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Cost-effective warfare?

By Richard W. Rahn

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Do you think too much or too little is spent on defense? The U.S. government now spends a half-trillion dollars a year on its military, or about \$1,700 for every man, woman and child in America.

I asked the opening question in the way many members of the media and political class pose it. The correct question is: What does America (or any other country) need to do to protect itself, and how can it do that in the most cost-effective way?

Anyone who has ever spent any time around a major military organization in any country knows there is tremendous waste. This less-than-shocking fact has been true ever since nation-states began operating their own militaries. Military departments are normally state monopolies that suffer from all the common bureaucratic problems faced by politically influenced government operations. In addition, the military is for the most part underutilized (and in the ideal situation never utilized) but must maintain a very high overhead to handle an occasional period of high intensity activity.

To deal with the high overhead costs of a standing army, historically some countries hired professional soldiers or even entire armies (which was common among European monarchies). As is well known, the British hired Hessian mercenaries to fight in the American Revolutionary War, and the Americans, lacking a Navy, used privateers in both the Revolution and the War of 1812.

The concept of a very large permanent military establishment is a relatively new phenomenon. The United States had largely disbanded its military after World War I, and even as late as 1941 it only spent 1.7 percent of its gross domestic product (GDP) on defense, but then sharply rose to a high of 37.8 percent of GDP in 1944 during World War II. During the last 30 years, U.S. defense spending has ranged from a low of 3 percent of GDP in 2000 to a high of 6.2 percent in 1986. Currently, it stands at about 4 percent of GDP.

For reasons of cost and performance effectiveness, the U.S. and British militaries have been increasingly contracting out services to private military corporations (PMCs). These services include training of local forces, armed site security, armed support, air support, logistical support, cyber security, weapons destruction, prisons, surveillance, covert operations and investigations, psychological warfare and many others. There are now an

estimated 20,000 PMC personnel in Iraq from dozens of different companies (mainly American and British).

As the nature of warfare is again changing from large massed armies to small insurgent groups, it makes sense to use PMCs more. The modern PMC for the most part uses highly trained former military personnel (former SEALs, Rangers, SAS, etc.). In the same way it makes sense to use a local police force SWAT team to deal with a couple of domestic snipers rather than a U.S. armored brigade, it makes sense to use a small team of highly skilled professional soldiers to deal with individual or small groups of terrorists.

The individuals employed by PMCs are required to meet the standards of the Geneva Convention, the laws of their home governments and other human-rights standards. As with the military, there have been cases of abuses by PMC personnel, but such incidents are relatively rare and can be quickly dealt with by the proper legal authorities and sanctions against the companies.

There is increasing political pressure to reduce troop levels in Iraq. One way to accomplish this political goal without putting the mission in jeopardy is to greatly expand use of PMCs. Such a move is a win-win solution. It reduces the number of U.S. and British military personnel in harm's way, and reduces the visual presence of the foreign military, which many Iraqis find troublesome. At the same time, it lowers total cost because the PMCs are so much more cost-effective. (Even though individual PMC personnel are paid much more than U.S. military personnel, the numbers required to support a particular mission tend to be a fraction of what the U.S. military would use -- because the PMC operates like a business.) Unlike some of the military reservists, all PMC personnel are in Iraq by choice, though they have suffered significant casualties.

It is often forgotten that Gen. Claire Chennault's famous Flying Tigers operated in China as a PMC at the beginning of World War II. The pilots were paid a bonus for each aircraft kill. It was highly effective.

Good policy requires using the most cost-effective institutions for any mission. There are some things only the military can do well (e.g., large campaigns against large forces of nation-states). But for missions such as peacekeeping, combating low-level insurgencies, and training of military and police forces, well-managed PMCs can be more suitable and cost-effective.

Richard W. Rahn is director general of the Center for Global Economic Growth, a project of the FreedomWorks Foundation.