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Neoliberalism and Public Sector Reform: Explaining Private Military Contracting in the United States.

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Abstract

Private Military Security Companies (PMSCs) have become an increasing presence in U.S contingency operations over the last twenty years. There have been more contracted personnel than U.S military participating in the operations in Afghanistan which signifies the growth of a dependency upon the private sector to wage war. Various international and domestic factors have led to the proliferation of defence contracting in America but this thesis explores only the causes of increased defence contracting endogenous to the state. It argues that public sector reforms as a constructive neoliberal state project during the Clinton and Bush administrations rolled back the state bureaucracy including the Department of Defence. The reduced federal workforce, managerial reform and de-regulation of government which took place during successive reform efforts resulted in the unintentional dependency on PMSCs for operational support in Iraq and Afghanistan.

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Chapter 1: Introduction

Framing the issue

The provision of public contracts to Private Military Security Companies (PMSCs) has, in recent years, become a popular subject in academia and journalism alike. The industry, which provides military and/or security assistance to governments, non-government organisations, and transnational corporations (Singer, 2010) generated a revenue of \$100 billion in 2006 and was forecast to double by 2010 (Spear, 2006). To give an idea of the scale of private military security contracting across U.S federal agencies, the ratio of private to U.S armed forces in the Gulf war was 1:100 (Spearin, 2007). This closed to just 1:1 in the 2003 Iraq war (Table 1). In Vietnam, the ratio was 1:6 but this closed to 1:1 during the conflict in the Balkans. Across much of the literature on this topic, the increased reliance on contractors in operational settings is understood as a consequence of the post-Cold War global military downsizing and the freeing up of once professional soldiers to move into private sector security provision (Spearin, 2007). This is supposed to explain why, for example, both advanced capitalist governments and less developed or weakly governed states have turned to contracting. However, this goes little way to explain the endogenous factors driving the imperative to outsource increasingly controversial defence functions. Looking at the supply efforts of private contractors cannot alone explain why governments across the world have outsourced many functions previously deemed off limits to the private sector. How and why does a dominant, military superpower like the U.S evolve to outsource such a wide range of duties traditionally viewed as state and armed force responsibility, including the authority to use force and violence?

The end of a bi-polar world may explain the supply of private forces seeking work, but it does not explain how a dominant state comes to make extensive use of contracting in wartime. Neither does it explain how private companies, post-Cold War have organised themselves so as to be a profitable, indispensable and attractive component of U.S defence. In this thesis, I seek to explain the endogenous causes of increased contracting for contingency operations. I ask how successive administrations have created a “dependency” (Singer, 2007, p.iii; Markusen, 2003) relationship with PMSCs and where the demand for private sector involvement has come from. Hence this thesis asks the following question: what are the endogenous, domestically-driven factors which drive government demand for PMSCs in the United States?

Background

The 2003 Iraq war and reconstruction and the intervention in Afghanistan were unprecedented in U.S state use of commercial contractors in an operational setting. As can be seen in Table 1, more contracted personnel had been used in previous conflicts, but the ratio between contractor and military forces had closed in Iraq and Afghanistan. What the table shows is that contracted personnel have been used by the state from its very inception (Isenberg 2009: GAO 1994). During World War II, the number of contractors was at its highest point in the history of the nation but when you consider the sheer numbers mobilised through conscription, the ratio of contracted to military personnel was still estimated as 1:6. Force downsizing after the Cold War has resulted in a smaller force, but this also has closed the ratio gap between contractor and military. The latter conflict has used more contracted personnel than military forces. Although contracting has been a part of American war-making from the 18th century, the balance in recent years has been tipped in favour of the private sector to the extent that there have been more contractors than military personnel involved in the war in Afghanistan.

Table 1: Civilians Contracted to Support Military Operations

War/Conflict	Contracted Personnel	Military	Ratio
Revolution	1,500 (Est)	9,000	1:6 (Est)
Mexican/American	6,000 (Est)	33,000	1:6 (Est)
Civil War	200,000 (Est)	1,000,000	1:5 (Est)
World War I	85,000	2,000,000	1:20
World War II	734,000	5,400,000	1:7
Korea	156,000	393,000	1:2.5
Vietnam	70,000	359,000	1:6
Persian Gulf War	5,200	541,000	1:100
Rwanda/Somalia/Haiti	No Records	N/A	N/A
Balkans	5,000-20,000	(Varied) 20,000	Up to 1.5:1
Iraq	95,461	95,900	1:1
Afghanistan	112,092	79,100	1.42:1

Source: Defense Procurement and Acquisition Policy: History of contingency contracting

As shown in the Table 1, the number of contracted personnel that equals or is greater than the military signifies an acceptance of the private sector as integral to U.S military operations, not only as an augmentation. At the same time, PMSCs operate usually within corporate structures and have their own trade association, the International Peace Operations Institute (IPOI), thus consolidating the provision of private security into a legitimate, transnational for-profit sector.

Singer initially differentiates between what he calls Private Military Firms and the traditional view of mercenaries. The distinction lies in the context within which the PMSCs act and the organisational capacity they currently have. PMSCs exist within corporate and organised structures, sometimes as part of larger transnational companies (TNCs) or sometimes stand-alone. They are hired by governments, corporations and NGOs alike which offers these firms a certain amount of credibility, in contrast with the image we have of traditional mercenaries (Singer, 2010).

In this thesis I will use the term private military security company (PMSC) as Ortiz (2010) has done, as it captures the broad range of functions PMSCs have undertaken, and it distinguishes PMSCs from the domestic private security industry. Isenberg (2009) uses private security contractor (PSC) to refer to firms which are authorised to carry weapons in order to carry out security or protective duties. He uses private military contractor (PMC) to refer to firms which offer logistics and base maintenance services, such as KBR. I will use the term private military security company (PMSC) because this project seeks to focus on the endogenous causes of increased contracting – both PSC and PMC – not the consequences. PMSCs are authorised to use force only for defence purposes (CRS, 2010). Nonetheless, the presence of PMSCs authorised to use weapons and force is alarming to those who fear that these companies are moving from a primarily supportive military role (providing logistics through contract vehicles like LOGCAP¹) into the theatre of conflict where U.S foreign policy is being executed (Walker and Whyte, 2005). Incidents like the Blackwater massacre in Nisour Square, Baghdad² and CACI and Titan International's alleged involvement in prisoner interrogations have shaped public perception of PMSCs as more than passive operational support for U.S troops. They are perceived by Walker and Whyte (2005, 661) as “foreign policy by proxy” and often discussed by journalists (Isenberg, 2009) as no more than

¹ LOGCAP is the Logistics Civil Augmentation Plan, a contract vehicle through which DoD delivers logistics services and goods for contingency operations

² Members of Blackwater security firm (now Academi) opened fire and killed 17 civilians in Nisour Square, Baghdad in 2007.

mercenaries.³ Contractors had been found sub-contracting functions to local warlords in Afghanistan (CRS, 2013), providing further reason to believe that contracting does have the unforeseen consequence of affecting foreign policy goals.

The character which different tasks PMSCs undertake, whether it be maintenance, logistics or force application (Spearin, 2007), will not be considered further in this thesis. The consideration addressed in this study is to ask why the state is outsourcing tasks that were “once thought to be the sole preserve of a state’s security sector” (Spearin 2007, 27). The acceptance of increasing visibility and participation of the private sector in operational settings on behalf of the state is antithetical to the idea of state responsibility (de Nevers, 2010). Krahmman (2012, 39) asserts that one of the conceptual pillars of western security governance in the last century has been “the democratic control over the provision of security”. Weber’s definition of the state and its monopolisation of force provides the foundation of problems for many scholars in the discussion of military privatisation:

“The primary formal characteristics of the modern state are as follows. It possesses an administrative and legal order subject to change by legislation, to which the organized corporate activity of the administrative staff, which is also regulated by legislations, is oriented. This system of order claims binding authority, not only over the members of the state, the citizens, most of whom have obtained membership by birth, but also to a very large extent, over all action taking place in the area of its jurisdiction. It is thus a compulsory association with a territorial basis. Furthermore, today, the use of force is regarded as legitimate only so far as it is either permitted by the state or prescribed by it... The claim of the modern state to monopolize the use of force is as essential to it as its character of compulsory jurisdiction and of continuous organization” (quoted in Linz and Stepan 1996, 17).

For Weber (1919), state legitimacy is derived through representation of those governed, but full dominance of a state over its territory is achieved through a monopoly of violence or force. The state’s representative legitimacy thus legitimises the physical force it outsources (Ortiz, 2010). This monopoly of force has never actually come to fruition (Ortiz, 2010; Krahmman, 2012), but the international norm remains that the state does and should have full control over its armed forces, whether the domestic police force or military forces. So what is the legitimacy problem with the U.S outsourcing military functions, if we propose that state force can be legitimately delegated?

According to Brauer (2008), the outsourcing of military duties by the state is significant not just because of the ongoing debate over privatisation, but because of the

³ Arjun Sethi, “Military contracting: Our new era of corporate mercenaries,” *Guardian*, January 23 2013

importance of who has the authority and legitimacy to delegate security norms. The consolidation of state power at the end of the 19th century (Brauer, 2008) and the rise of 20th century nationalism and its corollary, national armed forces, has dictated the current, prevailing expectations of what the state should deliver (Krahmann, 2012). The profit motive as the foundation of private sector existence is viewed as naturally conflicted with the state's provision of defence as an indivisible, undeniable public good (Bailes, 2006; Waligorski, 1990). Conflict costs states life and money, yet it benefits PMSCs financially who are neither regulated nor held accountable.

The questions surrounding legitimacy and accountability are important to ask, not least because of risk to lives but also for understanding the evolving role of the U.S state. What is the significant increase in military outsourcing indicative of, and in turn, what do and should we expect the modern state to provide? Defence is considered such an important public (as opposed to private) good that even neoliberal patriarch, Milton Friedman, deemed that “defense must take priority over every other function of government” (quoted in Waligorski 1990,165). The Department of Defence (DoD) has historically had a close relationship with the defence-industrial base providing mainly goods, giving rise to Eisenhower's prediction of a growing military-industrial-complex (MIC) (Kinsey, 2006). Contracting out support service roles for operational use signals a departure from the Cold War forged MIC. It signals the growing acceptance of the private sector into more areas of public provision, which once were not considered open to competition This brings us back to two questions which drive this thesis: Why has the private sector become such an indispensable asset to the U.S federal government and armed forces, and what endogenous “ideational, ideological and institutional” (Peck 2011, p.xiii) factors have been driving this change?

Legal, regulatory and security perspectives appear to dominate the discussion on PMSCs and outsourcing. Private contracting is commonly associated with weaker states who fail to possess a monopoly over the use of force. Where weak states fail to provide security, the vacuum will be filled (Isenberg, 2009), but how do we account for the United States, “the hegemon of the international system” (Spearin 2007, 26), the highest global military spender, contracting out where there is seemingly no security vacuum? The literature addressing military privatisation does not adequately situate the increased reliance on PMSCs by the U.S state in domestic political and economic context. When the domestic causes of outsourcing are addressed, neoliberalism tends to become a cover-all explanation; but without conceptualising what neoliberalism is and how it is manifested through outsourcing, such

explanations are weak. The end of the Cold War was followed by an increase in low-intensity or intra-state conflicts and retrenched armies. The downsizing of forces globally led to former soldiers entering into the private sector and the new conflicts drove the demand for private expertise (Schreier and Caparini, 2005; Mack, 2006). This view, though common in the secondary literature, uses the Cold War as a trigger of increased outsourcing but it does not situate outsourcing as part of a longer story of state privatisation, outsourcing or competition.

The central contribution of this thesis concerns the interests and activities of the state actor in its contractual relationship with the private sector. There is a gap in knowledge of assessing the state motivation to outsource within the domestic political and economic context. Empirically grounded analysis of the relationship between structural polity features and cultural/institutional factors enabling, pursuing and constraining outsourcing at different points in time, is inadequate in the secondary literature. Ortiz (2010) calls for researchers to look at the proliferation of military contracting and security provision in relation to government's managerial reform – this is my primary motivation: *I will look at the phenomenon of outsourcing in the United States to identify to what extent it is the product of new public management reforms as a component of an ongoing, improvised neoliberal state project.*

Statement of the Problem and Significance of the Study

The end of the Cold War and 9/11 were both cataclysmic events effecting the international political and economic environments. However, there is a limit to the use of these two events as the explanatory basis of increased U.S military outsourcing or competitive sourcing. Rather, there are domestic political-economic drivers, influential ideas and institutional constraints that existed prior to these two events, as well as international drivers based in the motivation of U.S federal agencies to outsource what traditionally had been viewed as a public, not private good. There is a gap in knowledge of explaining why the U.S market for private force has proliferated in the last 24 years, what the internal precursors were, and what the primary actors involved in this market are being driven by. There is a need to explore the new market for military and security services from a new public management (NPM) perspective (Ortiz, 2009). That is, to explore what constitutes and has led to the creation of a demand for private force in U.S defence from a political and economic perspective. This thesis is intended to contribute to our understanding of these problems.

Whilst there are legitimacy and social problems associated with bottom-up private military actors (warlords, soldier rebels, mafia) in modern conflicts (Wulf, 2006), there is a

different set of problems associated with PMSCs, which are top-down private actors. Bottom-up private military actors, particularly in modern conflicts, present problems not least by often capitalising on war, challenging weaker state authority, but also by blurring the lines between civilian and conflict participants (Wulf, 2006). However, top-down private military actors (PMSCs), in the case I am writing about, are sanctioned by a hegemonic power (Agnew, 2006; Spearin, 2003), with the highest defence spending globally.⁴ What motivates an already strong, advanced capitalist and militarised state to outsource increasing military and security functions?

There exists much discussion on the possibility of regulating top-down private military actors (Wulf, 2006), on their rights, their role in conflict and the morality or ethics of their role in modern conflicts. These are all crucial questions, particularly when private contractors have the potential to harm and have the mandate to use lethal force if required. However, there are some fundamental questions about the very existence of these private firms which need to be asked. Moreover, these are questions to do with accountability and legitimacy over what constitutes core government activity and what can and should be outsourced. One central concern is whether the private contractor profit motive is inherently contradictory with the public provision of security (Wulf, 2006).

Before we attempt to answer this question, we should be aware that agents and competing interests constitute the existence of a marketplace. We should be seeking to understand the interests, motivations and ideas of these agents involved in fuelling the recent profitability of a market for force. The prevalence of anecdotes, sensationalism and the absence of hard data on the use of PMSCs makes it difficult to distinguish fact from fable (Spear, 2006; Isenberg, 2009). The question of legitimacy over private contractors being hired by the state hinges around what the interested parties say and their reasoning behind participating in this market. This is not to say that legitimacy solely rests on perception, but an *empirical analysis of what state interests and motivations lie behind the formation of this new contractual relationship or “partnership”* (The White House 1994, 15) is a tentative step towards understanding in more detail, the drivers of this change in military security provision. Hence, the approach which this thesis adopts for studying this relationship is based around endogenous demand.

⁴ In 1990, National Defense spending was \$342 billion in 1990, \$484 billion in 2003 and \$848 billion in 2010 (U.S Government Spending, http://www.usgovernmentpending.com/breakdown_1990USpt_15ps5n)

Methodology

Because I will be looking at the representation of change over time, this study will use the mixed methods of process tracing and thematic coding using documentary evidence. My method places emphasis on situating the outcome being studied (increased military outsourcing) in “historic, situational and communication context” (Beech and Pedersen 2013, 73). The transfer of responsibility from state to PMSC rouses controversial debate because it questions the legitimacy of a non-state actor carrying out duties for profit, which are duties that the state U.S has traditionally carried out for public good. To question legitimacy, it is necessary to probe into what the state involved in outsourcing is stating that they are doing. What are the claims and justifications given to outsource and how have interests of public defence provision and private profit merged? Therefore, this thesis will rely on a rich and broad analysis of government documents to generate a picture of how this new market for force has come to exist.

The primary documents I will be analysing are annual reports (defence), national security strategies, national military strategies, congressional research reports, General Accountability Office (GAO) reports, Presidential Management Agendas (PMA), National Performance Review (NPR) reform proposals and reviews. I will be using documents from the historical period 1991 to 2013 in order to trace changing perspectives on military and security provision as well as the changed context of federal management from the end of the Cold War to the Obama administration. Also, choosing to analyse presidential agendas and government reform documents will provide a richer political and economic context within which defence, security and military strategy, and reviewing is informed, created and executed.

This research project will be conducted abductively. Abductive qualitative research allows the researcher to develop pre-conceived theoretical or conceptual definitions as explanations for the case being studied. When the researcher begins the data analysis or empirical research, they constantly re-assess the pre-conceived theory or concepts in accordance with where the empirical analysis leads them. This can lead to affirmation that the theory or concepts agree with the empirical analysis or that the researcher needs to adjust and find a theoretical or conceptual path which explains the empirical analysis more accurately (Dubois and Gadde, 2002). I will use two concepts and their associated theoretical understandings – neoliberalism and new public management (NPM) – and identify whether the document analysis confirms or denies that these two doctrines are plausible causal factors of increased outsourcing. My objective is not to let these two concepts determine the

research, but to signpost the analysis, thereby making the research process a two-way street between the empirical and the conceptual. The goal is not to explain this single-case of increased outsourcing with a theory, but to use a theoretical or conceptual framework to explain the data and empirical analysis. I have justified this approach in chapter two through an explanation of single-case process tracing and its assumption of multiple causal factors in explaining case outcomes.

I will thematically code and analyse U.S military, strategy, defence, presidential, managerial, accountability and congressional reports from the year 1991 to 2013. These documents form the analysis of the demand-side involved in contracting. The reason I will use such a broad range of documents is to find similarities between different departments around the role of the public sector and its relationship with the private sector. For example, does the Bush Management Agenda (2002) have a similar perspective on the role of private sector contracting, as annual reports have on who undertakes defence activities? The overall objective is to find some consensus, explicit, implicit or contextual, over why the private sector is now providing more support to the American government in contrast with its downsized military and defence civil service.

