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The research described in this report was sponsored by the Smith Richardson Foundation and conducted within the International Security and Defense Policy Center of the RAND National Security Research Division (NSRD). NSRD conducts research and analysis for the Office of the Secretary of Defense, the Joint Staff, the Unified Combatant Commands, the defense agencies, the Navy, the Marine Corps, the U.S. Coast Guard, the U.S. Intelligence Community, allied foreign governments, and foundations.

Library of Congress Cataloging-in-Publication Data
Hired guns : views about armed contractors in Operation Iraqi Freedom / Sarah K. Cotton ... [et al.].
p. cm.
Includes bibliographical references.

DS79.769.H47 2010
956.7044'31--dc22
2010015412

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Published 2010 by the RAND Corporation
1776 Main Street, P.O. Box 2138, Santa Monica, CA 90407-2138
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Although a growing body of literature has recently emerged on the topic of the United States’ use of armed contractors in Iraq, quantifiable data to evaluate the consequences of using these personnel so extensively have heretofore been in short supply. Our study aims to contribute to filling that gap. Our primary research questions were: What are the costs and benefits of armed private security contractors to the U.S. mission in Iraq, and how have these contractors impacted U.S. military operations in this theater? In assessing this question, the unique contributions of this study are (1) its specific focus on armed private security contractors—as opposed to the much larger category of unarmed reconstruction, logistical, and base operations support contractors—and (2) its use of two systematic surveys, one of U.S. military personnel and one of State Department personnel.

The scope of support from armed private security contractors (PSCs) in the Iraq war has been unprecedented. In 2003, approximately 10,000 of these specialized, armed security personnel were providing services in Iraq (Traynor, 2003). By 2004, that number had doubled (Witte, 2005), and over the next three years, it grew to approximately 30,000 (Miller, 2007). By March 2009, this number had again receded to 10,422 (Schwartz, 2009). PSCs work for almost every organization in Iraq. The largest clients by far in the security market in Iraq are the U.S. Departments of Defense and State, and the U.S. Agency for International Development (USAID). However, journalists, reconstruction contractors, nongovernmental organizations (NGOs), and even other U.S. government agencies frequently view them as a logical choice to fill their security needs. Due to the virtual impossibility of surveying military and State Department personnel about only a subset of the private security industry operating in Iraq, the data generated for this study encompass PSCs working for all these groups in Iraq.

What Are the Costs and Benefits of Armed Contractors to the U.S. Mission in Iraq?

With armed security personnel on the ground in Iraq in such unprecedented and visible numbers, they have captured attention both inside and out of the United States and have generated heightened controversy. A host of media and government reports
detailing contractor abuses in Operation Iraqi Freedom (OIF) might lead one to believe that PSCs have imposed disproportionate costs on the operation. But other opinions hold that armed PSCs have made vital positive contributions to combat and reconstruction operations during the Iraqi conflict.

Six questions in particular have stirred debate. Three of these take a more negative slant, focusing on the costs PSCs may have imposed:

- Do PSCs have a negative impact on military retention and morale because they are paid more than U.S. military troops?
- Have PSCs had an adverse effect on local Iraqis’ perceptions of the entire occupying force because of the legal impunity with which—until January 2009—they operated in Iraq?
- Is there a lack of unit cohesion and systematic coordination between PSCs and the military?

Three other questions assume a more positive angle, concentrating on the beneficial contributions armed contractors may have made:

- Do PSCs play a valuable supportive role to the U.S. military as a force multiplier?
- Do PSCs provide skills and services that the armed forces lack?
- Do PSCs provide vital surge capacity and critical security services that have made the Iraq operation possible?

Our study uses a systematic, empirically based survey of opinions of people on the ground in Iraq to shed light on these questions. To what extent are armed PSCs perceived to be imposing the costs mentioned above? Are any costs that are imposed tempered by positive contributions? In short, how has the use of PSCs affected U.S. military operations in Operation Iraqi Freedom?

