMCs, their motives and modes of use diverge. This way, presenting

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23 The most classic of this approach was taken by Barrington Moore Jr. in his monumental tome *Social Origins of Dictatorship and Democracy*. Barrington Moore Jr. *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of Modern World* (Boston: Beacon Press, 1966).

distinct cases representative of each type will make for constructing some ideal types of PMC employment.

Here, cases of 12 countries including one East Asian country are examined: The United States, the United Kingdom, Germany, France, Croatia, Bosnia, Saudi Arabia, Angola, Sierra Leone, Angola, Papua New Guinea, South Africa and South Korea. With the shift in the security environment beginning from the 1990s, these countries have (or do not have) gained experience with PMCs, but the patterns are all different. And this makes for the classification of PMC use.

## (2) Analytical Framework

The phenomenon in question here is various patterns of PMC use by states, and the variation is caused by both internal and external variables. With the three levels of analysis propounded by Kenneth N. Waltz<sup>24</sup> in mind, there are arguably three key variables influencing states' use of PMCs, that is, human variable, state variable and structural (international) variable.

However, the first two levels of analysis seem to have limited explanatory power when it comes to the patterns of PMC employment by states. First, the human (individual) level analysis seldom goes beyond human nature, e.g., security, survival,

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24 Kenneth N. Waltz, *Man, the State and War: A Theoretical Analysis* (New York: Columbia University Press, 1965).

greed, etc. and this soon calls for variables other than the human variable in order to explain differences.

Of course, the human level analysis does contribute to a detailed explanation of the dynamics of policy-making, particularly at a given (short) timeframe in a given country. However, the merit comes largely at the expense of parsimony. While this approach may complement a sweeping comparative analysis among countries, it cannot fully replace it.

The second variable, state, can be thought of in two ways. The first approach concerns political system, whereas the second deals with a country's capability. Recently, there are some studies on state-PMC relations based on the political system variable, focusing particularly on the decision-making and introduction process or relative PMC effectiveness and an optimal combination of PMCs and regular forces.<sup>25</sup>

However, these studies largely fail to incorporate cases of PMC use by non-democratic and/or developing countries. Considering empirical data as well as the hypothesis that states in demand of armed forces in the short run seek to hire PMCs to fill security gap, it is natural that countries in the early stage of state-building and with a relatively weak administrative mechanism are in urgent need of PMC capability as much as developed countries with an extra demand of soldiers due to foreign military expeditions. Thus, cases of developing countries introducing PMC service should be treated in equal measure with those of developed countries.

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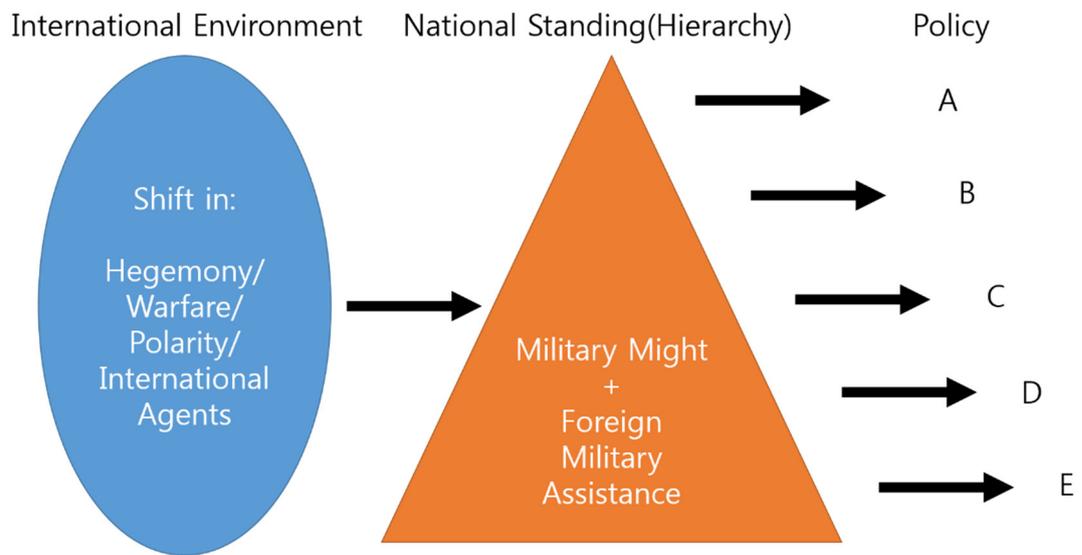
<sup>25</sup> Dunigan, *Op.Cit.*, Kruck, *Op.Cit.*

On the other hand, another aspect of the state level variable is power. Power is the first consideration in military and security decision-making. Comparison of power or capability of my country and a potential enemy is supposedly the first step in the policy-making process, which makes power a useful variable in analyzing state behavior.

Also, power differential among states determines the hierarchy of states which, in turn, differentiates security policy of one country from that of another. Thus, it is expected that difference among states will become more evident if this state power (capability) is brought in as a variable in the analysis of PMC employment, only on the condition that the concept of power is operationalized.

The third variable is environment (structure). According to Waltz, the environmental variable in international politics refers first and foremost to the structure of anarchy. As long as a certain structure holds, the process and the outcome remains similar. That is, an analysis focusing on the structure variable emphasizes similarities among phenomena. On the flip side, however, this variable has limits in explaining difference among observations. This is why the structure variable serves as the background or as a constant of the growing use of PMCs by states.

Based on the Waltz's framework, the one variable that is deemed applicable to the main question of the thesis is state power(capability). Here, the structural variables such as the international environment is considered as given. Thus, a key assumption of this thesis is that differences in capability of states lead to different defense policies and security strategies. The picture below is a schematic representation of the idea.



**Figure 3 The Making of Security Policy**

Also, a more powerful country in the hierarchy can impose, institute or promote some norms, rules and ideas while declaring others illegal, taboo or unethical. This framework can be compared to both a prism and a pyramid (slide). Just as a prism separates light into a spectrum of colors, different countries respond to the emergence of PMCs differently according to their position in the international distribution of power. In addition, power and influence, be they material or nuanced, usually flows from the top to the bottom of the hierarchy. Thus, states use distinct defense policies (particularly concerning the use of PMCs) depending on the difference in power resources they can mobilize either internally or externally.

Another reason this thesis sheds light on states is that they play a pivotal role in the operation of PMCs. First, states represent the most important group of clients of PMCs. The PMC industry's boom in the 1990s was made possible largely by an exploding demand of governments across the world. The success of any PMC depends mostly, if not entirely, on whether it can win contracts with states.

Second, states are a key determinant of what type of services PMCs provide. They decide which part of security service will be outsourced to private military firms or which areas of national security need to be supplemented by them. Thus, the choice of states plays a key role in PMCs' business areas and focus of their business.

Third, modern technology has raised the cost of weapons acquisition to a forbiddingly high level and only well-functioning states with a solid revenue base can afford this. So far, PMC services are concentrated on the provision of manpower, small arms, light weapons and vehicles that constitute an auxiliary part of the cream of armed forces such as MBTs, warships and fighter jets. These cutting-edge, heavily-armed gears of war are still purchased and operated almost exclusively by states.

Fourth, a state-based typology may serve as an antidote to the problems of the existing literature. To be specific, the limitations of the previous typologies based on PMCs stem from the nature of PMCs as business entities; they seek profit-maximization and keenly respond to the needs of clients. In the process, they naturally change their business specialty and portfolio. This eventually has led to the homogenization of PMCs, causing the classifications based on service type largely irrelevant.

On the contrary, states are less variable to companies in its attributes. In other words, differences among state are more evident and stable than those among firms. The security objectives of one country seldom change and so do the international rankings of military strength. In sum, a state-based study can result in a better-defined and more rigorous analysis and typology.

### (3) Taxonomic Methodology

As a result of the framework presented in the previous part, state power(capability) has been selected as a criterion for varying PMC use by states. The remaining question is to operationalize the concept of power (capability). For the purposes of this study, power is divided into two dimensions: a country's own military strength (internal power source) and external military cooperation (external power source). These two factors will together determine the relative military strength of one state, particularly vis-à-vis countries within its sphere of interest, usually referring to neighboring countries.

However, this does not tell whether a particular country will stand on the supply or the demand side of the picture. Thus, other than the military strength axis and the external military procurement axis, the third axis representing the supply-demand continuum. The resulting diagram takes the following format.

Category		PMC Supply		PMC Demand		Foreign Military Assistance
		Yes	No	Yes	No	
Military Strength	Strong	US		US		Provider
		Highly Unlikely				Recipient
			China		China	None
	Middle	UK/Fr/Ger/SK		UK/Fr/Ger	South Korea	Provider
		Germany/SK	Saudi Arabia	Saudi Arabia	South Korea	Recipient
		South Africa			South Africa	None
	Weak	Impossible				Provider
			Angola/SL/PN	Angola/SL/PN		Recipient
						None

**Figure 4 Country Taxonomy by 3 Dimensions of Security**

There are 6 country groups in the supply side and the demand side each, which makes a combination of 36 (6 by 6) groups in total. For practical purposes, however, it seems reasonable to examine 5 groups instead. This can be justified on the following grounds. First, weak states, by definition, cannot be suppliers or exporters of security services because they are already in short supply of their own national security, which makes them relatively weak countries. On the flip side, these countries are in constant demand of external security support by default as long as they remain on the lower rung of the hierarchy.

What remains as plausible and realistic combinations are as follows: Strong Power-Supply-Demand (US); Strong Power-No Supply-No Demand (China); Middle Power-Supply-Demand (UK, Germany, France); Middle Power-Supply-No Demand

(Korea, South Africa); Middle Power-No Supply-Demand (Saudi Arabia, Croatia, Serbia); Weak Country-No Supply-Demand (Angola, Sierra Leone and Papua New Guinea).

After classifying each case of PMC use by the framework above, it is necessary to expand on each type. In other words, the impact of each of the three variables on the use of PMCs by each group of states must be explicated. To this end, the effect of each criterion independent from one another should be comprehended.

First, how does a country's own military strength affect the its use of PMCs? If a country's military might is strong enough to defend itself, i.e. stronger than neighboring and adversary nations, it does not need to mobilize additional forces to protect itself by mobilization, PMC employment or military assistance from another country. In contrast, a state with an insufficient force to protect itself must develop a policy to complement its own military by any means available.

Second, what impact does the existence of foreign military assistance have on a country? First and foremost, its own military might can be complemented through military cooperation. What matters here is the direction of the cooperation. In case of a benefactor state, military ties create a surplus demand other than self-protection and PMCs emerges as an option to meet the need. Meanwhile, countries on the receiving end of the cooperation do not need to use PMCs as long as their security needs unmet by their own forces can be fully supplemented by foreign troops. A problem arises, however, when the tie weakens and the level of military support wanes as a result. Then, the use of PMCs looms once again as an alternative. A question here is whether

the country has enough resources to finance the additional burden resulting from hiring private firms for security.

The third variable is the difference between regional and global power status. This is what differentiates so-called ‘middle powers’ or regional power from weak countries on an absolute and a global scale. The distinction is significant because even though they do not possess enough national strength to become or attempt to be a hegemon, they nevertheless wield sufficient power to protect themselves and to spare.

This does not mean, however, that they do not feel the need to supplement their military force. Some countries have to engage themselves in a foreign expedition led by a more powerful country, while other countries experience a withdrawal of military support from a superior ally. These middle powers then have to fill this sudden gap between supply and demand at which point PMCs become a viable option at least as a stopgap measure.

#### (4) Assigning Cases to Each Category

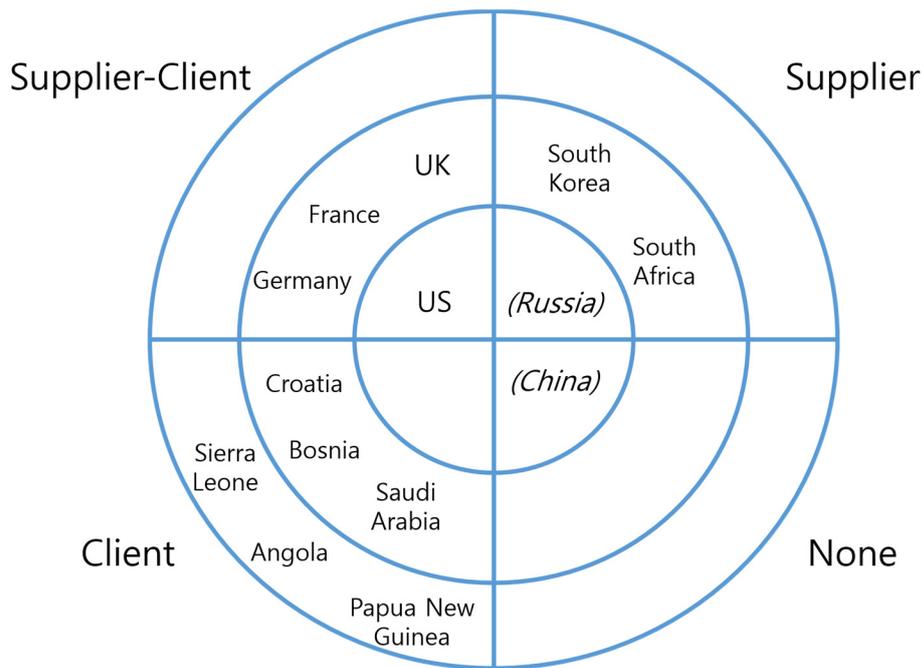
The next step is to assort cases according to the classification above. To this end, the relative strength of case countries, the demand-supply arrangement and the existence of foreign military assistance must be determined. The military strength of a given state can be assessed by comparing troop size, defense spending and the quality of a quantity of major weapons systems.

While official documents such as *Defense White Paper* or *Defense Review* can serve as a main source of the data, some states do not (regularly) publish these documents and some published materials do not include these data. Publications from military research institutes whose credibility are largely recognized such as SIPRI (Stockholm International Peace Research Institute), Jane's Information Group and IISS (International Institute for Strategic Studies) can be a useful alternative. Among the three most well-established database on national military strength, SIPRI Yearbook and IISS Military Balance, both of which are annual publications, are more easily accessible and convenient for country-by-country comparison. Thus, this thesis make use of these two databases to evaluate country's relative as well as absolute military strength.

The assessment of military strength proceeds as follows: First, evaluation categories are set. Here, the number of troops, weapons system, and defense spending are the three categories. In case of the troop size and defense spending, a simple quantitative comparison is thought to be sufficient, since quantitative superiority usually outdo qualitative superiority and spending can be estimated in the same unit of measurement.

What is trickier is the comparison of weapons system. Here, quality can easily outperform quantity. Thus, a measure to take qualitative as well as quantitative differences into account is necessary. Simply put, the level of weapons system adopted by one state can be expressed as (Performance Index of a weapons system) X (Number of the weapons system).

Although the performance indices of modern weapons systems currently in use are mostly confidential and thus hardly accessible, a weapons performance index developed by expert on military simulation James F. Dunnigan can be a good alternative. Using these datasets and the assessment methodology, the thirteen subject countries of this thesis are classified as follows.



**Figure 5 Schematic Classification of Case Countries**

In case of the UK, France and Germany, they have military alliance with each other as well as the United States under NATO, along with OSCE (Organization for Security and Cooperation in Europe) and there is US presence in Germany. These

countries are situated at the top tier of the international rankings of military power and thus can be considered strong states. Also, they all recent records of having their forces dispatched overseas (Afghanistan, Libya, etc.). In sum, it is safe to conclude that they have enough military strength to protect themselves while sparing them for foreign intervention as well.

Nevertheless, they are certainly not in a position to claim or challenge hegemony. This becomes evident given that most of the foreign interventions they participated were led not by themselves by another states, i.e. the United States. Also, the existence of NATO strongly suggests that it is still the US that provide them with a ‘security umbrella’ in the European region. Thus, the UK, France and Germany, for the purposes of this study, are classified as middle powers.

In a similar vein, South Korea and South Africa belong to the same tier, though on a slightly different ground. In South Africa’s case, it is arguably a regional power in terms of its military and economic strength vis-à-vis other countries in the region. Thus, it possesses more than sufficient means to defend its territory. Still, it falls short of capable of imposing norms or institutions in the face of the opposition from countries on an equal measure, let alone more powerful states like the United States.

Meanwhile, South Korea is a much stronger country than South Africa in terms of general indices of national capability including overall military strength and the size of economy. However, the country is geographically surrounded by much more powerful states, i.e. China, Japan, Russia and the US, albeit at a distance, has a strong presence in the region as well. In addition, South Korea’s undoubted archenemy, North Korea

possesses several nuclear warheads, threatening time and again to use them against South Korea. Thus, despite its strong military might in absolute terms, it is definitely a weaker state in relation to its neighbors. This is why South Korea is classified as a middle power rather than the upper tier of stronger states.

Croatia and Angola, while stronger than some of their neighbors, were militarily inferior to its key enemies. To be specific, Croatia surpassed Bosnia and Slovenia in terms of troop number, weapons system, defense spending, but it lagged far behind Hungary in weapons system and was inferior to Serbia in all categories. Since the adversary of a major armed conflict Croatia was involved in was Serbia, this thesis defines Croatia as a weak state.<sup>26</sup>

In the same vein, Angola was a relatively strong country in the region, but the biggest threat came not from outside but from UNITA(*União Nacional para a Independência Total de Angola*), a rebel group. With support from the US and other external actors, UNITA was as well-armed as regular forces.<sup>27</sup> During the civil war, UNITA possessed a 65,000-strong army whereas the Angolan national forces amounted to ill-equipped 45,000 troops.

As for the existence of foreign military cooperation, the existence of an official alliance or a foreign expedition, the presence of foreign or UN forces are obvious indicators. *The Military Balance* enumerates overseas force deployment of every

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26 Lee, *Op.Cit.*, p.121.

27 Chris Talbot, "Train Bombing Signals New UNITA Offensive in Angola," *World Socialist Web Site News*, August 21, 2001, <http://www.wsws.org/articles/2001/aug2001/ang-a23.html> (2016-04-13).

country, which serves the purpose of confirming the incidence of foreign military cooperation.

However, one should take heed when analyzing apparent foreign military cooperation indicated in military indices. First, it should be confirmed whether the UN and/or foreign forces were put in operation at the time of the host country's request. African civil wars in the 1990s illustrate incidents where UN or foreign forces did not intervene at all into conflict until the civil war was almost settled. From the perspective of the host nation, this amounts to no military assistance whatsoever. This was the case with Papua New Guinea, Sierra Leone and Angola.

Second, there exist implicit, indirect forms of external cooperation such as financial support. Research on these isolated incidents other than official relations should be conducted in order to fully grasp the whole picture of foreign military cooperation. This can be done mostly by news articles and reports written by experts. This 'unofficial' military assistance took place in two of the 13 cases in question: Croatia and Bosnia. Although they did not have formal military alliance with any other country, they obtained financial support from the US (in Croatia's case) and from Arab states (in Bosnia's case).<sup>28</sup> These cases, even in the absence of official military assistance from abroad, are deemed qualified for international military cooperation for the purpose of PMC employment. The above can be summarized as follows.

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28 Croatia was able to hire MPRI with US financial support, while Bosnia received money from Saudi Arabia, Brunei, Malaysia and UAE to hire MPRI. Avant, *Op.Cit.*, p.107; Singer, *Op.Cit.*, p.213.