Assumptions

Since this is an interpretive, abductive study, there will be assumptions. I have laid these assumptions out through using pre-defined concepts to guide the research. However, the identified need for the study is partly to do with probing deeper into the terminology many writers use when trying to understand private contracting. Weber's conception of the modern state as a foundation of criticism over military contracting is quite a selective interpretation common to scholars on this topic. There are a number of academics, such as Brauer (2008), McColl (2005), Ortiz (2010) and Bailes (2006) who establish an understanding of military contracting through less of a security or legal lens. They rely more on a variety of perspectives on public/private provision, governance and managerial reform to explain endogenous political and economic factors. Based on these perspectives, this study is an exploration of institutional reform and political culture as the bases of increased outsourcing.

The documents selected for analysis have been chosen because they represent the only access we have to practical reasoning (Fairclough & Fairclough, 2013) over options and choices within generally government, but also specifically defence. This thesis will not be evaluating the efficiency or effectiveness of military outsourcing, or exogenous factors which might also drive outsourcing. Rather, I will be interpreting the justification and reasoning

behind state contracting and on a more general level, the framing of private-public relationships. Undertaking document analysis does have weaknesses due to its interpretive nature. The only ways to mitigate this are to ensure that the analysis chapter has explicit and exhaustive references to said documents when making claims, being clear about the importance of context in this study and using a theoretical/conceptual framework to situate and explain the phenomenon of increased military outsourcing.

There is a substantial amount of literature on PMSCs available and it is challenging to distinguish the reliable, objective and credible from their opposites. Understandably, the debate over legitimacy, accountability, human rights and private military contracting is quite impassioned. Hard data on this topic is not plentiful (Spear, 2006). Therefore it is hoped that by analysing what is said and what is reasoned by the state involved, the reliability of what I present may be assessed by how anchored my findings are in context and content from relevant documents.

I will use Christensen and Laegreid's (2007) transformative framework principally as an organising tool or a lens through which to look at the data in relation with the two pre-defined concepts, neoliberalism and new public management. It requires looking at the structural features of the polity to find out in which ways reform enabled and constrained public sectors. The second part, which forms the main part of the conceptual discussion chapter, entails identifying institutional and historical factors which have enabled and constrained reform and how these have affected the outcomes of reform. The objective of this chapter will be to use neoliberalism and new public management, as defined in the methodology chapter, to situate increased outsourcing and answer the research question, only if they emerge as plausible causal factors of outsourcing from data analysis.

The thesis is organized in the following manner. Chapter two will explain and justify the methodological choices made in order to best answer the research question. This chapter will also include detailed definitions and conceptualisations of neoliberalism and new public management. Chapter three will present the findings from the document analysis. Following this, chapter four uses the transformative framework to identify whether the concepts defined in chapter two are useful for understanding the evidence found through document analysis and the research question. Chapter five then, is the conclusion and will summarise the main findings of the thesis in relation to the research question. The chapter will also discuss the limitations upon this study and possible future avenues for research.

Chapter 2: Methodology and Conceptual Framework

Introduction

This case study is an abductive study of the causes contributing to the growth in state military contracting. The research question asks the following: How do government departments define the *demand* for and role of PMSCs and how have they identified the needs-basis for outsourcing certain military/security functions?

I chose documents as data upon which the thesis would be based, in order to build up an evidence base alongside an abductively developed conceptual framework. Abductive research strategies merge deductive and inductive methods but I leaned heavily on inductive analysis. I used concepts found in secondary literature which were not detailed but used to explain why U.S military contracting increased, and wanted to see if primary literature agreed. But the *purpose of data analysis was not to find agreement with the pre-defined concepts, but rather to allow evidence to emerge and work towards theory and concepts as a way to explain the findings*. In my case, I used theoretical models of neoliberalism and New Public Management as frameworks which may be able to answer ‘why’ the U.S state turned to private military security companies (PMSCs). The analysis of primary documents was thus employed not only to describe empirically but to search for patterns which would point towards a conceptual framework which would emerge from the data, and not be totally pre-defined.

The research question seeks to identify the domestic factors explaining why the U.S. state has become dependent on private contractors for contingency operations. I chose documents as data with a view that government strategy documents are an expression of institutional collective knowledge at a fixed point in time (Wendt, 1992).

Philosophical stance

My thesis has been conducted within the interpretive paradigm (de Gialdino, 2009). The methods are intended to find enough evidence through document analysis, of causal attributes to explain the outcome – which is increased government military contracting. I was looking for “minimal sufficiency” (Beech and Pedersen 2013, 92) of causal inference which means that I was searching for plausible and sufficient evidence to allow me to turn interpretation into evidence.

By interpreting what is written by the actors involved in the contractual relationship, I am giving primacy to text as empirical evidence. However, there is a gulf between what is written and what actors *do*. I acknowledge this, but what we know about PMSCs is often anecdotal (Spear, 2006). Whilst I won't deny the epistemological gulf between saying and doing, there is value in primary text analysis because it traces the role and genesis of ideas and thinking in generating real, material outcomes. It seeks to link the "ideational, ideological and institutional" factors causing military contracting (Peck, 2011).

Analysis features so heavily in this thesis because I wanted to build a strong evidentiary base, instead of relying on anecdotal evidence. *Instead of explaining my findings with the application of a theory, I will let the data and pre-defined concepts lead me to the development of a conceptual framework.* One theory is not going to explain the complexity found in the data analysis and this is something common to those conducting a study of causal relationships in historical documents (Beech and Pedersen, 2013). Finding plausible explanations as to why contracting increased led me to consider the complexity of interrelated but distinct claims for 'why' this happened. The Iraq war could surely be considered a 'triggering event' for increased contracting but what reason lies above the trigger event?⁵ I chose to use a conceptual framework to organise and situate the analysis gathered from the documents. It offered more flexibility for the study and ensured that any claims made about the nature of private military contracting were based in documentary evidence from the perspective of the contracting state. The aim to find *plausibility* of reasons why contracting increased, led me to develop a conceptual framework over and above the application of a theory. The data analysis and findings were strong and patterns certainly emerged. The research has been more akin to an historical study, using a "bottom-up analysis" (Beech and Pedersen 2013, 25) to explain the causal mechanism/s of this particular outcome, being in my case the growth and use of operational contracting by U.S departments during.

Conducting a single-outcome project

Single-outcome studies are often idiographic, which means that they explain a single case as a study of a particular phenomenon. The boundaries of a single-outcome study need to reflect the primary inference a writer is trying to demonstrate (Gerring 2006, 710). My project seeks

⁵ Ingo Rohlifing (2012, 33) uses the example of democratic peace to explain what a 'trigger event' is. Peace is not caused by the democratic dyad; there must be an 'empirical event that can trigger a process at the end of which one observes peace.'

to find the causes of the increased government outsourcing to PMSCs. In a single-outcome study, according to Gerring (2006, 712), it is likely that there will be multiple inferences made as to why the outcome happened. My thesis is a single-outcome study although it began as a case study. I had initially proposed to use qualitative analysis to compare the causal factors of private military contracting in Britain and the U.S. The concepts guiding my case selection at the beginning were new public management (NPM) reform and neoliberalism as a means and justification to outsource formerly inherently governmental military functions. There is commonality in the managerial and neoliberal ideas rooted “in the back-ground assumptions of Anglo-American political culture, and have been directly pursued not only in the U.S” (Lee and Strang 2006, 893). However, I could not find detailed information on British contracting habits and did not want to continue a study without having certainty that contracting had increased.

The single-outcome of contracting in the U.S is widely known and the government offers ratios and figures on contracting habits from the American Revolution onwards. Therefore, the single-outcome study of U.S private military contracting was a strategic choice (Flyvbjerg, 2006). I could not justify a cross-case study of industrialised state contracting or a comparison between industrial and developing state contracting because I do not have certainty of whether contracting has increased or decreased in other contexts.

The purpose of conducting a single-outcome study on public to private military contracting is not necessarily to generalise about the causal conditions for this phenomenon. My study may or may not be generalizable, and hence I make no claims concerning its external validity. The methods I employed are most often used in historical, institutional studies as well as political science. They seek to describe the plausible causal conditions for the outcome to have taken place. Certain conditions were necessary. For example, force reduction after the Cold War meant that forces could and needed to be flexible and agile, ready for rapid deployment. In the face of contingency operations, the U.S armed forces needed augmenting, since force reductions determined a shortage for the need at hand. Therefore, the Department of Defense (DoD) and military turned to contractors to fill the gaps. This condition was necessary as a cause of outsourcing but it was not a sufficient causal factor. This need alone, triggered by the end of the Cold War and change of security, defence and military posture, did not generate an increase in contracting. Why turn to contracting as a solution when there is a reserve force? Why turn to contracting when you can build-up the forces for the need, as effectively as you can retrench the forces for peacetime?

Because the causes of outsourcing are many and I propose, are interrelated, I conducted case-centric process tracing with a view to inferring causal mechanisms on the outcome. Case-centric process tracing seeks to “adopt a form of instrumentalism aimed at accounting for outcomes in particular cases” (Beech and Pedersen 2013, 25). In contrast with theory-building process tracing, which seeks to generalise from its case, case-centric process tracing takes an individual case (a single outcome) and seeks to prove its utility through offering “best possible explanation” (Beech and Pedersen 2013, 13) of the outcome.

This reflects my epistemological position. I would agree with Beech and Pedersen (2013) that the social world is complex. The abductive approach entails using concepts to drive analysis and then uses concepts or theoretical insights that emerged from the analysis to explain the case at hand. I used historical documents to make inferences about the single, bounded outcome – increased reliance on contracting. Although one might infer that I have no regard for necessity of causal mechanisms, covering laws or generalisability of social science, this is not the case. I chose a case-centric single-outcome study with increased U.S state defence contracting as my unit of analysis because it can be an example for future case studies of cross-case structural antecedents of private military outsourcing (Flyvbjerg, 2006). The retrenchment of forces after the Cold War was not a sufficient causal mechanism in explaining why, amongst other paths, the U.S turned to the private sector. This explanation separates military outsourcing from the longer history of outsourcing within the Anglo-American political tradition and denies the role of the state in the demand-side fuelling the market for force. I seek to rectify this through analysis, insights and conclusions on the state’s role in contracting.

Process Tracing

Although process tracing is not uniformly defined (Kittel and Kuehn, 2012), there is plenty of material explaining the different types of process tracing and application depending on the study being undertaken. According to Collier (2011, 824), “process tracing focuses on the unfolding of events or situations over time”. The researcher collects insights into the causal mechanisms which led to the outcome (your case) you are seeking an explanation for (Beech and Pedersen 2013, 73). However, this leap from observation to inferring why your case happened is only possible through a thorough understanding of the case’s “historic, situational, and communication context” (Beech and Pedersen 2013, 73).

Case-centric process tracing is particularly suited to studying institutional change because “rare, dynamic, and highly contingent events do not lend themselves readily to

quantification or statistical analysis” (Kittel and Huehn 2012, 3). My project seeks to describe the interrelated endogenous state demand for private contracting from 1991-2013. I used events, political-economic ideas and truth claims⁶ which were referenced often enough in the data, to become a pattern, as markers of change. The continual reinforcement of unsubstantiated claims can be called “truth claims” with origins more in ideology (Steger and Roy 2011, 11) than empirical evidence. These are not blockages to real and objective truth: epistemic power and truth claims are significant expressions of collective institutional knowledge, historically and intersubjectively formed (Wendt, 1992). Christensen and Laegreid’s (2007) transformative theoretical framework uses the myth-based approach to analyse the motivation and effects of public reforms. I will be using this approach, which identifies that norms and values are important in justifying and explaining organisational change.

Process tracing, according to George and Bennett (1997) complements other research methods. I used mixed methods of thematic coding and process tracing of documents. The data being analysed was mostly security, military and defence strategies from the armed forces, executive office, congressional reports, accountability reports and DoD as well as some reform and management documents. I used process tracing to identify and chronologically order events and patterned expressions of truth claims. Thematic coding told me of the claims surrounding outsourcing but process tracing gave order to the claims and anchored these themes in more specific plausible turning points. For example, through qualitative coding, I collected quotes relating to the claims and justifications made on business reform but the appearance of the official title ‘Revolution in Business Affairs’ in a 1998 document constituted a concrete event or happening which related to and strengthened my thematic development by signalling that something had come into existence, which previously had not been named. This was a significant turning point collected through process tracing.

Process Tracing and thematic coding allowed me to explore three crucial elements of documents to answer the research questions:

1. Context: Exploration of the context within which defence contracting operated. The documents used had differing purposes; strategic, accountability reporting, research reporting, managerial agenda setting and marketing. Process Tracing and thematic coding allows the researcher to observe data, sometimes influenced by pre-defined concepts

⁶ Truth claims are defined by Steger and Roy (2011) as statements which are expressed as true but are ideologically driven.

or theories and make the inferential leap from context observed to the “puzzling outcome” (Beech and Pedersen 2013, 18) you are studying.

2. Institutional change: I use the term ‘institution’ as Wendt defines it. Institutions are an expression of common knowledge; they are “a function of what actors collectively know” (Wendt 1992, 399). Government documents as my data are an expression of collective knowledge, claims to knowledge and claims to a truth. Identifying patterns amongst these claims using mixed methods was the most concrete way to trace the changing institutional ‘common sense’. Process Tracing is particularly suited to the study of historic-institutional change (Kittel and Huehn, 2012).

3. Absence: In both traditions of thematic coding and process tracing, what is not written about is as important as what is manifested in the data. Absent evidence is referred to as “e silentio” or “the dog that didn’t bark” (Beech and Pedersen 2013, 126). Text is a representation of the captured collective institutional knowledge at a given time. Throughout the strategic data, I could not find a reference to private military contracting as a distinct form of contracting from the traditional defence industrial base contracting. Despite the fact that contracting was happening during the Gulf War, Balkans conflict, Iraq, Afghanistan and Colombia, there is no discussion in this data. In my research it does matter that a puzzling phenomenon can be identified (growth of private military contracting) but there is no official discussion offered until after it has been discovered that private firms in Iraq were undertaking more duties than ever before, on behalf of the executive-federal branch.

Textual analysis offers the researcher a platter of methodological choices. I chose to proceed abductively, that is, to analyse and explore themes and patterns in the chosen data, guided by concepts and doctrines to focus the research. This means that I was looking for certain themes, words and phrases (to do with management reform, efficiency, market economy) to explain the institutional and wider motivations to contract functions.

I used a coding technique and many different analytic lenses to explore patterns and emerging themes, both manifest and contextual evidence which could be attributed to causing the growth of contracting. Before going into the mixed methods used, I will explain my choice of data.

Data sampling and Coding Techniques

The first stage of analysis was data sampling and collection. I searched first for any literature pertaining to private military contracting on the State Department, USAID and Department of

Defence websites. I used the following keywords: Contractor, contracting, private security, private military, outsourcing. These searches returned no relevant documents but a number of press briefings which mentioned contracting in passing. I then decided to look at the reports for Congress from the General Accountability Office (GAO) and Congressional Research Service (CRS).⁷ CRS and GAO documents as well as secondary literature, mainly Ortiz (2009, 2010) and Isenberg (2009) led me to the military, defence and national security strategies. The advantage of using these documents as data is that they are numerous, and with some exceptions, they are produced yearly. This provided some continuity for the research, knowing that the purpose and context within which these documents were produced are similar.

I analysed fifty-three documents altogether. I chose to analyse these based upon what was available and the two interrelated concepts of neoliberalism and NPM, which I had in mind before conducting the data analysis. I studied many documents because there were no direct references to private military contracting within the strategic reporting. However, these documents gave invaluable insight into the ideology and motivation behind state contracting, reform and its relationship with the private defence sector. The only limitation I placed on the research from the beginning was to analyse documents from 1991-2013 so that I could trace thematic changes in political, economic and overall institutional thinking across four administrations.

“Open coding” is the first reading of the data. It is open ended and its purpose is to allow the researcher to get a first impression of what might be gathered from the data (Saldana, 2009). I did not openly code all of the data, as there was far too much and it was not necessary for all of the data. Instead, I openly coded until I could see definite patterns emerging from the strategy and managerial documents, not the accountability reporting. The accountability reporting functioned as a basis for this thesis, with figures and reporting from within government in retrospect on operational contracting. There was no need to openly code these documents. The strategic and managerial documents were openly coded until I could identify patterns, phrases, knowledge and truth claims which then guided what I looked for in the rest of the data.

“In Vivo coding” is where the researcher captures the essence of a piece of text with a phrase, quote or word (Saldana, 2009). I used this as a tool to simplify the huge amount of

⁷ I used eleven reports from these two offices led first by Google searches using the same terms already listed prefixed by ‘U.S defence or U.S State Department’ and through looking at the bibliographies of initial GAO or CRS documents analysed.

data I was analysing. Coding entails many readings of the data to exhaust meaning, and considering the amount of data I have used, it needed to be condensed. In vivo coding allowed large chunks of data to be condensed into a collection of quoted phrases or words, claims to knowledge about contracting or efficiency, strategic direction or anything else contextually relevant which emerged as a pattern from the data. I used a quote from Defense Secretary Rumsfeld in my analysis which encouraged defence employees to behave more like venture capitalists (2002, 81). This quote was so explicit that it caught my attention and went into the collection of quotes which said the same but in more subtle ways. These quotes were abstracted and created a new theme, which sometimes correspond with the guiding concepts – neoliberalism and NPM.

The coding process was a three step process: initial coding attempts, organising codes according to themes identified and then the development of the conceptual framework.

In my initial reading of the data, I noted down any possible significant factors contributing to the increase in contracting. This resulted in a long list of words, phrases and chunks of text. As I continued with the first, open coding attempt, patterns emerged which guided my focus. Once I had finished the first reading, I tentatively grouped these codes into thematic categories. This process is very flexible and adaptable and upon second and third readings of the data, the codes fitting under thematic categories changed, duplicated and the thematic categories themselves changed. An example of a theme would be ‘globalisation’ but this means nothing by itself. The codes (direct quotes) offered differing perspectives on definitions of globalisation. For example, data described the world as ‘interconnected’ and used this as a justification for choosing to take one policy direction over another. A quote capturing this would then constitute a code and be placed under the thematic category ‘globalisation’. Although the word globalisation was not used in this particular code, the use of ‘interconnectedness’ appeals to my prior conceptual understanding of what globalisation is.

