

Extensive Private Military Contractors: A New “Revolving Door” with the Axis of Commoditization on Human Life and Violence under the State Monopoly

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Abstract As for security issues within post-war Iraq and Afghanistan, Private Military Contractors (PMC), the companies providing armed combats and security services, are playing an increasingly important role and exerting further influence on national decision-making process. Growing in a capitalist culture, one must know how much impact a monopoly enterprise would have on the entire market and even on the political system, let alone the result when the government directly monopolizes the PMC industry market in which the nature of it is deeply embedded: Violence is being commoditized, involving human life as the “carrier” into the market exchange. Unavoidably, the extension of PMC has become a trend and, regardless of whether based on a government’s strategic considerations or the real needs in the post-war regions, it is definitely just a temporary relief rather than eradication the problems as most people are wishing.

Keywords Private Military Contractors (PMC) - labor - violence - market - state monopoly

Jel Classification F50 - F52

Introduction

In P. W. Singer’s work in 2003, a set of eye-catching data brought the trend on the extensive use of Private Military Contractors (PMC) into the global context: “In geographic terms, it operates in over 50 different countries. It’s operated in every single continent but Antarctica. In the 1990s, there used to be 50 military personnel for every¹ contractor, now the ratio is 10 to 1.”¹ According to a study conducted by the Office of the Director of National Intelligence (DNI) in 2008, private military contractors made up 29% of the workforce in the United States Intelligence Community and costed the equivalent of 49% of their personnel budgets.² The fact demonstrated by this series of data reminds people of the necessity to reconsider and clarify the logic operating behind the phenomenon of PMCs’ extension in the new time. As commonly

1 Singer, P. (2003) *Corporate Warriors: The Rise of the Privatized Military Industry*, Cornell University Press.
2 Priest, D. (2011) *Top Secret America: The Rise of the New American Security State*. Little, Brown and Company, p.320.

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defined, Private Military Contractors (PMC)³ are the companies providing armed combats and security services for profit-making which are regarded as mercenaries and prohibition in a UN convention ratified by 35 states so far.⁴ According to a conception outlined in the Geneva Conventions and the 2006 American Military Commission Act's explicit specification on it, "contractors who use offensive force in a war zone could be considered unlawful combatants."⁵ All the evidences above from international laws are informing people of a huge contradiction between the fact of PMCs' extension and the commonly-accepted impression from international society towards PMCs. Hence, the paper is here to explain this contradiction.

According to the "Top 100 Contractors Report" on the Federal Procurement Data System⁶, most of the existing PMCs, such as Constellis which merged the famous Academi (formerly Blackwater and Xe Services) in 2014, are found in the U.S. and have close relationships with the U.S. military. What's more important, both of the Iraq and Afghanistan Wars, which are considered as the major reasons of PMCs' extension, were declared and operated by Western countries led by the United States and generated the PMC market in the Middle East, in which the capitalist features must be embedded. Hence, this paper would mainly involve the PMCs from the U.S., which are considered to be the most persuasive and classic examples, into the analysis on the phenomenon of the extensive appearance of PMCs in Iraq and Afghanistan with the approaches from a political economic perspective, with the hope to help people better understand the roles that Government and Market play in this issue.

Creation of the Supply: Commoditization of Human Life and Violence

The nature of PMC is a modern mercenary with civilized disciplines driven by profit-making. Now that PMC has its own industry and market, supply and demand must be the preconditions of its development, even if now the industry has been monopolized. Two basic conditions in the creation of supply need to be clarified: Commoditization of Human Life and Commoditization of Violence.

1. Commoditization of Human Life

Looking through the history, from Laissez-faire to the variety of capitalism nowadays, market economy has experienced a long-term commoditization of various objects and the promoting of their own marketization driven by people's different needs in different times. Since human beings created markets, how could creators themselves be controlled by their own creation? The answer lies on the transformation from a feudalist society, a "non-market society" when free exchange couldn't be realized, to a "market society". With the development of this rapidly commercialized society, factors which were not created for the sale, especially land, labor, and money, were also introduced into the market and being commoditized as "fictitious commodities"⁷ for better serving the economic system and further profit-making. Although "fictitious" temporally, these commodities would always be turned into "real" ones at some point in the future if the boundless development of free-market economic spirits were still strongly insisted as what people do in

3 Except for "Private Military Contractors", "PMC" also refers to "Private military Company". Their Business are generally named as "Private Military Industry" or "The Circuit". For more details, please check: http://www.thesun.co.uk/sol/homepage/news/campaigns/our_boys/3862186/Brits-are-No1-guns-for-hire.html and <http://www.circuit-magazine.com/>

4 Higgins G. (2007) US rejects UN mercenary report USA Today, syndicated article by Associated Press.

5 Barnes E. (2007). "America's own unlawful combatants?", Los Angeles Times.

6 "Top 100 Contractors Report - Fiscal Year 2015". fpds.gov. Retrieved 4 January 2017.