**Table 2 Military Cooperation of Case Countries**

Country	Military Assistance (Provider)	Military Assistance (Recipient)
US	Bilateral: South Korea, Japan, Canada, Saudi Arabia, UK Multilateral: NATO, ANZUS Unofficial: Israel, Croatia, Colombia and 28 countries	
	Deploying: South Korea, Japan, Germany, Belgium, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey, Singapore, Australia, Thailand, Bahrain, Kuwait, Oman, Qatar, Honduras, Bosnia, Croatia, Iraq, Afghanistan	Hosting: None
UK	Bilateral: US Multilateral: NATO, OSCE Unofficial: None	
	Deployment: Iraq, Afghanistan, Bosnia, Croatia	Hosting: None
Germany	Bilateral: US Multilateral: NATO, OSCE Unofficial: None	
	Deployment: Afghanistan, Bosnia	Hosting: US
France	Bilateral: US Multilateral: NATO, OSCE Unofficial: None	
	Deploying: Afghanistan, Libya, Bosnia, Croatia, Saudi Arabia	Hosting: None
Angola	Bilateral: None Multilateral: None Unofficial: None	
	Deploying: None	Hosting: None  (Military assistance from Cuba, USSR, China and North Korea cut off after the Cold War)

Sierra Leone	Bilateral: None Multilateral: None Unofficial: None	
	Deploying: None	Hosting: None (Support from UK suspended, UN intervention delayed)
Papua New Guinea	Bilateral: None Multilateral: None Unofficial: None	
	Deploying: None	Hosting: None (Foreign support impeded by Australia)
Croatia	Bilateral: None Multilateral: None Unofficial: US	
	Deploying: None	Hosting: UN forces(23 states)
Bosnia	Bilateral: None Multilateral: None Unofficial: US, Saudi Arabia, Brunei, Malaysia, UAE	
	Deploying: None	Hosting: NATO + 15
Saudi Arabia	Bilateral: US Multilateral: None Unofficial: Bosnia, PLO	
	Deploying: None	Hosting: US, UK, France
South Africa	Bilateral: None Multilateral: None Unofficial: None	
	Deploying: None	Hosting: None
South Korea	Bilateral: US Multilateral: None Unofficial: None	
	Deploying: Lebanon, Iraq, Afghanistan	Hosting: US

### 3. Developing a Sequential Analytical Framework:

How do PMCs acquire resources and enable them to maintain and expand business? First and foremost, they need to be staffed and equipped; the manpower needs to retain military training and skills and must be provided with weapons. Interestingly, an absolute majority of these resources come from states. Retired soldiers and decommissioned weapons in the aftermath of massive disarmament in the post-Cold War era were fed to PMCs.

Despite international efforts and mandates to stop the inflow of these weapons into the black market, it is believed that not a small portion of these discarded weapons, particularly from the former communist countries were sold illegally.<sup>29</sup> PMCs were one of the biggest customers in this market. By purchasing these weapons in bulk at giveaway prices or through short-term lease contracts, PMCs armed their clients as well as themselves. A typical way of PMC operation was to make the client state purchase necessary equipment while they took charge of maintenance and repair. This way, they could save additional cost of weapons purchase while carrying out their missions.<sup>30</sup>

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29 Otfried Nassauer, "An Army Surplus: The NVA's Heritage," Edward J. Lawrence and Herbert Wulf (ed.), *Coping with Surplus Weapons: A Priority for Conversion Research and Policy*, Brief No. 3 (Bonn: Bonn International Center for Conversion Research, 1995), p. 38.

30 *Ibid.*, p.84.

Then, the next question is, naturally, recruitment. Who are they typical PMC employees? Of course, many of the applicants are attracted by high pay<sup>31</sup> but not all of them are qualified. PMCs definitely prefer veterans, and for good reasons. First, they were already qualified for regular forces so they do not need to go through an additional rigorous screening process, which minimizes potential as well as actual costs of recruitment. In the same vein, they can be sent into operation immediately with a minimum level of training. Finally, it provides a good PR gimmick for any PMC. A company staffed with ex-servicemen can safely boast their expertise and experience on the ground. In particular, PMCs with veterans from special operations units such as Delta Force or Navy SEALs promote them as their core assets.<sup>32</sup>

The other side of the security privatization coin is, obviously, demand. Most of the existing literature examining the demand side of national security privatization focuses on or adopts at least one of the three models below: Technological-economic(functionalist/rationalist) model, political/instrumentalist model and normative-ideological model. While each model successfully accounts for certain aspects security privatization, they fall short of capturing the whole picture or, more precisely, the process when they are considered separately. This problem is already well noted and addressed by Kruck.<sup>33</sup> However, the application of his framework, as was mentioned above, is confined to the security privatization of developed countries

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31 Lee, *Op.Cit.*, p.58.

32 Peter W. Singer, *Op.Cit.*, p.217.

33 Kruck, *Op.Cit.*, p.113.

(i.e., US, UK, Germany and France) and does not encompass cases of developing as well as failed states, limiting the framework's explanatory capacity.

In contrast, one aim of this thesis is to establish a framework of security privatization more generally applicable to temporally and geographically discrete cases. Thus, while I explore, just like Kruck, all three models and make an argument that all three elements work in tandem (or more precisely in sequence), creating a cycle of mutual amplification and reinforcement, I will further develop and modify Kruck's framework so that it can incorporate cases of non-democratic, pre-modern and/or non-developed states.

## (1) Rational-Economic Model

The technological-economic (or functionalist/rationalist) model of security privatization is based on the conception that the growing use of PMCs is a means for the effective and cost-efficient pursuit of states' security goals.<sup>34</sup> This perspective, at least in part, helps explain why militarily and economically sound and strong developed countries count increasingly on PMCs. That is, the growing demand results from a states' response to the changing nature of increasingly asymmetric warfare in

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34 Kinsey (2006), *Op.Cit.*, pp.51-57; Kateri Carmola, *Private Security Contractors in the Age of New Wars: Risk, Law and Ethics*, (London: Routledge, 2010), pp. 41-45, 55-60; Ulrich Petersohn, 'Sovereignty and Privatizing the Military: An Institutional Explanation', *Contemporary Security Policy* 31(3), 2010, pp. 533-534; Trevor Taylor, "Private Security Companies in Iraq and Beyond", *International Affairs* 87(2), 2011, pp.449-450.

the post-Cold War era along with the RMA(revolution in military affairs), with a view to providing security in a more effective manner. Another driving force of the security privatization, the line of thinking goes, is growing pressure for saving or reducing defense budget, especially due to the emergence of high-tech warfare.<sup>35</sup>

In this functionalist/rationalist model, predicated on a combination of resource-dependence theory<sup>36</sup> and principal-agent theory<sup>37</sup>, rational principal(state) seek cost-effective and efficient solutions to security problems by delegating security-related tasks to agents(PMCs). At the basis of this argument lies the perception that conventional national armed forces find themselves increasingly less skilled and equipped to address the increased complexity and technological upheavals in warfare and a growing proportion of asymmetric armed conflicts.

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35 Avant, *Op. Cit.*, pp.31-34; Kinsey, *Op. Cit.*, pp.95-96, Kyle M. Ballard, “The Privatization of Military Affairs: A Historical Look into the Evolution of the Private Military Industry”, Thomas Jager and Gerhard Kummel, (eds.), *Private Military and Security Companies: Chances, Problems and Pitfalls*, (Wiesbaden: VS, 2007), pp. 37-53; Singer, *Op. Cit.*, pp.60-66; Carmola, *Op. Cit.*, pp.54-60; Anne C. Cutler, “The Legitimacy of Private Transnational Governance: Experts and the Transnational Market for Force”, *Socio-Economic Review* 8(1), 2010, pp. 157-185.

36 Mark A. Pollack, *The Engines of European Integration: Delegation, Agency, and Agenda Setting in the European Union*, (Oxford: Oxford University Press, 2003); Darren G. Hawkins, David A. Lake, Daniel L. Nielson and Michael J. Tierney (eds.), ‘Delegation Under Anarchy: States, International Organizations, and Principal-Agent Theory’, *Delegation and Agency in International Organizations*, (Cambridge: Cambridge University Press, 2006), pp. 3-38.

37 Jeffrey Pfeffer and Gerald R. Salancik, *The External Control of Organizations: A Resource Dependence Perspective*, (Stanford, CA: Stanford University Press, 2003); Andreas Nolke, “Transnational Private Authority and Corporate Governance”, Stefan A.

At the same time, perennial budget constraints render defense ministries highly cost-sensitive and in turn, militaries eschew arms build-up or extended military engagement and sustenance, sometimes even at the level necessary or sufficient for tackling imperative security issues. Stranded between mounting defense costs to keep up with technological advancement and the pressure for defense spending cuts, the government is driven to focus on core military tasks.

Still, the vacuum in the non-core tasks must be filled, albeit on an ad-hoc basis, and this is where PMCs come into play. PMCs fit the bill nicely since, unlike a permanent standing army, they have necessary expertise in specialized fields and are available on a temporary, contract-based terms, and saves the government administrative costs.<sup>38</sup>

That does not mean, however, the use of PMCs always saves costs. Other than the financial remuneration for PMCs (explicit outsourcing cost), the privatization entails transaction costs, notably in the screening, monitoring and coordination process. Therefore, principals(states) will make use of PMCs only when the expected utility of the outsourcing outweighs ensuing expected costs.

Following this technological-economic reasoning, two hypotheses can be deduced on the quality and quantity of security privatization. On the quality side is the hypothesis of complexity. That is, the more complex the technological and operational

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38 Schirm, (ed.), *New Rules for Global Markets: Public and Private Governance in the World Economy*, (Basingstoke: Palgrave Macmillan, 2004), pp. 155-175.

environments of warfare, the more public entities will depend on PMCs' material and/or human resources, and the more frequently states will make use of PMCs. In sum, states will outsource security-related tasks in order of technological/operational complexity.

The hypothesis of cost-efficiency on the quantity side holds that the higher the pressure for defense budget-saving and/or spending cuts and the higher expected economic/financial gains from outsourcing, the higher the dependence of states on the PMC services. In other words, states are more likely to delegate areas where there exists a competitive market that allows cost-saving to a larger extent than other groups of tasks.<sup>39</sup>

## (2) Political-Instrumentalist Model

Whereas the technological-economic model is concerned mostly with economic benefits of security privatization in the face of rapid technological innovation in weapons system and military affairs, the second model, the political-instrumentalist model deals with political cost-benefit calculations of security privatization.<sup>40</sup> That is,

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39 Kruck, *Op.Cit.*, p.116.

40 Avant, *Op.Cit.*, p. 60; Chesterman and Lehnardt, *Op.Cit.*, pp.252-253; Deborah Avant and Lee Sigelman "Private Security and Democracy: Lessons from the US in Iraq", *Security Studies* 19(2), 2010, pp.230-265; Carmola, *Op.Cit.*, pp.45-50, 90-91; Nicole Deitelhoff, "Private Security and Military Companies: The Other Side of Business

the use of PMCs is instrumental in reducing political costs of warfare falling upon the government, which are more acutely felt in democratic politics.

This model is founded upon the principal-agent theory, regarding particularly accountability-evasion and blame-shifting as motives for outsourcing of public services.<sup>41</sup> In this line of thinking, delegation could be a rational choice for politically cost-sensitive actors seeking to minimize responsibility for potentially unsuccessful and/or controversial policies. In addition, the model draws on IR scholarship that explains international cooperation as a new “raison d’etat”<sup>42</sup>. This refers to an idea that states employ interstate(intergovernmental) arena as an excuse to circumvent parliamentary and public scrutiny of its policies, thereby enjoying broader latitude for its conduct of state affairs.

The political-instrumentalist model suggests that the government is more than a simple conveyer of dominant social interests but pursues its own logics and interests.

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and Conflict”, Nicole Deitelhoff and Klaus D. Wolf, (eds.), *Corporate Security Responsibility? Corporate Governance Contributions to Peace and Security in Zones of Conflict*, (Basingstoke: Palgrave Macmillan, 2010), pp.177 – 201.

41 Christopher Hood, “The Risk Game and the Blame Game”, *Government and Opposition*, 37(1), 2002, pp.15-37; Matthew Flinders and Jim Buller, “Depoliticisation: Principles, Tactics and Tools”, *British Politics* 1(3), (2006), pp.293-318; Bjorn Bartling and Urs Fischbacher, “Shifting the Blame: On Delegation and Responsibility”, *The Review of Economic Studies* 79(1), 2012, pp. 67-87.

42 Klaus D. Wolf, “The New Raison d’etat as a Problem for Democracy in World Society”, *European Journal of International Relations* 5(3), 1999, pp.333-363.

The shift of security-related tasks from the public to the private domain allows the executive (government) to decrease the transparency of policy-making process in security issues, undercut accountability and bypass legal mechanisms. Thus, the use of PMCs increases the executive power in relation to the legislature. Politically charged security measures are ‘depoliticized’ and the government can more easily hide the origins, extent and consequences of potentially ill-approved decisions from other branches and the constituency in general.<sup>43</sup> As long as there is no large-scale political scandals that may reveal the true nature of this strategy, PMCs will manage to keep a low-profile and avoid public attention, thus perpetuating lack of transparency and accountability through delegation of security and the consequent depoliticization.<sup>44</sup>

In this framework, the crucial variable conditioning the government’s impulse to security delegation is the expected political cost of a specific policy, which is usually gauged by its popularity and public approval. Therefore, one key hypothesis deduced from the political-instrumental model is that the less popular the ruling elite group expects a security policy to be among its public, the greater the motives of the government (to be more specific the executive) to rely more on the PMC services as a means to reduce (potential) political costs.<sup>45</sup>

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43 Avant, *Op.Cit.*, p.60; Avant and Sigelman, *Op.Cit.*; Deitelhoff and Geis, *Op.Cit.*

44 Flinders and Buller, *Op.Cit.*

45 James Cockayne, “Make or Buy? Principal-Agent-Theory and the Regulation of Private Military Companies”, Simon Chesterman and Chia Lehnardt, (eds.) *Mercenaries to Market: The Rise and Regulation of Private Military Companies*, (Oxford: Oxford University Press, 2007), p.206; Carmola, *Op.Cit.*, pp.45-60; Deitelhoff, *Op.Cit.*, pp.198-199.

One major drawback of this model, however, is that it completely fails to account for the introduction and prevalent use of private armed forces by non-democratic states, in modern as well as pre-modern times. From this perspective, security privatization is essentially a political-instrumental tactics of governments in strong and democratic countries in order to avoid burdensome legislative oversight and media/public scrutiny.<sup>46</sup> This argument is reinforced by the ‘democratic peace’ theorists showing that democratic electorates are highly sensitive to casualties.<sup>47</sup> Military interventions that are covert, possibly deemed illegal and/or considered as failure put the incumbent leadership in great danger of losing the next elections, if not being forced to resign immediately.<sup>48</sup>

While these studies help increase the relevance of the political-instrumentalist model in cases of large, democratic states, they threaten to limit the model’s scope of applicability and explanatory power, much less improving them. Remediating this issue calls for a new framework on the relationship between the ruling elite and the public developed by Bruce Bueno de Mesquita. Here, the type of a political system adopted by a certain state does not matter, be it stated or perceived.

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46 Martin Binder, “Norms versus Rationality: Why Democracies Use Private Military Companies in Civil Wars”, in Thomas Jager and Gerhard Kummel, (eds.) *Private Military and Security Companies: Chances, Problems and Pitfalls*, (Wiesbaden: VS., 2007), pp.307-320.

47 Niklas Schornig. “Casualty Aversion in Democratic Security Provision: Procurement and the Defense Industrial Base”, in Matthew Evangelista, Harald Muller and Niklas Schornig, (eds.), *Democracy and Security: Preferences, Norms and Policy-Making*, (London: Routledge, 2008), pp.14-35.

48 Cockayne, *Op.Cit.*, p.212.

What is truly significant, however, is the size of core constituency, i.e., the group of people who have enough legal, political and economic resources to sustain, support or sometimes, subvert the incumbent regime. Precise identification of this group looms especially large to the ruling elite not least because they are the ones they must serve and enrich in order to stay in power. According to this framework, what we perceive as a democracy is considered truly democratic only when the core constituency is so large that the leadership cannot employ a strategy of extracting a massive amount of resources from one domestic group and giving them to another domestic group as a reward of its loyalty as well as a disincentive for potential future opposition and subversion.<sup>49</sup>

Modified by this framework, a new political-instrumental model could explain security privatization of non-democratic states as well. Without regard to the notion of transparency, checks and balances or public/media scrutiny, (potential) political costs of a security initiative can be assessed by examining the cost-benefit calculation by the core constituency of the given policy, which, in turn, will serve as a criterion of their approval. Furthermore, this modified model can help explain a seemingly ironic phenomenon, where leadership pursues security privatization despite the absence of an explicit effect of political cost reduction. In other words, politicians choose to hire mercenaries even when it incurs huge costs in the short run, because raising national

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49 Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow. *The Logic of Political Survival* (Mass: MIT Press, 2005) p.276.

forces potentially expands the base of the winning coalition, eroding the interest of the current support groups and further contributing to the growth of domestic opposition, thereby putting the regime at risk in the long run.

### (3) Normative-Ideational Model

Unlike the other two models, the normative-ideational model points at the the predominance of certain ideas encouraging and/or contributing to security privatization, that is, neoliberal ideas. In this line of reasoning, neoliberalism has led to sweeping preference for market-centered solutions to policy issues that used to be thought of as purely ‘public’, i.e. non-market problems. The idea has finally made inroads into security area, which is normally regarded as the last bastion of the public sphere. Still, an array of laissez-faire liberal as well as statist thoughts contend over the appropriate state-market relations in providing (national) security, and this ideological tug-of-war serves as a strainer of the dispersion of neoliberal ideas and norms worldwide.<sup>50</sup> In this dynamic process of ‘war of ideas’, not only do PMCs profit from prevalent neoliberal ideas, butt they also partake in frame-setting and idea formation

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50 Avant, *Op.Cit.*, p.35; Anna Leander and Rens van Munster, “Private Security Contractors in the Debate about Darfur: Reflecting and Reinforcing Neo-liberal Governmentality”, *International Relations* 21(2), 2007, pp. 201-216; Singer, *Op.Cit.*, p.66; Deitelhoff, *Op.Cit.*, pp.180-181.

that the security provision by the private sector is a normal and appropriate mode of governance.<sup>51</sup>

The normative-ideational model argues that the global trend towards privatization cannot be reduced to a sum of individual rational choices but results from mimetic isomorphism of norms and ideas. The rationale behind this argument is sociological institutional scholarship, putting forth that individual differences among countries emerge from divergent domestic ideas and norming which, in turn, creating variance in complying and interpreting supposedly universal norms.<sup>52</sup> The model also borrows from constructivist studies on the power of legitimization and normalization (i.e. discursive power) wielded by non-state actors.<sup>53</sup>

From the normative-ideational perspective, the diffusion of neoliberalism in the public policy area worldwide has increasingly weakened the normative basis for the security provision predominantly, if not exclusively, by state apparatus.<sup>54</sup> This tendency has reached a point where so-called ‘non-core’ elements of security have naturally been thought of as an object of privatization in the process of building a more

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51 Kruck, *Op.Cit.*, p.119.

52 Martha Finnemore and Kathryn Sikkink, “International Norm Dynamics and Political Change”, *International Organization* 52(4), 1998, p.893.

53 Doris Fuchs, *Understanding Business Power in Global Governance*, (2005, Baden-Baden: Nomos); Anna Leander, “The Power to Construct International Security: On the Significance of Private Military Companies”, *Millennium* 33(3), 2005, pp. 803-826; Anna Leander, “The Paradoxical Impunity of Private Military Companies: Authority and the Limits to Legal Accountability”, *Security Dialogue* 41(5), 2010, pp.467-490.

54 Leander, *Op.Cit.*, 2005; Leander and van Munster, *Op.Cit.*, 2007.

effective and 'lean' army focusing on 'core functions'. Still, the definition of and perception on the optimal state-market relationship in security provision of individual states serve as either a catalyst for or an impediment to the spread of this idea, leading to disparities among countries in term of level, timing and/or public reception of security privatization. In the process, PMCs and their advocates act as intermediaries of discourse, forming public-private coalitions of security privatization. Taking into account the varying degrees of the acceptance of neoliberal ideas among states, however, they will arguably be more successful in their justification and normalization of security privatization if and when neoliberal ideas are deeply embedded in the society in general, not least because they can tap the reservoir of pro-privatization proponents.