One analytic lens I used was to see if there was much difference in specific claims around contracting, management of federal government, private-public partnerships or general strategic objectives and means across different administrations. For example, the 2011 Annual Report (defence) states that contracting would be reduced. This is a marked difference to the Bush and Clinton administrations where the private sector was positioned as government friends and leaders.

The end result was a group of overarching themes, under which I placed my codes which offered different perspectives represented in the data, of that one theme. The next step

required moving from thematic categories to explaining the findings in relation to key concepts. I used two analytic concepts: neoliberalism and NPM. I chose these two because they both could be used to explain the growth of government outsourcing and privatisation over the last thirty years and had been discussed in the secondary literature. These two doctrines acted as signposts as to what I should look for in the data. However, I was certain that this project, as far as is possible, would not allow these two concepts to dictate what emerged from the data. The reason I conducted coding and process tracing manually and used different analytic lenses for looking at the data was because I wanted causal mechanisms of increased government outsourcing to emerge. I did not want the analysis to be biased from the beginning by only considering neoliberalism and NPM as the key factors influencing defence and military decision making.

Problems, limitations and ethics – post research observations

Although process tracing can be used in political science and public policy studies, when I found that it was particularly suited to historical studies, I realised that my thesis is an historical study of change over time. It allowed me to give far more priority to the data and ensure that my analysis was led by the data and not led by or tied down by a theory initially, which I think would have been inadequate in explaining the growth of contracting by itself (Beech and Pedersen, 2013). After I realised this, I gave more priority to the document analysis to provide a strong empirical basis for identifying domestic factors of outsourcing. Although my method was flexible, adaptable and interpretive, this is how primarily inductive process tracing and coding function. It allowed me to look at the data through many lenses: representation of institutional knowledge, historical text, justification of action, truth claims, myth making.

This leads me to a brief discussion on reliability and trustworthiness. Guba and Lincoln (1994) specify four attributes which define good qualitative research: authenticity, portability, precision and impartiality (Wesley, 2010). I begin by discussing authenticity. Qualitative research must present a “genuine interpretation of reality” (Wesley 2010, 5). The reason I favoured in vivo coding was because it makes concrete, direct quotes the bedrock of the research and thematic write-up. In my analysis, inferential leaps from coding, to identifying themes, to identifying conceptual explanations for the case being studied, could only happen if a pattern emerged, or a significant event happened illustrated by direct words, phrases or chunks of text or notable absence of topics from the data. With respect to portability, according to Wesley (2010), the transferability or generalisability of my findings

must be determined by another reader. I cannot make claims to this; that is for the reader to decide. The attribute of precision concerns the following problem: Would another researcher have come to the same conclusions? Since I am a lone researcher, I cannot rely on inter-coder reliability. A surprising advantage was that the content within the strategic data changed little over the twenty-two year period which I analysed. The language changed, but the content remained much the same. It illustrates that institutional change in this case is a slow process. Many sections of the strategic documents from earlier years were simply copied and pasted onto later strategies. Identifying patterns was not difficult and a sign of precision is being able to illustrate themes from the data, using multiple sources across years and documents. The use of process tracing to collect more concrete turning points over the last twenty years, expressed in the data, acted to give the thematic development more strength or inferential leverage. All of this was buttressed by the use of in vivo coding, using quotes as the bedrock of analysis.

Finally, concerning the attribute of impartiality, note that private military firms have elicited quite a heated response from academics, journalists and politicians. It is difficult to remain impartial, given that even describing the phenomenon of contracting or defining private military firms seems more partial than it perhaps should be. However, I did not conduct this study with a view to confirming my biases. My motivation to conduct this study came from the way journalists and academics alike often discuss private contracting negatively, calling the PMSCs ‘mercenaries’. It seemed that there was inadequate research on what role the state is in the supply/demand trope constituting the market for force. My bias from the beginning was against the neoliberal state and its outsourcing, but the further I analysed government documents, the more I considered my understanding of neoliberalism to be inadequate for explaining the case of outsourcing. It either needed further conceptualisation away from the simplicity of ‘neoliberal beliefs = private military outsourcing’ or it needed disproving, depending on the data. I will further define neoliberalism and NPM next as concepts which drove what I looked for in the data.

Concepts: Neoliberalism

Neoliberalism and new public management (NPM) were pre-existing concepts, analytic lenses which I used in my analysis. I used these two because Ortiz (2010) states that there is a knowledge gap in identifying NPM as a factor of increased military outsourcing. I used neoliberalism because it is often mentioned in the same breath as NPM, with Christensen and Laegreid (2007) identifying NPM as broadly inspired by neoliberalism.

It is difficult to pinpoint in a short space what neoliberalism is. Boas and Gans-Morse (2009, 20) argue that the term has been consigned to the “conceptual trash heap” through its use as an explanation for everything happening in the world. Despite its overuse, it has rarely been well-defined. The following excerpt is a generally accepted definition of neoliberalism.

It is:

“...a rather broad and general concept referring to an economic model or ‘paradigm’ that rose to power in the 1980s. Built upon the classical liberal idea of the self-regulating market, neoliberalism comes in several strands and variations. Perhaps the best way to conceptualize neoliberalism is to think of it as three intertwined manifestations: (1) an ideology; (2) a mode of governance; (3) a policy package” (Steger and Roy 2011, 11).

Steger and Roy (2011) continue to describe the qualities of neoliberalism found across these three intertwined manifestations. They include the privatisation of state-owned enterprises, deregulation of government and a competitive, entrepreneurial, outcomes-focused government. The active promotion of these qualities of government is expressed as truth claims, according to Steger and Roy (2011). However, this is simply a definition. It does not say anything about more theoretical perspectives on neoliberalism, just some key definitional qualities. Peck (2011, 6) argues that we can only define neoliberalism through its “sociospatial frontiers”, through its failures and successes as a state project. I will use the following paragraphs to contextualise neoliberalism’s foundations and genesis as a constructive, state project. This is significant for my thesis because it will help me frame the thematic analysis and the case of military contracting in historical context, which Peck (2011) argues is necessary if we are to define what neoliberalism is and how it relates to public management reform.

The central tenets of neoliberal thought are found in neo-classical economics. The most basic assumption upon which neo-classical economics rests is that all individuals are rational, self-seeking, utility-maximisers (Waligorski, 1990). This poses the question for such economists – how can public administration and so, the political sphere, be constrained or restricted from acting in a self-seeking way? In contrast to the *leviathan* state, the market is positioned as the organising principle of individual, self-interested desires into a harmonious society of customers. For neo-classical economists, instead of citizens of government, society is comprised or should be comprised of rational customers of the apolitical market.

It is important to see these ideas in context. Their currency and growth in the 70s-80s is widely attributed to two factors. First, the OECD and IMF are global organisations which

have actively promoted what many commentators would call a broad neoliberal and NPM agenda, hence the appearance of public management reforms across the world with unique features but similar objectives (Roness, 2007, Lee and Strang, 2006). Second, the post-war period until the 70s is often called the golden age of capitalism. Keynesian fiscal policy of taxation and wealth redistribution was seen as a failure in light of the economic crises of the 70s. The dominant neoliberal thinkers pointed to stagflation and reasoned that government profligacy with public money had distorted the economy and led to government deficits and an economic crisis. The answer to Keynesian failings were the neoliberal prescription of a leaner state, balanced books through limited public spending and in the case of the U.S, supply-side economics and monetarism (Crouch, 2011).

The ascendancy of neoliberalism can be attributed to the convergence of crises of confidence in the political class and prevailing economic doctrine. Reagan's public management reform was a medium through which neoliberalism as a state project and policy paradigm was "secularised and sullied" (Peck 2011, 116).

The Reagan administration outsourced government functions under the recommendations of the Grace Commission (1982) which was charged with reassessing public administration and government functions. The report recommended cutting red tape, managerial reform and cost cutting (Kettl, 2005). The Grace Commission was comprised of 2000 business executives overseen by an Executive Committee, 95% of whom were business leaders (Pollitt, 1990). Although the Carter presidency had set the agenda of public administration as the inefficient bureaucracy to fix (Pollitt, 1990), the Reagan administration put neoliberal ideology to work through managerial reform, outsourcing and de-regulating federal government.

I have laid out the brief history of neoliberalism as policy paradigm (monetarism, supply-side policies) and public management initiative (outsourcing, cost-cutting, de-regulating). My objective in doing so is to situate neoliberalism within the context of its historical manifestations so that the data analysis can be seen as part of a broader picture. Neoliberalism, as a concept, is quite evasive and needs to be explained through its manifestations.

According to Peck (2011), from its inception on U.S territory, neoliberalism has been a constructive project. It is a dominant policy paradigm which can be located through "following flows, backflows and undercurrents across and between these ideational, ideological and institutional moments, over time and between places" (Peck 2011, xiii). Locating neoliberalism at a point in time and space gives it definition.

At the heart of what Peck calls the “neoliberalization process” is the dialectical relationship between market and order (Peck 2011, 8). Steger and Roy’s (2010) list of neoliberal qualities, such as government deregulation and privatisation of state assets, are according to Peck (2011) examples of neoliberal road testing and reconstitution of itself. This is important to this thesis and situating the data through showing that historically, neoliberalism has not meant either the retreat of the state or this linear process of handing over the public sector to the private sector. It has entailed, as Kettl (2005) says of government reform, changing the rules and tactics upon which government works, and actively creating and sustaining markets. Far from being the “retreat of the state” (Konings 2010, 748), neoliberalism as a state project and policy paradigm has historically seen the state roll-back and roll-out its bureaucratic power.

When Peck (2011) refers to roll-back and roll-out, he means that the state rolls back, becomes leaner through government de-regulation, privatisation and outsourcing of government and decentralisation. Rolling back still entails the state construction and regulation of the market through actively pursuing a privatisation agenda. The roll-out phase is a response to crises and sees the state intervening to impose order. In rolling out once more, neoliberalism is reconstituted and adjusted to the new conditions it has constructed.

Concepts: New Public Management (NPM)

Ortiz (2009) identifies the need to examine security contracting as a result of new public management (NPM) reforms. However, as with neoliberalism, NPM is not uniformly described. I will explain three definitions of NPM, all of which I will use to frame and understand the data.

Christensen and Laegreid (2007) understand NPM reforms as broadly inspired by neoliberalism but divides them up into two reform generations: first generation NPM reforms and second generation post-NPM reforms. The first generation reforms are based more on institutional economic and management theories, and advocate state contracting to the private sector, competitive government, devolution and imposing management principles on government. The second generation, post-NPM reforms are in response to the first generation reforms and advocate for a more holistic, joined up, whole-of-government approach to public sector working. They emphasise coordination and private-public partnerships (Christensen and Laegreid, 2007; Pollitt, 1990) point out that public management reforms should be studied through their effects and surprise, unintended consequences. This relates to Peck’s (2011) use of state roll-back and roll-out to explain the contradictions of neoliberalism. The outcome of

increased dependency on military contractors could be an unintended consequence of NPM reform, but whether this is the case or not, depends on how the data frames the role of contracting and competition.

According to Lynn (2006, 1), NPM's "focal emphasis is on reducing or eliminating structural distinctions between the public and private sectors so that the behaviour of public managers resembles that of managers in entrepreneurial, profit-driven, investor owned firms". Instead of identifying the common traits of NPM and distinguishing them from post-NPM reform, Lynn (2006) is putting them all together under one common aim. Whether through contracting, competition or private-public partnerships, NPM reforms still entail modelling the state on the private sector (Brown, 2006) or using the private sector to carry out duties which previously had been considered public.

Osborne and Gaebler's book 'Reinventing Government' (1992) inspired Al Gore's National Performance Review (NPR) and is widely considered a hallmark text on NPM reform. They advise government to change its role from rowing to steering, from doing to managing. In order to become a manager, government must become competitive, entrepreneurial and outcome-oriented. Again, these qualities focus on either becoming like the private sector or including the private sector in public provision of goods and services.

I will use the characteristics of NPM described by Christensen and Laegreid (2007), Lynn (2006), and Osborne and Gaebler (1992) as tools for using the evidence to identify whether the increased dependency upon private military contracting was plausibly and partially a result of NPM reforms.

Chapter 3: Data Analysis

Introduction

This chapter will present the thematically organised findings from the document analysis. The chapter is broken up into headings which represent the main themes found during the analysis of fifty-three documents. To make reading easier, the references will be arranged slightly differently. Document analysis forms the main part of this thesis and as I explained in the methodology chapter, any themes which came from the analysis must be based on patterns in the form of quotes. This chapter would not be very easy to read if I referenced every single time: ‘efficiency’, for example, was used to justify outsourcing or the use of the private sector in government. Instead I will use footnotes to list all the documents where a pattern has been observed. However, quotes from the primary data will be referenced in-text. The strategic documents are mostly authored by Department of Defense (DoD), but I will reference the abbreviated title of the documents used. I will do this because annual reports, military and security strategies and quadrennial defence reviews are often released yearly and referencing the author will not tell the reader where I have taken the quote from. So I will use the following key for the documents referenced in this chapter:

- NMS – National military strategy
- NSS – National security strategy
- AR - Annual report (defence)
- QDR – Quadrennial defence review
- NDS – National defence strategy
- PMA – President’s management agenda
- NPR – National performance review
- CRS – Congressional Research Service
- GAO – Government Accountability Office

The changing security landscape

The following section will examine the context within which defence contracting has been taking place. I will ask how the strategic documents (security, military and defence) frame the post-Cold War environment and the new demands placed on the nation. The point of analysing the context and framing of the security landscape is to understand and explain the plausible motivations which government departments have to outsource certain security and

military functions. Although this thesis is only considering endogenous factors of increased outsourcing, it is acknowledged that the distinction between endogenous and exogenous factors may not be clear cut. For example, the following paragraphs present an analysis of how the post-Cold War terrain has been framed by the documents. Although the Cold War was a time of international hostility, signalling that it is an exogenous driver of change, I am interested in the domestic governmental *perception* and adjustment of government “rules and tactics” (Kettl 2005, 22) in the wake of the Cold War.

The Cold War and its legacy is a prominent theme in the strategic data. The hostilities officially ended in 1991 but the 90s would bring a new set of post-Cold War challenges to national and global security. With this in mind, the first section will explore how the data frames the new set of demands on U.S defence and military in the new century.

The post-Cold War terrain

References to the Cold War within the strategic data are inevitable, given that it dominated the way defence was organised from the end of WWII until the collapse of the Soviet Union. Emerging from the data is a picture of the Cold War as a low-risk, on-going conflict in a certain environment, characterised by “containment of the Soviet Union and its communist ideology” (NMS 1992, preface). The certainties of the Cold War are sharply contrasted with the uncertainties of today (today being the time of writing each document): “...the old international order was familiar, tangible, and it provided a focal point for Free World policies. Now that focus has been blurred by a whirlwind of historic change” (NMS 1992, 1).

‘Today’ is a more demanding and complex world where territorial boundaries matter less and threats come from de-territorialised terrorist networks (QDR 2006, 9, 24, 83), humanitarian disasters, regional rivalries but the biggest threats “to U.S interests are inherent in the uncertainty and instability of a rapidly changing world” (NMS 1992, preface). Yesterday (pre-1991) is characterised as a more stable security environment, albeit characterised by a continual threat. But the national military strategy for a new era demands “reflecting the ambiguous nature of our security challenges” (NMS 1995, Preface). Describing the nature of threat to the U.S as ambiguous is one motivation for defence restructure, without the certain Soviet adversary to base security, defence and military around. In the 2004 Annual Report Rumsfeld asserts that 9/11 signalled the closure of the post-Cold War era. These two events are perceived as the defining moments of U.S modern history, “whirlwinds of historic change” (NMS 1992, 1) and here, in particular, the impetus for defence transformation.

The end of the Cold War is the impetus to transform the forces into a lean and agile military with broad capabilities. But in order to do this, DoD also need to change. This is explicit in the 1998 Annual defence report (viii):

“Having inherited the defense structure that won the Cold War and Desert Storm, the Clinton Administration intends to leave its legacy, a military, and a Defense Department that have been transformed to meet the new challenges of a new century... We will execute the strategy with superior military forces that fully exploit advances in technology by employing new operational concepts and organizational structures. And we will support our forces with a Department that is as lean, agile, and focused as our warfighters.”

The Gulf War in 1991 illustrated the swift and efficient use of technology on the battlefield (AR 1996, xvi), yet the U.S military were equipped with weapons and logistics systems to deal with cold war strategy (AR 1998, vii), not this complex and uncertain global environment . The real, material implications of a post-Cold War era have been that the U.S is no longer “waiting for the advent of WWIII” (AR 2001, 137) in a war against communist adversaries. The goal of rolling back or crushing communism, outspending the Soviets or stockpiling nuclear weapons no longer exists (NMS 1992, preface), instead the end security objectives to “secure peace, engender democracy and nurture market economies on a global scale” (AR 2001,137) are far less material, more resource intensive, diffuse in nature and meaning and essentially have no frontiers. A global political economy which mirrored U.S values and ideology was now as vital to national security as military prowess.

The 1991 National security strategy (17) favours the power of ideas and the encouragement of “policies that break down statist barriers to enterprise and unleash the productive forces within every society”. The statement of intent is to mould smaller, restructured armed forces for the post-Cold War threats; reduced forces but with a forward presence, technological expertise and capable of rapid deployment.⁸ Whilst the end of the Cold War led DoD to re-assess the global security situation and reduce its force size as a result, there were a number of other changes taking place within the domestic political environment. Impetus for transformation came from within government in the form of management agendas, reduced defence spending and the ambiguous nature of threats requiring more than military engagement.

Managerial government reform gains prominence as a cultural as well as political and economic movement from the mid-90s onwards. DoD cut procurement costs (QDR, 2001) whilst oversight and regulation of the commercialised defence functions were being stripped and a results-driven culture was being encouraged (Gore, 1996; Bush, 2002). The “robust free

⁸ NSS 1991; NSS 1993

market” is considered self-regulatory and more effective than government intervention (NSS 1993, 15). The concurrent reduced force structure, reduced oversight, reduced spending, and results-over-process management focus were a response to the new demands of the post-Cold War international relations. The immediate post-Cold War military strategy “which places a premium on efficiency without compromising effectiveness, is designed to be implemented within a significantly reduced defense budget” (NMS 1992, 4). The bottom line is presented as spending less, instead adapting and improving defence through public sector reform entailing financial, acquisition, force structure, procurement, technological and cultural reform to adapt the new force structure for new security needs.