7 Polanyi K. (1957) *The Great Transformation*, Beacon Press, Boston, p. 78.

this modern, business-mainstreaming world. When it makes a breakthrough on people’s moral judging that human life can also be decently commoditized rather than formerly classifying it into the moral grey-zone within civil society, which means allowing the market mechanism to be sole director of human beings’ fates⁸, the commoditization of human life will obtain support from social recognition just as what people previously did to tomatoes. At this point, “labor”⁹ can be produced for sale.

To define private soldiers serving at PMCs in the “labor” context, they are the excellent examples of a mixing type of labor, including both of free, wage labor and slave. First of all, one thing as the crucial evidence to prove that they are free, wage labors is their being paid with super high rewards on selling their own life to the employers. However, the phenomenon that people sell their labor power as “rather a sacrifice of their life”¹⁰ without much right to choose the business they are going to engage in can only exist in the slavery.

2. Commoditization of Violence

Except for the sale on human life, the other important element in PMC market is purchasing violence using as protection. “State is a human community that (successfully) claims the monopoly of legitimate use of physical force and violence within a given territory.”¹¹ The state monopoly applies the same logic with the market monopoly, or it’s more accurate to say that state monopoly appears even earlier than the market monopoly. Before the emerging of capitalism, the development of modern states had been initiated by the “prince” through expropriating “private” bearers of executive power including the means of administration, warfare, and financial organization, which as Weber said: “The whole process is a complete parallel to the development of capitalist enterprise through gradual expropriation of the independent producers.”¹² Now that PMCs are producing violence for sale, states must be the only monopoly power in this industry to keep their position of the sole source of the rights to use violence because no matter in what age, the realistic spirit that “who control over the violence, who rule” is always considered as the most important oriental principle by rulers, and even in the peaceful ages, such as the long-turn prevailing of Realism theories in the field of International Relations.

Except for ensuring the monopoly position, states’ changing the using of violence from a “sole right” to a “market” must have other reason: In U.S.’s case, the wave of Neo-Liberalism provided U.S. government with theoretical support on commoditization of violence. Besides, extending the PMC industry also means profit-making as well as keeping its “hard-power” influence in the foreign regions.

Creation of the Demand: A Bundle of Mixed Causes

Under these two processes of commoditization, supply of PMC market can be realized. Different from the situation of other industries which have monopoly powers, the oligopoly phenomenon is not that severe in PMC industry, which means there is truly a great demand for PMCs existing in the market. The two main sources of demands are the following:

8 Polanyi K. (1957) *The Great Transformation*, Beacon Press, Boston, p. 73.

9 According to Polanyi, “labor” is only another name for human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilized. (1957) *The Great Transformation*, Beacon Press, Boston, p. 72.

10 Marx K. (1847) *Wage, Labour and Capital* (edited version in the Marx-Engels Reader), p. 204.

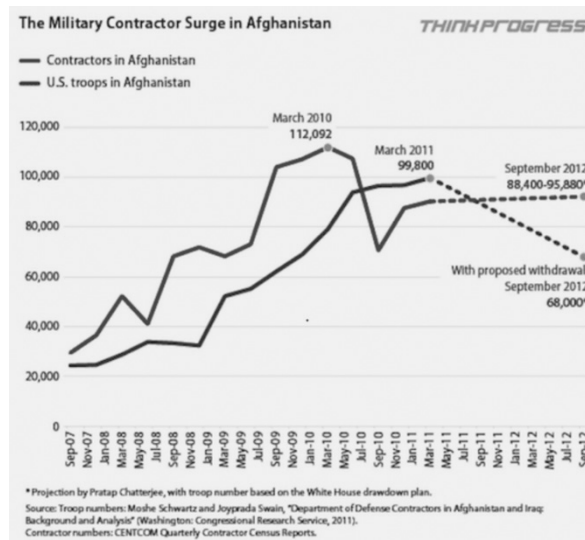
11 Weber M. (1946) *Politics as a Vocation*, Oxford University Press, New York, p.78.