Therefore, a hypothesis flowing from the normative-ideational model can be formulated as follows: The more predominantly the notion of the state is formed by neoliberal ideas rather than state-interventionism, the more likely privatized security provision will be accepted and approved by policymakers as well as the electorate as a legitimate and normal mode of statecraft, thus the more intensive and extensive the use of PMCs by the state as a security policy instrument.<sup>55</sup>

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55 Kruck, *Op. Cit.*, p.120.

#### (4) (New) Synthesis of the Three Models

All the three logics explained above are not intrinsically incompatible. Rather, they are complementary and, to be more specific, sequential. Each model applies not only to a particular domain of a given society but overlaps and intertwines into each other, creating a complex web of interaction. Instead of ‘de-constructing’ this complex web of reality, it will be better to devise a synthetic model where determinants and logics of security privatization in each of the three models come into play in each specific phase, giving incentives and constraints for institutional choices.<sup>56</sup>

Unlike the domain-of-application, or ‘thin’ model, where distinct and independent explanatory factors bear out different aspects of a phenomenon at issue, a synthetic or ‘thick’ approach builds on the domain-specific perspective and suggests that different theoretical explanations reply on one another in sequence to account for a given outcome. Thus, this methodology allows variables from different approaches to ‘work together over time to fully explain a given domain.’<sup>57</sup>

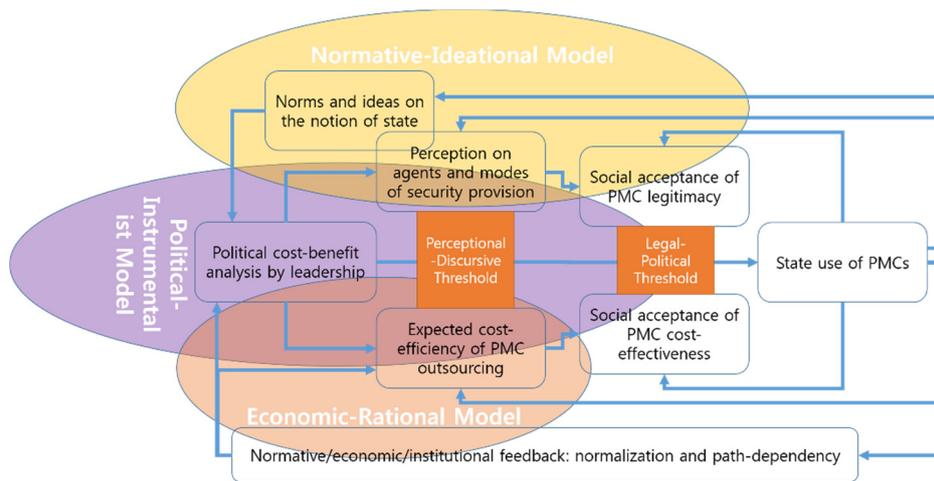
From this point of view, transitional and national ideas not only have direct impacts, particularly at the outset of sweeping privatization schemes, but also indirect effects. They serve as an ideational framework which condition and forgo the impact other explanatory factors and mechanisms. Supposedly strategic decisions by countries

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56 Jupille *et al.* “Integrating Institutions: Rationalism, Constructivism, and the Study of the European Union,” *Comparative Political Studies* 36(1-2), 2003, pp.7-40.

57 *Ibid.* p.22.

to use PMCs and how they are received by the electorates, no matter they were motivated by considerations for effectiveness, cost-efficiency or reduction of political costs, are not determined in an ideological vacuum. Pre-existing contexts shape and form government and military perceptions of security issues, what they regard as ‘normal’ or ‘appropriate’ modes or agents of security provision, the degree of preferred dependence on security privatization, etc.



**Figure 6 Synthetic Model of Security Privatization**

Prevalent ideas and perceptions on the state, public-private relations as well as perceived dependency on PMCS contribute to the legitimization and empowerment of security privatization coalitions. In turn, they will be more likely to succeed in justifying the privatization process and capitalize on the already prevailing neo-liberal ideas, which are inherently hospitable to privatization.

Eventually, ideational and material factors jointly operate to create tendencies towards a virtuous cycle where each factor reinforce and stabilize one another. Although this is not a one-way, deterministic path, prior levels of security privatization have impact on the chances of future privatization through ideational and material mechanisms in a ‘path-dependent’ process nonetheless.<sup>58</sup>

Large-scale and sustained use of PMCs contributes to an ideational normalization of this practice. Here, security privatization is not only recognized as a social reality. But it can also become a ‘normal’ way of providing security through habituation process. PMCs and government bodies in charge of security privatization then justify a higher level of privatization by capitalizing on the normative power of the reality. Broad use of PMCs reinforces the expertise and authoritative power of PMCs, which feed itself back into their political influence. As a consequence, PMCs increasingly participate in defining security issues and offering solutions. This continued cycle empowers PMCs.<sup>59</sup>

Sustained and sweeping dependence on PMCs also creates and consolidates structural reliance on PMCs over the course of time. Thus, it does not only help create a sense of PMC indispensability, but also spurs ‘materialization’ of the perceived reliance on PMCs by states. Once security affairs are outsourced to PMCs on

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58 Ulrich Petersohn, “Military Privatization: Changing the Military-Civil Force Mix,” *European Political Science* 10(2), 2011, pp. 147-148.

59 Anna Leander, “The Power to Construct International Security: On the Significance of Private Military Companies,” *Millennium* 33(3), 2005, p.805.

substantial levels, states tend to neglect the improvement and maintenance of their own security capabilities that would substitute PMC resources.<sup>60</sup> Then, PMCs come into a position where they wield considerable structural power and states are likely to entrap themselves in a cycle that is hard to reverse.

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60 Nicole Deitelhoff, "Private Security and Military Companies: The Other Side of Business and Conflict," in Nicole Deitelhoff and Klaus D. Wolf, eds. *Corporate Security Responsibility? Corporate Governance Contributions to Peace and Security in Zones of Conflict*, (Basingstoke: Palgrave Macmillan), 2010, pp.177-201.

## **IV. Case Analysis**

### **1. Type 1: Hegemonic Power – Supply – Demand**

#### **(1) The Use of PMCs by the United States: A Backgrounder**

Countries in Type 1 have to meet the following criteria: It should be regarded as retaining hegemony or as capable of claiming or challenging one, while acting as both a supplier and client of PMCs. The only state that fits the bill is the United States. In a sense, the US position of the biggest supplier as well as the client of the PMC industry was of its own making, even though the end of the Cold War did play a significant role.

The United States armed forces face internal challenges as troubling as external threats posed by terrorist groups. That is, they are suffering from the fallout of a sweeping organization reform and downsizing efforts in the 1990s, triggered in large part by the optimism about international order prevalent at the time. In the absence of ‘clear and present danger’, many inside and outside the military anticipated a sharply reduced role of the US military might. In contrast, the United States has found itself involved in more foreign military intervention than it was during the Cold War. The problem is that the size of the US forces has failed to keep pace with its resurgent

number of missions, which naturally has led to a lack of military personnel. The case of the United States thus represents a type of country whose growing foreign military missions are supplemented by PMCs. A question that arises is this: Why did the United States engage in an arms reduction of such an unprecedented scale?

A knee-jerk answer could be that the United States had emerged a sole superpower after the collapse of the Soviet bloc. With the biggest military threat gone, the oversized military had become obsolete as well. The biggest change the US military had gone through in the 1990s was less the state-of-the-art weapons that dominated the Gulf War than the notion of “Doing More with Less.”<sup>61</sup> While this catchphrase seems to boast the efficiency of the US military power, it also betrays a shortage of military personnel. The graph below illustrates the rapid pace of the manpower reduction.

In the 1990s, the US reduced the size of its armed forces to 2/3 of the level right before the end of the Cold War, retiring about 700,000 servicemen.<sup>62</sup> Between FY 1991 and FY 1993, the US shed troops equivalent to an ordinary country’s entire armed forces.<sup>63</sup> This drastic downsizing was based on the Base Force initiative conceived by Colin Powell. The initiative assumed that a series of transition in the

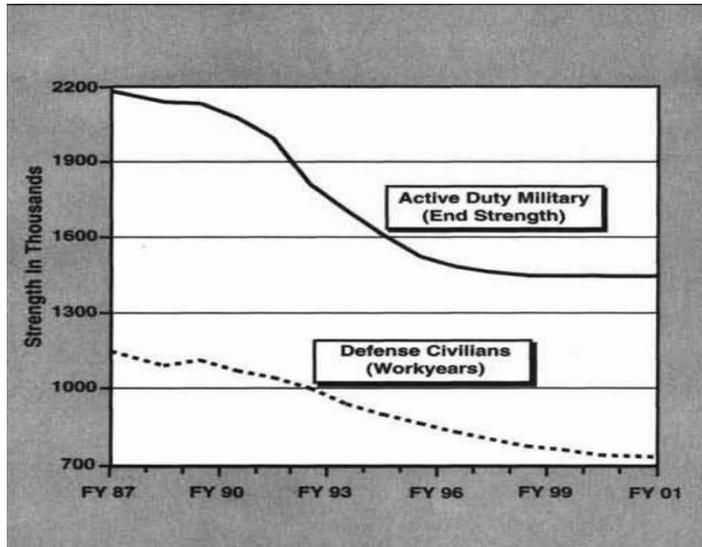
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61 Bart Brasher, *Implosion: Downsizing the US Military, 1987–2015* (Westport: Greenwood Press, 2000), p.11.

62 Fred Kagan, “The Cost of Military Downsizing,” *Wall Street Journal*, November 21, 1997.

63 Brasher, *Op.Cit.*, p.111; Brice R. Orvis, Narayan Sastry, Laurie L. McDonald, *Military Recruiting Outlook: Recent Trends in Enlistment Propensity and Conversion of Potential Enlisted Supply* (Santa Monica, CA: RAND, 1996). p.3.

Soviet bloc represented a departure from the past and thus concluded that changes in long-term security strategy including military strength reduction was imperative.<sup>64</sup>



**Figure 7 US Manpower Reduction 1987-2001**

The Clinton administration not only succeeded Powell’s plans but it pushed for an even extreme downsizing effort.<sup>65</sup> However, this move clearly contradicted President Clinton’s ‘engagement and enlargement’ policy, and the policymakers responded to this challenge with RMA (revolution in military affairs), that is, building a more technology- and capital-intensive army to maintain the US military predominance.<sup>66</sup>

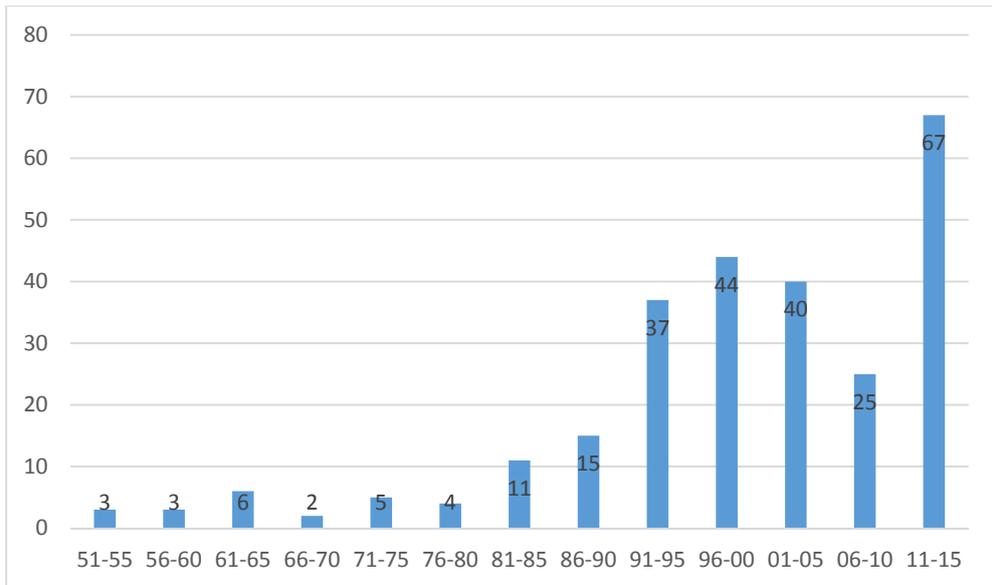
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64 Lorna S. Jaffe, “The Base Force,” *Air Force Magazine*, December 2000, pp.58-59.

65 Les Aspin, *The Report on Bottom-Up Review* (Washington D.C.: Department of Defense, 1993).

66 Brasher, *Op.Cit.*, p.184.

However, what happened on the ground shattered this optimism. That was largely because of the “doing more” part of the new US forces mission. What the US forces had to do more in the aftermath of the Cold War can be summarized as follows: 1. Sustained military support for allies despite the fading Cold War threats; 2. An increasing need of OOTW (operations other than war), i.e. contingency responses such as human security, humanitarian aid, counter-terrorism and weapons proliferation, piracy, disaster relief, etc.



**Figure 8 Incidence of US Foreign Intervention**

The graph above represents an explosion of the US military operations overseas in the post-Cold War era. It clearly indicates that the number began to soar at the

beginning of the 1990s. However, what also afflicted the smaller US forces qualitative changes in military missions. Besides humanitarian aid or disaster relief, an increase in irregular warfare such as counterterrorism required sizable manpower that can hardly be replaced by high-tech equipment and weaponry. A series of reports by both government research arms and private think tanks raised alarm on this growing incongruity, but despite the consensus that overall military readiness, training level and working conditions of the existing servicemen were deteriorating in no small part due to the troops reduction, return to an increase of a standing army was largely out of the question. This naturally drove the policymakers to the remaining option: private military contractors(PMC).

## (2) The Development into Increasing Use of PMCs

In 1997, Congressional Budget Office(CBO) proposed four options to solve a shortage of troops: an increase in service members on active duty, a broader use of reserve forces, assistance from ally and friendly countries, and an increasing reliance on the private sector.<sup>67</sup>

Considering the decline in recruit in the 1990s, increasing the ranks through voluntary enlistment was next to impossible. Also, any augmentation plan could set off

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67 Congressional Budget Office, *Structuring the Active and Reserve Army for the 21st Century*, [http://www.fas.org/man/congress/1997/cbo\\_army/chap\\_04.htm](http://www.fas.org/man/congress/1997/cbo_army/chap_04.htm) (2016-04-10).

strong opposition from the public as well as Congress, with the existing army reduction policy imposing a ceiling on the troops size.<sup>68</sup> Thus, a national consensus on augmentation was hard to achieve in the absence of a ‘clear and present danger’.

A more active use of reserve forces was the most reasonable and viable option. However, there were some caveats. The size of reserve forces was also capped and the Congress and the public should be convinced to increase the role of the reserve units. Also, the federal government must earn concessions from state governments because most of the reservists are assigned to National Guard.<sup>69</sup> Thus, reserve force deployment proved a viable but insufficient solution.

The third option, increasing assistance from allies, if implemented properly, could turn out the optimal solution. The US Department of Defense once made an assessment that military support from allies and partner countries amounted to 42,000 troops.<sup>70</sup> However, this option also has its own limits. First, not all US allies has the solid and substantial level of partnership and cooperation necessary for needed military support. Many of the countries, particularly those in the Middle East had not signed the

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68 The General Accounting Office, *Contingency Operations: Opportunities to Improve Civil Logistics Augmentation Program* (Washington D.C.: The General Accounting Office, 1997), p.8.

69 Lee, *Op.Cit.*, p.147.

70 John C. F. Tillson et al., *Review of the Army Process for Determining Structure Requirements* (Alexandria, VA: Institute for Defense Analysis, 1996), p.48.

Wartime Host Nation Support(WHNS), which serves as a legal basis for military assistance.<sup>71</sup>

Nor could all the staunch allies of the US provide assistance to a level necessary to fully replace the US deficit.<sup>72</sup> This is because a majority of the military alliance the US forged during the Cold War were asymmetrical in nature; they were apparently ‘mutual defense treaties’ but at the core of those treaties were one-sided military support from the US, with only limited levels of support available the other way around.<sup>73</sup>

Organized burden-sharing and the US force redeployment could be a solution to this problem. However, it inevitably involves an intricate web of political interests and considerations, possibly worsening the existing relationship. This has turned out to be a major obstacle to a full-scale application of the Global Posture Review(GPR), where the US troops stationed in low-conflict regions can be dispatched to developing zones of conflict, allowing flexibility in force deployment. Because this policy demands stable relationship and the political risk and potential costs concerning the persuasion of redeployment, its applicability was as, if not more, conditional and limited as the previous alternatives.

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71 Global Security, “Logistics Civil Augmentation Program, LOGCAP,”

<http://www.globalsecurity.org/military/agency/army/logcap.htm> (2016-04-15).

72 Global Security, “Iraq Coalition Troops,”

[http://www.globalsecurity.org/military/ops/iraq\\_orbat\\_coalition.htm](http://www.globalsecurity.org/military/ops/iraq_orbat_coalition.htm) (2016-04-15).

73 Lee, *Op.Cit.*, p.148.

It is this applicability that differentiates PMC use from the rest of policy options; PMCs are not limited by the ceiling on the troop size, which makes the option less ‘visible’ and provocative to the Congress and the public opinion, on the condition that the employer country can afford a consequent defense budget increase.

In the end, the US employed a combination of the policies above: some reserve forces supplemented active-duty soldiers; adjustments have been made to the security burden-sharing with allies; a considerable part of military functions have been outsourced to PMCs. The makeup of the entire foreign military deployment in Iraq in late 2006 illustrates this mixed approach: 130,000 US troops (97,000 active/33,000 reserve), 17,000 ally soldiers, complemented by 100,000-odd PMC employees.<sup>74</sup>

### (3) Broadening Areas of PMC Use by the United States

The initial use of PMCs by the US forces was concentrated on logistics, which was hit hardest by the downsizing efforts, but personnel training programs were also commissioned to PMCs before long. A spike in the incidence of foreign expeditions, however, further expanded the areas of outsourcing in order to solve a shortage of troops. Eventually, the US forces have come to make use of PMC services in all military affairs. The case of Iraq, where the number of PMC employees almost matches that of active US troops, is illustrative of the situation.

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<sup>74</sup> Renae Merle, “Census Counts 100,000 Contractors in Iraq: Civilian Number, Duties Are Issues,” *Washington Post*, December 5, 2006.

## 1) Early Stage: Logistics

The first effort to employ PMC services in the US forces was carried out in the logistics area, where the impact of the downsizing was felt hardest. US Materiel Command was reduced to 60% of its size in the Cold War era, but an increase in foreign expeditions and support missions led to a shortage of workforce. The US forces met the challenge by expanding the LOGCAP (Logistics Civil Augmentation Program).<sup>75</sup>

The program was originally devised in 1985 to support military missions overseas conducted by the US forces in places that WHNS agreements could not cover.<sup>76</sup> As the Base Force initiative developed by Powell gradually got a positive reception in the administration, however, the US Army found it imperative to reform and expand LOGCAP to solve logistical problems experienced by US forces abroad.

At the heart of the reform efforts was the so-called ‘umbrella contract’, where the LOGCAP project is commissioned to a single major contractor in the form of a blanket contract. In addition, the US Army applied the notion of ‘single point contract’ to LOGCAP operation, in which all logistics needs and services can be taken care of by a

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75 The three branches of the US armed forces each has its own civilian logistics program named LOGCAP (Logistical Civil Augmentation Program), CONCAP (Contingency Capabilities), and AFCAP (Air Force Contract Augmentation Program).

76 Global Security, “Logistical Civil Augmentation Program, LOGCAP,” <http://www.globalsecurity.org/military/agency/army/logcap.htm> (2016-04-15).

minimum number of logistics officers ‘making purchases’ from the contractors.<sup>77</sup> The first company to win the contract was Brown and Root Service (currently KBR).