The endogenous drivers for public sector, including defence, reform are presented partly as a response to the increasing global interconnectedness drawing inevitably entangling national security to the rest of the world. Globalisation as a very wide encompassing term in the data becomes a term used to describe the increasing inseparability of domestic and international affairs. In the early 90s National security is defined as “critically linked to events and access overseas” (NMS 1992, 2) and with aim to “influence world events, deter would-be aggressors, guarantee free access to global markets, and encourage continued democratic and economic progress” (NMS 1992, 2). It is clear that changing the provision of defence and military goods and services must adapt.

Globalisation, the Department of Defense and National Security Strategy

This section will give a brief overview of how domestic perception of globalisation and its framed inevitability emerges from the strategic data and how it relates to the growth in contracting and competitive sourcing. Analysis will be brief because globalisation is a huge topic and although it does appear in the data as a factor driving public sector reform, it is too big a topic to tackle here. It is an important theme because the way the data describe the effects of globalisation relates to the justification defence and wider federal reform, which has emphasised the use of contracting. During the process of categorising the data, refining and grouping themes led to encompassing the following terms as synonymous with the term ‘globalisation’: interconnectedness and blurred domestic-international boundaries. I also included allusions to U.S national security being inextricably linked to conflicts and events abroad. Such terms and allusions refer to the increasingly open, but smaller world and connectedness of global events, states and economies.

Globalisation, in a word, is a clear theme emerging from 1997 onwards as an inevitable driving force towards outsourcing, privatisation and competition. For example, the

following quote from the 1997 Annual Report (119) sums up succinctly the relationship posited in this first source between globalisation and contracting:

“Increasing globalization and high rates of innovation created a much more competitive environment for U.S industry. In response, U.S businesses reengineered their internal processes, invested in state-of-the-art technology, and concentrated on their core competencies. They turned to networking and joint ventures to expand these capabilities. They streamlined their operations to improve their efficiency and enhanced their focus on what they do best. And they turned to outsourcing contracting with other firms to provide the capabilities they need but which are not part of their core capabilities. Outsourcing directly contributed to the ability of many U.S firms to re-establish their leading positions in the world economy...Entire new industries – and companies – have grown to meet this demand for specialized services across a range of functions.”⁹

Here, outsourcing has two functions: it enables business to focus on core activities and outsource non-core activities and it facilitates the competitiveness of the private sector in an increasingly open world. What is more interesting is the way this excerpt sees DoD’s role as the facilitator of private sector growth. “This demand...” refers to government demand as necessitating the growth of the defence industry. What is more, the defence functions referred to, are not exclusively carried out by the defence-industrial base. Functions such as transportation services, facility management, inventory management, accounting and finance, internal audit and telecommunications are examples of activities carried out by PMSCs in contingency operations. This finding shows that DoD defines its role in the market for private force as the facilitator of growth, whose demand results in the proliferation of the private defence sector.

This excerpt also shows the desire to mimic private defence sector business practices. The private sector’s outsourcing of non-core functions has been used as a template for DoD business practice. Consider the following excerpt from the 1997 Annual report (108-109):

“Over the last several decades, most private sector corporations have moved aggressively away from providing their own support services. Instead, they have concentrated efforts on core functions and businesses, while building alliances with suppliers for a vast range of products and services not considered central to the product or service they can best provide. The central challenge is determining which functions are core and would be performed best by the DoD.”

The difference between private sector business and DoD function is not a consideration. The transference of the private sector practice of outsourcing non-core functions to DoD is presented as a fluid, natural and logical next step in defence reform.

⁹ Such functions include: ‘aircraft and ship maintenance, inventory management, accounting and finance, internal audit, data center operations, software maintenance, computer network support, applications development, telecommunications, transportation services, facility management and benefits administration’

There is further evidence of this in a large number of strategic reports. The 1995 (140) Annual Report urges that DoD copy private sector practice in logistics reform, 1996 (106) Annual Report proposes adoption of commercial and best business practices, the Defence Science Board (1999, preface) encourages “fully leveraging commercial sector capabilities to include commercial business practices”. I have used four sources here to illustrate the enthusiasm for government adopting business practices, including outsourcing, but there are many more instances to be found in the data.¹⁰ As I will explain, the motivation to outsource is as much a cause of a globalising world, as it is a consequence.

There is a direct reference to government outsourcing in facilitating the demand for the private sector whilst reaping the benefits of estimated savings: “In 1996, these outsourced service industries generated an estimated \$100 billion in sales...DoD must also introduce greater competition into its noncore activities to lower costs and improve the quality of service to the warfighters” (AD 1997,119)

A second Annual Report emphasises DoD’s role as the buyer and facilitator of DoD survival and private sector growth by stating that DoD must seek to “foster more linkages between U.S defense suppliers and those of its allies to ensure that DoD adapts to the changing environment and captures the benefits offered by globalization” (2001, 164).

Globalisation presents an opportunity for DoD to have the luxury or benefits of choice in a theoretically open marketplace. The more open and international the market, the more competitive the industry becomes, the cheaper goods and services available to DoD. This is how it should be, in theory. The two citations illustrate the belief that globalisation for DoD offers the chance to forge a closer relationship with business and become more competitive through copying private sector practices such as competitive sourcing.

The military strategies do not, aside from the 2011 report, refer to globalisation or any of the terms used to denote the same phenomenon - interconnectedness, blurred domestic/international boundaries, global world. However, the national security strategies place significant focus on globalisation, in a different way. They emphasise the general perceived effects of globalisation on national prosperity and how the U.S state needs to respond. This aspect of the globalisation discourse is more values-based. It is relevant because it provides a collaborative U.S state perspective on which values underpin their defence and security strategies as well as the general public-sector approach to securing the

¹⁰ AR 1994; AR 1995; AR 1996; AR 1997; AR 1998, AR 2000; AR 2001; AR 2002; AR 2005 QDR 2001; DSB 1999

nation. These values change little over the twenty years analysed in this thesis and provide a stable narrative for understanding defence reform.

In successive national security strategies, globalisation is both a risk to national security and an opportunity for prosperity. For example, consider the following aspirational statement: “Globalization – the process of accelerating economic, technological, cultural and political integration – is bringing citizens from all continents closer together, allowing them to share ideas, goods and information in an instant” (NSS 1999, 1). This statement sits alongside the simultaneous threats: “Globalization, however, also brings risks. Outlaw states and ethnic conflicts threaten regional stability and progress... Weapons of mass destruction, terrorism, drug trafficking and other international crime are global concerns that transcend national borders” (NSS 1999, 1).

This is directly linked to the motivation for U.S national security to be proactive and globally engaged: “In short, our citizens have a direct and increasing stake in the prosperity and stability of other nations, in their support for international norms and human rights, in their ability to combat international crime, in their opens markets...” (1999, 1).

Without saying the word ‘globalisation’, the 1996 (i, 11) National security strategy declares that “threats to our security have no respect for boundaries” and “the problems that others face today can more quickly become ours, tomorrow”. Similarly, the 1993 (2) National security strategy, 1995 (2) Annual report and 1996 (15) Annual report elude the term, instead favouring “interconnected” to describe the interdependence of global and domestic needs. The interconnected globe is presented as a matter of fact and inevitability demanding that the U.S maintain a global presence to safeguard security abroad and at home.

Globalisation, interconnectedness, economic integration, blurred boundaries between domestic and international domains – whichever way the data choose to characterise globalisation, they all serve a similar purpose within the context of strategic reporting. The national security strategy documents use the *fact* of globalisation as a contextual device. The world is uncertain, complex and interdependent and although this presents challenges it also provides opportunity. Therefore, U.S national interests and prosperity lie in actively promoting further integration, internationalisation and openness which is achieved through promoting the values of free markets, democracy and human rights. It is not possible to quote all of the places in the data where these values as strategic means are used to promote the end goal of global and consequently U.S prosperity.¹¹ However, the quotes used and the footnoted

¹¹ NMS, 1992; NMS, 1997; NSS, 1991; NSS 1993; NSS, 1994; NSS, 1995; AR, 2000; AR 2001; AR, 1997

references allow me to draw these conclusions as to the nature of values and beliefs driving U.S national security, defence and military strategy

I used five reports from 1995 – 2001 to illustrate a strong tendency to use globalisation as a reason for reaping the benefits of a private defence sector, meaning outsourcing or commercialising defence activities. This is done partly under the belief that government (defence) demand for the private sector through outsourcing, contracting and privatisation, will make the U.S defence industry and DoD more competitive than their international counterparts (AR 1997, 119). This is a significant finding as it shows that the DoD characterises itself as responsible for defence industry prosperity and is a key proponent in the growth of the industry, which includes services as well as goods.

The emergence of globalisation as a theme relates directly to the following thematic category. As aforementioned, the increasingly integrated world presents threats qualitatively different from those during the Cold War. With the world becoming so intimately linked, a humanitarian disaster, civil conflict or terrorist act in a far flung country can affect the prosperity of the U.S. The ‘whole-of-government’ approach to security, encompassing all elements of national power, is expected to provide security given the wide range of threats which come in different forms from state and non-state adversaries. The whole-of-government approach signals that the public sector, aside from defence and treasury, can work together to secure the nation but as time progresses, this approach comes to include the private sector.

‘Whole-of-government’ approach to national security

Again, the advantage of looking at a range of documents over a period of twenty years allows me to trace the genesis of ideas and truth claims which underpin the political decision making process. I do not just have the possibility of comparing strategies across different government departments and functions, but can compare the subtlety of changing ideologies of administrations and the not-so-subtle changes in approaches to national security and defence in the wake of a seismic event (9/11, collapse of the Soviet Union).

The whole-of-government approach to national security favours the integration of all instruments of national power in order to secure the U.S nation: “To succeed, we must update, balance, and integrate all of the tools of American power and work with our allies and partners to do the same” (NSS 2010, 13).

In the earliest military strategy data (1991), the whole-of-government approach has not yet emerged but its foundations are in place. The subject matter is consistent with the

global political context of the time. There is “aspiration” towards a “new world order” (1991, v) and there is emphasis on the power of ideas and the American moral vision in changing the world which is a belief that re-appears in Bush administration strategic data.

The collapse of the communist ideal has led to the firm belief, expressed in the data, that the liberal ideals of individual freedom, democracy and free markets are the conditions for integration, prosperity and peace, and should be extended to every nation. To this end, security is conceptualised as holistic, meaning that: “National security and economic strength are indivisible” (NMS 1991, 3) and “a healthy and growing U.S economy to ensure opportunity for individual prosperity and resources for national endeavours at home and abroad” (NMS 1991, 3).

This provides the blueprint for future national security, defence and military strategic thinking from the 1990s onwards. It holds contextual relevance for the growing phenomenon of contracting defence functions in two ways:

1. Successive National Security Strategies emphasise the importance of free enterprise for a healthy nation and it has already been shown that DoD sees its domestic role as a facilitator of private defence sector growth (AR, 1997).

2. The demands placed on defence in the post-Cold War environment were wider encompassing, considering the dedication to global presence and leadership role exhibited by DoD in the data. With a reduction in armed forces and spending from 1991 onwards due to the end of the Cold War, but the expectation to maintain a global presence, DoD’s ‘whole-of-nation’ approach seeks to utilise the private sector to meet the new, wider and far encompassing security demands.

The label ‘whole-of-government’ or ‘whole-of-nation’ is only used in the 1998 and 2010 national security strategies. However, the approach which seeks to “update, balance, and integrate all tools of American power” (NSS 2010, 14) is expressed throughout the security strategy documents, just not in name. For example, the 1991 National security strategy (19) already calls for the harnessing of other tools of power other than militarism when it states that the: “...critical link between the strength and flexibility of the U.S. economy and our ability to achieve national objectives. Indeed, strong macroeconomic performance on the part of the United States is not only an economic objective but a prerequisite for maintaining a position of global political leadership”.

It becomes a named approach to security officially, for the first time in the data in 1998. The way this is phrased is as a call to arms, for all instruments of national power to be harnessed towards securing the well-being of the U.S. The end to national security is always

the prosperity and well-being of the U.S citizen, at home and abroad.¹² However, the means and challenges to a secure nation subtly change, and there are clear signposts usually in the title of the national security strategy data as to the changing perspectives on security priorities.

The 1994 and 1995 reports are titled ‘National security strategy of engagement and enlargement’ which gives a picture of intent to engage globally through all security assets. The 1998 and 1999 titles are respectively ‘National security strategy for a new century’ and ‘National security strategy for the 21st century’. The preoccupation here is with equipping all assets of U.S security for the 2000s and the changes that are coming with the global age. Indeed, the 1998 and 1999 Security Strategies are a precursor for the U.S executive and federal fixation on the problems and opportunities of globalisation which is a prominent theme in successive annual reports, quadrennial defence reviews.¹³ The Defence science board in 1999 even had a task force dedicated to reporting on globalisation and its implications for defence and security. The 2000 strategy is titled, ‘National security strategy for a global age’, the implication being that security and defence must be integrated, interoperable¹⁴ and panoptic to meet the demands of an increasingly interconnected world. Indeed, just the term ‘globalization’ is mentioned nineteen times in that document. “The rise of interdependence” is the inevitable shape of things to come and the solution to its challenges lies in “...America’s financial, diplomatic and military resources to stand up for peace and security, promote global prosperity, and advance democracy and human rights around the world” (NSS 2000, preface). The deployment of all means necessary in order to tackle, essentially, any global threat, at any time, requires more than armed force.

The means and ends of such holistic security measures are written in a way in which they are presumed self-evidential. For example, the nation can prosper through representative democracy, the market economy and free trade.¹⁵ But domestic prosperity, in the global age, is so intimately linked to the global community, that the extension of these facets of liberalism is integral to U.S national security. The assumption is that the global roll-out of these values, unquestioned and unsubstantiated, enshrined and inherent in the American state will make the world, including the U.S, more secure and prosperous. To that end, the whole-

¹² NSS 1995; AR, 2002, AR, 1997; AR 1996; AR, 1995; NSS, 2002; NSS, 1999

¹³ QDR, 2001; AR, 2002; AR, 1997; AR, 1996; AR, 1995;

¹⁴ Interoperability is a concept which “is a measure of the degree to which various organizations or individuals are able to operate together to achieve a common goal” (Rand Organisation, 2000)

¹⁵ NSS, 1991; NSS 1992; NSS, 1993; NSS, 1994; NSS 1995; NSS, 1998; NSS, 1999; NSS, 2000; NSS, 2005; NMS, 1997; AR, 1995; AR, 1996; AR, 1997 AR, 2000; AR, 2001;

of-government approach seeks to underscore the sacred role of the individual in securing the nation through entrepreneurial freedom, in contrast to government bureaucracy: “Ultimately, the foundation of American strength is at home. It is in the skills of our people, the dynamism of our economy, and the resilience of our institutions. A diverse, modern society has inherent, ambitious, entrepreneurial energy. Our strength comes from what we do with that energy. That is where our national security begins” (NSS 2002, 31).

The terrorist attacks on 9/11, as well as resulting in real loss of life were a symbolic strike at the centre of global capitalism (Kellner 2003, 1). The way in which the above quote is written, within this context, suggests an attempt to restore confidence in the values of the nation, encouragement to participate and contribute in making the U.S a secure nation once more, through the “inherent, ambitious, entrepreneurial energy” of every individual. This is echoed in the 2010 National security strategy (16), which lists “The American People and the Private Sector” as a separate and core component of national power and security.

I began this section with the aim to highlight the broad post-Cold War conception of security and its demands found in the data. In order to meet these demands, the military is just one of many security assets available. I have cited from different sources and found that the whole-of-government approach to security is a strategy designed to meet the broad challenges of security in a perceived globalised, interconnected world. Security is also conceptualised as anchored foremost in the actions of individual U.S citizens and their contribution to a healthy economy (NSS 2010, 16). Civilians and contractors were integrated into Total Force policy in 1973 (GAO, 1994) with the end of conscription and so it can be seen that individuals and the private sector have historically been seen as a benefit to national security and defence. The 2010 National security strategy states that the whole-of-government approach includes business and the 2004 National military strategy cites the inclusion of non-state actors in defence provision as a justification for ensuring the U.S has diverse capabilities for security and defence.

The context within which DoD has increased its outsourced activities is one where the whole world demands a U.S defence presence whilst DoD has reduced its forces and spending (NMS, 1992). Subsequently, using all elements of national power seems like a logical strategy. However, given that economic prosperity and security are framed as indivisible and DoD data refer to the organisation as fuelling demand for private military businesses, I have inferred from the data that the private sector are a key security asset for DoD in trying to achieve its ambitious forward global presence and ensuring the growth of globally competitive private sector at home.

Interlocking Revolutions

Executive-led reform was a driving force during the 90s and into the 00s in changing the way DoD operates. I will give a brief overview of the broad ranging security objectives at this time, from the data to contextualise government managerial reform. The historical context is integral to understanding the drive for the military and business revolutions in DoD.

The new security agenda in 1991 (25) describes the current defence context and identifies how the military need to re-organise on this basis: “In a world less driven by an immediate, massive threat to Europe of the danger of global war, the need to support a smaller but still crucial forward presence and to deal with regional contingencies...will shape how we organize, equip, train, deploy and employ our active and reserve forces”.