12 Weber M. (1946) *Politics as a Vocation*, Oxford University Press, New York, p.82.

1. A “Double Movement” in the Middle East

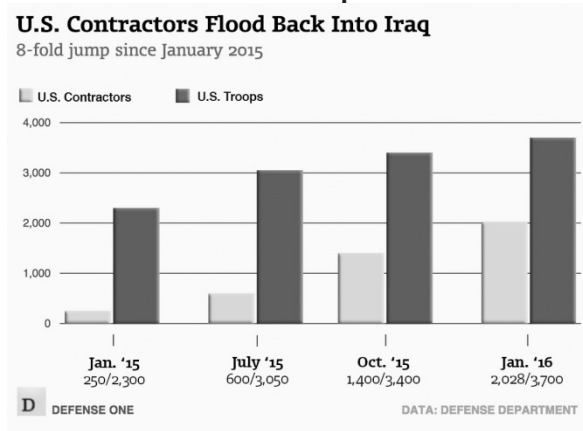
The conflict never ends. Critiques from human rights and both of International and domestic legal systems were intrinsically self-equipped with questioning on the rightfulness of applying violence to foreign countries or regions even for the sake of salvaging local people from the suffering of despots and spreading “real” democracy, under the pressure of which, the U.S. retreated their army from Iraq and Afghanistan during the Obama Administration. Ironically, “maybe pouring a can of tomato juice into the ocean gives you ownership of the ocean”¹³, but a fisherman who has been fishing over years on the ocean deserves authority to make a discourse rather than a stranger who has just forcefully poured a bottle of tomato juice, after all. It was totally understandable that U.S. officials continued interfering in local affairs in the sugar-coated cause of helping to reconstruct local security, aiming at replenishing the vacuum of U.S. power-influence in the post-war zones during the interim period, but this won’t always work and a solution in the long-run which can fundamentally solve the problems is needed. Besides, there’s still a huge number of private oil firms from the U.S. staying there for exploitation, thus they unavoidably became the primary targets of local terrorists after U.S. withdrawing their troops from the Middle East. The retreatment also gave more space to the oil firms from other countries to enter this region, which also raised the demands for security. Hence, both for maintaining U.S. fragile connection with the post-war Middle East and providing security for the western oil companies, a way suited in “capitalist characteristics” came out with the combination of political and economic spheres and also in the grey zone of laws and human rights. Relaxing the limitations on PMC industries’ extension in Iraq and Afghanistan can fulfill the demands and, what’s more important, create new profits in the meantime.

Figure 1 Military Contractor Surge in Afghanistan



13 Honderich T. (2003) *After The Terror*, McGill-Queen’s University Press, p. 45.

Figure 2 U.S. Contractors Flood Back into Iraq



However, where there’s repression, there’s resistance. Except for the attacks from terrorists groups, local citizens are increasingly unsatisfied with the PMCs. Previously, U.S. army soldiers sometimes mistakenly injured innocent people, let alone these private trained “armed labors”. This consisted a “Double-Movement”¹⁴: The “protection against marketization” was generated by the “protection on marketization” with more resistance, and also reversely became one of the pulsions of marketization and the “protection on marketization”.