With the drastic troops downsizing, however, LOGCAP soon began to cover an even broader array of services than was originally intended.<sup>78</sup> Also, the service period was extended from the initial state of operation to the entire duration of conflict.

Eventually, the US forces redefined the role of LOGCAP as direct logistical support on the battlefield. The USMC expanded the coverage of LOGCAP, including not only purely military operations but also humanitarian interventions as well as UN peacekeeping operations.

The Iraqi war clearly demonstrates the US forces’ dependence on LOGCAP. Awarding a contract worth 590 million US dollars to KBR expiring in 2003, the US Army delegated the entire logistics of the 5 divisions deployed in Iraq to KBR.<sup>79</sup> Also, Dyncorp and Fluor Corp won a similar contract in Afghanistan worth 590 million US dollars.<sup>80</sup>

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77 Singer, *Op.Cit.*, p.251.

78 The General Accounting Office, *Contingency Operations: Opportunities to Improve Civil Logistics Augmentation Program* (Washington D.C.: The General Accounting Office, 1997), p.5.

79 The Center for Public Integrity, “Kellogg Brown and Root (Halliburton),” <http://www.publicintegrity.org/wow/bio.aspx?act=pro&ddlC=31> (2016-05-01).

80 Nathan Vardi, “DynCorp Takes Afghanistan,” *Forbes*, July 30, 2009.

## 2) Military Training

An increase in the number of missions abroad coinciding with the drastic troops reduction forced US armed services to assign most of their active servicemen to foreign deployment, reducing non-combat staff to a minimum including instructors and drill sergeants. To this end, the US forces delegated military training and education to the private sector.

To be more specific, the US armed forces began outsourcing of military education institutions in the early 1990s, including Army Management School, Army Combined Arms and Service School, and Training and Doctrine Command Pilot Mentor Program in Command and General Staff College.<sup>81</sup> The most striking case, however, was the outsourcing of ROTC program to MPRI in 1996.<sup>82</sup>

The US Army planned ROTC Training Support Program in 1996 and picked MPRI as the provider of the services, while commissioning a research project on the efficacy of the program to RAND, which submitted a resultant report in 1998.<sup>83</sup> 2 years of test operations in 15 universities from 1997 through 1998 were generally successful, and all the training staff from MPRI met the recruitment and performance standards. The Rand report also assessed that the outsourced training was more effective than the

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81 Singer, *Op.Cit.*, p.219.

82 <http://www.goarmyrotc.com> (2016-04-28).

83 Rodger Madison, Laurie L. McDonald, Charles A. Goldman, Bruce R. Orvis, Michael Mattock, Dorothy Smith, *Staffing Army ROTC at Colleges and Universities: Alternatives for Reducing the Use of Active-Duty Soldiers* (Santa Monica: RAND, 1999). P. 46.

conventional model, allowing the reassignment of surplus servicemen to other branches. However, the report was skeptical on the cost-effectiveness of the program, noting that the use of PMCs in the program would incur an extra 10,000 US dollars per trainer.<sup>84</sup>

Despite these concerns over the potential cost, the US Army expanded the program to 230 universities across the country. This was largely because the US Army deemed it more important to reassign troops to foreign deployment mission than to save costs. Thus, many other training and education programs including equipment operation, staff education, senior commander education, tactical training and war gaming, Laser Marksmanship Training(LMT) were outsourced to PMCs. Moreover, local adaptation training in Iraq was also performed by MPRI.<sup>85</sup>

### 3) An Ever-Expanding Role of PMCs in Military Affairs

In 1996, the US Department of Defense concluded that PMCs could provide a solution to a declining recruitment rate and an increasing foreign missions. Detailed policy suggestions were made in the report titled *Outsourcing and Privatization*. Here, the potential use of PMCs services was expanded to more than 20 areas including general logistics, intelligence processing in CONUS(continental US), all types of technical

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<sup>84</sup> *Ibid.*, pp. 39-44.

<sup>85</sup> Gerald Schumacher, *Bloody Business* (St.Paul: Zenith Press, 2006), pp.140-142.

skill training, medical support, military housing, pilot training, weapons system maintenance, and airfield operation.<sup>86</sup>

Since then, the US DoD signed 3,061 contracts worth 3 billion dollars in total from until 2002.<sup>87</sup> During the same period, 4 of the top 5 companies contracted by the US government, in terms of contract price, were PMCs.<sup>88</sup> This way, the areas of PMC activities got closer and closer to battlefield. High-intensity training programs for actual battle were also outsourced to PMCs, while the Navy and the Air Force commissioned ATAC Corporation with the provision of fakers and combat flight training.<sup>89</sup>

On top of that, reconnaissance and electronic surveillance missions were also delegated to PMCs. The US DoD hired Airscan for aerial surveillance tasks for narcotic control in Colombia. Furthermore, NORAD delegated its intelligence and communications tasks to OAO Corporations.<sup>90</sup> Recently, the initial-stage operation and training of new

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86 Defense Science Board Task Force, *Outsourcing and Privatization* (Washington D.C.: Office of the Undersecretary of Defense for Acquisition and Technology, 1996). pp.57-66.

87 The Center for Public Integrity, "Making a Killing: The Businesses of War," *The Center for Public Integrity Special Report*, October 28, 2002, <http://www.publicintegrity.org/report.aspx?aid=177> (2016-05-01).

88 The Center for Public Integrity, "Post-war Contractors Ranked by Total Government Earnings: All Federal Contracts from 1990 Through Fiscal Year 2002," <http://www.publicintegrity.org/wow/bio.aspx?act=history#124> (2016-05-01).

89 Christian Lowe, "Services Look to Contractors to Fly 'Adversary Aircraft,'" *Defense Week*, September 25, 200, p.1.

90 Steven Saint, "NORAD Outsources," *Colorado Springs Gazette*, September 1, 2000.

weapons systems such as unmanned aerial vehicles were also commissioned to PMCs.<sup>91</sup>

Strategy and planning were also not an exception to the trend of outsourcing.

Supervision of Quadrennial Defense Review as well as strategic and weapon support planning of US Materiel Command, and strategic planning of US Training and Doctrine Command are not commissioned to MPRI.<sup>92</sup>

#### 4) Finally Onto the Battlefield: War in Iraq and Afghanistan

Since the War in Iraq began in 2003, PMCs have been deployed on the battlefield on a massive scale. At the outset, the US wanted to avoid a large-scale mobilization, expecting to deploy a total of 130,000 troops, which then would be reduced to 30,000~50,000 levels once regular warfare was over.<sup>93</sup> However, it turned out that the US had to send 250,000 soldiers, almost double the originally planned number. Although the regular warfare ended quickly, what was waiting for the US troops was much more daunting and troubling irregular warfare during the post-war period. Almost 14% of the entire US Army could have been bogged down in this single region, and they would have to be rotated regularly to make up for fatigue and loss.

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91 Ian Traynor, "The Privatization of War," *Guardian*, December 10, 2003.

92 MPRI, "Strategic Planning Programs." <http://www.mpri.com/main/strategicplanning.html> (2016-04-03).

93 Global Security, "Iraq: U.S. Forces Order of Battle," [http://www.globalsecurity.org/military/ops/iraq\\_orbat.htm](http://www.globalsecurity.org/military/ops/iraq_orbat.htm) (2016-04-15).

This prospect of a prolonged stationing put a heavy strain on the already understaffed US forces.

In fact, the US military leadership had been warning against a prolonged overseas projection of US ground troops, particularly in civil wars and guerilla warfare where the capital-intensive strength of the US military could not be expected to prevail. Despite protestations from then-US Army Chief of Staff Eric K. Shinseki that a minimum of hundreds of thousands of the US troops and the equivalent coalition forces would be needed to properly conduct post-war missions, the warnings, which later turned out to be true, fell on deaf ears.<sup>94</sup>

In the post-war period, the US troops had to perform four major tasks: security patrol and destruction of resistance groups; premise and VIP guard; reconstruction of Iraqi military and police forces; search and removal of weapons and landmines hidden all across the country. The number of the US ground troops fell far short of covering all these missions and eventually PMCs were called in to fill the gap.

The Department of Defense awarded contracts concerning Iraqi restoration projects to PMCs, including the training of Iraqi armed forces, removal of explosives in key facilities, disarming and dissolution of the existing Iraqi forces, VIP and facility protection, aerial surveillance at night, along with the provision of consultants and

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94 Eric Schmitt, "Pentagon Contradicts General on Iraq Occupation Force Size," *New York Times*, February 28, 2003.

interpreters for all these missions. The 12 contracts cost the US government more than 951 million US dollars.<sup>95</sup>

In 2006, there were about 100,000 PMC employees active in Iraq, a figure close to 130,000 US regular troops in the country. Meanwhile, the increase in non-regular warfare came to involve PMCs in combat against local rebel forces. In particular, installation and VIP security services inevitably imply engagement with insurgents.<sup>96</sup> The Incident in Najaf highlighted this entanglement.<sup>97</sup>

The situation in Afghanistan was even more serious. Since the US military shifted its focus to Iraq before the post-war settlement was finished in Afghanistan, a large portion of the troops originally deployed to the country had to be dispatched to Iraq. Operating in two theaters of war simultaneously was an overwhelming task for even the most powerful US military. With a bulk of troops redeployed to Iraq, the US troops

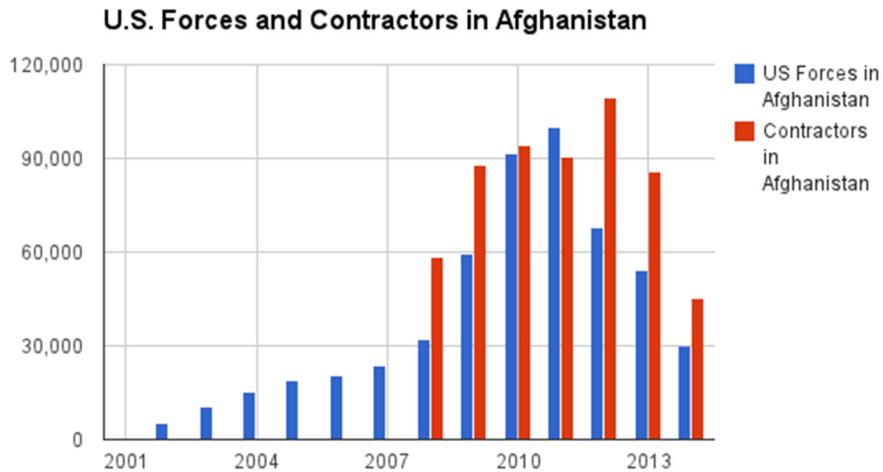
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95 David Isenberg, *A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq*, BASIC Research Report 2004 (London: BASIC, 2004), pp.137-139.

96 Dana Priest, "Private Guards Repel Attack on U.S. Headquarters," *The Washington Post*, April, 2004.

97 Lee, *Op.Cit.*, p.171.

in Afghanistan had no choice but to resort even more to PMCs in search and mop-up operations against the remaining Taliban and Al Qaeda elements.



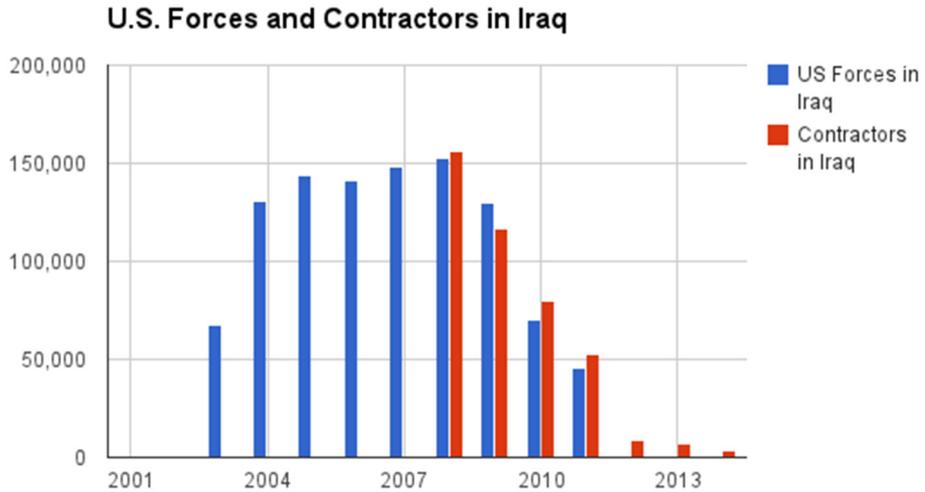
**Figure 9 U.S. Forces and Contractors in Afghanistan**

As of July 2009, about 74,000 PMC employees from dozens of firms were active in Afghanistan, easily outnumbering the 58,000 US troops in the country.<sup>98</sup> Their main missions are similar to those in Iraq: logistics support, localization training, training of Afghan military and police forces, installation and VIP security, armed convoy, etc. In addition, they were tasked with the clampdown of opium production and distribution, which are known as the main revenue source of the Taliban.<sup>99</sup>

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<sup>98</sup> *Financial Times*, July 16, 2009.

<sup>99</sup> Lee, *Op.Cit.*, p.174.



**Figure 10 U.S. Forces and Contractors in Iraq**

#### (4) Summary of Type 1 States: Self-bound Norm-setter

Type 1 countries use PMCs to complement their foreign military expeditions. The end of the Cold War brought about two contradicting shifts in U.S. security policy. As the ‘clear and present danger’ vanished, optimism for the future justified a large-scale military downsizing. However, the continued foreign military assistance and intervention pushed up the number of military mission abroad dramatically. This was largely due to an increase in the demand for global ‘policing’ including humanitarian intervention. As a consequence, the “Doing More with Less” doctrine was faced with a persistent dearth of manpower, with few alternatives available. The most convenient

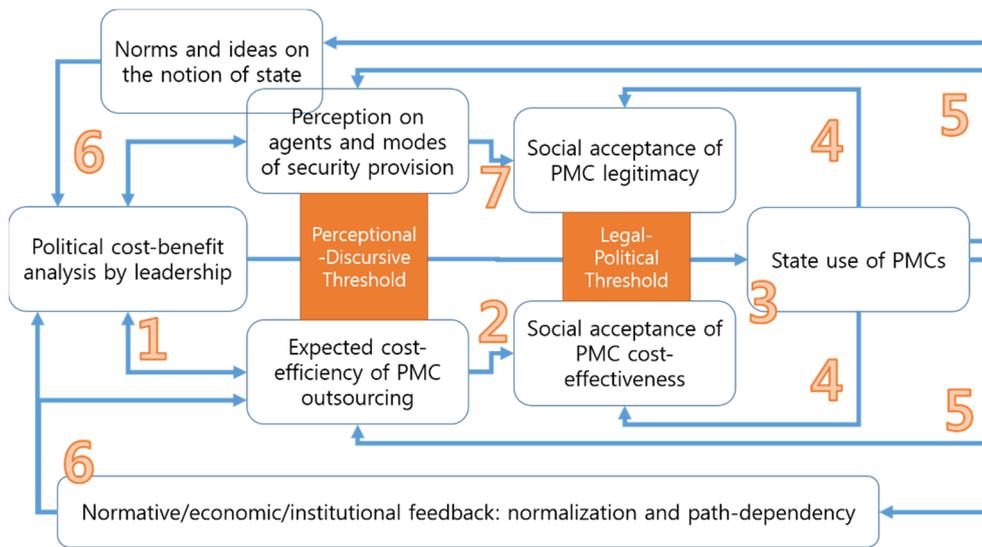
and instant solution to this dilemma for the U.S. in the 1990s was to supplement the regular force with the employment of PMCs.

The characteristic of Type 1 is that the use of PMCs is closely related to foreign military expeditions. At first, combat support services such as logistics were outsourced to PMCs, followed by military training in each service. The aim was to bring up the proportion of combat troops deployed abroad. Despite these efforts, the shortage of military manpower showed few signs of improvement, forcing the U.S. to rely even further on PMCs not only in non-combat sectors but also in actual combat. As of 2009, the U.S. CENTCOM hired 240,000 PMC employees, which is an unprecedented size of security privatization.

In the short run, the use of PMCs by the U.S. is deemed effective. PMCs helped secure enough size of combat troops for foreign deployment by taking care of support and logistics. In the long run, however, it exacerbated the manpower shortage further. Once necessary human resources were supplied from the private sector, the US military paid less attention to a sustained recruitment of regular forces. The military readiness report published by the Representative Office of the US Congress in September 2006 revealed that the issue of military manpower shortage was getting worse despite the use of PMCs. The report warned that the military readiness of the US Army was in its worst since the Vietnam War.<sup>100</sup>

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100 Murtha Obey, "United States Army Military Readiness," September 13, 2006, [http://www.globalsecurity.org/military/library/congress/2006\\_rpt/060913-murtha-obey\\_army-readiness.htm](http://www.globalsecurity.org/military/library/congress/2006_rpt/060913-murtha-obey_army-readiness.htm) (2016-05-25).



**Figure 11 Synthesis Model of Type 1 PMC Use**

The side effects of increasing PMC use were as toxic. Waste of the budget, operation delays caused by ill-qualified and poorly trained staff, illegal and deviant behavior all weakened the U.S international standing. A bigger problem is that the US cannot seem to reverse the trend despite these side effects, since rolling back the use of PMCs would require enormous costs and time. Even after the withdrawal from Iraq, the US forces still need to station some 100,000 troops, most notably in Afghanistan. As the campaign in the country did not go as Obama planned initially, the US had to rely more on PMCs for support and stabilization missions there. These all point to a situation where the use of PMCs by the US becomes a must.

## 2. Type 2: Middle Power – Supply – Demand

### (1) United Kingdom

The cases of the United Kingdom, Germany and France have more similarities with that of the US than the rest of the countries, but they distinctly diverge from the US case in certain aspects, which merits a chapter and category of their own. First, the use of PMC by the UK has increased for the past two decades. The level of security privatization, although dwarfed by that of the United States, is quite high in quantitative terms.<sup>101</sup> During the invasion into Iraq in 2003, 2,000-odd private military contractors were in operation side by side with 46,000 British troops. In the subsequent period of Iraqi reconstruction and stabilization, the ratio of national armed forces to PMCs plummeted from 23:1 to 2:1, as 2,200 PMC employees operated next to 4,100 British servicemen in 2008.

During the period of 2003 through 2008, the Foreign and Commonwealth Office reportedly spent at least 137 million pounds on personnel and premise security, as well as the training of Iraqi police forces.<sup>102</sup> All in all, the United Kingdom used 25% of its

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101 Dominick Donald, *After the Bubble: British Private Security Companies after Iraq*, (London: RUSI), 2006 12-22.

102 David Isenberg, *Shadow Force: Private Security Contractors in Iraq*, (Westport, CT: Praeger), 2009, p.32.

defense budget (slightly smaller than 8 billion pounds) to hire PMC services,<sup>103</sup> while the services account for 30~40% of UK spending on foreign military operations.<sup>104</sup>

In quality terms, the United Kingdom depends on a narrower array of PMC services than the United States. The UK Ministry of Defense, unlike the US Department of Defense, distances itself from PMCs in general, and this tendency originated from the 1990s when the Sandline International, with the acquiescence of FCO, illegally imported arms into Sierra Leone, violating an UN embargo.<sup>105</sup> In contrast to the US, seldom outsourced to PMCs are military training, weapons systems operation, not to mention intelligence activities, let alone military installations protection and officials.<sup>106</sup>

However, foreign service and the Department of International Development have increasingly resorted to private guards for premise and personnel protection, along with the training local police forces in Afghanistan and Iraq.<sup>107</sup> That said, the use of PMC by the UK has been concentrated in areas of technical and logistical support.<sup>108</sup> PMC provide a large part of communication and maintenance services as well as transport

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103 Giscard d'Estaing, Louis and Bernard Cazeneuve, "Rapport d'information en conclusion des travaux de la mission d'évaluation et de contrôle (MEC) sur les externalisations dans le domaine de la défense", Report for the National Assembly, 5 July, (Paris: National Assembly), 2011, p.11.

