

# This Shadow Force Is Siphoning Billions of Your Tax Dollars

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The state's appetite for military intervention across the globe is unceasing. However, the public is rarely sympathetic to these ambitions, and so intervention is accomplished through other means.

These other means often take the form of private military contractors, or PMCs, who are not counted among the "boots on the ground", or nationally mourned when killed in action. They can also be used to fight proxy wars for large nations. As contractors don't need to wear a uniform, or fight under a flag, their masters can remain anonymous. They are a pawn of government agencies, and a black hole costing the taxpayer billions with little accountability or oversight.

They are a shadow, shifting behind foreign policy. And as the day wears on, this shadow grows bigger. Just last year, military contractors in Afghanistan outnumbered American troops by three to one.

The use of private contractors is a growing trend – companies such as DynCorp and G4S will benefit as governments offload operations to the private sector.

## Militaires Sans Frontières

Globalisation generated huge wealth for those who knew how to harness it. Consumer electronics are a great example of this – accelerometers from Germany, batteries from Korea, and screens from Japan are coupled with plastic from Singapore to create iPhones sold in Jamaica. A Jamaican having issues with his iPhone may end up speaking to a call centre in India. All these tasks are achieved to create maximum profitability and efficiency for Apple.

Capital flows to the cheapest labourers on this global market, often at the expense of quality. This system is not limited to consumer electronics and tech support, however.

It applies also to soldiers.

Like iPhones, mercenary forces can be sourced from emerging markets and sold at a premium elsewhere – the same formula is at work.

While the wars in Iraq and Afghanistan are viewed as British and American efforts, thousands of mercenaries from around the world were contracted in to conduct the war. Their roles included protecting convoys and diplomats, and training troops, securing supply chains.

Blackwater operators were considered the elite of these private warriors, with former SAS and Delta Force soldiers filling their ranks. However, as the war in Iraq continued to present business opportunities, Blackwater, like Apple with its iPhones, used the benefits of globalisation to magnify its earnings.

While Blackwater was profitable paying its elite operators from the West up to \$12,000 a month for deployment in Iraq, it realised that it could generate far greater profits if it recruited soldiers from poorer nations. These men were earning \$400 a month at home, and would be willing to risk their lives in Baghdad for \$1,000.

Blackwater and other PMCs like Triple Canopy recruited thousands of soldiers from Colombia, the Balkans and South Africa to serve as "security" in Iraq. An estimated 2,200 commandos were recruited from Chile alone (many of whom were brutal enforcers of Pinochet's regime).

## You got the money, they got the honey

Military contractors have existed for decades – mercenaries, for millennia. The end of the Cold War and 9/11 are what really created the modern industry of PMCs however. When the Cold War finished, thousands of military men were out of a job. They created small firms providing security services to governments and companies, and saw a fair amount of action in the first Gulf War.

9/11 then kick-started a gold rush, which hasn't stopped since or lost momentum.

The global war on terror provided hundreds of niches in security which could not be fulfilled by conventional military forces. And with enough money, any task was welcomed by the private sector. As one contractor describes Greystone, a shadowy sister company to Blackwater:

*“They have services literally from A to Z. Aviation. Special operations. Rescue. Ransom. You name it. If you got the money, they got the honey. You can hire 17 James Bonds with Arnold Schwarzenegger in charge, or you can knock on the same door and tell them, ‘I’m a Kuwaiti businessman and would like protection for my convoys between Kuwait City and Baghdad, but I only have half a million dollars a month.’ Greystone will take the contract, and they’ll hire grunts.”*

17 James Bonds, with Arnold Schwarzenegger in charge. Quite an image. Free market [economics](#) apply to mercenaries too – with a fat enough incentive, almost anything can be achieved.

### **Steroids and ammunition, funded by the taxpayer**

Blackwater was founded by a man named Erik Prince. Having studied economics at university, he is an advocate for free-market solutions to government problems. The son of a billionaire, he used money from his inheritance to set up Blackwater USA after serving in the US Navy Seals. While Blackwater began as a state-of-the-art training facility, after 9/11 it became the face of private soldiering. The image of Blackwater contractors hanging from the frames of helicopters in flight, brandishing rifles and wearing sunglasses, is synonymous with the US occupation of Iraq.