Maintaining a forward presence, or generally a global presence is a way of ensuring that the “multiple and varied threats to stability” (NSS 1991, 25) do not turn into a threat to the U.S. The data address ‘fiscal constraints’ (QDR 2001, 8), as well as the new global demands and uses these two reasons as the basis for armed force reductions. Subsequent strategic reports reflect this. For example, though Rumsfeld (2004, 28) asserts that the Global war on terror changed everything which is echoed in a second source stating that “The Global War on Terrorism demands continuous evaluation of how our military force structure is designed...” (AR 2005, 56), the values underpinning defence strategy and the means to achieving national security are similar to preceding reports. The global uncertainty and complexity, regional threats, global interconnectedness, non-state threat characteristic of the post-Cold War world are always the claims made to justify the military, security and defence strategies of deterrence, shaping the global environment and maintaining a global presence. The overarching values guiding these claims and justifications are always, without exception, that the U.S has an obligation to bring representative democracy, the market economy and human rights to the world, for global and domestic security.¹⁶

The claims laid out above, that the world is uncertain, complex and the changed nature of conflict provide the motivation for DoD transformation in the 90s. The transformation of DoD was called the Revolution in military affairs (RMA), it “includes developing concepts, doctrine, organizations so U.S can dominate any battlefield” (AR 2000, 8) but is mainly referred to in terms of technological progress and modernisation within the DoD and military services: “...the second conception, and that most commonly assigned the term RMA, highlights the evolution of weapons, military organizations, and operational

¹⁶ NSS, 1991; NSS 1992; NSS, 1993; NSS, 1994; NSS 1995; NSS, 1998; NSS, 1999; NSS, 2000; NSS, 2005; NMS, 1997; AR, 1995; AR, 1996; AR, 1997 AR, 2000; AR, 2001;

concepts among advanced powers – it focuses on the changes made possible by advancing technology” (Galdi 1995, summary)

The RMA appears in the strategy documents for the first time in the 1995 Annual report but it does not reflect the holistic definition quoted here, it is only seen in terms of a technological revolution. It is also apparent from reports between 1991-1995 that the call for transformation of DoD and reform of business, technological, acquisition and procurement processes was already strong but nameless. The development of the RMA from a purely technological revolution (1995) to a cultural, operational, conceptual and organisational revolution can be traced through the strategic data. What I mean by this is that recognition developed, over the mid-90s, that technological transformation is not a salve for the problems within DoD and the military services. Without a change in organisational structure, business processes and Information Technology and ultimately, thinking and culture, technological reform is not possible. This shift in thinking can be seen by the appearance of the Revolution of business affairs (RBA) for the first time in the 1998 Annual report. The RBA and RMA are characterised here as “interlocking revolutions. With both, and only with both, we will ensure that U.S forces continue to have unchallenged superiority in the 21st century” (AR 1998, 23). The RBA is described as a private sector transformation which the government needs to mimic and “embrace” (DSB 1999, 4, 18). It includes the drive towards “privatization, acquisition reform and elimination of excess infrastructure...” (AR 1998, 23). The business revolution signals the drive from within government to use private sector thinking, streamline its processes, de-regulate and outsource its functions. It provides context, alongside the executive management agendas, for understanding the drivers of defence outsourcing. I will piece together a picture of how the transformation of business practices is framed, using public sector management and reform agendas for an understanding of wider government reform, and defence data to see how the wider management agenda is applied.

The appearance of the RBA as an integral element of the RMA can be contextualised by the Gore/Clinton and Bush management agendas. The first instance of RBA in the data spells out clearly what DoD’s intentions are, to reform the organisation through involving the private sector in various ways. Gore’s (1996) federal reform movement, though characterised as a grassroots movement led by a democratised workforce was also cemented through formal channels. For example, in a bid to change the behaviour of federal agencies, Gore states that the government reform movement requires a “cultural revolution” (Gore 1996, 16). In a second document, he is clear that the ordinary federal workers are the revolution drivers: “...thousands of ordinary Americans – Americans who happen to work for federal

government-have been striving to change dramatically what the government does and how it does it. And folks who keep tabs on things...have been taking notice. The New York Times calls it the “the quiet revolution”...They said it couldn’t be done...and it isn’t. Reinventing the federal government isn’t an event. It isn’t an Act of Congress” (Gore 1996, 6).

From a third source, President Clinton’s 1996 State of Union Address refers to the efficiency of a shrinking federal workforce: “Today our federal government is 200,000 employees smaller than it was the day I took office as President...The remaining federal work force is composed of Americans who are now working harder and working smarter than ever before, to make sure the quality of our services does not decline.”

These examples illustrate that, at least in documentation, government reform and increasing efficiency relied on acknowledgement from Gore and Clinton that federal workers from all rungs were the gateway to change. Without engendering cultural change within federal government, the more technical and formalised reform efforts would fail (legislation and technological advancement).

This way of thinking is reflected in annual reports of the time also, that the RMA required the RBA and the RBA required an organisational cultural shift towards making government more like the business sector. For example, the 2000 Annual report (256), still under the Clinton Administration asserts: “The real cultural revolution will occur when the department successfully adopts performance based, commercial business processes and practices to field the most technologically advanced, best equipped and most mission capable fighting forces in the world to come.”

The idea of a business revolution as a cultural revolution from within has become so engrained by the end of the Clinton administration that one data source terms “cultural barriers” (DSB 1999, 14) as an obstacle to defence transformation. The enemy within, is an obstacle to reform. But it is also clear that this is not the only impediment, “legal and regulatory obstacles, and restrictive and unclear policies” (DSB 1999, preface) are also presented as obstacles to defence progress and modernisation. This brings me neatly to the next section, which will outline how the revolution centred on legislative removal of ‘red tape’ and empowering DoD employees to behave like venture capitalists (AR 2004, 65) , as much as a bottom-up cultural shift.

The business reform, acquisition and streamlining procedures legislation pushed through by the Clinton administration and continued with the Bush management agenda, shows the drive from above to make federal government more flexible over its definition of

‘inherent government functions’. For example, the 1998 FAIR Act¹⁷ was intended to clarify the term ‘inherent government functions’ but as discussed in it remains flexible and non-committal (CRS 2010, 15). Cultural reform is cited as integral to the RBA and RMA but Gore and Clinton instituted this through legislation and Bush instituted this through presenting the crisis of terror and the Iraq invasion as a motivation for reform (AR 2004, 28, 41; AR 2005, 8). Central to reform was not culture, central was an explicit statement of intent to involve the private sector in defence functions and ease the passage for this to become a norm. The “cultural revolution” (AR 2000, 56) was a means to informing federal workers that the private sector is a friend and example (Gore, 1996) and will make government more efficient. Clinton (1996, 20) sums the reform up: “We know we have to go beyond cutting, even beyond restructuring, to completely re-evaluate what the federal government is doing. Are we doing it well? Should we be doing it at all? Should someone else be doing it? Are we being as innovative and flexible as the most creative private organizations in the country?”

But we have no way of measuring whether the cultural revolution actually happened. What we do see in the data is that commitment, as expressed in Clinton’s quote, to completely re-assessing what government should do. Private sector involvement in public sector affairs exists from 1991 but this commitment becomes more formal, explicit and channelled in the following more concrete ways as time elapses:

- Federal procurement, acquisition and inherent government activity reform legislation from 1996 onwards;
- Giving the reform movement a name (RBA);
- Empowering federal employees by reducing oversight and regulation through legislation (Gore, 1996);
- Commercialising defence functions as the norm, not the exception (DSB 1999, 23 and ix);
- Using private sector practice and processes as benchmarks for public sector activities (AR, 1995; AR, 2000; AR 2002):
- Implementing measurements to evaluate cost and performance in an effort to compare cost and efficiency between public and private sectors, improve accountability and compete with private sector pay scales (PMA, 2002; Gore, 1996).

These measures designed to involve the private sector in federal activities can be located as a pattern across the strategic data. These examples further illustrate that alongside

¹⁷ Federal Acquisitions Inventory Reform

the legislative changes and management agendas enforced from above, strategic reports and reviews published by DoD are in agreement that technological and general defence reform entailed a business revolution. A business revolution, in turn, entailed competitive sourcing, copying private practices, privatisation and partnership. For example, the 1994 Annual report (217, 106) seeks to: “Encourage unorthodox approaches and unconventional techniques that bring typically American virtues such as independence, innovation, and initiative to work on security challenges” and “adopt commercial and best business practices”.

The 1995 Annual Report urges DoD to learn from industry, which sets the example for reform, by instituting waiver authority delegation, acquisition reform, cycle time reductions through making use of the commercial sector,¹⁸ streamlining¹⁹ and promoting public-private competition. The 1996 (131, xiv) Annual Report conceptualises the modernisation effort in terms of technological advancement but in order to reach this goal, logistics must “leverage” private sector capital and “review institutional and statutory obstacles to its full utilization”. By 2006, a fourth data source here, calls for competition, innovation, collaboration, partnership, streamlining acquisition and budget processes are just as persistent as they are in 1996 only here, Rumsfeld acknowledges the revolution as a named phenomenon: “We must build a Department where each of the dedicated people here can apply their immense talents to defend America, where they have the resources, information and freedom to perform...It demands agility-more than today’s bureaucracy allows. And that means we must recognize another transformation: the revolution in management, technology and business practices. Successful modern businesses are leaner and less hierarchical than ever before. They reward innovation...” (QDR 2006, 63)

The business revolution in the data is a way of describing a movement already taking place within DoD but also serves a dual purpose of giving defence employees a named cause to work for and individual empowerment to know that they, as individuals, are empowered to change the way they work. The empowerment of federal employees is as strong as the enthusiasm for the increasing presence of the private sector within Gore’s campaign and this same trend can be identified in the 2006 QDR, quoted here.

“Interlocking revolutions” (DSB 1999, 4) is a reference to the growing awareness within DoD of the interdependence of technological, financial, business, managerial and operational dimensions of defence. I describe this as a ‘growing’ awareness because the

¹⁸ Waiver authority delegation speeds up and encourages the process of eliminating unnecessary and burdensome restrictions on the operational comments. Cycle time reductions will create shorter turn around times on all processes and as a consequence, frees up cash to use on readiness, (AR, 1995)

¹⁹ Streamlining infrastructure, base support, logistics, C4ISR, finance and business processes

earlier data characterise business reform and adoption of private sector practices as a means to achieving the technological RMA. The 1995 Annual Report is more focused on the technical glitches of antiquated defence systems and bureaucracy as serious technical obstacles to federal efficiency. For example, the RMA is referred to predominantly in terms of technology and provision of goods (AR, 1995). There is one page on cultural change within DoD, and this is restricted to acquisition reform (AR, 1995). The focus is predominantly on the defence-industrial base. Although I am using this as a measurement of how defence documents frame the general discussion on contracting, the data from later years (late Clinton and Bush administrations) encompasses a wider version of contracting. It places equal emphasis on business, management, ideology, values, conceptual and operational reform, in other words, the business and military revolutions as intertwined and interdependent. It encompasses also a wider version of contracting, wider than acquisition of technology. In contrast to the narrowness of the 1994 Annual report in framing the reform agenda, the 2005 (53) Annual report has: "...established a Corporate Business Council to facilitate business process transformation. And to foster a culture of productivity and continuous improvement." (2005:52) and 'continued promotion of a culture of personal and professional development; establishment of the Human Performance Center to apply Human Performance, Human Systems Integration, and Science of Learning principles in research, development and acquisition".

What has emerged from the data is a correlation between the extension of the defence revolution into a managerial, business and services revolution and the growth of PMSC contracting. The strategic data do not refer to PMSCs as distinct from industrial base contracting. However, the evident increasing drive for business, financial, management and procurement reform with a basis in the private sector as leaders and partners of government is illustrative of a wider acceptance that organisational change required more than technological superiority. By 2010, DoD is asking that the department "institutionalize continual change" (QDR 2013, 20), fully acknowledges contractors as part of the Total Force balance and recognises the need to reduce reliance on contractors. This is a sign that contracting has crept from its origins into new areas of defence activity. This is reinforced by knowledge of the use of contractors for procurement, force training, interrogation of detainees (GAO, 2005; AR, 1997).

Contracting and competition

Although the strategic reports do not address PMSCs directly, the way in which competitiveness is discussed in these documents and congressional and accountability reporting is pervasive and contradictory. There are claims as to the effectiveness and efficiency of competition between federal agencies and the private sphere but very few of these claims are validated with raw data.

In 1996, Gore's National Performance Review (15) announced \$12.3 billion in savings over five years through federal procurement reform. Although the way reform is discussed here is as a "cultural revolution" (Gore 1996, 16), the Clinton administration passed four major reform Acts through Congress from 1994-1998: the Federal Acquisition Streamlining Act (1994), Federal Acquisition Reform Act (1996), Information Technology Management Reform Act (1996), Federal Acquisition Inventory Reform Act (1998). These Acts were a formal attempt to re-assess government activities, streamline federal government and institutionalise competitive behaviour in federal agencies but the language surrounding this revolution presents an informal appeal to common sense. Passing laws to enforce behaviour is one way to institutionalise competitiveness in federal government, but another way is to put a human face to government. Gore (1996, 12) invokes the 1995 Oklahoma bombing and the resulting deaths of federal employees to show that government "isn't something separate. It is ourselves – our neighbors and friends trying to do their jobs". He frames the relationship between private and public sectors as thawing, working in cooperation to allow consumers (note – not citizens) to take control. 'The best kept secrets in government' and 'Common sense government' are two of Gore's prominent reform reports written in plain English. The former writes about common sense public provision, announces awards for federal employees who excel at customer service and it describes interviews with federal employees about what they do every day. The document instructs the reader that the enemy is not the private sector, they are federal partners. The language surrounding this is informal and friendly: "Some of the new partnerships are going so well that, frankly, it is a little embarrassing.... Well, hassling never was our job, and corporate America never was the enemy. The enemy is pollution, contaminated food, workplace and product hazards, and the small percentage of people who smuggle drugs, cheat on taxes, and deliberately pollute our environment. Our job is to stop all of them, and we are doing it better than ever-along with new partners eager to help get the job done" (Gore 1996, 51)

The reform Acts were passed to cut obsolete regulations, reduce oversight, cut red tape, introduce measurable outcomes, reward results, physically de-centralise government

and encourage negotiation with the private sector, rather than dictate (Gore, 1996).

Government is stressed as a “burden” (Gore 1996, 7) on citizens and business and accused of being antithetical to American values of competitiveness and anti-monopoly (Gore, 1996).

Gore claimed he would achieve \$476 billion in deficit reduction (1996, 1), savings of \$12.3 billion over five years (1996, 15) and a reduction of the administrative and regulatory costs by almost \$28 billion (1996, 7) through a twinned procurement and acquisition reform and a cultural revolution in federal agencies. Central to this revolution was a commitment to smaller government which cost less and a business community which was integral to achieving this ideal. The DoD were already, by 1996, trying to identify what its core functions and mission- essential functions were, in an effort to, in turn, identify what functions were open to competition with the private sector (GAO, 1994). However, the discussion offers no hard data as to the potential savings from competitive outsourcing for DoD. That is, aside from the GAO (1994, 23) wading in on the claims made by federal agencies to state that defence had overstated estimated privatisation and competition savings, had little bases for such claims and that oversight was “the weakest link in their privatization processes”. The GAO (2006, 6-7) also report that federal contracting for the reconstruction of Iraq was uncoordinated and the price projections were made without complete data on costs. The discussion on what can be legitimately outsourced centres around changing, broad and contrasting definitions of ‘inherent governmental functions’. The incoherence and broadness of definitions of what activities a government should do and what can be farmed out to the private sector seems like a precursor to the chaos of contracting during the reconstruction of Iraq.

Inherent/core government functions

The on-going debate on inherent government activities and functions is essentially about which government activities can be contracted out to the private sector which will benefit national prosperity and deliver public goods and services better, for less. Since 1955, the Executive branch has actively encouraged Federal government to seek commercial alternatives for government activities (GAO, 2000). OMB Circular A-76 originated from the Eisenhower administration as guidance for Federal government on how to open up government functions to competition with the private sector. It should be clear that this in itself is not a commitment to outsourcing or contracting but it expresses a faith in the virtues of market mechanisms in pushing down the prices through open competition. Eisenhower sums up the purpose of OMB Circular A-76, “It is the general policy of the Federal

Government that it will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels” (Budget Bulletin 55-4, 1955). If, as the data purports, the drive for competitive sourcing has existed since 1955, what changed between the Gulf War and Iraq and Afghanistan to significantly increase DoD contracting?

A 1996 GAO document on DoD force mix issues attempts to define the criteria for which roles could be converted from military to civilian:

- Is the primary skill or knowledge required in the position uniquely available in the military?
- Does the position have a mission to deploy to a theater in wartime or contingency?
- Does any law require that the position be staffed by a military person?
- Is the position needed to support the normal rotation of service members deployed?” (GAO 1996, 5).

If the answer is ‘no’ to these questions, then a function does not have to be performed by military personnel, it can be transferred to civilians. However, a 1954 DoD Directive (1100.4) states that ‘military essential’ services are inconvertible to civilians for security, discipline, legal, training and combat readiness reasons (GAO 199, 5). This brings us no closer to understanding DoD’s changing stance on which activities can be carried out by civilians and contractors, for PMSCs are currently deemed indispensable to federal agencies (Singer, 2010) and they are carrying out functions which were, twenty years ago, predominantly the preserve of the military.

The Federal Acquisition Inventory Act (FAIR, 1998) defines an inherently governmental function as: “...a function that is so intimately related to the public interest as to require performance by Federal Government employees.” Under the FAIR Act, the term “includes activities that require either the exercise of discretion in applying Federal Government authority or the making of value judgements in making decisions for Federal Government...” It involves functions that can “determine, protect, and advance United States economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal justice proceedings,” (CRS 2010, 15).

It has been expected that DoD uses these very broad parameters laid out in the FAIR Act, along with OMB Circular A-76 and its supplemental guidance, to define which defence functions are inherently governmental. Despite the existence of OMB A-76 as a guidance document, and the FAIR Act, vagueness surrounds the specifications, requirements and rules

of competitive sourcing in the DoD well on into the Bush administration, which is when defence contracting became an apparent and major problem, both operationally and as value for taxpayer. When secondary literature surrounding this topic discusses in-theatre outsourcing relating to the interventions in Afghanistan and Iraq, there is a sense that there is a linear process to, and an increase in contracting out services. Overall, reliance on contractors in support roles has majorly increased in ratio to military personnel (see Table 1), which is the basis of this research project. However, the data illustrate that the will to outsource is quite uneven across the years 1991-2013. Put another way, the explicit commitment to competitive sourcing varies, somewhat surprisingly. For example, the 2010 QDR announces that the government would decrease its reliance on contractors and begin in-sourcing (QDR, 2010). The preceding QDR (2006) acknowledges the existence of contractors and the need to integrate them into the conception of Total Force, (QDR, 2006). Preceding this, the 2001 QDR states that any function that can be performed by the private sector is not a core governmental activity (QDR, 2001). This signifies that despite the attempts to define inherent governmental activities within DoD, any definitions offered are broad enough to be extremely flexible with outsourcing.