2. Crisis of Surplus and Profit-Making

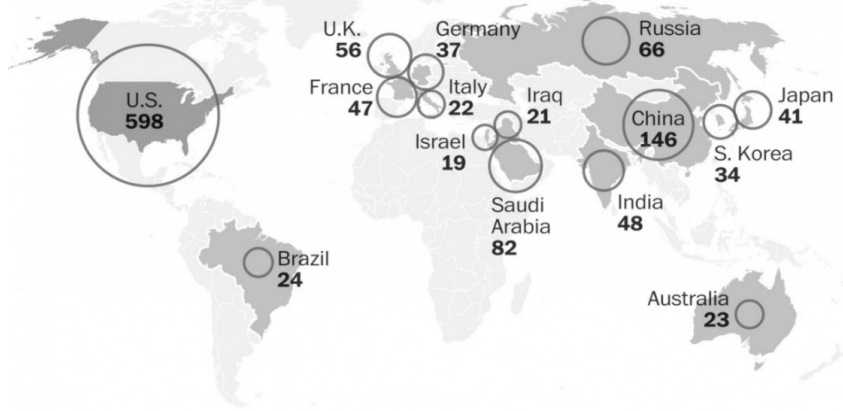
Back to the last half of 20th century, a capital accumulation process started in the developed countries, and “creating conditions favorable to the most rapid accumulation of capital is the central task of the capitalist states”, under which, industrial society got established and big corporations gradually squeezed the small capitalist proprietorship to the periphery or even out of the market competition: The monopoly stage of capitalism had come.¹⁵ Due to the oligopolistic power these giant enterprises held, productive inputs could be easily manipulated. In seeking for profits’ maximization, these enterprises lifted up the price of the products as well as expanding their production and most decisions made in such situations were only based on the expectation of short-term profits. However, people’s income didn’t get increased because corporations wanted to limit productive costs as much as possible. Most of the consumers could not afford the products causing a “Crisis of Surplus”, which accelerated the tendency for capitalist countries’ economies to secular stagnation, and the result lay on “the sales effort (export) is not enough to neutralize the tendency to stagnation...the state can counteract stagnation by suitably large expenditure on welfare and/or warfare.”¹⁶ In fact, the expenditure on warfare is ineluctably more popular than the one on welfare in capitalist countries because of one simple logic: Robbing the weak is always easier and faster than caring for the weak with the hope of getting pay-back. Although all above is the logic before the 2 World Wars, it’s also applicable to the PMC Industry’s extension in Iraq and Afghanistan. In PMC’s case, the monopoly power in the market is not from the big corporations, but from states according to Weber’s definition mentioned in the introduction paragraph.

14 Polanyi K. (1957) *The Great Transformation*, Beacon Press, Boston, p. 79.

15 Sweezy P. (1972 &2009) “Modern Capitalism” and “On the Theory of Monopoly Capitalism” in *Modern Capitalism and Other Essays*, pp. 6-7.

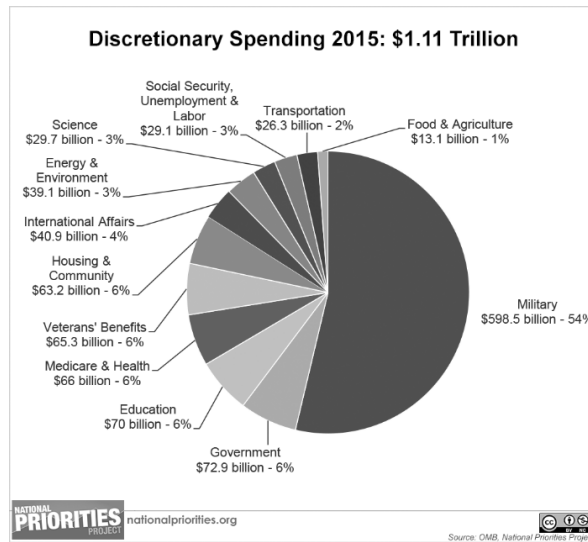
16 Sweezy, “Modern Capitalism” and “On the Theory of Monopoly Capitalism” in *Modern Capitalism and Other Essays*, 1972 &2009, p. 9.

Figure 3 Largest defense budgets in 2015 in billions of dollars



Source: International Institute for Strategic Studies
 LARIS KARKLIS/THE WASHINGTON POST

Figure 4 Discretionary Spending 2015 \$1.11 Trillion



For instance of U.S. military spending in 2015, almost a third of the global annual spending on defense was accounted by U.S. In the post-9/11 period, which is also the period of the War on Terror, the fear of homeland terrorist attacks has never got diminished, while reversely drove another round of military expansion in U.S. after the Cold War. However, from the chart we can see there was actually a tendency of decreasing in homeland terrorist attacks, which means there'll be a discordance between the military supply and military demand. Excluding the factor that the U.S. didn't have any "hot wars" with other countries or regions except for the ones in the Middle East in the post-9/11 period, the "Crisis of Surplus" happening in the military industries was proved by other convincing phenomena, such as the increasing national selling of weapons and the exponential domestic firearm retailers. The expansion of PMC Industry, as one of the results of the "Crisis of Surplus", can also be regarded as an effective way to

solve the problem, the logic behind which equals to national selling on weapons, “exporting”, in other words. Different from the logic of pre-WW2 period, U.S. firstly implemented the solution of “expenditure on warfare” rather than firstly confirming exportation could not mitigate the crisis. U.S. government’s declarations on the Iraq and Afghanistan wars were far away from international public’s expectation, which let people feel less astonished when they recognized there was an extensive trend of PMCs’ using in the middle east by U.S. government. Anyway, the combination of 2 methods contributes to the solving of the “Crisis of Surplus” in military industries.

