

Privatizing War

“Outsourcing War” by P. W. Singer, in *Foreign Affairs* (Mar.–Apr. 2005),
58 E. 68th St., New York, N.Y. 10021.

It’s become routine to read in the news about private military contractors in Iraq and Afghanistan. They provide everything from tactical combat operations to logistical support and technical assistance. These modern corporate mercenaries play a vital role in Iraq, but their extensive use there and in other hot spots around the globe is raising a host of problems. They’ve been accused, for example, of profiteering and taking part in the abuse of Iraqi prisoners.

There are more than 60 private firms, employing more than 20,000 people, carrying out military functions in Iraq. Private contractors have suffered more casualties—an estimated 175 killed and 900 wounded—than any single U.S. Army division, and more than all the United States’ coalition partners combined.

Contractors handled logistics and sup-

port during the Iraq War’s buildup; they maintained and loaded B-2 stealth bombers and other sophisticated weapons systems during the 2003 invasion; and they’ve been even more widely used in the occupation and counterinsurgency effort. Halliburton’s Kellogg, Brown & Root division, the largest military firm in Iraq, provides troop supplies and equipment maintenance under a Pentagon contract estimated at \$13 billion. Other firms are being used to help train Iraqi forces, protect important installations and individuals, and escort convoys.

But unlike military forces, private firms can abandon operations that become too dangerous or otherwise too costly, and their employees are free to walk off the job. More than once, the U.S. military has been left in the lurch.

Being “not quite soldiers” and “not quite

EXCERPT

The New Wounded

Combat deaths are seen as a measure of the magnitude and dangerousness of war, just as murder rates are seen as a measure of the magnitude and dangerousness of violence in our communities. Both, however, are weak proxies. Little recognized is how fundamentally important the medical system is—and not just the enemy’s weaponry—in determining whether or not someone dies. U.S. homicide rates, for example, have dropped in recent years to levels unseen since the mid-1960s. Yet aggravated assaults, particularly with firearms, have more than tripled during that period. The difference appears to be our trauma care system: Mortality from gun assaults has fallen from 16 percent in 1964 to five percent today.

We have seen a similar evolution in war. Though firepower has increased, lethality has decreased. In World War II, 30 percent of the Americans injured in combat died. In Vietnam, the proportion dropped to 24 percent. In the war in Iraq and Afghanistan, about 10 percent of those injured have died. At least as many U.S. soldiers have been injured in combat in this war as in the Revolutionary War, the War of 1812, or the first five years of the Vietnam conflict, from 1961 through 1965. This can no longer be described as a small or contained conflict. But a far larger proportion of soldiers are surviving their injuries.

—Atul Gawande, a surgeon at Brigham and Women’s Hospital and professor at Harvard Medical School, in *The New England Journal of Medicine* (Dec. 9, 2004)

civilians,” the private firms’ employees “tend to fall through the cracks of current legal codes.” The consequences for them can be dire, as three American employees of California Microwave Systems found when their plane crashed in rebel-held territory in Colombia in 2003. Unprotected by the Geneva Conventions, they’ve been held prisoner for the past two years, and both their corporate bosses and the U.S. government “seem to have washed their hands of the matter.”

Their murky legal status has also allowed private military contractors to escape prosecution for crimes in Iraq. The U.S. Army found that contractors were involved in more than a third of the incidents in the Abu Ghraib prisoner abuse case, but not one of the six employees identified as participants has been indicted.

The private military firms are, in effect, competing with the government, observes

Singer, a senior fellow at the Brookings Institution and the author of *Corporate Warriors* (2003). “Not only do they draw their employees from the military, they do so to play military roles, thus shrinking the military’s purview. [The firms] use public funds to offer soldiers higher pay, and then charge the government at an even higher rate.” And some were not even competent.

Yet military contractors of this type are here to stay. They’ve proliferated since the end of the Cold War, and many governments make use of their services. Singer argues that outsourcing can be beneficial where it will save money or improve quality, but the process needs to be made more open and accountable. More of the contracts should be awarded on a competitive basis (only 60 percent of the Pentagon’s currently are). And military functions critical to the success or failure of an operation should be kept within the military itself.

ECONOMICS, LABOR & BUSINESS

The Father of Free Trade

“David Ricardo: Theory of Free International Trade” by Robert L. Formaini, in *Economic Insights* (Vol. 9, No. 2), Public Affairs Dept., Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, Texas 75265-6906.

Competition from foreign goods and the “outsourcing” of jobs overseas have cost many Americans their jobs—or roused fear that they might. Yet most economists, rising in defense of free trade, say that the disruption is all for the best. Where in the world did they get that notion? From a brilliant 19th-century economic theorist named David Ricardo.

Born in London in 1772, Ricardo became a prosperous stockbroker before turning to political economy. He set down “what was to become a key idea in neoclassical economics: the so-called law of diminishing returns as it applied to labor and capital,” writes Formaini, a senior economist at the Dallas Federal Reserve Bank. Farming, for example, faced diminishing returns because the quantity of land is limited: More intensive cultivation would eventually lead to lower profits. As the price of home-grown corn rose, Ricardo argued in *On the Princi-*

ples of Political Economy and Taxation (1817), Britain would benefit by importing



David Ricardo (1772–1823), whose economic theories broke the hold of protectionist thinking, did not live to see his ideas triumph.