Because private military contractors’ roles in modern warfare have expanded in the past few decades specifically to augment military forces, we expect that military and Department of State (DoS) personnel perceive armed contractors to be providing military-related services in conflict zones in a way that assists military operations. We therefore set a high threshold of expectations for armed contractor behavior and contributions; any evidence to the contrary in the survey data will be treated throughout the monograph as a cause for concern.

Our Approach

Our study provides important evidence to consider in the policy discussions and public dialogue related to armed PSCs. Focusing specifically on the period in Iraq between 2003 and 2008, this monograph centers on two original surveys—one of U.S. military personnel and the other of U.S. State Department employees, all of whom served in
Operation Iraqi Freedom at some point during this time period. The survey data enabled us to provide a rare quantitative picture of the perspectives of these two groups.

We analyzed our survey results in the context of other data collected for this study:

- **Interviews.** Our interviewees included armed contractors, both active and retired; analysts; trade association representatives; and employees of the Department of Defense, Department of State, and the U.S. Agency for International Development (USAID).
- **Published literature.** Our sources included government reports, memos, newspaper accounts, and scholarly articles.
- **U.S. government purchasing records.**

**Do Private Security Contractors Have a Negative Effect on Military Retention and Morale?**

The difference in pay between PSCs and troops is a recurring theme in interviews, anecdotal accounts, and analyses of how contractors are affecting the military. Employment with private security firms offers significantly better remuneration than military employment (Spearin, 2006). It also offers a more moderate operational tempo, with better leave options and greater choice of deployment locations. The argument has been made that these more desirable work conditions have the unintended side effect of reducing rates of military retention. However, officials from the private security industry insist that their companies pose no challenge to military retention rates.

Although data on U.S. military continuation rates indicate a fairly steady rate of continuation across the services throughout OIF, our survey data indicate that the prevailing perception among military personnel themselves is that the higher levels of pay earned by armed contractors do indeed adversely affect retention in the services (Figure S.1).

**Figure S.1**

**Department of Defense Survey: Pay**

"The pay available to armed contractors during OIF negatively impacts recruiting and retention among U.S. military personnel."

<table>
<thead>
<tr>
<th>Pay Level</th>
<th>Typical True</th>
<th>Typically False</th>
<th>No Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower-ranking officers (O1–O3) n = 20</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Higher-ranking officers (O4–O6) n = 40</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>Under age 35 n = 111</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Over age 35 n = 129</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
</tbody>
</table>
These perceptions may be deceiving, however: A 2005 Government Accountability Office (GAO) report found military attrition levels within the specialties favored by private security contractors to be about the same in 2005 as they were before the September 11, 2001, terrorist attacks (Lardner, 2006). Furthermore, controlling for length of time in service, some of the retention data indicate that military retention has actually been increasing in recent years. Early-career Army soldiers, for example, are reenlisting in greater numbers: As of December 2008, the retention rate for this group was 20 percentage points higher than in fiscal year 2004 (Milburn and Manning, December 2008). Yet, these issues should all be considered in the broader context of factors affecting retention during recent years. Such factors include military reenlistment bonuses and the possibility that PSC employment opportunities are actually a complementary part of an overall career path for military personnel that could even have a positive impact on recruiting in the long run (Hosek et al, 2004; Hosek and Martorell, 2009).

A majority of the lower-ranking and younger military personnel surveyed also believed that the disparity in pay had been detrimental to morale in their units while they had been in the Iraqi theater.

**Have Private Security Contractors Had an Adverse Effect on Local Iraqis’ Perceptions of the Entire Occupying Force Because of the Legal Impunity with Which They Operated in Iraq Prior to 2009?**

Reports are plentiful of PSCs committing serious, and sometimes fatal, abuses of power in Iraq. The incident in Nisour Square in September 2007, in which armed contractors employed by Blackwater USA killed 17 Iraqis, is the most publicized example. Less extreme, yet still very aggressive, incidents have also been reported.