With such wide parameters as guidance for outsourcing, no solid definition of inherent government functions and considering the objectives of the wider government reform initiative (de-regulation, ridding of excess management, horizontal working, cutting red tape), contracting out defence functions to PMSCs does not appear to be very surprising. The demand for PMSCs coming from DoD and government reformists is not explicit, but the reform within DoD was aimed at institutionalising both culturally and through statute, streamlining, anti-bureaucracy, managerial empowerment and competitiveness. By the time of the Iraq war, a reduced force structure, no uniform, reliable oversight mechanisms for competitive sourcing and a multi-dimensional contingency operation²⁰ to deal with, all provided the basis for contracting out formerly governmental functions.

Efficiency and effectiveness

The data use the terms ‘efficiency’ and ‘effectiveness’ throughout, to denote that DoD will do more, do better, with less expense. This is expected, obviously in part because of the very definition of ‘efficiency’ which refers to a process which uses less input to achieve more

²⁰ Alan Chvotkin characterises the Iraq war as a ‘unique foreign policy event’ in U.S history. ‘It is the first time the U.S government has attempted three simultaneous activities: a military action, a massive reconstruction effort across 10 sectors, and extensive developmental assistance effort’ (Iraqi Reconstruction: Reliance on Private Military Contractors and Status Report, 2007).

output. DoD's stated aims after 1991 are to decrease spending and reduce the armed forces but maintain readiness and global superiority despite these reductions. However, efficiency claims lose material meaning when they are stated as intention but not balanced with an explanation of how increased efficiency is measured, what the outcomes have historically been or which means will fulfil the end goal of efficiency. For example, the 2002 (104) Annual report states how DoD will minimise institutional risks: "Over the past year, the Department has taken a series of initial steps to reduce waste and improve operational efficiency, such as modernizing DoD financial systems, the efficient facilities initiative, private-public partnerships in military housing, the privatization of utility services..."

The pledge to improve efficiency is achievable through terms which are conceptual and ambiguous to the reader and not explanatory. Terms such as "modernizing", "public-private partnerships" and "privatization" do not speak for themselves. In other words, they are not common sense.

The data show a tendency to equate the private sector with efficiency and effectiveness in much the same way. The goal of mimicking the private sector is justified through making claims that the private sector is more efficient. Such claims remain unproven, it is simply there. For example, the following quotes do not explain the terminology they use: "...business-type efficiency and indirect support functions were secondary considerations of top leaders" (AR 1994, 98). "Better business practices – using more efficient management processes, organizations and techniques, often acquired from the private sector" (AR 1994, 123). The private sector are *a priori* considered more efficient to government. No qualification is given.

The emergent pattern, then, is to use the term 'efficiency' either without qualification or with only a muddy, conceptual term like 'modernising' to explain how efficiency improvements will be achieved. Instead of making reform and organisational transformation more transparent, it prevents the average citizen-consumer from grasping the impetus behind changes or the projected, material outcomes of efficiency measures. Where is the evidence-base for claims to efficiency and cost-savings? Confusion is compounded by contradictions in the data, from different government departments making different claims surrounding efficiency. GAO (1998, 21) "urged caution regarding the magnitude of savings projections cited in various studies" as a result of OMB cost comparisons of government and private sector supplies and equipment contracting. The GAO also reports that it has historically

“identified major problem areas, such as ineffective contract administration, insufficient oversight of contract auditing, and lack of high-level management attention to and accountability for contract management” (1998: 23).

The process of privatisation, competitive sourcing and contracting requires tight oversight and performance monitoring and GAO (1994, 23) find that this is the “weakest link in their privatization processes”. This assertion is backed by the revelation of overpayment to DoD contractors which amounted to \$184 million in 1996 (AR 1997, 97). GAO (2004, 30) also report in a case study that out of forty-seven defence contractors investigated, all had undertaken “criminal activity related to the federal tax system”. The self-evident claims that the business sector is more efficient than the public sector, providing impetus for government modelling on business are not proven. Strategic documents pledging to model government on the private sector do not refer to the tax-related measures which defence contractors seem to employ in the name of savings.

It isn't just that the data are contradictory and omit information, for example, on some of the more unsavoury activities which businesses use to cut costs, which presents a problem. Contractors were hired to participate in the Gulf War and although Operation Desert Storm was considered a success, measured by a swift victory in an unfamiliar terrain, contracting was not considered a success. Contracting was reportedly slow and hindered by absence of communication between DoD, contracted civilians and the military forces resulting in poor integration (GAO, 1994). Yet, the subsequent strategic reports, managerial and reform agendas of the 90s into the 00s continue to stress private sector efficiency, as something for public sector to aspire to and as a justification to contract out government activities. Given the gulf between claims and empirical verification, when discussing efficiency of the private sector, why did DoD move towards greater reliance on operational contractor support?

Private sector as leaders

The practices and leadership example set by the private sector has provided the government with a blueprint for reform and transformation. The very practice of identifying what your core functions are, as an organisation, originated in the private sector, resulting in the widespread outsourcing of all business functions deemed peripheral to the core activities (GAO, 2003; AR, 2000). The business sector is deemed more efficient, innovative, entrepreneurial, and competitive, and can offer competitive pay to its employees (AR, 1997). It is not just the case that the government are designating the private sphere as business

leaders, there are clear indications that this is actually the case, not rhetoric designed to woo the private sector.

DoD lifted the concept of the 'business tree' from the Harvard Business Review as guidance on core competencies. The approach was borrowed by a defence working group to apply to defence activities, in addition to OMB Circular A-76 (GAO, 2003). The trunk is the core activity and the branches are the non-core activities, meaning that the branch activities can be outsourced. Applied to DoD, the core services are "a set of activities that actually contribute to the value of the end product" (GAO 2003, 10). The customer is the combatant commander to the DoD as provider. This is an example of the continuous commitment to looking to the model of private sector leadership throughout the data and the business tree is one example.

The national security strategies view the private sector as "engines of economic growth" and international advocates of U.S interests (1994, 15). They view the private sector as "ambassadors" for the U.S (NSS 2010, 12). Annual reports from DoD view the adoption of private sector business practices as integral to the transformation of defence and the revolution in military affairs (RMA). This means adopting measures to monitor performance, using metrics for the purpose of equipping the forces (AR, 2000). Defence Secretary Rumsfeld goes so far as to encourage DoD employees to behave like venture capitalists, to learn from the private sector in transforming DoD from a stifled bureaucracy to an efficient, high risk organisation (2002, 81). His article in Foreign Affairs was exemplary of the new post-Cold War thinking on federal management, particularly defence and military thinking echoed throughout the data. The story about Afghan fighters on horseback and U.S forces jointly defeating the Taliban at Mazar-i-Sharif in 2001 is intended to highlight that human ingenuity, cooperation, innovation and drive is as powerful and effective as technological superiority. "That day, on the plains of Afghanistan, the nineteenth century met the twenty-first century and defeated a dangerous and determined adversary -- a remarkable achievement, (2002, 81). Just as the prosthetically limbed Afghan fighters entered battle at a technological disadvantage, as a result of their economic disadvantage, the bureaucrat can innovate, take risks and the high return will be the warfighter's success in battle.

Reliance on PMSCs during contingency operations is viewed as a problem because many tasks they carry out are considered inherently governmental activities. The widespread use of contracting lifted straight from the private sector has been taking place without any concrete distinction made between which activities are essentially governmental in nature. Not only is there no clear distinction between core and inherently governmental activities and

non-core, commercial activities in the data but there is discord between DoD and the Army over this distinction and over different priorities (CRS, 2013). Such lack of coherence or knowledge as to the purpose of federal government led to what seems like an ad-hoc approach to outsourcing. Reliance on the private sector's leadership, business practices and the empowerment of management to make decisions without going through bureaucratic layers illustrates the disparate understanding as to what DoD or more generally, government's objectives are (GAO, 2003). It suggests that there has been organisational discord over the commercialisation of government functions, amid the constant calls for reform and transformation into a government modelled on corporate practices. What was lost in perpetual federal reform and defence revolution was a discussion on the limits of business leadership for government and clear guidance on commercialising government activities. The presence of the private sector within government also suggests that the conversation about public-private responsibility sharing was not so much on the agenda, that DoD had moved past that.

It is evident that the private sector has some advisory role within government. In an evaluative GAO document Brown and Root Services (BRS)²¹ have claimed that contractor support is "vital to contingency operations" (GAO 2000, 27). BRS provided contingency support during the conflict in the Balkans and were invited to comment on the GAO's draft 'Contingency Operations: Army should do more to control contract cost in Balkans'. BRS claim that the GAO's evaluation of contingency support is "speculative" and differentiate between uninformed opinions expressed by GAO as opposed to factual observations from their own project management (GAO 2000, 32-33). BRS estimate that they provided \$76, 852,248 in cost avoidance measures during the Balkans conflict (GAO 2000, 33). In 2006, BRS decided to settle out of court for 'overcharging and procurement irregularities' during its logistics and engineering contract in the Balkans²² (Department of Justice, 2006). That BRS were permitted to comment on a government accountability document signals that the private sector are active participants in shaping evaluations of their own performance. It is not just armed security, logistics and engineering services which have been contracted out through competitive sourcing. Contractors have been used by the Department of the Interior and Defense Departments in Iraq to procure, amongst other services, interrogators (GAO, 2005). The private sector have also been used to train and educate the U.S forces, with the

²¹ BRS are now called 'KBR' and are a subsidiary of Halliburton.

²² Find the Department of Justice announcement here:

<http://www.contractormisconduct.org/ass/contractors/29/cases/538/552/8-million-fraud-11-29-06.pdf>

justification being that private is cheaper and provide better training (AR, 1997). DoD claims contracting out through competition pushes down costs and is more efficient. The management reform agenda of the 90s stipulates “negotiation” (Gore 1996, 41) with the private sector but such active private participation in governmental functions suggests that the private sector are leading government by more than just example, they can be found leading from within. I do not want to overstate this point, just that the data at various points show the private sector in roles to advise government over contracting needs. The data illustrates that the private sector actively shapes government accountability reporting (GAO, 2003), trains the U.S forces, educates the U.S forces (AR, 1997), are called upon to contribute to Defense Science Board reports and procure services for government (GAO, 2005).

Private sector as partners

Aside from the private sector as leaders, the use of the word ‘partner’ or ‘partnerships’ to characterise the relationship between public and private sectors becomes the norm in the mid-late late 90s. Tracing the evolution of the idea of the private sector as government partners is an indication of which management and business ideas were gaining currency in from 1991-2013. The national military strategies (1992, 1995, 1997 and 2004) use the term ‘partners’ to solely refer to strategic alliances, multilateral partnerships or multinational partnerships. These documents do not directly state that the military strategy requires partnerships with the private sector. However, the 2011 (21) Military strategy does explicitly state that public-private partnerships offer the government “formidable advantage”. What has brought this new descriptive term into use, from no reference in early military strategy to a firm belief in partnerships in the 2011 military strategy?

In the 2006 Quadrennial defence review, although the use of the term ‘partner’ or ‘partnership’ remains vague, the justifications and claims for creating partnerships indicates that the term should be understood very broadly. For example, partners are identified as “key stakeholders” (QDR 2006, ix), “other participants in the global war on terror” (QDR 2006, ix), and are distinguished from state alliances which are called “partner countries” or “partner nations” (QDR 2006, 23-24). Who would be considered key stakeholders in the Iraq invasion, reconstruction and stabilisation effort? The same question applies to the conflict in Afghanistan. Warlords are key stakeholders but on the other side of the non-state actor coin, PMSCs are key stakeholders in these conflicts. The U.S effort in Colombia to stem the “production and trafficking of illegal drugs” (QDR 2006, 14) is attributed to co-operation between U.S forces, U.S government and Colombian government. This co-operation has

quelled the “illegal paramilitaries”, “illegal armed groups” and seen a “return to government authority” (QDR 2006, 14). What is left out in this document and every single time the strategic data discuss Colombian affairs, is that PMSCs have been contracted by DoD to combat narcoterrorism. The ratio of U.S troops to private contractors in Colombia is 5.1 (Stanger & Williams 2011, 4). Although partners are attributed to helping eradicate terrorist networks, again, there is no nod to the private contractors who are instrumental in this (QDR, 2010). In Afghanistan, General Petraeus designed the ‘Afghans First’ (2008) policy to consider Afghan natives first, for contracted tasks over and above third country and U.S nationals (Rhyne, 2011). Yet the 2010 QDR gives a similarly broad brush to describing what partnerships entail and who U.S non-state partners are. Like the 2006 QDR, there are no references to the participation of native contractors in Afghanistan or PMSCs in Colombia despite the former contracting process being enshrined in the ‘Afghan First’ policy.

The strategic reports discuss partnerships and partners but the terms remain undefined. Yet the purpose of partnerships and to what end they are created is clear. The prominence of the non-state actor and asymmetric warfare post 9/11 and more generally the problem of regional, localised conflicts characteristic of new wars requires a flexible, more cooperative state and military. Government partnerships with the private sector, although very vaguely referred to through the data, seem like the logical step towards achieving the chimera of full spectrum dominance (NSS, 2000). It is naturalised through the data, particularly the management agendas, that government is stifled by bureaucracy²³, hence the call for transformation based on private sector example. In opposition, the private sector thrives on risk taking, innovation and competitive behaviours – the behaviour which federal government cannot engage in due to the restrictions of public office and accountability. Given that the whole world and space is the potential battlespace, in a variety of forms (cyber, intelligence, nuclear, biological, regional, insurgent) and the private sector is consistently deemed more efficient and flexible (GAO, 1994), the prominence of partnerships in the data is unsurprising.

The pejorative use of the term ‘non-state actors’ within the data is reserved for those who threaten global stability, but the non-state actors who contract with federal government are ‘partners’ (Gore, 1996, NMS, 2011). Whether a conscious choice of words or not, it suggests that defence and national security policymakers view the private sector as a vital arm of government, not just as an augmentation of the military.

²³ AR, 2003; AR 2002; AR, 2001; AR, 1994; Gore, 1996; PMA, 2002

The dog that didn't bark

“The dog that didn't bark” (Beach and Pedersen 2013, 126) refers to the importance of what information the researcher expects to find in their document analysis but is nowhere to be found. What I had expected to find explicitly was conspicuously missing. Although there is no discussion in these documents on PMSCs, there are definite patterns emerging from 1991-2013 as to the saliency of outsourcing or contracting as a management tool in government and the claims surrounding the use of contracting and partnerships with the private sphere.

I had hoped to find, within the strategic documents explicit references to contracting and outsourcing to PMSCs for contingency operations. There were no mentions of the contracted inputs to contingency operations in any of these documents. There were lengthy, technical discussions around contracting out of weapons maintenance and the privatisation of bases on U.S soil but this historical government, industrial-base relationship is historical and largely accepted. It was expected that these reports would fully reference the input of private firms not part of the industrial-defence base. These reports were chosen on the basis that they should provide a strategic vision of U.S security objectives and the inputs to make these achievable. However, there was no reasoning over the uses of civilians or contractors for military and security activities in contingency operations.

Defining the private sector?

Private actors are referred to as a necessary part of national security. When DoD adopted a Total Force Policy in 1973, it signalled recognition that civilians, including veterans, could actively contribute to defence and could provide significant benefits, (GAO, 1994). In fact this policy strongly encouraged the use of civilians and contractors to “save costs and achieve operational benefits” (1994, 10-18). But who are the private actors? What is the private sector? Is it divisible? Why are the private sector more equipped to provide what was traditionally the province of the military? The myriad of claims about the private sector have been laid out in this chapter, from observation of government documents. Claims about the ability, services and example set by the private sector are ubiquitous in the data, from the immediate wake of the Cold War to the Obama administration. The 1993 Bottom-Up Review recommends the DoD adoption of commercial practices, inclusion of the commercial sector in DoD activities and privatisation to allow fair competition (DoD 1993). Seventeen years later in the 2010 Quadrennial defense review, the private sector is integral to the ‘whole-of-government’ security strategy (2010: vi, 70). The point to remember is that the private sector can provide many opportunities for furthering national interest from the federal-executive and

military perspectives analysed. There is however no explanation of the quite homogenous term 'private sector' or separation of the industrial base from the array of PMSCs that offer a wide range of goods and services to government departments. There is also a lack of distinction between the defence civil service and the contractor. This is quite a discrepancy and although the reform mantra through the data is to increase government transparency (Gore, 1996; PMA, 2002) the missing definitions of 'private sector', 'Private Military Security Company', 'civilian' and 'contractor' as well as the missing differentiation between privatisation, outsourcing and contracting in the data is disconcerting. By omitting to define terminology, the data is anything but transparent for the average reader.

The difference between PMSCs and industrial base contracting is that PMSCs are being used within the theatre of conflict itself, offering more services than goods, and how do we measure efficiency and effectiveness of a service? Claims made about the efficiency and effectiveness of competitive sourcing become more difficult to validate when you find that many contracts are awarded non-competitively (Ortiz, 2010) and many of the contracts awarded are cost-plus²⁴ (Congress, 2007). The guiding rationale for opening up government to competition with the private sector is to drive down costs, achieving efficiency and effectiveness, as I have shown in this chapter, but this claim as a motivation to outsource is somewhat undermined through open ended, cost-plus or simply uncompetitively awarded contracts.

These questions on what the private sector is, or who the private sector are and why their services are necessary now but were not necessary twenty years ago, are essential to transparent decision making and were not asked in a public, official capacity. The private actors are not all the "industrial partners" who are "critical to the nation's success" (AR 2002, 116). The use of the term 'military-industrial complex' has been in popular use since Eisenhower's Farewell Address (1961) but the government documents show no acknowledgement that the goods and services acquired by DoD are no longer confined to weapons and weapons maintenance, or in other words, purely technological or industrial. They are now acquiring services and goods, which though often less technical, are necessary for the running of a contingency operation. Contracting out essential services that once were in-sourced deserves a transparent discussion, no matter how small these services appear. Federal agencies are self-stated "stewards" (NSS 2006, 33) of taxpayer money, and should

²⁴ Investopedia defines Cost plus contracts as: Cost-plus contracts agree to pay a company for a job based on the amount of money used to buy the materials required to complete that job plus an added payment. A cost-plus contract fully reimburses a contractor for the cost of materials and then adds additional money to arrive at the total cost of the job, <http://www.investopedia.com/terms/c/cost-plus-contract.asp>

account clearly at all times for decisions made on behalf of the citizens. According to Ortiz (2010), 14 out of 25 per cent of contracts in the 2003 reconstruction of Iraq were awarded non-competitively (2010, 37) and Commanders without training often placed military considerations above cost-efficiency (GAO, 2000). It is difficult to agree on what efficiency means across different contexts. A civilian working in DoD during peacetime may be more inclined to think of efficiency in terms of cost to the taxpayer, whereas a commander during wartime may think of efficiency in terms of rapid deployment, ensuring that soldiers are equipped for any scenario and ensuring that risk to life is minimal (GAO, 2004).