104 Elke Krahnmann, *States, Citizens and the Privatization of Security*, (Cambridge: Cambridge University Press), 2010, pp 201-202.

105 Kinsey, *Op.Cit.*, pp. 104-105.

106 Krahnmann, *Op.Cit.*, pp.202-203.

107 Kinsey, *Op.Cit.*, pp.109-111.

108 *Ibid.* pp.91-114.

and logistics.<sup>109</sup> Since 2004, the entire process of military logistics overseas has been effectively outsourced to KBR, a private contractor. Military support services by private entities range from low-skill activities like supply provision, construction and waste disposal to high-tech weaponry repair such as vehicles, naval vessels and aircraft. In the aftermaths of the Kosovo campaign, additional contracts were signed with mine-clearance businesses and the Royal air Force was offered airborne transport, aerial refueling as well as aircraft crew training services by a private consortium names AirTanker.<sup>110</sup>

In the United Kingdom, security privatization at home has taken root since the 1980s, after which PMCS has been involved in base/port/garrison management, maintenance as well as communications technology support and even financing of weaponry and military facilities. However, extensive PMC engagement in overseas military expeditions is quite a new trend.<sup>111</sup> Even though a majority of services provided by the PMCs seem comparatively uncontroversial and less closer to actual combat activities in general than those in the US case, PMCs have nevertheless been playing a pivotal role in power projection and overseas operations by UK, thus establishing themselves as ‘a non-military core component that makes up part of force

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109 Krahnmann, *Op.Cit.* pp.202-204.

110 Giscard d’Estaing and Cazeneuve, *Op.Cit.*, p.63.

111 Kinsey, *Op.Cit.*, p. 92.

structure' and 'part of the decision-making process as to whether an operation should go ahead.'<sup>112</sup>

## (2) Germany

In response to a number of legislative inquiries between 2005 and 2011, the government of Germany has persistently emphasized that Germany does not make use of private military services in conflict zones.<sup>113</sup> Nevertheless, the German armed forces employ PMCS for logistical services as well as overseas protection missions. While it is evident that German forces are supported by both unarmed and armed private contractors, no empirical data is available to substantiate this fact. Considering the range of PMC services, it is estimated that the ratio of national forces to PMCs lie somewhere between 10:1 and 5:1.<sup>114</sup>

In contrast to the 1990s when the German government seldom hired PMCs, 1.4 billion euros were spent on PMC services in 2008; in 2010, the figure rose to 1.6 billion.<sup>115</sup> Still, the 5% of the total defense budget represents a relatively modest share compared to the 25% of the UK and the 30% of the US.<sup>116</sup> According to NATO's

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112 Kinsey, *Op.Cit.*, p.104

113 German Federal Government "Antwort der Bundesregierung auf eine Groe Anfrage zum Thema Regulierung privater Milita`r und Sicherheitsfirmen," 5 August, Berlin: German Parliament. 2011.

114 Krahnmann, *Op.Cit.*, pp.210-215.

115 Giscard d'Estaing and Cazeneuve, *Op.Cit.*, p.11.

116 *Ibid.* p.11.

SALIS(Strategic Airlift Interim Solution) Program, Germany is committed to the minimum of 750 flight hours annually, which amounts to an annual cost of 20 million-odd euros. Not only German airlines but also Russian and Ukrainian firms have been hire to transport heavy armored vehicles and equipment to regions of conflict, most notably Afghanistan.<sup>117</sup>

In overseas operations, PMCs have been generally employed as bodyguards and logistical and technical support staff. These include supply provision and transport, field post, repair and maintenance, construction, waste disposal, cleaning and laundry, IT services, and personnel training.<sup>118</sup> In its intervention into Democratic Republics of Congo, Kosovo and Afghanistan, Germany used private naval and air resources on an extensive basis. In addition, the German forces depended satellite intelligence on PMCs during the Kosovo campaign, and delegated the protection of military camps and the maintenance of armored weapons transport vehicles in Afghanistan.

At home, the German forces have outsources functions such as premise security, logistics and personnel training.<sup>119</sup> They have also set up public-private partnership in garment supply, maintenance of heavy equipment and IT services,<sup>120</sup> while developing

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117 Singer, *Op.Cit.*, p.120.

118 Krahnmann, *Op.Cit.*, pp.201-211.

119 Petersohn, *Op.Cit.*, pp15-18.

120 Krahnmann, *Op.Cit.*, p.176.

additional privatization goals in non-core security functions like installation management.<sup>121</sup>

In spite of the growing trend towards security privatization in Germany, the level and scope of outsourcing hardly come closer to those of UK and US, both in quantitative and qualitative terms. Core security functions remains largely in the hands of state forces, except that airborne transport by private entities leaves room for future involvement into overseas power projection capabilities by the private sector.<sup>122</sup>

### (3) France

Like the case of Germany, the scale of PMC presence in the French forces and government bodies operating in zones of conflict is mediocre at best, especially compared with the UK and the US.<sup>123</sup> While there exists no detailed data on the current size of PMC employment and the PMC-army ratio, government spending on PMCs reveals a clearer picture. Expenditure on outsourcing programs by the French Department of Defense tripled (from 592 million to 1.7 billion euros) in the period between 2001 and 2009.<sup>124</sup> Meanwhile, the share of spending on hiring PMCs rose from 2 to 5% of the defense budget of France. The level is comparable to that of

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121 Deitelhoff, *Op.Cit.*, p182.

122 Petersohn, *Op.Cit.*, pp.12-21.

123 Giscard d'Estaing and Cazeneuve, *Op.Cit.*, p.70.

124 *Ibid.* p.11.

Germany, which is significantly lower than those of the US and the UK. The uptick is mostly attributed to aircraft maintenance and the transportation of soldiers and war materiel to areas of conflict. The SALIS program allows the French forces 1,195 flight hours annually, which costs 25,000 euros per flight hour. France exceeded its quota from 2008 to 2010 (1,723 flight hours in 2008, 1,363, hours in 2009, and 1,231 in 2010. 25% of all flight orders for the SALIS members came from France.<sup>125</sup>

Despite the expanding scope of PMC tasks in and outside France for the past few years, France has expressed reluctance in security privatization of a wide array of military functions. No PMC employed by France has thus far been involved in combat either directly or indirectly,<sup>126</sup> which is a supposed ‘red line’ for the Department of Defense. It also laid down that any outsourcing of national security functions must be reversible.<sup>127</sup> To date, Services provided by PMCs to the Ministry of Foreign Affairs and the Department of Defense of France include personnel training and advisory tasks, premise and aircraft maintenance, logistical support for troops overseas, embassy guard, and the protection of military installations abroad.<sup>128</sup>

Even though France has limited the scope of security privatization, one area where it counts heavily on private sector service is air transport by which its servicemen and heavy equipment are projected overseas. As was the case with

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125 *Ibid.* p.37

126 *Ibid.* p.11.

127 *Ibid.* p.70.

128 *Ibid.* pp.32-34.

Germany, this tendency bears implications for power projection and operability on the strategic level. Government officials of France cautiously acknowledge that this is an encroachment on a core military function by PMCs and further raises questions of sovereignty.<sup>129</sup>

Notwithstanding similar patterns of security privatization between France and Germany, there also exist salient differences. The French Department of Defense has an ownership of 49.9% of a semi-private firm called Défense Conseil International(DCI), whose business areas cover a broader scope than the public-private partnership in Germany.<sup>130</sup> Founded originally to promote French weapons export, DCI currently provides services in areas such as training, education, and advice both internally and externally. DCI hires 700 employees, mostly former French soldiers and has branch offices in Malaysia, the UAE, Saudi Arabia, Qatar, and Kuwait.<sup>131</sup> By the same token, conservative and socialist representatives in the National Assembly have prepared a joint report advocating that France should not only ‘structure’ a domestic PMC market through regulation, but also encourage its growth.<sup>132</sup>

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129 Christian Ménard and Jean-Claude Viollet, “Rapport d’information par la Commission de la défense nationale et des forces armées sur les sociétés militaires privées,” *Report for the National Assembly*, 14 February, (Paris: National Assembly). 2012, p.14.

130 Giscard d’Estaing and Cazeneuve *Op.Cit.* pp.69-70.

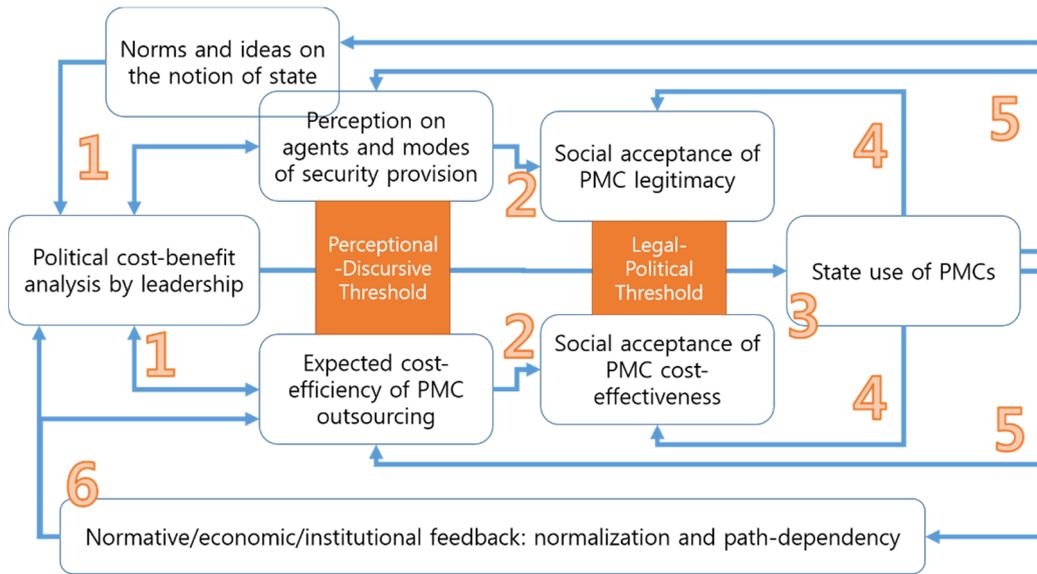
131 Isenberg, *Op.Cit.* p.20.

132 Ménard and Viollet, *Op.Cit.* p.30.

#### (4) Summary of Type 2 States: Opportunistic Followers

From the perspective of the comparative empirical analysis, a common trend towards a more encompassing use of PMC is evident, particularly among Type 1 and Type 2 countries. However, the quantity and quality of the use of PMCs by Type 1 countries, i.e. the U.S., are unprecedented and unrivalled. While the scope and depth of security privatization in the UK are significant by itself, activities outsourced by the British government concentrate on non-combat and logistical support, which are essential for power projection abroad.

In a similar vein, Germany and France, even though they have increased their use of PMCs in recent years, their levels of security privatization are comparatively lower than that of the U.S. Also, the areas of security privatization are more limited. Still, the large-scale dependence on private strategic transport capacities suggests that core necessities of warfare are being privatized.



**Figure 12 Synthesis Model of Type 2 PMC Use**

### 3. Type 3: Weak State – No Supply – Demand

#### (1) A Backgrounder: Lack of Military Means & Resources

With the end of the Cold War, the so-called third world countries, particularly those located in backward regions in Africa, South Asia, etc. suddenly turned from the frontline of the US-USSR charm offensive and turf war into the periphery of the single global system dominated by the US. The ‘perquisites’ afforded by the Cold War structure were soon lost, because the US no longer had an incentive to provide military and/or financial assistance to the often pernicious and oppressive regimes. Since these regimes were mostly military juntas or pseudo-democratic dictatorships, they took pains to earn a veneer of legitimacy by recognition and support from either the US or the Soviet Union. In other words, leaders of these countries were seriously challenged by domestic opponents and potential competitors, who could be put down by the incumbents only when they could secure external support.

In fact, some countries retained only a handful of armed forces even smaller and weaker than opposing ‘rebels’ or ‘insurgents’. In Sierra Leone’s case, the state army amounted to only a few thousands with no tanks or armored vehicles in service, whereas the insurgent forces numbered more than 15,000. The case of Angola was not very different. At the peak of the civil war in 1993, the regular troops of Angola were

45,000, easily outnumbered by the 65,000-strong rebel forces.<sup>133</sup> Moreover, the continuing civil war inevitably drained the potential army draftee population.

Thus, these countries were unable to find any means to overcome the security challenges of the post-Cold War era. What remained as the last resort was to make use of private military contractors.

Normally, small countries experiencing a civil war can resolve the crisis in five ways. The first option is augmentation on its own. However, as was previously mentioned, the prolonged civil war reduced the number of male adults fit for military service, with the remaining potential soldiers further dodging draft by any means possible. As a desperate move to fill this gap, some regimes went so far as to conscript vagrants and minors(boys) but it turned out a cure worse than the disease. These ill-disciplined troops often engaged in fragging, desertion and attack on civilians.

The second and third options, securing military assistance from the US or from former colonizer countries were as tricky. The US became particularly reluctant to deploy its own forces to civil wars in other countries since the debacle in Somalia in 1993, and former empires such as UK or France had little to gain from military intervention, which was the reason the UK and Australia turned a blind eye to Sierra Leone and Papua New Guinea respectively in the mid-1990s.

UN peacekeeping operation could be another option, but the UN does not take any side and its primary goal is to cease conflict. Worse, it usually takes too long for

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133 IISS, *the military balance 1993/1994*(London: Oxford University Press, 1993), p. 200.

the UN to make a decision to intervene, much less deploy its forces, making this option effectively out of the question. Sierra Leone had to wait 5 months before the UN finally decided to send the peacekeeping force, which was actually deployed 2 years after the civil war broke out.

Thus, countries in this group, simply left to their own device, seemed to have no solution whatsoever available. Only some countries could afford the last remaining option, which was to utilize PMCs. This was made possible because these countries had natural resources, especially minerals, with which they could finance the PMC employment; they either conceded mining rights to the PMCs directly or used them as a collateral. With the absence of either a disciplined, loyal standing army or a sustained source of revenue, these regimes had to entrust the entire military affairs, from logistics to command and actual combat, to PMCs in the form of a package deal.

The most representative cases of this type are those Papua New Guinea, Sierra Leone and Angola. All these countries faced systemic security crisis after the end of the Cold War.

## (2) Papua New Guinea

A Protectorate of Australia since the 1970s, Papua New Guinea is a country made up of 600 islands of various size. Its economy is concentrated on the Panguna copper mine on Bougainville Island. The country was engulfed by a civil war when a

secessionist force launched an attack on the mine to take the ownership from the central government in 1988.

Australia turned down the request for military aid from the Papua New Guinean government, apparently raising the human rights issues in the Papua New Guinean army. However, the truth was more complicated than it seemed. While the secessionists continuously lobbied for independence, their goal of nationalizing the copper mine directly ran counter to the interest of Australian mining companies RTZ and CRA, which had part of the mine ownership.

In addition, the Australian government feared that intervention into Papua New Guinea might give the wrong signal and unnerve neighboring Indonesia, triggering military reaction on its part and further escalating regional tension. Australia's solution to this annoying dilemma was to isolate Papua New Guinea from the international community, particularly impeding any attempt of weapons import into the country.<sup>134</sup>

However, the ill-equipped regular forces of Papua New Guinea were simply unable to defeat the rebel forces.<sup>135</sup> A counter-rebel operation of an unprecedented scale before the general election to turn the situation in the favor of the ruling elite miserably backfired, with a large number of troops killed or held hostage by the rebel forces.

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134 Shearer, *Op.Cit.*, p.12.

135 IISS, *the military balance 1996/1997*(London: Oxford University Press, 1996), pp.204-205.

This was the time when Papua New Guinean government signed a contract with Sandline International to restore order in Bougainville, by raising special operation units in the regular forces while obtaining intelligence on the secessionist forces.<sup>136</sup> In return, Sandline International was guaranteed to receive 36 million dollars, which was 1.5 times the annual defense budget of the country.<sup>137</sup>

Sandline International first dispatched 16 employees who would act as a training consultants. They were then assigned to a strike unit, which was then ‘modernized’ by these consultants. As part of this modernization effort, Sandline International provided firepower support including 7 Mi-24 attack helicopters, 2 Mi-17 assault helicopters, 6 rocket launchers.<sup>138</sup> The PMC employees were even granted a status of ‘special constable’ and allowed to arm themselves and use force for self-defense purposes.<sup>139</sup>

However, officers of the regular forces were threatened by the presence of this modern, effective force and was enraged by what they perceived as ‘unequal’ treatment of national forces vis-à-vis PMC employees. Amid the rising tensions, the military exposed the backdoor dealings between the government and Sandline International, which triggered popular riots. Eventually, then-Prime Minister Julius Chan stepped

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136 “Agreement for the Provision of Military Assistance Dated This 31 Day of January 1997 Between the Independent State of Papua New Guinea and Sandline International,” (<http://coombs.anu.edu.au/SpecialProj/PNG/htmls/Sandline.html>.)

137 IISS, *the military balance 1997/1998* (London: Oxford University Press, 2001), p. 204.

138 “Agreement for the Provision of Military Assistance Dated This 31 Day of January 1997 Between the Independent State of Papua New Guinea and Sandline International,” *Op.Cit.*

139 Singer, *Op.Cit.*, p.280.

down and the contract with Sandline International was revoked. However, the victory of the military led by General Singirok was also short-lived when it was revealed that he had been bribed by a Sandline's competitor and that he had known the contents of the contract.<sup>140</sup>

In the whirlwind of this lose-lose game, counter-rebellion operations and military modernization came to an abrupt halt. Also, the Papua New Guinean forces decided to sink all modern equipment left behind by Sandline International into the sea, because they had neither enough money nor personnel to operate them.

### (3) Angola

A former colony of Portugal, Angola had suffered a civil war since the days of independence movement. During the Cold War era, the ruling MPLA and the opposing UNITA waged a proxy war between the Western and the Eastern blocs. The Soviet and Cuba supported MPLA, while South Africa and the US backed UNITA in the 1970s and the 1980s respectively. With the end of the Cold War external military assistance was cut short: The Soviet could no longer support MPLA, which was even hit harder by the withdrawal of 50,000 Cuban forces. At the time, the entire Angolan armed forces amounted to mere 45,000. With the Cuban forces gone, they were easily outnumbered by UNITA, which were thought to command some 65,000-strong army.

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140 Tim Spicer, *An Unorthodox Soldier*, pp.165, 174-188.

At the beginning of the 1993, UNITA occupied 80% of the Angolan territory and even captured oil-producing facilities in the Soyo region in March. MPLA's defeat seemed obvious. The petroleum facilities were jointly owned by Angolan state enterprise Sonoal and multinational corporation named Brench Heritage, and they paid 20,000 US dollars to the MPLA regime as a rent. UNITA did not allow them to withdraw their equipment, hoping to use it as their new source of revenue. Nor did MPLA want the complete withdrawal of the companies from the region, but the problem was how to regain the region without destroying the facilities.

At first glance, three options were available to MPLA: additional mobilization; a new military sponsor overseas; a UN peacekeeping force. However, none of the three options were viable. With MPLA in control of only 20% of the whole territory, additional mobilization was simply impossible. Seeking a new sponsor to replace the Soviet and Cuban military assistance was also unrealistic, since the US, the sole superpower at the time, was still largely in support of UNITA. The last alternative of UN intervention was even unlikely, because the UN stands by political neutrality and does not take sides in any conflict.<sup>141</sup>

In these circumstances, what emerged as the last resort was to commission PMCs. Setting the restoration of oil facilities in the Soyo region as an objective, the MPLA regime signed a contract with South African PMC Executive Outcomes(EO) in May

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141 Singer, *Op. Cit.*, p.195.