Our survey results indicate that neither the U.S. military nor DoS personnel appear to perceive PSCs to be “running wild” in Iraq. However, in the experience of military personnel, incidents in which armed contractors behaved in an unnecessarily threatening, arrogant, or belligerent way in Iraq were not entirely uncommon. Although a majority of surveyed personnel had never witnessed an event of this sort, the number of respondents with experience interacting with armed contractors who reported having sometimes observed such behavior (20 percent) is a substantial figure. This is particularly so when considering that we expect armed contractors to behave well when employed in support of a U.S. military mission, even if not employed directly by the United States.

In like manner, although most military personnel had never witnessed armed contractors instigating direct action or taking offensive measures, the fact that 14 percent of those with experience with armed contractors had sometimes witnessed armed contractors taking offensive measures is not insignificant. Similarly, almost half of DoS respondents with experience with armed contractors reported they had never had to manage the consequences of actions by armed contractors (Figure S.2). However, about half of that number had to perform this role sometimes, and slightly less than that rarely had to do it. Considering that having to manage the consequences of armed contractor
actions against locals is entirely outside the purview of what we should expect our deployed diplomatic personnel to spend their time doing, this number is substantial.

These results cast doubt on how frequently armed contractors engage in behavior that would negatively color how Iraqis viewed armed contractors, and thus the occupying force as a whole. Nonetheless, to the extent that Iraqis have a negative view of armed contractors, which can be detrimental to larger U.S. goals in Iraq, such a view is likely derived from a small number of incidents. Hence, the threshold for survey respondents’ firsthand knowledge of PSC mistreatment of civilians does not need to be very high for it to be significant. It is therefore troubling that over one-fifth of DoS personnel did report “sometimes” or “often” having firsthand knowledge of armed contractors mistreating civilians (Figure S.3).
Is There a Lack of Unit Cohesion and Systematic Coordination Between Private Security Contractors and the Military?

The ability (or lack thereof) of PSCs to coordinate successfully with U.S. military and coalition forces has been another topic of debate. Two GAO reports from 2005 and 2006 noted several problems in this area, despite efforts to improve. At their extreme, problems of coordination between PSCs and military troops in Iraq have resulted in friendly-fire, or so-called “blue-on-white,” incidents.

In light of the numerous reports of failed coordination between armed contractors and the military, the fact that most of the military personnel surveyed had fairly positive views on this issue is surprising. The majority had not witnessed firsthand any failures by PSCs to coordinate with military commanders (Figure S.4). However, among those having experience with armed contractors, the number who had sometimes or rarely had firsthand knowledge of such failures was evenly split at 20 percent each. This is not a negligible figure, considering our high expectations regarding contractor behavior.

A similar majority also had never seen armed contractors getting in the way of active-duty military personnel trying to perform their jobs, but again, 16 percent of those with experience interacting with armed contractors reported having sometimes observed such hindrances of military personnel, and 6 percent of these respondents had often observed such hindrances. Given our high expectations for contractor behavior and contributions, these figures point to the need for improvements in interaction and coordination between PSCs and the military.

Figure S.4
Department of Defense Survey: Failure of Contractors to Coordinate with Military

“During your time in the region during OIF, how often did you have firsthand knowledge of armed contractors failing to coordinate with military commanders?”

<table>
<thead>
<tr>
<th>Experience with contractors (n = 152)</th>
<th>No experience with contractors (n = 97)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>0.40</td>
</tr>
<tr>
<td>Rarely</td>
<td>0.17</td>
</tr>
<tr>
<td>Sometimes</td>
<td>0.20</td>
</tr>
<tr>
<td>Often</td>
<td>0.10</td>
</tr>
<tr>
<td>Always</td>
<td>0.10</td>
</tr>
</tbody>
</table>

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Do Private Security Contractors Play a Valuable Supportive Role to the U.S. Military as a Force Multiplier?

Army Field Manual (FM) 3-100.21 considers contractors, both armed and unarmed, as a valuable means of augmenting capabilities and generating a force multiplier effect (Department of the Army, 1999). Greater support from contractors permits the Army to deploy fewer combat service support personnel and allows the operational commander greater leeway in designing a force. With regard to armed contractors specifically, this school of thought holds that when PSCs provide bodyguards and nonmilitary site and convoy security, they relieve soldiers from having to perform these duties. In this way, employing PSCs generates advantages similar to using unarmed contractors as substitutes for regular troops (Garcia-Perez, 1999; Schreier and Caparini, 2005).