Blackwater received billions of dollars in US government contracts for its services, many of which were classified. The huge amounts of American taxpayers’ money which went into Blackwater attracted controversy when multiple allegations of recklessness and abuse struck the firm.

Claims arose of steroids being used by a quarter of Blackwater contractors, causing them to be overly aggressive and more of a liability to civilians. Other allegations of contractors crashing armoured vehicles while drunk, and abusing drugs bought from the Iraqi black market, were common. The most controversial of all however, were stories of contractors going to Iraq motivated purely by an urge to kill Iraqis, operating with the aim of “laying Hajis out on the cardboard”.

The Nisour Square massacre, where contractors from Blackwater opened fire on unarmed civilians and killed 17, brought the issue of outsourcing the military to the public eye. But the private military industry has only continued to grow in size since.

### **Saving money by paying blood**

Outsourcing the military is great for politicians – contractors are fast and flexible, and their use has little political cost. Their only real cost is felt by the treasury – and who cares about that? [They can just borrow more money anyway.](#)

As the contractors often compete with one another for contracts, middle management is stripped away to remain profitable. Prince sees a similarity between the relationship of PMCs and the conventional military with FedEx and the public US Postal Service: “an efficient, privatized solution to sclerotic and wasteful government bureaucracy.”

However, there is a certain irony about this as Blackwater was granted numerous contracts from the government which were “no-bid”: Blackwater did not have to compete with any other companies on a free market to gain them.

But at the same time, Blackwater was cost cutting to increase its profits, which put its own contractors at risk. This had fatal consequences. Of particular note was an ambush in 2004, where four contractors were killed in Fallujah escorting a shipment of pots and pans for a catering company.

According to the contract the men signed, they should’ve been driving armoured vehicles and there should have been two other contractors. To save Blackwater more than \$1.5 million, only four men were sent, and in unarmoured vehicles. An angry mob overcame the small unit, killing all four before dragging their corpses through the street and setting them alight. Their charred corpses were hung from a bridge.

This new method of waging war often attracts outrage from the public, but it won’t stop. PMCs are essential for governments who want to wage war overseas without declaring it officially.

### **In search of adventure**

It’s not just the West who utilise the services of PMCs. The Wagner group is an outfit of former Russian special forces, who is now used extensively in Syria by the Russian government. Its exploits in Syria are often in opposition to American contractors, who it’s already seen before and possibly even fought against in Ukraine. [In these proxy wars](#), the US is represented by former Blackwater contractors; Russia by the Wagner group.

Even jihadis have their own private military organisation. Malhama Tactical is a small unit which specialises in training Islamist

groups in Syria and occasionally fights alongside them – it's even issued adverts for new recruits on Facebook, describing themselves as a "fun and friendly team", looking for young men willing to "constantly engage, develop, and learn".

The idea of the soldier of fortune is almost romantic. To venture forth to exotic lands armed with your wits and a rifle in pursuit of treasure certainly appeals to a sense of adventure crippled by health and safety in recent times. According to John Geddes, a former PMC in Iraq, money isn't the primary motivator: "It's the camaraderie, being with like-minded people, it's the guns, the adventure, the diverse activity. That's why they do it."

Prince seems to have taken this pursuit of adventure to the next level, undaunted by the excesses and atrocities committed by this mercenary industry. Having sold Blackwater in 2010 after heavy criticism of its operations, his quests into the uncharted political and moral territory continue unabated.

Since leaving Blackwater he has created [a mercenary army for Saudi Arabia](#) made up entirely of non-Muslim foreigners to prevent religion getting in the way of its job. More recently he's been found [equipping crop duster aircraft with machine guns and rocket launchers, to sell to African governments](#). Prince has never had to work a day in his life. What drives him to do such things?

According to a US government official who's dealt with him, it's quite simple: boredom.

Until next time,

A handwritten signature in black ink, appearing to read 'Boaz Shoshan'.

Boaz Shoshan  
*Capital %26 Conflict*

PS Your thoughts are always welcome: [boaz@southbankresearch.com](mailto:boaz@southbankresearch.com).