Operating Mechanism: A New “Revolving Door”

To make sure this bond of methods could operate without errors, a brand new mechanism was created: A new “Revolving Door”¹⁷. Quick looking back to the “stagflation” in the 1970s, political crisis was brought to the fore and threatened the interests of the ruling class. Neo-Liberalization was implemented by governments as a political project and the boundless developing of it eventually led to the 2008 Global Economic Crisis. Behind this process, the increasingly tighter bonding between the private corporations and governments formed a “revolving door” rotating around the axis of profit-making.¹⁸ The same happened in the PMC’s extension: A new revolving door was built up between governments and PMCs with the axis of commoditization on human life and violence to make profits for both from its “rotation” through a strategy of government pointed out by Harvey: “To create controversies out of all manner of issues that simply do not matter and to propose solutions to questions that do not exist.”¹⁹

According to Tilly, states are “racketeers” who provide public with legitimate protection rackets. This “good cop-bad cop” role of “racketeers”, who are in charge of providing protections to the threats they created on their own, is designed for states to gain more profits through the creation of “rackets” which refers to dishonest and illegal ways of getting money, which granted states with the legitimacy to “commonly stimulate, stimulate, or even fabricate threats of external war.”²⁰ War-making generated the needs of extraction from people and, in PMC Industry, “War on Terror” declared by Bush Administration in 2001 was just fulfilling this need. For the sake of “protecting homeland” and “building counterterrorism institutions and enhancing agents’ skills”, the states gained a huge amount of profits through taxation and redistributed the money into another war-making and constructing this noble revolving door. The U.S. Government allows the extension of PMCs and, in the meantime, protects them from the prosecution of laws and gets the share of huge profits from PMCs. Besides, the U.S. government can also make profits from the oil firms who have special relations with it through ways, such as a discount on selling PMCs’ protection. According to the data from the Federal Procurement Data System, top 100 defense contractors may consumed up 40% of the military budget allocation and TOP 10 as followed accounted for 20% of the whole.²¹

17 A “Revolving Door” refers to a movement of personnel between roles as legislators and regulators and the industries affected by the legislation and regulation. In some case, including this time, this movement can be applied to describe an unhealthy relationship between the private sectors and government, based on the exchanging on privileges and priorities.

18 Harvey D. (2007) *A Brief History of Neoliberalism*, Oxford University Press, p. 206.

19 Harvey D. (2011) *The Party of Wall Street Meets its Nemesis*, Verso Blog.

20 Tilly C. (1985) “War-Making and State-Making as Organized Crime” in *Bringing the State Back In*, (edited by Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol), Cambridge University Press, New York, p. 171.

21 “Top 100 Contractors Report - Fiscal Year 2015”. fpds.gov. Retrieved 4 January 2017.

Table 1 Top 10 Contractors

Global Vendor Name	Number of Actions	Dollars Obligated	%Total Actions	%Total Dollars
LOCKHEED MARTIN CORPORATION	121,387	\$36,259,911,070.83	0.6866%	8.2999%
THE BOEING COMPANY	13,201	\$16,646,781,379.52	0.0747%	3.8104%
GENERAL DYNAMICS CORPORATION	21,945	\$13,632,984,913.57	0.1241%	3.1206%
RAYTHEON COMPANY	10,554	\$13,114,246,704.69	0.0597%	3.0018%
NORTHROP GRUMMAN CORPORATION	11,628	\$10,637,246,770.72	0.0658%	2.4349%
MCKESSON CORPORATION	106,371	\$8,358,491,280.54	0.6017%	1.9133%
UNITED TECHNOLOGIES CORPORATION	25,400	\$6,792,039,706.41	0.1437%	1.5547%
L-3 COMMUNICATIONS HOLDINGS INC.	8,493	\$5,450,824,009.65	0.0480%	1.2477%
BECHTEL GROUP INC.	201	\$4,645,069,049.63	0.0011%	1.0633%
BAE SYSTEMS PLC	10,541	\$4,436,736,025.43	0.0596%	1.0156%

Conclusion

Now that governments have triggered the exponential increasing of PMCs and also cannot transfer the monopoly power on the legitimate violence to economic enterprises, they should keep a continuous interference in this industry with proper regulations to make sure that they wouldn't make more mistakes, at least. Finding a new market to keep the rotating of this revolving door cannot be working forever for solving the "Crisis of Surplus", while governments should redistribute the spending on defense to rebalance the production of different industries. Always making efforts towards peace with right approaches, then the problem will be mitigated rather than worsened.

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