Skeptics, however, hold that the operations of PSCs may inadvertently place additional strain on the armed forces. This is because, when contractors engage the enemy in the course of their work, they may require rapid support from the military.\footnote{This strain is in addition to the demands already placed on the armed forces to protect civilian unarmed contractors. A vast amount of military force is needed to provide protection for all civilians working in the theater of operations—at least those under DoD contract (Nelson, 2000; Orsini and Bublitz, 1999; Urey, 2005).} In short, this school of thought holds that PSCs can at times cause more strain than relief for the armed forces, because they may need military aid when under attack. Although such logic applies to both armed and unarmed contractors, the fact that armed contractors have the ability to engage the enemy in a firefight makes this line of thought more applicable to them than to other types of contractors.

In this study, personnel within both the military and the State Department tended to consider PSCs a force multiplier rather than an additional strain on military troops, although such a feeling was much more pronounced among respondents who had direct experience with armed contractors. Two-thirds of the U.S. military and more than half of the DoS personnel surveyed who had experience interacting with armed contractors felt it was typically true that contractors were a means of enabling more combat units to be deployed. Yet, given our high expectations for contractors’ contributions to the force, it is surprising that 20 to 30 percent of the entire pool of both military and DoS respondents felt that armed contractors are not force multipliers.

However, relatively few military personnel reported having to provide a quick reaction force (QRF) to come to the aid of armed contractors (Figure S.5), with nearly 60 percent of those with experience interacting with armed contractors never having had to do so and over 10 percent sometimes having had to do so. These numbers indicate that instances in which the U.S. military has had to intervene on behalf of PSCs are not the rule, but they clearly need to be considered as part of the cost of relying on armed contractors.

Overall, PSCs are generally viewed as a welcome force multiplier among both military and State Department diplomatic personnel, with troops who have had more contact with them showing the most enthusiasm about their contributions in this area.
Do Private Security Contractors Provide Skills and Services That the Armed Forces Lack?

From one standpoint, the employment of PSCs can provide the United States with access to capabilities that would otherwise be unavailable or “would [either] take an inordinate amount of time to develop internally, or . . . be prohibitively expensive to develop” (Wynn, 2004, p. 4). Proponents of this “valuable skills” argument claim that although the vast majority of PSCs provide services that the military itself is designed to perform, a small segment of this group of contractors might be able to offer additional skills.

However, a common objection to the valuable skills argument is that it is far from certain that contractors will actually deliver these high-quality services. Behind this skepticism lies the assumption that because PSCs are profit-driven entities, they may not comply with their contracts if they see a better chance of maximizing profits (Stoeber, 2007).

On the whole, personnel within the military tended to consider PSCs a force multiplier rather than an additional strain on military troops. When survey respondents who felt that armed contractors sometimes, often, or always add valuable skills are taken together, a majority deemed the contribution of contractors in this area to be positive.

Both military and State Department respondents held mixed views regarding the contribution of armed contractors to U.S. foreign policy objectives. Two-thirds of DoS respondents said armed contractors had negative and positive contributions, while just over 10 percent felt they made an exclusively positive contribution to U.S. foreign policy. Note, however, that a slightly larger percentage of both experienced and inexperienced DoS respondents viewed armed contractors negatively as opposed to positively on this issue (Figure S.6).
In sum, the skill sets and services that PSCs provide to the armed forces are valued by both military and DoS personnel, with the diplomatic group holding those skills in even higher regard than the military personnel. But opinions are much more mixed when viewed in terms of the contribution armed contractors are making to U.S. foreign policy objectives, indicating that anecdotal reports skeptical of the value of armed contractors are not completely unfounded.

Do Private Security Contractors Provide Vital Surge Capacity and Critical Security Services?