1993. EO dispatched 80 and led the whole process of combat, which turned out an impressive victory for EO as well as MPLA.

Soon after the success of the operation, however, MPLA hired EO anew; UNITA recaptured the Soyo region right after EO personnel left the country.<sup>142</sup> This time, the MPLA leadership sought a long-term plan for PMC employment; in return for 40 million dollars provided by foreign mining companies, which were granted mining rights in the country, EO was asked to provide training and logistics services to rebuild Angolan forces as well as military advice for a year. However, the rebuilding process took a longer time than expected and EO had to engage in combat once again in exchange for an increase in down payment.

After the second 3-year contract, the Angolan forces were significantly improved in combat capability, soon reoccupying major cities and industrial zones of the country and bringing UNITA to a peace negotiation table. Even after EO withdrew from Angola largely under the pressure of the Clinton administration, the MPLA regime instead awarded a new contract to MPRI, a US-based PMC. MPRI did an excellent job of training and rebuilding Angolan military in short order and by 2001, Angola even exceeded South Africa in terms of all military indices but military spending.<sup>143</sup>

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142 Shearer, *Op.Cit.* p.46.

143 Lee, *Op.Cit.*, p.251.

#### (4) Sierra Leone

Sierra Leone is reputedly the most dramatic case of PMC activity. Encompassing multiple ethnic groups with their own armed forces, Sierra Leone was sitting on a powder keg from its birth. In March 1991, a civil war broke out as Revolutionary United Front led by Foday Sankho, with the support of Liberian President Charles Taylor, began an armed struggle against the government.<sup>144</sup> Compounding the troubling situation was a military coup led by army captain Valentine Strasser in 1992. Sierra Leone became an arena for free-for-all power competition. Even worse, the former colonizer UK cut off all forms of support.<sup>145</sup>

There was little Strasser's regime could do to tackle the daunting problems. The ill-equipped and understaffed military with dubious loyalty to the government was not a match for the Liberia-backed RUF. The situation was exacerbated by the lack of male youth population, rendering enlistment or conscription effectively impossible. The desperate regime tried an abominable recruitment method used by rebel forces and guerilla groups in Africa: it conscripted criminals and vagrants in exchange for marijuana and rum. The policy expectedly backfired; the soldiers more often assaulted civilians than the rebel forces and fragging became commonplace.<sup>146</sup> With plea for help

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144 Venter, *Op.Cit.*, p.26.

145 Spicer, *Op.Cit.*, p.191.

146 A. J. Venter, "Sierra Leone's Mercenary War," *Jane's International Defense Review*, November 1995.

from the international community all rejected by the UN, the US and all the other powers, it seemed that Strasser and his regime was doomed.

When RUF forces advanced and laid siege to the capital of Free Town in April 1995, Strasser clutched on the last straw; he hired Executive Outcomes. In return, the company was offered the mining right of the diamond deposits in Sierra Leone in lieu of the down payment of 15 million US dollars, along with an additional payment of 35 million dollars later.<sup>147</sup> The Strasser regime asked EO for two objectives: protection of the capital city and restoration of diamond mines in the Konoh region, a major revenue source for RUF. EO accomplished the mission rapidly and successfully in 9 days after its forces were deployed in action. They delivered a lethal blow to the RUF, which brought them to the negotiation table.

After a lull during which Ahmed Tejan Kabbah was elected new president through a relatively fair election, the prolonged ceasefire talks fell apart and RUF returned to pick up arms in October 1996. EO was called in again, destroying the RUF headquarters in the Bumpe region. Overwhelmed by the EO offensive, RUF eventually signed a peace treaty in November 1996, on the condition that EO withdraw from the country.<sup>148</sup>

Having a dim view of EO unlike the previous junta leaders, President Kabbah stood by the treaty and cancelled the contract with EO, further expecting a PKO and

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147 Robert Young Pelton, *Licensed to Kill: Hired Guns in War on Terror* (New York: Crown Publishers, 2006), p.263.

148 Shearer, *Op.Cit.*, p.51.

international assistance. However, RUF recouped its forces earlier than expected, and a UN peacekeeping force was not on the horizon. The situation seemed to turn for the better when a Nigeria-led peacekeeping force was deployed with the approval of the ECOWAS(Economic Community of West African States).<sup>149</sup>

However, a military coup led by RUF-affiliated colonel soon erupted, ousting President Kabbah, who then fled to Conakry, the capital of Guinea. In May 1997, CEO of Sandline International Time Spicer made an overture to Kabbah, but he expressed reluctance, believing that the international community would not desert his legitimate regime. Two months after the ouster, he realized that things were not going as he expected. The international community had not come up with any concrete plan. Only then did he choose to follow the path of the previous regimes: hiring a PMC.

Although the stated missions of the Sandline International was strategic and tactical support; logistics; and the training of the Kamjor militia, the services they provided actually included engagement on the battlefield. Lacking money for the contract, Kabbah had to use the diamond mining rights just like his predecessors.

As a result, a joint operation with ECOWAS peacekeeping forces, Sandline International took back the capital in March 1998, driving out the RUF and coup forces. It is only after this operation and the return of President Kabbah to Sierra Leone that the help of international community began to pour in: 10,000-odd UN AMSIL forces from 31 countries and 660 British military advisors were dispatched. Still, it

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149 Venter, *Op.Cit.*, 171.

took another 3 years before the RUF forces were completely disarmed, finally putting an end to the prolonged civil war.

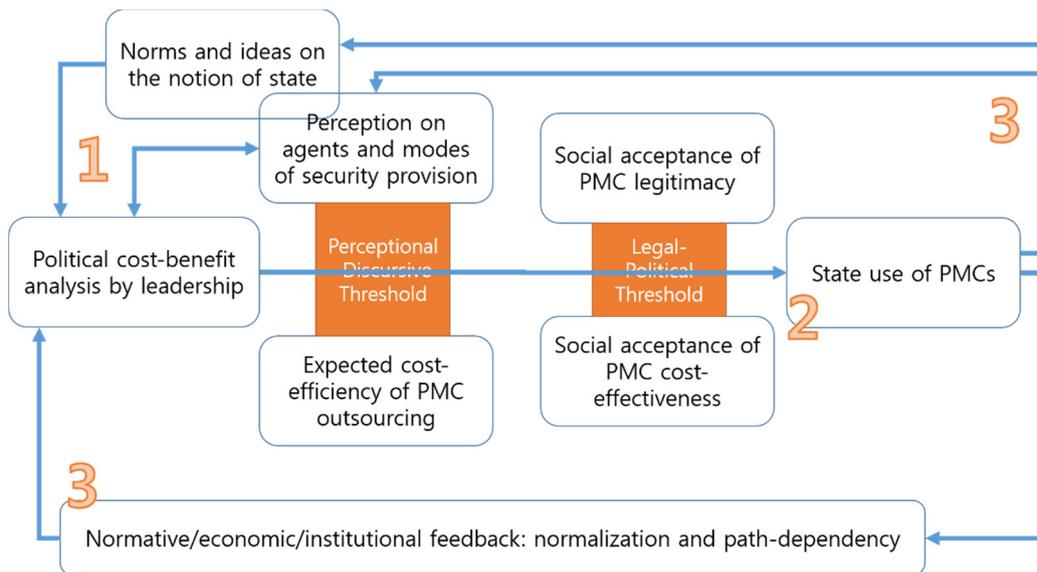
### (5) Summary of Type 3 States: Cliffhangers

The use of PMCs by Type 3 countries were precipitated by already inferior military capabilities compounded by isolation from the international community. Unlike countries with foreign military ties, these countries were not able to secure assistance from abroad to complement their own weak military might. The cessation of support from former colonizing states made the situation worse. The only remaining solution to these exigencies were to hire guns.

The key features of Type 3 countries are the way they make use of PMCs and how they finance them. First, they delegate the entire military affairs to PMCs in the form of a 'package deal.' This is largely because these countries lack both domestic military resources and foreign military assistance, making partial PMC use irrelevant. Second, unlike countries with continued foreign military assistance, these countries have to hand over the mining rights of their natural resources directly to PMCs or use them as a collateral to loan money for PMC employment.

Another characteristic of Type 3 is the increasing reliance on PMCs in the process of civil conflict. Once the armed struggles were subdued and PMCs withdraw from the country, the opposition forces rose again and the regimes had to call in PMCs back to overcome a renewed crisis.

In sum, the use of PMCs by Type 3 countries is the last resort in the face of a systemic crisis cause by lack of military resources both within and outside the country. While the short-term, comprehensive use of PMCs contributed a great deal to successful resolution of civil conflicts, the lack of domestic regular forces caused these countries to repeatedly bring in PMCs when crises emerged later.



**Figure 13 Synthesis Model of Type 3 PMC Use**

## 4. Type 4: Middle Power – No Supply – Demand

Under bipolar international structures like the Cold War, minor countries tend to rely at least in part on external military assistance for their national security. This, in turn, means that many of them could no longer ensure the extent of security guarantee they received from outside, namely either the US or the USSR.

This trend became particularly evident as both superpowers began (or was compelled) to reduce armed forces. On top of that, as some countries experienced souring relations with their former patron states, military presence or direct military assistance from the latter was withdrawn from the former. These Type 4 countries tend to fill the security gap left by the weakened international military cooperation with PMCs. States going down this path include Bosnia, Croatia and Saudi Arabia.

### (1) A Backgrounder: Reduction in Foreign Military Assistance

Securing the stewardship of the world solely in its hand, the US no longer needed to engage in foreign intervention as frequently and actively as before, since most incidents of intervention became a matter of situational interest rather than one of vital interest. Thus, the US grew selective and reluctant in directly military assistance and foreign intervention. Also, the disappearance of the common archenemy spelled more explicit discord and disagreement over an array of issues, stoking mistrust and discontent towards each other.

This eventually led the US to withdraw its military support from some countries unilaterally, most notably from Saudi Arabia. The loss of the external military assistance in whatever forms meant that these countries could no longer enjoy the two functions it had played: a trip-wire deterring aggression from neighboring countries; and military advisors improving the host country's inferior armed forces.

States hitherto entrusting these critical security functions to foreign forces found themselves without any means or know-how to enhance their own military in short order; a long and heavy dependence on either the US or the Soviet power degraded their own defense capability. What they were urgently in want of was a means to help build their military as well as to meet the immediate security needs. This is why the use of private military companies by countries in this group is concentrated on military training and advice.

## (2) The Rationale for PMC Employment

Lacking experience and knowledge of military planning and training on their own, these countries had no choice but to rely on external military support again, albeit in a temporary manner. Generally, it is thought that they had four options: asking for continued military assistance from a stronger former ally; forging new military ties with a new ally; seeking UN assistance; acquiring security services from a non-state entity, i.e. private military contractors.

The first option, as was elaborated previously, was largely out of the question. The Soviet was preoccupied with domestic turmoil and economic hardship, whereas the US was suffering from the disparity between its reduced troops and increasing incidents of foreign expedition. At the same time, the second option was not even worth considering, given that no other countries than the US (and the USSR to a lesser extent) could afford sustained military assistance overseas.<sup>150</sup> The amount of budget the US spent on foreign military assistance in 1999 was equal to 22.5%, 26% and 30% of the annual defense budget of Japan, the UK and France respectively.<sup>151</sup>

A major problem with military support from the United Nations is that the UN only plays a mediating role in international conflict as a collective security body. This involves a complicated process of state recognition, verification of victimhood of aggression. In case of a civil war, the state in question is entitled to ask for a PKO intervention. Again, the PKO's role is strictly limited to neutral mediation, which makes this option no more than a stopgap measure.

The remaining alternative, then, is to employ PMCs. The only requirement is money compensation. Unless a country is rich enough to shoulder the financial burden, there will be no problem. Even countries with insufficient funds, however, could come up with a clever way to substitute or supplement their coffer; they could ask for

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150 SIPRI, "The Fifteen Major Spender Countries in 2007,"

[http://projects.sipri.org/milex/max\\_major\\_spenders.pdf\(2016-5-30\)](http://projects.sipri.org/milex/max_major_spenders.pdf(2016-5-30)).

151 IISS, *The Military Balance 2007*(London: Oxford University Press, 2001), p. 17.

indirect military assistance in place of direct intervention from allies. This could prove mutually beneficial, not only to the recipient of the assistance but also to its provider in a number of ways: the executive branch of the provider country is burdened with much less political (and sometimes moral) costs than when regular forces are dispatched; it can provide assistance to countries in geopolitically volatile and sensitive regions and when the recipient state is apparently in poor relationship with the state providing assistance.

### (3) Croatia

The end of the Cold War also brought about the end of unified Yugoslavia. With no external force to hold them together anymore, the constituent regions of the federation went down the warpath against each other to claim the leadership. The issue was made even more complicated by ethnic and religious diversity of the country. When Croatia, along with Bosnia, declared independence in June 1991, the Serb minority in Croatia demanded the creation of their own country or incorporation into Serbia. In concert of the new Yugoslavian Federation forces, the Serbs began armed resistance in Krajina and neighboring regions, igniting a civil war.<sup>152</sup>

Unlike civil wars in Africa, however, the international community was quick to intervene in the region, imposing an arms embargo in 1991 and sending 15,000 UN

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<sup>152</sup> Singer, *Op. Cit.*, p.226.

peacekeeping troops in 1992, while also seeking a mediation.<sup>153</sup> Despite international assistance, the situation turned worse for Croatia, since all major transportation routes were occupied by the Serbs. Even worse, the Croatian forces were mostly poorly trained militia with antiquated weapons dating back to the old Yugoslavian days.<sup>154</sup>

While Croatian President Franjo Tudjman tried every available means to receive international military support, he also sought to enhance the Croatian military from 1992. However, the armed forces were poorly organized and ill-equipped, which was exacerbated by the sustained armed embargo imposed by the UN 1991. Above all else, Croatia lacked resources to build its own military no matter how much time was given.

Due to the US reluctance to deploy its own armed forces to zones of conflict at the time, driven largely by what was called ‘Somalia Syndrome’, Croatia instead sought approval from the US State Department to sign a contract with MPRI. Even though the details and process of the deal remain controversial, it is evident that the deal was made possible because the interest of the two states converged on this point. While the US government did not need to spend its own resources to help Croatia, the contract was more than enough to send a signal to the Serbs that the US backed Croatia, while Croatia was able to secure complement poor military capabilities with the help from the PMC.<sup>155</sup> With a series of contracts between MPRI and the Croatian government,

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153 Paul Lewis, “U. N. is extending Force in Croatia,” *The New York Times*, October 5, 1993,

[http://www.nytimes.com/1993/10/05world/un-is-extending-force-in-croatia.html\(2016-05-18\)](http://www.nytimes.com/1993/10/05world/un-is-extending-force-in-croatia.html(2016-05-18)).

154 IISS, *The Military Balance 2000/2001* (London: Oxford University Press, 2000), pp. 89~92, 106~109.

155 Avant, *Op. Cit.*, p.105.

including ‘long-term management’ and ‘democracy transition assistance program’, the Croatian armed forces turned into a highly organized and specialized troops, demonstrating maneuvers on par with those conducted by the NATO forces. While it is suspected that MPRI ‘instructed’ more than what was stated in the contract, the PMC employment turned out a great success for Croatia anyway, leaving great impressions on neighboring countries suffering similar security problems.

#### (4) Bosnia

Once Croatia achieved a series of military success hiring MPRI, neighboring countries with similar circumstances quickly followed suit. Most notably, Bosnia lacked defense capability enough to ward off potential aggression from Serbia-Montenegro, which were at odds with Bosnia at that time. Concluding that the contract with MPRI was the key to the success of the Storm Operation, the Bosnian leadership also sought a contract with the company. Part of the effort was to stipulate a contract with MPRI in the Dayton Agreement in 1995, on the pretext that the US forces were entitled to play only a mediating role in the conflict and thus unable to help improve Bosnia’s defense capability.

In May 1996, Bosnia finally cut the deal with MPRI and the company was tasked with the reform of the Bosnia Federation armed forces in a 1-year, 50-million-dollar worth contract. In the process, Bosnia was lucky to win financial support from other

Muslim countries such as Saudi Arabia, UAE, Brunei, Kuwait and Malaysia, which had been expressing sympathy towards the suffering of their ‘brother’ country.<sup>156</sup>

Named ‘Military Stabilization Program’, the reform plans of Bosnia publicly aimed at creating balance of power among the Muslim and Serbian populations within Bosnia. However, it also implicitly took into consideration a potential armed conflict with Serbia-Montenegro, which was supporting the Serbian ethnic group in Bosnia.

In the first year of the contract, MPRI sent reservist Major General William Boice as the local chief of MPRI staff. With his 175 staff members, General Boice built an integrated defense and logistics system for Bosnia. Unlike Croatia, Bosnia had two separate armed forces: Muslim-dominated Army of Bosnia-Herzegovina (ABiH) and Croatian-led HVO. It was a daunting challenge to combine these two forces with distinct cultural and religious backgrounds into a single, unified army. Another task was to modernize the training of the unified forces as well as the reorganization process. To this end, it constructed a training facility modeled after the US Opposition Force training camp as well as a computer-simulated training facility.<sup>157</sup>

While Bosnia’s defense capacity was significantly enhanced through these efforts, critics contended that the contract might portend another Storm Operation in the

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156 Singer, *Op. Cit.*, pp.229-232; “RUSSIA: Turkish Organizations Support Chechnya Mercenaries?” *Corp Watch*, November 5th, 2004, [http://www.corpwatch.org/article.php?id=11654\(2006-11-24\)](http://www.corpwatch.org/article.php?id=11654(2006-11-24)); “Mercenaries aid Chechen rebels,” *CNN*, February 14, 2001, [edition.cnn.com/video/world/2001/02/14/sh.chechnya.affl.htm](http://edition.cnn.com/video/world/2001/02/14/sh.chechnya.affl.htm) (2016-5-28).

157 Tammy Arbuki, “Building a Bosnian Army,” *Jane’s International Defense Review*, August 1997.

region.<sup>158</sup> Some warned that Bosnia might reignite war precipitated by domestic extreme right-wing groups advocating irredentistic goals.<sup>159</sup> Despite these concerns, MPRI has been continuing its business in Bosnia and its success story is also spreading to neighboring countries.<sup>160</sup>

## (5) Saudi Arabia

What tells Saudi Arabia's case apart from the two previous cases in the Balkan region is not only that the country is located in the Middle East, but also that it has enjoyed a solid alliance with the United States since the Cold War days. Thus, military assistance from the US to countries like Saudi Arabia was thought to be a fixture in their relations. However, with the end of the Cold War came the end of the honeymoon period. The U.S.-Saudi Arabia relations began to suffer as a result of a series of disagreement, leading to a weakened security cooperation. Still, it could be argued that Saudi Arabia shares the key motive of PMC employment: a security gap created by reduced foreign military assistance.

In the aftermath of the Gulf War in 1991, the US-Saudi Arabian relations seemed to have reached its zenith and the US decided to station 4,000 troops in Saudi Arabia.

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158 Singer, *Op.Cit.*, pp.230-232.

159 Thomas Valasek, "Bosnia Five Years Later," *Defense Monitor*, Vol. XXIX, No. 10(December 2000), [http://www.cdi.org/dm/2000.issue10/bosnia.html\(2016-5-20\)](http://www.cdi.org/dm/2000.issue10/bosnia.html(2016-5-20)).

160 Singer, *Op. Cit.*, pp.233-234.

Most of them were in the air force monitoring the no-fly zone in Iraq with some acting as military advisors for the modernization of the Saudi Arabian forces. The US presence was a precious asset that could free Saudi Arabia from the fear of Iranian and/or Iraqi aggression.

