

The Privatization of US Led Wars. The Pentagon's Private Contractors

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The economic logic has driven the increasing dependency on mercenaries and private contractors ever since the beginning of the “war on terror” in 2001.

First, a few statistical indicators:

75% of all western military personnel in Afghanistan are now private contractors. There are over 150,000 Pentagon-financed contractors in Afghanistan today.

2012 was the first year that more contractors than regular US Army personnel were killed in Afghanistan, and that trend has continued since then.

The Pentagon now spends over \$300 billion annually on private contracts. That's equivalent to 8% of all US federal expenditure, and over three and a half times the entire defence-budget of the United Kingdom, for example.

When the United States invaded Iraq in 2003, of the \$87 billion earmarked for the first year of the campaign, \$30 billion was budgeted for private contractors. That's 34% of the entire invasion-budget. Over the course of the 8-year US occupation of Iraq, the largest private recipient of Pentagon contracts was Kellogg Brown and Root, an engineering and construction company, which grossed \$40.6 billion from the occupation. According to a 2011 report by the Commission on Wartime Contracting in Iraq and Afghanistan, at least \$60 billion in Pentagon expenditure on private contractors over the period 2001-2011 could be classified as “fraud” or “waste.” This report estimated the level of “waste” at the time of publication at \$12 million per day.

Also, as these statistics show, while US dependency on private contractors (including armed mercenaries) was quite pronounced during the occupation of Iraq, it is even more pronounced in the ongoing occupation of Afghanistan. However, we see a very similar pattern being repeated in every conflict-zone where the United States decides to establish a military presence, including in the conflict-zones of sub-Saharan Africa. US wars everywhere are now increasingly fought by mercenaries rather than regular army soldiers, and this pattern has steadily intensified ever since the beginning of the “war on terror” in 2001.

One of the reasons for using mercenaries instead of regular army is the maintenance of deniability. Mercenaries occupy a legal “grey zone” which positions them to perform the kinds of operations which governments must deny. Another factor is that fatalities among mercenaries are not counted in the US Army's official casualty-figures, so the deployment of mercenaries is seen as less politically toxic.

However, when it comes to the issue of which activities the state does and does not assume exclusive responsibility for, the issue of criminal deniability in wartime is only the tip of the political iceberg. The existence of private entities which wage war, bankrolled by governments but still effectively unregulated by governments, in itself constitutes an erosion of “the state.”

Historically, not all states have built schools or hospitals.

Historically, not all states had a national bank.

Historically, not all states engaged in public works schemes or provided unemployment-insurance to their citizens.

Historically, there is one and only one characteristic which all hitherto “states” have had in common. It was for this historically grounded reason that Durkheim proposed his famous (and widely accepted) sociological definition of “the state”:

“The state” is that which asserts a monopoly on the use of violence.

So the deployment of mercenaries, by definition, hollows out the state.

The private military contractor occupies a quasi-legal grey-zone which is analogous to the “offshore” financial entity.

But this hollowing-out is not merely juridical or ideological. It is also a very practical and economic process of hollowing-out. Let’s take the war in Iraq as our illustrative example. Following the 2003 US invasion of Iraq, it quickly became widely understood that the looting of Iraq’s natural resources could not pay for the war. The invasion and military occupation were so astronomically expensive that Iraq could not possibly be “a profitable colony.”

So what exactly was the purpose of invading Iraq?

The point was that the invasion created business-opportunities for a wide range of American commercial interests, including private military contractors. This creates a new model of imperialism. According to geographer and geo-political scientist Manlio Dinucci, the defining characteristic of neoliberalism “is the privatization of profits and the socialization of costs.”

So the costs of the US war in Iraq were still socialized – the Pentagon paid for the war.

However, the war was still an entrepreneurial, profit-making enterprise.

Dinucci writes “The wars in Iraq, Afghanistan and in Libya proved very costly to the States, for little return. Wars in this neoliberal era are not necessarily waged to appropriate foreign resources, but to siphon the wealth of the conquered populations towards the private military sector of the conquering nations.”

However, we can further extend this point, because the United States itself had to radically increase its level of public debt in order to sustain the costs of these wars. The US Treasury itself didn’t even come close to breaking even on its fiscal investment in these wars. That investment was not recouped in taxes.

Within our conventional, historically grounded understanding of how imperialism works, the

imperialist country extracts wealth from the nations which it conquers or colonizes. So it's a matter of the imperialist nation-state economically looting its colonies.

What is new about the neo-liberal model of imperialism is that the public finances of the imperialist nation-state itself are also being looted.

In 2001, we entered a new phase of economic history.

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