Management agendas, reforms and false expectations

Partly, the expectation of transparency surrounding the matter of contracting out defence functions during contingency operations came from reading the federal reform and executive management agendas. They set the context for federal decision-making, across a twenty year span. All three, Bush's management agenda, Obama's management agenda and Clinton and Gore's Performance Review (later, Reinventing Government), made overtures to making government more transparent. Bush wanted to "make government more transparent and accountable" (PMA 2002, 25) by moving government online and enabling citizens to "compare performance and cost across programs" (2002, 28). Gore's (1996, 5) line was that "Government must be held accountable every day, not just every four years at the election booth". President Obama's administration constructed www.data.gov, a website containing government data, in a bid to show its commitment to "increase citizen participation, collaboration, and transparency in government" (data.gov/open-gov). The last twenty years of promising transparent and accountable government through constant reform of the federal-executive government raised expectation that the taxpayer would be told where their money was going. Yet, there is no discussion on PMSCs in the military, defence, national security and quadrennial defence reviews. The discussion appears only in evaluative form²⁵, after contingency contracting has been spotted as a problem by Congress, journalists, academics and Secretary of Defence, Paul Gates who admitted that there was "no coherent strategy on decision making around contracting" in 2009 (CRS 2013, 5).

²⁵ Reports from the Congressional Research Service and Government Accountability Office.

Chapter 4: Discussion

Introduction

In Chapter two, I explained how case-centric process tracing favours identification of plausible outcomes for the case being studied. The actual analysis highlighted the knotted and interrelated array of variables which could have plausibly led to increased outsourcing and competitive sourcing from 1991 onwards. It is with this in mind that I chose to use Christensen and Læg Reid's (2006) "transformative approach" to explain these interrelated factors. The approach is a way of framing the data analysis to explore the effects of reform on the public sector. The reason I am using this approach is explained in the next section.

The Transformative theoretical approach

Christensen and Læg Reid (2007) argue in their case study of New Public Management (NPM) and post-NPM reform that a single theory will not explain the incidence of NPM in multiple governments globally. I too chose this approach because the predominantly inductive method²⁶ of data analysis has not led to the identification of one factor causing the outcome, but a complex set of causes over a long period of time. The causes are formed from patterns found in the data and certain events which can be seen as turning points in the way the public sector is managed. I have used the transformative theoretical framework to organise and make sense of the patterns and events identified as drivers of outsourcing in relation to the two concepts I explained in chapter two.

The transformative approach uses structural, cultural and myth-based theoretical concepts to aid explanation. The focus is on:

1. Political design (structural);
2. Cultural/Institutional trajectories (culture and myth).

I have omitted a third part included in the framework which identifies external causal mechanisms of outsourcing such as globalisation or international policy diffusion. To use a cultural approach means to look at federal-executive agencies as organisations with their own developed cultures and truths which have evolved over time. By referring to 'truths' here, I am referencing Christensen and Læg Reid's (2007) *myth* perspective which attaches

²⁶ I am using the data to drive me either towards my pre-defined concepts of neoliberalism and new public management, or towards another conceptual framework. The data is driving the research, therefore I am using primarily inductive analysis but as I have explained in chapters one and two, I call the strategy "abductive" to be clearer about the relationship between the conceptual and empirical in this project.

importance to beliefs, values and norms within organisations (Christensen *et al*, 2007). This fits my research strategy because neoliberalism and the new public management are both foremost, belief systems, sets of values and beliefs expressed as truths but repeated and reinforced without substantiation within organisations. My research question seeks to find and explain the endogenous factors driving the outsourcing of military security functions. Christensen and Lægheid's theoretical framework has been used principally to organise this discussion so that different concepts explain the data analysis.

The reason this approach is called 'transformative' is because the aim is to separate the reforms from both intended and unintended consequences. Reforms take place, but: Do they do what they are supposed to do, and what are the surprise effects? (Pollitt, 1991) Christensen and Lægheid (2007) state that structural, cultural and environmental factors can act as constraints on reform but these factors can transform such constraints in its favour.

In chapter three I justified the use of neoliberalism and NPM as pre-conceived possible drivers of military outsourcing. This was justified by secondary literature which usually makes passing references to neoliberalism as a cause of outsourcing, and the lack of analysis around military outsourcing from a public management perspective (Ortiz, 2009). I will discuss how these two pre-defined concepts have emerged from the data analysis, as plausible endogenous causal factors of increased military outsourcing.

Madisonian entropy as structural constraint

Roness (2007, 65), in his study of New Public Management (NPM) refers to the political design as national polity features. The way the government is structured constrains or enables reforms and partly determines how strongly reforms will take hold. However, structures can be altered by reforms, which is what gives this framework its name (Christensen and Lægheid 2007, 7). The goal here is to discuss whether the phenomenon of increased outsourcing can be attributed to or has been constrained by structural polity features. Have government reforms, which advocate public-private competition and increased federal outsourcing, changed the structure of government or are they a consequence of structural impediments? In asking these questions, based on the primary evidence, I expect to explore and explain how far the structural factors have contributed to the growth of federal outsourcing.

The constitutional design, according to Riggs (1997, 65) "establishes the context within which our public officials must do certain things and cannot do other things". The original design of the constitution has in-built blockages to prevent the consolidation of power into one group (Cerny, 1989). The U.S government is a federal system where political

power is constitutionally fragmented to prevent the formation of majority power. This is historically attributed to Madison's fear of the "tyranny of the majority" (Riggs 1997, 65). However, according to Cerny (1989) the separation of powers has become an impediment to the government, which needs to be flexible and responsive to rapidly changing demands of globalisation. He calls this 'madisonian entropy'. Agnew (2005, 109) sums this up well when he states that "The vaunted 'checks and balances' system between the branches and levels of government serves to frustrate collective adjustment to changing times". The American system, then, was designed to withstand the turbulence of a newly formed polity but proves inflexible and obstructive to structural change in these times.

So how do we explain the visible, material changes which occur in government if not through structural change? According to Kettl, (2005, 22) on public management reform, "the most substantial and long-lasting reforms focused on procedural shifts: changing the government's rules and tactics to make government work better..." In other words, effective reforms circumvent the need for structural change (Kettl, 2005, 22). This is evident in the data when describing the ways to achieve the Revolution in Business Affairs (RBA), Revolution in Military Affairs (RMA), Gore's National Performance Review (NPR) and Bush's President's Management Agenda's (PMA) objectives. All of these reforms and revolutions have the same objective, to be more effective and efficient whether through organisational, cultural or technological change.²⁷ Without recourse to structural change, reform through cost-cutting, empowering management, outsourcing and streamlining staff and procedures are the common measures described in the data between each revolution/reform/management agenda (Gore, 1996; Clinton, 1996; DoD 1996, 1997, 2000, 2001; The White House, 2011).

Through data analysis of defence documents, I found that the institutional context within which all of these reforms were implemented was one in which the role of government was as yet undecided. It can be seen as far back as Eisenhower's administration that despite attempts to do so, the government never demarcates which activities were certainly governmental and which could be outsourced. The Office of Management and Budget (OMB) released OMB Circular A-76 as a guide to government competitions and outsourcing but it was a guide, not a rule book. The Obama administration has called for a moratorium on DoD competitions under OMB Circular A-76 due to the belief in the federal government that the guide "is unfairly slanted in favor of the private sector" (CRS 2013, 1). The 2002 (16)

²⁷ There are too many primary documents which reference and cite efficiency and effectiveness to reference here. Please refer to chapter three's data analysis for fully referenced evidence of this.

National Security Strategy ascribes the nation as possessing an “inherent, ambitious, entrepreneurial energy” but over the twenty-two years studied, the government documents fail to pinpoint what is inherent to government’s function. This implies that although structural constraints exist, as Cerny (1989) argues, failure to define which activities can be put up for public-private competition and subsequently outsourced has given the executive-federal branch more flexibility and independence to decide on the role of government.

The success of reforms depends, as Kettl (2005, p.22) argues, on “changing government’s rules and tactics to make government work better”. The evidence shows that the way the Bush and Clinton administrations tried to change the rules and tactics was by emphasising the reforms as rooted in some inherent American entrepreneurialism and cultural change either within the workforce (Gore) or in the management cadre (Bush), paired with legislative changes to federal organisations. The Defense Science Board (DSB), comprised partly of private defence sector advisors, cites “cultural impediments” as an obstacle to reform whilst elsewhere the “cultural revolution will occur when the department successfully adopts...commercial business processes...” (2000, 156). What is meant by cultural change in these examples is for DoD to actively participate in transforming defence into a copy of the private sector with its historical “inherent, ambitious, entrepreneurial energy” (NSS 2002, 31).

There have been eleven government reform movements in the twentieth century (Kettl 2005, 27) but the difference between for example, the Hoover Commissions (1947-49 and 1953-55) and the National Performance Review (NPR) (1993-1999) is the international context. From the perspective of Pentagon officials and the Office of the President, the “burden” of bureaucracy (The White House, 1996, p.7), of defence and structural constraints on government, present an obstacle to national security and defence in an increasingly networked, globalised world. But aside from using pragmatism and security threats as a justification for a lean, business-like defence agency, cultural values underpin this belief that government is unnatural in its scope and power. For example, the 1996 National Security Strategy cites government as opposing American values of competitiveness and anti-monopoly. Such values are naturalised as inherent in the American spirit. The structurally inflexible giant of bureaucracy is pitted against the (idealised) networked, flexible, lean business sector: “It demands agility – more than today’s bureaucracy allows. And that means we must recognize another transformation: the revolution in management, technology and business practices. Successful modern businesses are leaner and less hierarchical than ever before. They reward innovation...” (DoD 2006, 161)

The structural constraints of a bureaucratic government are continually identified throughout the data as the problem. The checks and balances of government were intentionally strict from the inception of the U.S. Successive reforms in federal government and internally in DoD have used an idealised vision of private-sector efficiency to change the rules and tactics around ways of working within the public sector. Such truth claims as to the efficiency of the private sector have provided the basis upon which outsourcing has increased.

Cultural/Institutional Trajectories

This section will contextualise the findings from chapter three's thematic analysis. I will use the two concepts, neoliberalism and New Public Management (NPM) as defined in chapter two to explain my findings and how they situate the increased government demand for private security services. In chapter one, I explained how I limited the scope of this project to the study of state demand for private military contractors, and so this discussion will only address causal factors endogenous to the government. First, I will pick out the relevant causal factors inductively found and described in chapter three and condense them, to focus the conceptualisation. Following this, I will discuss how federal reform was a manifestation of Peck's (2011) state roll back stage of neoliberalism.

Based on the data, I identified a number of plausible causal factors leading to U.S dependency on contractors. I used pre-defined concepts of neoliberalism and NPM to direct the data analysis, to see if the motivation to outsource involved these two concepts. The results of the document analysis pointed to the public management reform of federal government as a factor in the growth of competitions and outsourcing but it would depend on which definition I use, whether the reforms could be characterised as NPM. In accordance with Christiansen and Lægneid (2007), Gore's reforms look more like post-NPM second generation reforms and Bush's management agenda is more NPM reform. However, whether NPM or post-NPM, all of the reforms or revolutions entail making government entrepreneurial, competitive and close to the private sector. Therefore, if we use Lynn's (2006) definition and Osborne and Gaebler's pioneering approach to public management, the federal and defence reforms do capture the essence of NPM, since they are seeking to make government *steer* rather than *row*, outsourcing rather than doing. Neoliberal beliefs and truth claims are prominent in the data, as described in chapter three, but this requires further conceptualisation than 'outsourcing = neoliberalism'. The data imply a relationship between NPM and neoliberalism, but I will explore this later in this chapter. The following paragraphs

will provide a summary of the interrelated causal factors endogenous to the state, as identified in the data.

The defence revolutions

In the earliest military strategies under George H.W Bush, there is a commitment to force re-structure, retrenchment and technological modernisation. The Revolution in Military Affairs (RMA) was the name given to the modernisation of defence technology to meet the new demands in the face of force reductions, federal cost cutting and the challenges posed by a globalising world. It is only in 1998 when the Revolution in Business Affairs (RBA) is evidently deemed a mandatory revolution, without which, defence reform could not take place (DoD 1998, 150). It includes the drive towards “privatization, acquisition reform and elimination of excess infrastructure...” (DoD 1998, 23), and its success depends on the ability of the organisational culture to “adopt performance based, commercial business processes and practices...” (DoD 2000, 156). “Cultural impediments” and “legal and regulatory obstacles and restrictive and unclear policies” (DSB 1999, viii) are the only threats to the military and business revolutions.

Clinton, Gore and The National Performance Review (NPR)

Through analysis of literature from the National Performance Review (NPR) and defence documents from the Clinton administration, it is evident that this era of reform actively pursued the downsizing of defence, streamlining the procurement and acquisition workforce, competitive sourcing and de-regulation of federal government.

The NPR began in 1993 and ended when Bush came into office in 2001, with the goal to make government more efficient, responsive to citizens and transparent (Gore, 1996). NPR tried to achieve these goals by using legislation to streamline the acquisition and procurement workforce (particularly within defence), encouraging federal agencies to competitively source through A-76 competitions and adopting business practices such as outsourcing (CRS 2010). As with the business and military revolutions in defence, Vice President Gore emphasised the need for a cultural change in federal government in order to achieve the lean, efficient government. “Reinventing the federal government isn’t an event. It isn’t an Act of Congress” (Gore 1996, 6). Gore frames the government reforms as cultural and grassroots. Despite downsizing the federal workforce by over 200,000 people from 1993-1996, federal employees were expected to be “working harder and working smarter than ever before, to make sure the quality of our services does not decline” (Clinton, 1996).

A significant feature of the NPR is the role the private sector is expected to play in the provision of public goods and services. Whilst significantly downsizing the workforce,²⁸ the leftover federal workforce is expected to pursue opportunities to save through competitive sourcing, outsourcing and “negotiation” with the business sector which “never was the enemy” (1996, 51). It becomes clear from the data that the NPR federal management reforms were committed to making government more efficient through encouraging what was left of federal government to work with the private sector and behave competitively.

Bush, the President’s Management Agenda (PMA) and defence

George. W. Bush’s 2002 President’s Management Agenda (PMA) explicitly states that “Government should be market-based...I will open government to the discipline of competition” (2002, 17). President Bush (PMA 2002) and Defence Secretary Rumsfeld (2002, 81) make it clear in the data that the private sector would be essential for the federal government and specifically DoD, through their leadership example (shedding of all non-core functions) and competitive sourcing.

The PMA had similar goals to the NPR, to make government accountable, responsive and efficient (2002). Bush’s most relevant management changes were to shift focus from process to results and performance, cut red tape around bureaucratic processes and again, enforcing competitive sourcing on federal government under the belief that “Competition promotes innovation, efficiency and greater effectiveness” (PMA 2002, 18).

What did this mean for defence? Bush projected savings of \$11.4 billion between 1997 and 2005 (2002, 18). At the same time, Rumsfeld implores DoD employees to behave like venture capitalists, take risks, innovate, make government competitive (2002, 81). The 2005 Annual Report (53) states that DoD has “established a Corporate Business Council to facilitate business process transformation”. The 2003 invasion and reconstruction of Iraq highlighted the problem of weak contractual oversight, deregulation and DoD having “no coherent strategy on decision making around contracting” (CRS 2013, 15). As far back as 1994 (23), GAO reported that oversight and contract performance monitoring was “the weakest link in their privatization processes”. But the reconstruction just highlighted the problem of uncontrolled contracting; it did not cause this problem.

The following sections will explain the data analysis through the two concepts which guided the analysis and were evident as causal factors of outsourcing. There are certain

²⁸ According to Kettl (2005), the federal government under Clinton had not been so small since the Kennedy administration.

beliefs, claims and naturalised comments about the nature of the world which occur often enough in the data to constitute a pattern or a consistency. The pattern of beliefs and truth claims surrounding government functions and the ability of the private sector are more often expressed through reform and policy documents. Meanwhile such claims as to the benefits of outsourcing, privatisation and public-private competitions are contested by other government agencies, such as the GAO (1994) and CRS (2013).

Reforms and revolutions: neoliberalism as state project and policy paradigm

In chapter three, I used Peck's (2011) argument that neoliberalism is a constructive state project, rolling back and rolling out through a variety of policy measures. What this means is that the state rolls back its activity in the public provision of goods and services through outsourcing, competition, streamlining and de-regulation of government. When the state finds itself in a crisis, it rolls out once more to deal with crises, in a variety of improvised ways. Through rolling out, it re-defines the role of the state and highlights the contradiction at the heart of this doctrine. Far from being non-interventionist, neoliberalism as a state project requires a re-definition of itself every time it inevitably has to extend control over crises.²⁹ Neoliberalism is reconstituted every time it rolls back and rolls out, making the term 'neoliberalism' quite elusive and attached to context and history of its development.