However, tension rose in the bilateral relations since President Clinton took office in 1993. The seed of trouble was the Clinton administration's Middle East policy; the US wanted to solve its trade deficit with Saudi Arabia, with a view to economic recovery at home.<sup>161</sup> Worse, the Clinton administration crossed a 'red line' in its dealings with Saudi Arabia: some figures publicly raised issue with the absolute monarchy and called for democratization, while encouraging to normalize its relations with Israel.<sup>162</sup>

As the leader of the Arab world, it was a demeaning as well as sensitive request for Saudi Arabia. Still, the Clinton administration rushed for the normalization, to which Saudi Arabian leadership responded by resuming its support of an armed struggle of the PLO.<sup>163</sup> The discord was further amplified in 1999, when President Clinton asked the Saudi Arabian royalty to attend the funeral of the late King Hussein of Jordan. This only exacerbated the already sour bilateral relations.<sup>164</sup>

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161 Josh Pollak, "Saudi Arabia and United States," *Middle East Review of International Affairs*, Vol. 6, NO. 3 (2003), pp. 84-86.

162 "Saudi Shura Member: Saudi Arabia Should Seek a Strategic Alternative to U. S.," *Ai-Asharq Al-Awasat*, January 25, 2002, translated by MEMRI (The Middle East Media Research Institute).

163 Mark Matthews, "Saudis Shown to Aid Terror, Israel Alleges," *Baltimore Sun*, May 7, 2002.

164 Elaine Sciolino, "Out Front: A Desert Kingdom Takes the Spotlight," *New York Times*, March, 2002.

An even more severe friction than the economic and diplomatic conflict arose from security issues. The discord over the war against terrorism, which was publicly known during the 9/11 and the Iraqi War, had been brewing well before since the 1990s. After the terrorist attacks on the US troops in Saudi Arabia conducted by Al Qaeda in 1995 and 1996, the two countries disagreed on how to respond. The conflict culminated in the failed attempt to arrest Osama bin Laden in 1996. Although the US government convinced the Sudanese government to expel bin Laden, Saudi Arabia rejected repatriation.<sup>165</sup> After the incident, the Clinton administration came to realize that the common ground between the two countries were fading.<sup>166</sup>

The worsening relations reached the rock bottom after the 9/11 terrorist attacks. The uncooperative attitude by Saudi Arabia caused an uproar in the US media as well as Congress and suspicions were raised in some quarters that the Saudi royal family was involved in supporting terrorist groups.<sup>167</sup> Meanwhile, there was outcry against the US in Saudi Arabia over its pro-Israel policy.<sup>168</sup> In the whirlwind of this escalating antipathy, the US finally decided to withdraw its troops from Saudi Arabia in 2003.

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165 Barton Gellman, "The U. S. Was Foiled Multiple Times in Efforts to Capture Bin Laden or Have Him Killed: Sudan's offer to arrest Militant Fell Through After Saudis Said, No," *The Washington Post*, October 3, 2001.

166 Paul Michael Wihbey, "The End of the Affair (US and Saudi Arabia)," *Spectator UK*, September 4, 2003.

167 Alfred Prados, "Saudi Arabia: Post War Issues and U.S. Relations," *CRS Issue Brief for Congress (IB93113)*, December 14, 2001, p. 2.

168 Josh Pollak, "Saudi Arabia and United States," pp. 88~91.

Considering its continued dependence on the US forces, however, it was not good news for Saudi Arabia at all. Since the early days of the Cold War, it relied its military might heavily on the cooperation with the US. Even the training of its regular forces, let alone military equipment, came from the US troops. Thus, the withdrawal of the US forces meant nothing less than the loss of the pillar of its military capability.

It was at this moment that Vinnell, a US-based PMC active in Saudi Arabia loomed as an alternative.<sup>169</sup> It began business with Saudi Arabia in 1975, when Saudi Arabia commissioned the training of Saudi National Guard at the price of 7.7 million US dollars.<sup>170</sup> Satisfied with the company's performance, the Saudi Arabian government extended its contract, which lasted more than three decades.

The enduring and intimate relationship between the royal court of Saudi Arabia and Vinnell made the company's staff operating in Saudi Arabia as an indispensable part of the 75,000-strong Saudi National Guard troops,<sup>171</sup> who are not only elite troops of the kingdom but also serve as royal guards in peacetime. The close ties was obviously manifested throughout the Grand Mosque incident, when Vinnell employees

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169 The Center for Public Integrity, "Vinnell (Northrop Grumman),"

[Http://www.publicintegrity.org/wow/bio.aspx?act=pro&ddlC=64](http://www.publicintegrity.org/wow/bio.aspx?act=pro&ddlC=64), (2016-04-17).

170 Kim Willenson, Nicholas C. Profitt, and Lloyd Norman, "Saudi Arabia: This Gun for Hire,"

*Newsweek*, February 24, 1975; Ian Urbina, "Saudi Arabia: Vinnell and the House of Saud," *Asia Times*, May 17, 2003.

171 Michael Kranish, "US Company Has Long History with Saudis," *Information Clearing House*, May 15, 2003.

were sent in operation to support the losing National Guards and led the counter-rebellion operation to success.<sup>172</sup>

Although some security experts expected that the withdrawal of the US troops would lead to a subsequent reduction in contracts with Vinnell, it turned out that the scope and size of the contract grew larger and larger as the bilateral relations turned sour. In December 1995, 4 months after the terrorist attack in Riyadh, a key official of Vinnell Frank Carlucci visited Riyadh to discuss an expansion of its business in the country. As a result, Vinnell proposed establishing a joint venture to the Saudi government, which was materialized in the form of a local subsidiary named Vinnell Arabia in Saudi Arabia.<sup>173</sup> The company then took charge not only of the training of the Saudi forces but also its modernization plans and strategic consulting services.

Vinnell's position in Saudi Arabia was even more consolidated after 2003 when the US decided to withdraw its troops. In December 2003, Saudi Arabia awarded Vinnell with a renewed a package contract including the training, modernization, military advice, administrative support, equipment transportation, equipment maintenance and repair.<sup>174</sup>

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172 Source Watch, "Vinnel Corporation,"

[http://www.sourcewatch.org/index.php?title=vinnell\\_corporation](http://www.sourcewatch.org/index.php?title=vinnell_corporation) (2016-04-10).

173 VInnell, "Contract Support to the Saudi Arabian National Guard,"

<http://vinnell.com/ArabiRecruiting/recruiting.htm> (2016-04-10).

174 Robin Hughes, "Modernisation Drive for Saudi National Guard," *Jane's Defense Weekly*, December 3, 2003.

## (6) Summary of Type 4 States: Seeking New Partners

Countries classified as Type 4 have relatively mediocre, if not absolutely weak, military might vis-à-vis its neighbors, which was supplemented by foreign military support. However, the waning military cooperation in the aftermath of the Cold War forced them to find an alternative, leading them to find a solution in hiring PMCs to fill the gap. In other words, while these states were in constant demand of external military support, they simply substituted the previous assistance from a more powerful ally with private military corporations.

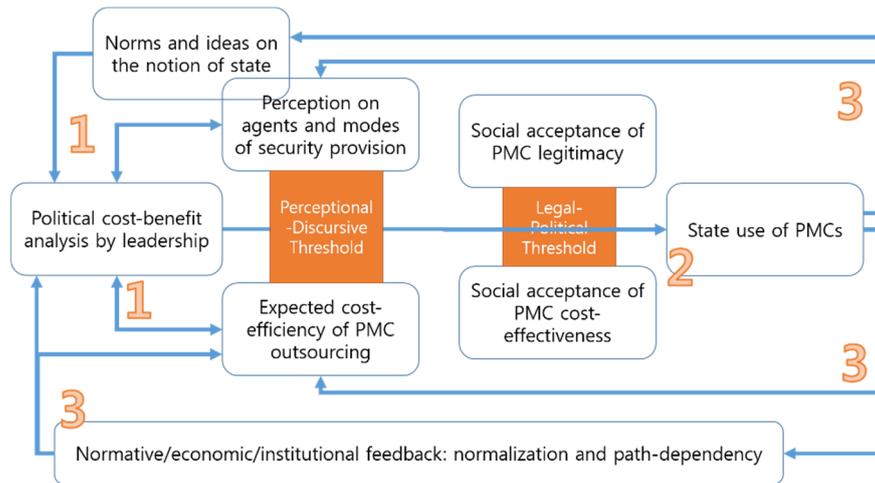
The implications are that states with perceived or real threats from within or from outside have a strong incentive to hire PMCs. In this case, it does not matter if the country already in possession of a sizable force, because it is the threat perception is always based on relativity. In the absence of the foreign military support, it became imperative for these countries to seek an instant measure, which most of them could find in PMCs. This is why Macedonia in the Balkan region followed the footsteps of Bosnia and Croatia to hire MPRI for border patrol and Taiwan consulted the same firm on military operations after the Gulf War.<sup>175</sup>

Another interesting fact about Type 4 countries is a change in the pattern of foreign military assistance. Whereas the past assistance was conducted primarily by public means such as government financial aid or direct military support, the cases of Bosnia

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<sup>175</sup> Singer, *Op. Cit.*, pp.36-38.

and Croatia demonstrate that the execution of military assistance is now done by private entities, i.e. PMCs, while states finance them. This implies that even countries without troops large enough to support other states can now provide military assistance as long as they can afford to hire PMCs or to give financial aid to a target country for PMC employment purposes. In sum, the existence of PMCs now paves the way for oil-rich Arab countries and countries like Japan to conduct foreign policy by ‘other means’.



**Figure 14 Synthesis Model of Type 4 PMC Use**

## 5. Type 5: Middle Power – Supply – No Demand

### (1) A Backgrounder: Stable Regions Selling Surplus Soldiers

A few countries in the post-Cold War era were free from the security deficit illustrated in the previous chapters. These countries either enjoyed sustained and stable military cooperation with a more powerful ally or were strong enough in the region to feel secure against any potential aggression or threat. Instead, they became a source and a supply base of PMCs and their employees.

The most representative of this type is South Africa. Though the country has not ‘use’ PMCs, how the country was affected and contributed to the global security privatization takes a significant part in explaining and understanding the process of the proliferation of PMCs in international security affairs.

South Africa is a regional power without foreign military cooperation. During the Cold War these third-world regional powers took caution in preventing the proxy warfare in the neighboring countries from spreading into their countries. The only viable option then, was to enhance their own militaries to fend off potential spillover aggression. However, this inevitably caused distorted distribution of national resources, with a disproportionately large part of state capacity devoted to the military. With the end of the Cold War, however, the cumbersome military apparatus placed a heavy burden on the country’s coffers and it became the first target of downsizing and restructuring.

Still, the abrupt downsizing of the troops left many experienced soldiers unemployed, portending social unrest. This was the problem facing South Africa in the 1990s and since. Then, PMCs loomed as an attractive option for both the government as for the retired soldiers; veterans could make a living without spending time and money on vocational training while the country as a whole could minimize the cost of reallocation of workforce as well as the risk of social instability.

South Korea, although in a different regional setting, seems to be going down the similar path. Even though the security environment of East Asia is considered volatile and the interstate tensions seem to gradually build up, the level and nature of (potential) conflict have changed significantly and the threat of all-out warfare, let alone a small-scale engagement, is remote, not only because all the countries in the region, except North Korea, have a stable and functioning government with a standing army strong enough to make any potential adversary think twice before provocation. That is, countries in the region possess strong armed forces in absolute terms, with all of them (except North Korea) ranked among top 15 defense spenders and top 10 powerful militaries.<sup>176</sup>

Also, given that the spread of neoliberalism and the trend of privatization was not an exception in this region, South Korea's armed forces also came under pressure of downsizing and reform. Against this background, a growing number of South Korea

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176 IISS, *The Military Balance* (London: Oxford University Press, 2001~2015); SIPRI, *SIPRI Yearbook* (Stockholm: SIPRI, 2001~2014)

ex-servicemen, particularly former NCOs and officers are now founding PMCs or finding jobs in the business. Coinciding with a steady increase in youth unemployment and a sluggish economy, it is estimated that South Korea will act as an international PMC provider, just as South Africa has since the 1990s.

## (2) South Africa

Due to the apartheid, the White-led South African government was not welcomed either by the West or by the Soviet bloc. This left the leadership with no other choice but to engage in what was called ‘total strategy’, where an average of 4.4% of GDP was devoted to defense spending and a maximum of 500,000 troops were conscripted.<sup>177</sup>

However, the end of the Cold War caused a completely different set of security problems for South Africa. Even after the leadership change and a consequent reconciliation with neighboring countries, South Africa maintained relative military superiority over bordering states.<sup>178</sup> Despite this military capability, the country seldom engaged in foreign expedition. Only in 1999 did the country participated in the

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177 Kent Hughes and Steven Metz, “Armies and Democracy in the New Africa: Lessons from Nigeria and South Africa,” *RESDAL*, January 1, 1996, <http://www.resdal.org/archivo/d0000105.htm> (2016-05-05).

178 Jane’s Information Group, “South Africa: External Affairs,” *Jane’s Sentinel Security Assessments*, [http://search.janes.com/Search&Prod\\_Name=SAFRS](http://search.janes.com/Search&Prod_Name=SAFRS) (2016-05-04).

peacekeeping operation in DRC, and sent its troops to Burundi as part of the PKO forces for the first time in 2001.<sup>179</sup>

The only solution to disproportionately large size of troops was downsizing. Led by Defense Minister and former commander of ANC armed organization Joe Modise, the Defense ministry initiated the ‘demilitarization’ project.<sup>180</sup> The initiative consisted of 4 parts: control of communal violence, integration of various armed groups, punishment of former apartheid figures, defense budget cuts and reorganization of the armed forces.<sup>181</sup> As a result, the special police squad Koevet which spearheaded the Apartheid was dissolved and the total number of troops was reduced to 129,000 by 1993. The succeeding Mbeki administration announced an additional downsizing plan for 75,000 troops with a view to reallocating defense budget for economic boost. This shed another 54,000 soldiers from the South African army.<sup>182</sup>

These sudden, large-scale downsizing efforts naturally had side effects, particularly as a majority of the retired soldiers had difficulty getting a new job. The sudden hike in the unemployment rate was compounded by the affirmative action in

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179 *Ibid.*

180 Peter Batchelor, Jacklyn Cock, Penny Mckenzie, *Conversation in South Africa in the 1990s: Defense Downsizing and Human Development Challenges*, Bonn International Center for Conversion Brief No.18 (Bonn: Bonn International Center for Conversion, 2000), p. 8.

181 Len Le Roux and Henri Boshoff, “The State of Military,” John Daniel, Roger Southall, Jessica Lutchman (eds.), *The State of Nation: South Africa 2004~2005* (Capetown: HSRC Press, 2005), p. 178.

182 Jane’s Information Group, “Middle East/Africa, South Africa Plans to cut Force by 50 Percent,” *Jane’s Defense Weekly*, February 2, 1995, p.17.

the South African armed forces, which was reportedly prejudiced against more skilled and better-performing white servicemen.<sup>183</sup>

It was at this very moment that Luther Eeben Barlow, former commander of South African army special unit, founded the Executive Outcomes.<sup>184</sup> Established in 1989, the company served as a role model for future PMCs in terms of employee welfare, payroll, and subsidiary management, etc.<sup>185</sup> Also, it unintentionally helped the South African government in two important ways. First, many unemployed veterans found a job, reducing risk of social unrest significantly, since many of the potentially anti-government veterans left the country to work abroad as EO employees.<sup>186</sup> Second, the burden of communal violence and law enforcement was also reduced. Since retired soldiers were usually either anti-government ex-servicemen who were compelled to retire or former militia of ethnic minority groups, they threatened to cause social disorder. By using South African PMCs, however, large businesses particularly those in the diamond industry could secure their facilities, employees and products.<sup>187</sup>

Even though the South African government did not offer any contract to local as well as foreign PMCs, South African security firms not only survived but also thrived

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183 Helmoed-Romer Heitman, "Middle East/Africa More Controversy over SANDF Integration," *Jane's Defense Weekly*, March 18, 1998, p.18.

184 Lee, *Op.Cit.*, p.281.

185 Singer, *Op.Cit.*, pp.187-190.

186 Kevin A. O'Brien, "PMCs, Myths and Mercenaries: the Debate on Private Military Companies."

187 Executive Outcomes, "The Initial Contracts,"

<http://web.archive.org/19980703122538/www.eo.com/about/p2.html> (2016-05-08)

by finding their way into international market. Particularly, South Africa was well-situated to enjoy a vast customer base: neighboring African countries plagued by a series of civil wars and inter-ethnic strife. In addition, South African PMCs enjoyed unique advantage in that a majority of employees were former members of special operations units of the South African army, which had conducted numerous covert operations in neighboring African states such as Angola. Thus, they had a plenty of information about the countries they worked in. The success of EO eventually led to an explosion of the PMC business and latecomer firms such as Erinys, Trans Africa Logistics, Falconer Systems emerged, hiring a total of 130,000 employees by the mid-1990s.<sup>188</sup>

### (3) South Korea

One of the reasons the South Korean government again postponed the transfer of wartime operations control was that it was estimated to required 600 billion dollars of additional defense budget in order to obtain the necessary level of defense capability. In addition, the delayed 3<sup>rd</sup> F-X project suggests that South Korean armed forces should not and cannot avoid the tide of security privatization.

Also, just as most countries in the post-Cold War period, troops reduction plans are under way in the South Korean armed forces as well. As of 2012, the ROK army

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188 Jenny Irish, "The Future of South Africa's Private Security Industry," <http://www.iss.co.za/Pubs/Monographs/No39/ExecSumms.html> (2016-05-08).

reduced 46,000 soldiers, and the number of active servicemen is slated to decrease by 114,000.<sup>189</sup> Given this so-called ‘Frontline First’ policy, a large part of the downsizing plan is expected to take place in non-combat areas. Thus, as was the case with the US forces, PMCs can fill this gap. It is also reported that unit operating abroad in countries such as Lebanon, Somalia, Haiti and Afghanistan are having trouble with logistics due to the distance from home country. Here, PMCs specialized in food provision, construction, welfare facilities, restoration, repair and transportation is thought to enhance the general performance of the fighting force in great measure.

Despite rapid growth of the business within the country, however, South Korean PMC industry is still in the fledgling stage, with only a dozen local countries in operation. Also, their business is still limited to personal and installation guard in dangerous regions. With no exact data on the market size of the Korean PMCs, it is estimated that the market will grow as big as 2 billion dollars.<sup>190</sup>

The main business areas of South Korean PMCs include maritime security, land security, and construction site security. In case of the construction site security, Korean construction companies working in countries with poor law enforcement conditions

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189 Ministry of Defense of Republic of Korea, “National Defense Reform 2030,” (Seoul: Ministry of Defense of Republic of Korea, 2012), p.6.

190 “The Korean PMC Market Expected to Grow to 2-trillion Won by 2020,” October 9, 2013, *Korea Real Estate Daily*.

either contract with Korean PMCs or sometimes create their own security companies, hiring veterans from ROKA special operations units.<sup>191</sup>

**Table 3 List of PMCs Operating in South Korea**

Company	Description
Shield Consulting	Korea-based, Founded in 2007, World 7 <sup>th</sup> biggest PMC
Aegis International	Korea-based, Founded in 2011
Haechi Global	Korea-based, Renamed from IntelEdge in 2012
Tricell	Korea-based, Founded in 2015, Maritime/Facility/Intelligence Security.
Ambrey Risk	UK-based. Maritime security
Control Risk	UK-based. Land/Maritime/Transport/Air/Oil field security
Sea Marshals	UK-based. Maritime security
Espada Logistics & Security	US-based. Land/Maritime security. Multinational staff.
G4S Secure Solution	UK-based. 120 subsidiaries worldwide. Mainly staffed by the British.
EOS	UK-based. HQ in Singapore. Maritime Security
SOLAS	UK-based. Maritime Security.
ASPIDA	Greece-based. Maritime Security.

<sup>191</sup> “Youth Working as Mercenaries Abroad,” November 27, 2015, *Hankyung Daily*.