For those who take a favorable view of private military contractors, an important contribution is their perceived ability to provide critical surge capacity to the U.S. armed forces (Avant, 2005; Fredland, 2004; Zamparelli, 1999). Although this argument usually refers to contractors who provide logistical support, it has recently also been extended to PSCs. Opinions that support this viewpoint can be found both inside and outside of government. The Government Accountability Office (GAO), for example, has stated that PSCs are necessary to the Iraq mission, reporting that they fulfill important security functions throughout the country in support of the Department of Defense’s military mission and the State Department’s diplomatic mission (GAO, 2008).

Nonetheless, skeptics counter that what armed contractors can add to surge capacity is of little value, since their reliability is doubtful:

The closer contractors are to the battlefield, the more they run the risk of getting into “harm’s way.” A calculation . . . comparing what the costs of getting into harm are with the costs of withdrawing may actually make it more attractive not to provide a service (Leander, 2006, p. 79).
Hired Guns: Views About Armed Contractors in Operation Iraqi Freedom

Armed contractors who directly engage with the enemy are, indeed, often in harm’s way and could present costs high enough to warrant careful thought about whether to use them. That said, however, the surveys conducted for this project identified no reliable accounts of armed contractors showing a reluctance to enter insecure areas or to do their jobs when under threat. The central question, in short, is: Have the surge capacity and security services that armed contractors provided in Iraq been an important part of the operation?

Both military and State Department personnel believe strongly that armed contractors provide needed surge capacity. Within the military, a majority held this view, whereas among the diplomatic community, that sense was even stronger (Figures S.7 and S.8).

Figure S.7
Department of Defense Survey: Surge Capacity

“Armed contractors provide needed surge capacity for the U.S. government.”

![Department of Defense Survey: Surge Capacity](image)

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Figure S.8
Department of State Survey: Surge Capacity

“Armed contractors provide needed surge capacity for the U.S. government.”

![Department of State Survey: Surge Capacity](image)
Although 18 percent of military respondents with experience with armed contractors felt that they did not provide needed surge capacity for the U.S. government, we are not as concerned about this negative response as we are in some of the other cases, because some of these respondents simply may not have viewed such surge capacity as a necessity.

Summary of Findings and Policy Recommendations

It is clear that U.S. military and DoS personnel perceive PSCs to both impose costs on and provide benefits to the U.S. military mission in Iraq. It is worth emphasizing that the survey data show that increased exposure to PSCs has both a positive and negative effect on one’s views of PSCs. Greater levels of interaction with PSCs afforded respondents the opportunity both to witness PSCs’ abuses of their position and other negative traits and to gain an appreciation for the positive work that PSCs do. Progress can continue to be made to improve PSC deployment situations if policies are instituted to correct the costs that PSCs impose on military operations, and if other war-zone actors’ exposure to them continues to increase over time.

The differences between the perceptions of the State Department and military personnel seem to follow another pattern: the perception of the different roles of PSCs is influenced by the respective needs of the military and the State Department. The military uses PSCs mostly as force multipliers. In other areas, their contributions are not as highly valued.

This is different for the State Department respondents, who found that PSCs were critical for the protection of their personnel and for the provision of organic capabilities not otherwise available in sufficient numbers. Thus, State Department and military personnel tended to welcome the contributions by PSCs more in the areas where they each had special needs that could be met by contractors. However, despite the differences in each group’s perception of PSCs, both seem to agree that armed contractors in Iraq have neither a solely negative nor solely beneficial impact on U.S. operations in theater. Indeed, while majorities of both groups of respondents often viewed armed contractors in a relatively positive—or at least benign—light, sizable minorities often reported negative perceptions of armed contractors on a variety of issues. Such minority views should not be overlooked, particularly given our high threshold of expectations for armed contractor contributions to U.S. forces, which, in turn, is based on the U.S. government’s rationale for integrating contractors into the force. Whether the costs of hiring PSCs outweigh the benefits is a question open to subjective interpretation that this study does not attempt to answer. However, it is clear that—given the prolific use of armed contractors alongside the U.S. military in modern contingencies—measures aimed at ameliorating the negative impacts of armed contractors would benefit future U.S. military operations.