My argument, founded in the data analysis, is that the National Performance Review (NPR), President's Management Agenda (PMA), Revolution in Business Affairs (RBA) and Revolution in Military Affairs (RMA) were, if we use Lynn's (2006) definition, New Public Management (NPM) in substance. The reforms differed in certain ways, and I will consider this later in the chapter. However, they sought overall to make government managers behave like private-sector entrepreneurs, outsource functions, downsize government and make government competitive with the private sector. Based on this, as evidenced in chapter three and Peck's conceptualisation of neoliberalization, I argue that the reforms are the manifestation of neoliberalization as a state project. The roll back of the state has enabled and actively promoted, through reform, outsourcing, privatisation, and for management to behave entrepreneurially in order to outsource government. However, it is discussed nowhere in the

²⁹ Konings (2010) highlights this dialectical relationship central to neoliberalism through analysis of how the American state dealt with the 2008 global financial crisis. The state-led Troubled Assets Recovery Program (TARP) was an example of state interventionism, lending money to commercial banks to ease the effects of crisis. To some, it was a signal of the end of neoliberalism but to Konings, it signals the contradiction of neoliberalism and its ability to reconstitute itself through crisis. Interventionism and neoliberalism are not mutually exclusive, rather interventionism is the way the neoliberal state project exerts control.

strategic defence, security and military documents, that the state has outsourced functions to PMSCs. The Secretary of Defence, Paul Gates, stated that DoD had “no coherent strategy on decision making around contracting” (CRS 2013, 15). As I have already stated, the Obama administration has placed a moratorium on competitive sourcing through OMB Circular A-76 due to the perceived bias towards the private sector (CRS, 2013). The data reflect Peck’s concept of *neoliberalization* as an improvised process of rolling back and reactively rolling out the state’s reach. It frames the new public management reforms from 1993 onwards as rolling back government responsibility through outsourcing military services and Obama’s defence outsourcing moratorium as being a responsive roll out of bureaucratic power. This leads me to surmise, as I referred to in chapter three, that private military contracting was a ‘surprise effect’ of successive public management reforms as neoliberal state projects, entailing roll back and then roll out of the state.

Clinton’s reform and Bush’s management agenda: State roll back and its effects

Vice President Gore began the National Performance Review (NPR), later called Reinventing Government, in order to reform the federal-executive branch. The aim was to make the federal government more efficient, accountable and flexible through cultural, organisational and legislated change. The Revolution in Business Affairs (RBA) within defence and NPR were simultaneous, ongoing reforms in the 90s which sought to “adopt performance-based, commercial practices” (2000, 156), remove “legal and regulatory obstacles, and restrictive and unclear policies” (DSB 1999: 14) and downsize government. The RBA is described as a private sector transformation which the government needs to follow (GAO 2003). It includes the drive towards “privatization, acquisition reform and elimination of excess infrastructure...” (DoD 1998, 23). Clinton (1996) boasts of reducing the workforce by 200,000 employees in his State of Union Address. The RBA and NPR both fulfil requirements to constitute the varying definitions of NPM I have described in chapter three.

The Clinton era defence revolution and government NPM reforms rolled back government – a stage of neoliberalism as a state project (Peck, 2011) and according to Kettl (2005, 29) the reductions targeted mainly procurement and low-level civil defence staff, resulting in a department leaner by 23.4%. The streamlining of defence happened at the same time as the Clinton administration encouraged, through legislation and emphasis on cultural change, government to become competitive, outsource and participate in the “robust free market” (The White House 1993, 15).

Reform and revolution during the Clinton era constituted the rolling back of the state in the name of efficiency and effectiveness (Gore, 1996). According to Kettl (2005), federal government was reduced at this time, to the size of Kennedy's government. These public reforms took place under the same claims that de-regulation would empower government employees, that focusing on results and outcomes would "re-engineer your organizations" (Gore 1996, 35) and that behaving like the business sector would make government smaller and more efficient through outsourcing non-core functions (DoD 1997; GAO, 2003).

These initiatives imposed through legislation and Gore's grass-roots campaigning encompass the most basic definition of neoliberalism which I have explored in chapter two. The hallmarks of a neoliberal state are outsourcing, de-regulating government, streamlining government, making government more entrepreneurial (Steger and Roy, 2011). The NPM reforms during this era, as I stated, constituted Peck's (2011) roll-back of the state, and this applied to defence more than any other federal agency. DoD was already reducing in size from the end of the Cold War, but according to Kettl (2005, 29), Gore's reforms "accelerated" defence downsizing. It is apparent from the data that Clinton and Gore had intended to downsize the federal government (Clinton, 1996; Gore, 2006). Kettl (2005) confirms that the intention did translate into actual and significant re-shaping and downsizing. This rolling back did not signify the retreat of the state, and this is seen through the constructive nature of the pieces of legislation passed during Clinton's presidency. The legislation passed was designed to impose competition on the federal government (streamline and de-regulate government). The contradiction of neoliberalism lies in continual reinforcement that bureaucracy is restrictive and that government must become a market actor and behave entrepreneurially (Peck, 2011) whilst at the same time, Clinton/Gore created legislation and more red-tape to enforce these measures. However, these reforms conceptualised as a neoliberal policy measures and state project are not the only plausible factors I found in leading to a dependency on private military contracting.

During the Bush administration from 2001 onwards, the rolling back of government is expressed in a stronger way. As I have mentioned several times throughout this thesis, what is most striking about defence at this time, is the nakedness with which Rumsfeld pursues the utopian vision of the entrepreneurial state. The Bush administration, in the documents, expresses a stronger belief in putting the government out to market. The objective of reforming government at this time was also to "make government more transparent and accountable" (PMA 2002, 25), and the measures proposed to do this entailed the same commitment to state roll back as in Gore's NPR. Although the NPR also focused on results

over process (Gore, 1996), Bush's management agenda made it one of the central steps to making government work better. It appeared from the data that whilst Gore downsized government (Clinton, 1996), rolling back through streamlining and enforcing public-private competition, Bush (2001) focused on rolling back through qualitative measures. He emphasised that management should focus on results and Rumsfeld (2002, 81) encouraged defence bureaucrats to behave more like venture capitalists, the implication being that the route to efficiency and flexibility matters less than reducing costs and delivering results faster. At the same time, the same administration was encouraging DoD to use the private sector to set government standards (DoD, 2001) and elsewhere in the data such benchmarks include the outsourcing of all non-core functions (GAO, 2003).

Though with emphasis on slightly different priorities and expressed more vehemently by the Bush administration, the data show that the Bush and Clinton administrations had the similar objective of rolling back the state. Both administrations used reform to re-shape the federal workforce qualitatively (promoting certain behaviours in management) and quantitatively (shrinking the procurement and acquisition workforce, de-regulating). It was not until the 2003 invasion and reconstruction of Iraq that private contracting became an issue of concern – this is evident because private military contracting is not once referred to as separate from general defence contracting within the strategic documents. This is despite the fact that defence-industrial contracting is not same as private military and security contracting. Defence-industrial contracting deals primarily in the purchase of goods and PMSCs offer often services contracted for more active participation operational settings. The absence of this distinction in the strategic defence, security and military data is called “the dog that didn't bark” (Beech and Pedersen 2013, 126). The non-discussion or distinction implies that private military contracting was not a conscious or unified decision, and this was admitted by Secretary of Defence Gates in 2009 (CRS 2013).

We can use Peck's (2011; Ettinger, 2011) conceptualisation of neoliberalism as an ad-hoc, experimental process of rolling back the state and then using a variety of approaches to deal with the unintended consequences of rolling back. As I said in chapter three, scholars of NPM are interested in distinguishing between the intended and unintended, surprise effects of reform (Christensen and Lægreid, 2007; Pollit, 1990). The context within which private military contracting has increased is one where defence procurement and acquisition employees have been downsized, federal agencies have been de-regulated, oversight has been reduced, federal workers have been encouraged to use public-private competitions wherever possible and behave like the private sector. These measures took place within a public sector

context where inherently governmental activities and core/non-core functions had not been defined with certainty, though there had been plenty of attempts (A-76 was one such attempt). The neoliberal state project has rolled back the state through continual NPM reform but it is only when there is a crisis, such as 9/11 and the subsequent Global War on Terror, that the extent of reform is realised. All this shows, if nothing else, that public sector reform can have long-ranging unintended consequences. The growth of private military contracting into a dependency has been a surprise effect of public management reforms which sought to construct a neoliberal state to roll back bureaucratic power.

Conclusion: the surprise effects of reform

By conceptualising NPM reforms as material manifestations of Peck's (2011) neoliberal state project, I have framed the growth of contracting as a surprise effect of neoliberalism's ad-hoc approach to reformulating the state's role. The use of military contractors can be seen as an effect of neoliberalism's mongrelisation in the face of its own reforms. Clinton and Bush rolled back the state through a series of policy measures designed to downsize, de-bureaucratise and outsource the state. The consequence of including military functions in these reforms has been the unregulated outsourcing and the enforcement of competition on functions once considered governmental. This took place within a context where DoD already had inadequate oversight of its competitions (GAO, 1994). The perceived efficiency and sanctity of private sector practices led DoD, State Department, USAID, Department of Agriculture and Department of the Interior to contract out functions and roll back state involvement before government had decided which functions were inherently governmental and which were out of bounds. By the time the use of private force came to public attention, private contractors were given contracts for DoD procurement, military training provision, interrogation and some authorised to use lethal force in contingency operations whilst undertaking security duties (Avant 2005, 137).

The absence of discussion around private military contracting until it became a problem, the reduction of qualified defence procurement staff, de-regulation of oversight and making government entrepreneurial all infer that the growth of contracting into a dependency was an unintended consequence of the reform movement to roll back state power. Without adequate guidance on the role of government and what functions the government should definitely undertake and stripped back oversight, contracting was not limited. The state rolled back its functions partly through competitions and outsourcing and empowered managers to use any means to get results. Federal reforms and defence revolutions, through a mix of

workforce re-shaping and legislation were “examples of institutional reinvention spawned by the limits of earlier forms of neoliberalism” (Peck 2011, 7). The endogenous causal factors of increased military contracting were the NPM reforms from Clinton to Bush which sought to roll back state functions and create an entrepreneurial state in the name of efficiency, effectiveness and in other words, to construct the neoliberal state (Peck, 2011).

Chapter 5: Conclusion

The objective of using an abductive research strategy has been to place empirical analysis in the position to adjust and order my developed conceptual framework. The document analysis was purposefully large in order to produce, as far as possible, plausible, observed evidence for the causes of increased outsourcing. I analysed fifty-three documents drawn from The White House, Department of Defence (DoD), Government Accountability Office (GAO), Congressional Research Service (CRS) and Defence Science Board from across four administrations. The purpose of using the conceptual framework was to organise, explain, contextualise and situate the large body of findings from document analysis. It has organised the thematic analysis and conceptual lenses (neoliberalism and new public management) into structural, cultural and mythic factors of institutional change.

Neoliberalism and new public management (NPM) were used as conceptual signposts guiding the document analysis (as described in detail in chapter three). The continual back and forward between the empirical and conceptual as the research progressed led to my conclusion that new public management reforms during the 90s did explicitly aim to transform government into a lean, entrepreneurial, business-like organisation. This entailed a drive towards public-private competitions and outsourcing as well as a stripped back bureaucracy and de-regulation.

I argue then, that the NPM reforms created the conditions under which private military contracting increased into a dependency. It did this on two levels: first, through the federal-wide National Performance Review (NPR) under Vice President Gore's leadership and G.W. Bush's management agenda; secondly, through defence reform, which had similar goals and truth claims as the wider federal reform initiatives and was embodied by the interlocking military and business revolutions.

By conceptualising neoliberalism as a policy paradigm of the state, which continually reconstitutes itself through an improvised process of rolling back and rolling out bureaucratic power (Peck, 2011), the NPM reforms function as a translation from the utopian ideal (Waligorski, 1990) to institutional change. The study of new public management has focused on the intended, actual and surprise effects of reform (Pollitt, 1990; Christensen and Lægheid, 2007). There is not one mention of PMSCs within the strategic documents and no planning for oversight of private military contracting or strict rules about which government functions can be outsourced. As well as this, government research documents themselves argue of the

ad-hoc nature of contracting out defence functions (CRS, 2013). This provides credence to the central argument developed in this thesis via guiding concepts and an inductive approach to a wealth of documentary primary data: The endogenous driver for increased military contracting was the new public management reform movement, driven by what are commonly held to be neoliberal values and beliefs. The common traits in new public management reforms are similar to those found in the most basic definition of neoliberalism (Steger and Roy, 2011). I proceed next to more systematically list the findings from the document analysis which have provided the evidence-base for the claims I have made here and in chapter four.

A consistent belief in the efficiency of the private sector and the need to partner, mimic, outsource to or compete with the private sector runs through the data. The government's relationship with the private sector is expressed in different ways but to the same end. For example, the data at various points refer to the private sector as *partners* (Gore, 1996), *leaders* and an example to follow (DoD 1997). The data refer to processes of private sector involvement at various points as privatisation of state assets, outsourcing and public-private competition (DoD 1995, 1997; Gore, 1996; GAO 1994). The ultimate objective of the re-structuring of the state's role is that the private sector achieves efficiency through outsourcing, therefore government must outsource too. However, there is no study which concludes that outsourcing or competitive sourcing saves money (GAO 1994). There has been a moratorium on public-private competitions through OMB Circular A-76 in DoD because of the perception amongst federal employees that the private sector is being favoured in these competitions (CRS, 2013). The unsupported claims that outsourcing and competition lead to more efficiency fuels the argument that outsourcing has been driven by a myth of private sector efficiency rather than pragmatism. Neoliberalism as a belief system and new public management as an active pursuit of state reform both use the ideal of the efficient, lean firm on which to model government (Brown 2006, 705).

Based solely on the documents used for analysis, the Clinton and Bush administrations had different ways of expressing their visions of a reformed federal-executive branch. As I discussed in chapter four, the Bush administration favoured the explicit commitment to results over processes, transforming federal agencies into entrepreneurial organisations and pushing federal government into the market economy to compete (Bush, 2002). Efficiency, as ever, is the objective, mentioned twenty-three times in the 2002 President's management agenda. Gore's NPR softly approached reform with conversational tones and emphasised that the success of public reform depended on the (hugely retrenched)

federal workforce from bottom to top. Despite the differences in approach, Gore's reforms soft in expression only. In reality, they created the conditions where contracting and competition within federal government were enabled and encouraged whilst simultaneously oversight and regulations were stripped away (GAO, 1994). Clinton's State of Union Address (1996) announced the downsizing of the federal government by 200,000 employees, a large proportion of which were DoD procurement and acquisition staff (DoD 2001; Kettl, 2005). Through a grassroots campaign and legislative changes to encourage public-private competition and re-assess federal activities, the NPR reforms created a federal culture where a lean, less regulated, contracted out government was considered more efficient.

My findings do not seek to present an exhaustive list of endogenous causal factors to explain increased private military contracting. Neither does the conceptualisation of NPM as the construction of neoliberal beliefs intend to deny the importance of other factors for explaining this phenomenon. It is more the case that the new public management reforms during the 90s-00s created the conditions and context where contracting was enabled by certain reform measures and actively pursued by others. For example, deregulation and downsizing defence enabled contracting to take place on a more frequent and less organised basis, without oversight to control activities. Whereas Clinton-era legislation to reassess government functions and make federal agencies more competitive actively encouraged a culture of shedding functions and activities which were once considered governmental. The Bush administration expressed more enthusiasm for the creation of an entrepreneurial, contracting state through Annual Reports (2005) and the Management Agenda (2002). It merits re-stating yet again that the definition of inherent governmental functions/activities had still not reached consensus, so the borderlines separating core and non-core federal activities were vague. They still are, and this goes part of the way to explaining how private contracting became a state dependency (Singer, 2007).

The Iraq invasion and reconstruction could be considered a 'trigger event', catalysing the increased use of contracting to deal with the crisis. This is generally seen as the conflict which highlighted the use of private contractors by the U.S. However, the data show that new public management reforms had been chipping away at the federal government since 1993, advocating a smaller, more efficient government, on top of the downsizing which DoD was undergoing in the wake of the Cold War. The endogenous factors of increased dependence on private military contracting were the government reform initiatives beginning in Clinton's first term and continued into the Bush administration. They re-shaped the federal government, including DoD, through reforms based on neoliberal values and beliefs

(repeatedly stated and reinforced throughout the data) in the efficiency of the private sector and the burden of government. The unintended consequence of these federal reforms was the resultant government dependency upon PMSCs which Defence Secretary Gates (2013) recognised, was the result of lack of coherent strategy within DoD (CRS, 2013).

Methodological limitations and future research

I analysed fifty-three documents for the primary analysis and although this has strengths, there are also some limitations. It has allowed me to build a strong evidence base for any claims made about the causes of military contracting. However, it has also proven to be too much data and not enough at the same time. Because of the nature of qualitative document analysis, I wanted to be open to any plausible causal factors of outsourcing expressed in the data. It is often said that a thesis should say a lot about a little and not a little about a lot. I think one of the limitations of this study has been its relatively open research strategy, resulting in a lot of time openly coding, in vivo coding, process tracing. This thesis makes an attempt to limit the scope of analysis by employing two concepts which are used to identify possible causal factors. Nonetheless, a more in-depth theoretical and empirical treatment of either one of the factors in future could allow for a more developed, rich, and internally valid analysis.

There are certain preconceptions, which I acknowledge and could be seen as possible limitations to the study. I chose neoliberalism and new public management as guiding concepts because from both lived and educational experience, I have associated them with the decline of the welfare state in my country. It is only fair to acknowledge that negative normative views of neoliberalism as an ideology and a policy program are rampant in life and in academia, and may have influenced my views upon entering into this research project. Hence, I made an effort in this research to responsibly conceptualise neoliberalism and define it through historical context, determinedly focusing on the purely objective analysis of data drawn from what the documentary evidence actually states, rather than my own or others' views of preconceptions concerning such documents.

Nonetheless, this determination to allow the 'data to speak for itself' leads to another methodological problem which I have encountered: I understand this data to be biased. When I have discussed the importance of, for example, Gore's public management reforms, I stress their importance from the data. Based on the secondary literature, I am aware of the actual consequences of these reforms, but nonetheless the basis of my research in this thesis is primary evidence. I have aimed to base my analysis upon *what the different state agencies*

have to say or claim about contracting and *not* investigate whether or not these claims can be independently verified. This leads me to identify a possible extension of this research into a future project (already hinted at in chapter two) where I identify the gulf between what actors say, what they do, and the consequences of their actions in material terms. While the purpose of this present thesis is not to evaluate the claims around the efficiency of outsourcing, it is always difficult not to ask the more philosophical and methodological questions related to how documents connect with the actual material outcomes discussed in these documents. Hence, an important item for future research could be a broader, philosophically as well as empirically-driven study of the different management perspectives which emerged from business and universities during the Cold War and how they contributed to the changing ways of working in the public sector, particularly defence. This would provide an historical context to current management practices and give more insight as to why the state has considered outsourcing to be an increasingly useful tool for managing the public sector.

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