## V. Conclusion

### 1. Summary: Differing Patterns of PMC Use

Each of the types presented in this thesis has specific conditions for its development. These conditions provide a set of patterns and rules regarding PMC use by states, thus enabling predictions on the phenomenon. There are four main causes of PMC use by states: an increase in international conflict, changing patterns of armed conflict, and proliferation due to disarmament. In this paper, however, these factors were regarded as constant variables. This is because the interest of this thesis lies in the differences of PMC use by states and the causes of the differences. Thus, it is necessary to summarize conditioning factors for each type, apart from general, global causes of the PMC use.

Type 1: Type 1 countries have sufficient self-defense capabilities with a web of foreign military ties. Also, these countries stand at the top of the international hierarchy, thus able to impose, create and modify international norms and ideas more freely than other states. By hiring PMCs to supplement their regular forces overstretched by increasing foreign expeditions, these countries set the path towards security privatization.

Type 2: These countries have similar patterns of security privatization, but generally on a smaller scale. This is because these states are not the leaders but rather

followers of foreign military expeditions, thus leaving them more leeway. Also, as a 1.5-tier countries in the international power rankings, these countries are less burdened with ideational justification than Type 1 countries. They feel free to opt in and out of the security privatization process and would like to keep the card in hand. This is one of the key reasons Type 2 states, unlike Type 1 countries, have hardly outsourced core military functions, i.e. combat on the battlefield, to PMCs and instead only privatized non-combat services.

Type 3: These countries use PMCs as a package, because they have neither domestic nor foreign military resources. The key condition of PMC use of this type is an 'absence of systemic means to respond to a crisis.' Unlike Type 4 countries, they cannot secure money for hiring PMCs from outside support. Thus, they use extreme measures such as selling natural resources to finance PMC employment.

Type 4: While these countries possess weak military capacities on their own, they maintain foreign military assistance. The key condition for their use of PMCs is weakening inter-state cooperation. As they find it harder to acquire direct military assistance from allies or friendly states, they substitute this security gap by employing PMCs that could help raise a standing army in the long run. Typical of this type of countries is that they could secure financial assistance from abroad by maintaining military ties with other countries.

Type 5: The most unique of all types presented, Type 5 countries have sufficient military capabilities with little foreign military ties. The trigger for this type is a large-scale reduction of troops combined with the absence of domestic security demand due

to the removal of security threat. In case of South Africa, the vanishing of general demand for armed forces led the country to reduce its troops. The retired soldiers then established PMCs to make a living. However, as there was little local demand for PMCS, they sought business activities abroad, eventually making this country as a major source and supplier of PMCs.

Although South Korea has yet to demonstrate concrete cases of PMC use, some suggested that the country might fall into Type 2 in the future, if the US should take extreme measures such as the withdrawal of its forces or military support from the country.<sup>192</sup> However, as was described above, South Korea's recent moves suggest that it is moving towards Type 5, i.e. supplier country, rather than Type 2. On the surface, this seems to contradict the prediction by the model. However, given that the continued US presence in South Korea provide enough security capacities for the foreseeable future, South Korea arguably possess surplus security that could meet the demand outside the country.

This unique position of South Korea justifies the modified framework of security privatization presented by this thesis, where a state's security supply-demand matrix is calculated not separately but as a whole, with its own military capacity, foreign military assistance (both inbound and outbound) considered along with its local supply and demand for PMCs.

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<sup>192</sup> Lee, *Op.Cit.* p.309.

## 2. Implications on International Relations

The use of PMCs undermines the Westphalian system, the mainstay of the international order. The system put states at the center of the international order, largely by approving the monopoly of violence on the part of states. However, the departure of violence from the state impairs the mechanism of this system to a great extent. In what aspects, then, does it cause changes?

### (1) Legitimate Belligerents and Jus in Bello

The establishment of the Westphalian system subjugated military might wholly to the state. This allowed the monopoly of violence by states and state became the sole legitimate actors in warfare. The emergence of PMCs, however, poses a serious challenge to this assumption.

The changes bring about confusion first and foremost in international law, particularly rules of engagement. In the conventional legal system, state are the only legitimate entity of war and regular forces are the only recognized object of warfare. This principle is articulated most clearly by the Geneva Conventions.

However, the increasing use of PMCs could possibly bring about a series of changes in these rules of engagement. First, PMCs might be recognized as legitimate entities of war. As the use of PMCs by states grows and the need for their protection increases as a consequence, states may attempt to provide protection to the PMC

employees by signing an additional convention. That is, the new convention might ease regulations on mercenaries in general, or recognize them as prisoners of war.

A second, more pessimistic scenario, might be that the Geneva Convention becomes obsolete and universally applicable rules of engagement disappear. As the deviation and irregularities on the battlefield increase with a growing use of PMCs, attacks on civilians, abuse of POWs, and atrocities and pillages committed by PMCs might go unpunished. The incident at Abu Ghraib prison in 2004 suggests that this scenario is not unlikely. As a result of the ruling, the abusing PMC employees were simply fired and ordered to return the contract deposit, which is trivial compared with the serious nature of the crime.<sup>193</sup>

## (2) Fungibility of Force

Main sources of power of a state are military and economic might. In some quarters of the discipline of international relations, a debate is ongoing over the fungibility of the two types of power, i.e. how compatible and interchangeable the two powers are. Simply put, high fungibility means that a country with powerful military force can translate it readily into economic clout. Scholars such as Robert Keohane are

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<sup>193</sup> Isenberg, *Op.Cit.*, p.138.

pessimistic about the fungibility, saying that “Power is not a fungible asset, but has to be differentiated according to the contexts in which a state tries to be influential.”<sup>194</sup>

However, the use of PMCs raises questions on this proposition. Whereas the conventional idea was that strong military might can supplement economic capabilities, the use of PMCs puts the equation the other way, i.e., economic power can translate into military might. The existence of PMCs allows militarily weak but economically strong states to raise its military clout in a relatively short term. Particularly, countries that can afford expensive, cutting-edge weapons systems but are unable to train soldiers who can operate them now find it much easier to solve this discrepancy by hiring PMCs and have them either operate the systems themselves or train and instruct soldiers.

In the long run, the economic might of a country and how its economic structure is aligned with those of other countries emerge as a key variable for security affairs as well. This looms even larger as more and more countries sign free trade agreements(FTA) with other countries to pool their economic capacity and homogenize norms and regulations regarding all types of economic activities, including government procurement and services, which are key components of private military corporations.

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194 Robert Keohane, “The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967~1977,” Ole R. Holsti, Randolph Siverson and Alexander L. George (eds.), *Changes in International System* (Boulder: Westview Press, 1980), p.143.

A WTO litigation involving the activities of the South African PMC Executive Outcomes serves as a harbinger of this trend.<sup>195</sup>

### (3) Increasing Uncertainty in Security Calculations

The higher fungibility caused by PMCs may further exacerbate the international environment by making calculations of relative military might among states much more complicated. As military power is detached from the state itself and can be acquired instantly, this baffles the calculations of national defense apparatus in each country vis-à-vis competitors and adversaries. Apart from the comparison of regular forces, additional information on the PMC contracts of each country becomes necessary to accurately assess a country's military capability.

This, in turn, raises suspicion about the sustainability of the current balance of power and conventionally powerful states now have to brace for an abrupt military build-up by militarily weak but economically strong states which used to be dismissed in power calculations. As a consequence, the use of PMCs makes peace by the balance of power more unlikely and difficult, since the assessment of 'balance' itself becomes much more complex and volatile.

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195 Hannah Tonkin, *State Control over Private Military and Security Companies in Armed Conflict*, (Cambridge ; New York: Cambridge University Press), 2011, pp.165-167.

# Appendix 1 – Evaluation of Military Power

## 1. Object of Comparison

In this thesis, the military power of a state is compared to: 1) stated adversaries; 2) implicit adversaries; 3) neighboring states during and after the Cold War.

## 2. Areas of Comparison

### (1) Military Power of a State

This refers to the troops, weapons systems a country has established for self-defense purposes as well as the defense budget to operate the above. These are broken down into 1) number of troops; 2) quality/quantity of weapons systems; and 3) defense budget.

### (2) Number of Troops

Of the total regular forces of a country, only the number of active force counts. The figures are based on the data from the annual *Military Balance* published by IISS.

### (3) Quality and Quantity of Weapons System

Major weapons systems of modern warfare include MBT(main battle tank), battleships, and tactical fighters. Again, *The Military Balance* serves as a reference of

the relevant data. Here, qualitative aspects are also taken into consideration by means of James F. Dunnigan's weapons system performance index. This two-way comparison is conducted as follows:

$$\begin{aligned} & \text{A country's level of weapons systems} \\ & = (\text{quantity of each weapons systems}) * (\text{quality of the given weapons system}) \end{aligned}$$

Caution should be taken so that each branch of the armed forces is calculated and compared separately, since the indices are not based on the same scale. For example, a U.S. nuclear-powered aircraft carrier is scored 224 and a F-15 fighter is rated 94, which does not at all mean that the aircraft carrier is 2.3 times powerful than F-15. Thus, the army, navy, and the air force are compared one-on-one. For comparison's purposes, the ratios are rounded up at the first or second digit below the decimal point.

#### (4) Defense Budget

Defense budgets are compared in dollar terms, based on *SIPRI Yearbooks* as well as annual IISS *Military Balance*.

Country	Opponents	Troops (vs. Opp.)	Key Weapons System (vs. Opp.)		Defense Spending (vs. Opp., billion \$)	Ratings
USA	Russia	1,400,000: 845,000	Army	3.48:1	581:46.6	Absolutely stronger than adversaries
			Navy	7.71:1		
			Air	3.89:1		
	China	1,400,000: 2,660,000	Army	1.75:1	581:155.6	
			Navy	4.76:1		
			Air	3.35:1		
	Iraq	1,400,000: 430,000	Army	5.76:1	581:6	
			Navy	871:1		
			Air	34.6:1		
	Afghanistan	1,400,000: 25,000	Army	N/A	581:11.5	
			Navy	12,000:0		
			Air	75.7:1		
UK	Russia	205,330: 845,000	Army	1:8.75	55:46.6	Strong in absolute terms,  weaker than potential adversary
			Navy	1:3.12		
			Air	1:4.83		
	Iraq	205,330: 430,000	Army	2.78:1	55:6	
			Navy	459:1		
			Air	4.91:1		
	Afghanistan	205,330: 25,000	Army	N/A	55:11.5	
			Navy	6,800:1		
			Air	10.8:1		
Germany	Russia	177,000: 845,000	Army	1:8.59	36.3:46.6	Strong in absolute terms, but weaker than adversary
			Navy	1:7.65		
			Air	1:4.96		
	Afghanistan	177,000: 25,000	Army	N/A	36.3:11.5	
			Navy	3,375:1		
			Air	9.56:1		

Country	Opponents	Troops (vs. Opp.)	Key Weapons System (vs. Opp.)		Defense Spending (vs. Opp., billion \$)	Ratings
France	Russia	228,000: 845,000	Army	1:6.78	35:46.6	Strong in absolute terms
			Navy	1:3.93		
			Air	1:4.92		
	Afghanistan (2003)	228,000: 25,000	Army	N/A	35:11.5	weaker than potential adversary
			Navy	4,313:1		
			Air	10.1:1		
	Libya (2010)	228,000: 35,000	Army	28.6:1	35:3	
			Navy	18.5:1		
			Air	25.7:1		
Croatia	Bosnia	21,500: 15,000	Army	2.4:1	0.95:0.25	On par with bordered states
			Navy	20:0		
			Air	631:1		
	Serbia	21,500: 52,000	Army	1:2.9	0.95:0.83	Weaker than adversary
			Navy	1:3.2		
			Air	1:4.7		
	Slovenia	21,500: 7,500	Army	3.1:1	0.95:0.79	
			Navy	23:0		
			Air	636:0		
	Hungary	21,500: 20,000	Army	1:2.6	0.95:1.04	Financial support
			Navy	23:0		
			Air	1:6.54		
Bosnia	Croatia	15,000: 21,500	Army	1:2.4	0.25:0.95	Weaker than neighbors
			Navy	0:20		
			Air	1:631		
	Serbia	15,000: 52,000	Army	1:5.7	0.25:0.83	Financial support
			Navy	1:60		
			Air	0:854		

Country	Opponents	Troops (vs. Opp.)	Key Weapons System (vs. Opp.)		Defense Spending (vs. Opp., billion \$)	Ratings
Saudi Arabia	Iran	235,000: 545,000	Army	1.12:1	56.6:6.6	On par with states nearby (smaller troops)
			Navy	1.2:1		
			Air	2.3:1		
	Iraq	235,000: 430,000	Army	1:2.42	56.5:6	
			Navy	14.3:1		
			Air	2.43:1		
	Israel	235,000: 160,000	Army	1:4.41	56.6:15.6	
			Navy	1.87:1		
			Air	1:1.76		
Angola	South Africa	45,000: 70,000	Army	1:2.14	2.69:2.1	On par with bordered states (but involved in a civil war)
			Navy	0:32		
			Air	1:3.45		
	DRC	45,000: 55,900	Army	1.24:1	2.69:0.37	
			Navy	0:0		
			Air	822:0		
	Namibia	45,000: 9,000	Army	1,000:0	2.69:0.09	
			Navy	0:4		
			Air	822:0		
	Botswana	45,000: 9,000	Army	1.89:1	2.69:0.25	
			Navy	0:0		
			Air	1.21:1		
	Zambia	45,000: 20,000	Army	2.45:1	2.69:0.06	
			Navy	0:0		
			Air	1.32:1		
	UNITA	45,000: 65,000	Army	1.27:1	N/A	
			Navy	0:0		
			Air	822:0		

Country	Opponents	Troops (vs. Opp.)	Key Weapons System (vs. Opp.)		Defense Spending (vs. Opp., billion \$)	Ratings
Sierra Leone	Guinea	3,000: 9,700	Army	0:180	0.026:0.61	Weak in both absolute and relative terms (and in a civil war)
			Navy	0:0		
			Air	0:108		
	Liberia	3,000: 5,300	Army	0:0	0.026:0.045	
			Navy	0:0		
			Air	0:0		
	RUF	3,000: 15,000	Army	0:0	N/A	
			Navy	0:0		
			Air	0:0		
Papua New Guinea	Australia	4,300: 55,200	Army	0:1,136	0.05:8.1	
			Navy	14:254		
			Air	0:8,236		
	Indonesia	4,300: 298,000	Army	0:3,320	0.05:5	
			Navy	14:206		
			Air	0:2,701		
South Korea	China	690,000: 1,955,000	Army	1:4.65	33.2: 155.6	
			Navy	1:6.32		
			Air	1:2.46		
	Japan	690,000: 250,000	Army	2.28:1	33.2:40.3	
			Navy	1:3.78		
			Air	1:1.41		
	North Korea	690,000: 700,000	Army	2.32:1	33.2:7.5	
			Navy	2.54:1		
			Air	2.98:1		
	Russia	690,000: 766,000	Army	1:9.66	33.2:46.6	
			Navy	1:5.89		
			Air	1:3.87		

Country	Opponents	Troops (vs. Opp.)	Key Weapons System (vs. Opp.)		Defense Spending (vs. Opp., billion \$)	Ratings
South Africa	Angola	89,000: 90,000	Army	1.28:1	4.6:4.1	Strong in relative terms
			Navy	33:0		
			Air	1.76:1		
	Botswana	89,000: 9,000	Army	3.91:1	4.6:0.5	
			Navy	33:4		
			Air	4.1:1		
	Lesotho	89,000: 2,00	Army	2,149:0	4.6:0.08	
			Navy	33:0		
			Air	2,764:0		
	Mozambique	89,000: 5,100	Army	1.76:1	4.6:0.16	
			Navy	33:0		
			Air	2,764:0		
	Namibia	89,000: 9,000	Army	2,149:0	4.6:0.18	
			Navy	33:4		
			Air	2,764:0		
	Zimbabwe	89,000: 39,000	Army	4.98:1	4.6:.0.6	
			Navy	33:0		
			Air	8.32:1		

Source: IISS, *The Military Balance* (London: Oxford University Press, 2001~2015);

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## 국문 초록

### 용병의 귀환:

#### 민간군사기업의 부흥과 국가별 활용 방식 차이

서울대학교 국제대학원

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나 지 원

본 논문의 목적은 민간군사기업(PMC, private military companies/contractors/corporations)의 유형학을 기존 문헌과는 다른 각도에서 수립하는 것이다. 기존 연구의 절대 다수는 민간군사기업 그 자체를 중심으로 분류하면서 이들의 가장 중요한 고객인 국가가 민간군사기업을 어떻게 사용하고 고용하는지에 대해서는 간과한다.

최근 안보 민영화, 특히 민간군사기업의 사용과 관련하여 국가를 분류하려는 몇 가지 시도가 있었다. 이러한 시도는 이 분야에서 선구적인 역할을 했다는 점에서 칭송 받아 마땅하지만 이들의 분류법은 후속 연구를 위한 토대가 되기에는 정의와 구조가 명확하지 않았다. 때문에 본 논문은 국가를 분류하는 두 가지 기준을 추가함으로써 기존 분류법을 세련화하고 개선하고자 한다. 그중 한 가지는 국가 역량 분류법을 2 단계에서 3 단계로 바꾸는 것이다. 이를 통해 수요자인 국가와 공급자인 국가를 구분할 수 있을 뿐만 아니라 안보 민영화를 주도하는 국가와 추종하는 국가를 구분할 수 있게 된다.

여기에서 제시하는 또 다른 기준은 수요와 공급의 구분이다. 이전 연구는 국가가 민간군사기업의 공급자인 동시에 고객일 수 있다는 점을 대체로 간과한다. 본고는 민간 군사 산업의 수요 측면과 공급 측면을 동시에 고찰함으로써 이러한 혼란을 해소하고 결과적으로 이 산업의 발전 과정을 파악하고자 한다.

동시에 이 3 단계 분석틀은 민간군사기업 고용의 국가별 규범이 국제 위계 질서의 상부에서 하부로 확산 혹은 ‘낙수(trickle-down)’되면서 민간군사기업(과 이들을 고용하는 국가들)이 법적, 정치적 허점을 이용하여 원-원 상황을 창출하는 양상을 더욱 분명하게 보여줄 수 있을 것으로

기대된다. 이러한 상황에서 민간군사기업은 사업을 성공적으로 확장하는 한편 이들을 고용하는 국가는 비전통적 방식으로 국가 안보를 강화할 수 있게 된다.

더불어 본고는 냉전 이후 시대의 단극 체제 하에서 과거에 분명한 경계를 띠고 있던 갈등의 경계선이 어떻게 흐릿하고 불분명하며 패권과 다른 강대국의 관리에서 벗어난 변경으로 바뀌어 왔는지, 그리고 이러한 변화가 어떻게 항구적인 저장도 분쟁을 야기했는지에 대한 시사점을 제공한다.

결론적으로, 본 논문은 세계 차원 및 역내 차원에서 자체적 군사력과 대외군사원조의 합으로 측정된 한 국가의 상대적 군사력이 해당 국가가 민간군사기업 공급자, 수요자, 또는 둘 다가 되는지를 결정하는 핵심 결정요인이라는 점을 확인한다.

이와 함께 본고는 민간군사기업 고용의 형태로 주로 나타나는 안보 민영화의 과정이 국가군마다 어떤 차이를 보이는지 역시 밝히고 있다. 한 국가가 국제 위계 속에서 높은 자리에 있을수록 안보 민영화 과정은 이념적/규범적 전환에서 시작되어 경제적 관점에서 정당화된다. 반면, 상대적으로 약한 국가는 강대국이 만든 규범을 그대로 수용하면서 대체로 정치적 요구, 즉 지도부와 정권의 생존에 대한 필요로 안보 민영화를 추구하는 모습을 보인다.

핵심어: 민간군사기업, 국가, 안보 민영화, 군사 역량, 국제 위계