

Commercial Politics of Peace

Military Markets Recasting European Engagements in Afghanistan

Clausewitz's famous depiction of war as the prolongation of politics by other means captures how many Europeans think their countries' engagement in Afghanistan is to be understood. Few, however, are aware that private companies have considerable say in the political processes that define this engagement: companies make and shape peace. Indeed, private companies could be said to be (re)casting the Afghan engagements of European states. This brief explains how and why. Companies make peace in the sense that they weigh in on the formulation of strategies for Europe's engagements in Afghanistan. They are both tokens in political processes and political actors in their own right. Companies also shape peace through their presence in international engagements. Their involvement in multilateral engagements refashions the relations that exist between the various military, civilian and local actors on the ground. This brief suggests that the reality of this situation needs to be acknowledged if we are to adequately grasp the politics of international engagements.

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In the US and UK contexts, both the consequences of the extensive involvement of commercial security contractors in international engagements and the ways in which they fashion the prospects of peace have been the subjects of various discussions. Here, the focus has been on the risk that contractors militarize, radicalize and extend conflicts because they displace diplomatic, humanitarian and development efforts. Thus, as one Brookings Institution expert summarized it in the wake of the 2007 Nisour Square incident in which Blackwater employees killed 17 Iraqi civilians for no apparent reason, ‘Can’t fight without ‘em, can’t win with ‘em’. Drawing on a PRIO-based study of nine European countries (not including the UK; see box on last page for further details), this brief suggests that Europeans would be well advised to take more interest in these discussions. European states are directly concerned. They too rely on contractors even if they are silent and irresponsible about this fact. And European policies are being created and shaped by contractors, as this brief will show.

Markets Make Engagements

Companies Work With States

While contractors play a role in all European countries, they work ‘against’ states in none. Both companies and policymakers claim that the markets work with states. What exactly this means, however, is often rather unclear, as *engagement strategies in Afghanistan and the role of companies within them* are often left unarticulated. Some states have articulated strategies on both accounts. Here, Sweden is a case in point. Not only does it have a well-articulated holistic approach that integrates both security and development in Afghanistan; it also has self-consciously experimented with outsourcing. The Swedish authorities have granted contracts to Swedish companies such as Vesper Group and Scandinavian Risk Solutions. Sweden has also reflected on its links with contractors in the multilateral context. That said, other states have no explicitly defined strategy on either account. Poland, for example, views its Afghanistan engagement mainly as a way of consolidating its position within NATO, and its engagement with contractors as part of its ‘marriage of convenience’ with the USA. As a consequence, Polish authorities have not found it necessary to elaborate an independent and

explicit engagement strategy for Afghanistan, let alone a policy on the role of contractors within such a strategy. Whether countries are explicit about their engagement strategies in Afghanistan (as Sweden is) or leave it implicit (as Poland does), neither observers nor policymakers expressed any concern about companies pressuring states to alter their engagement strategy and/or to increase the role of private companies within them. However, it would be a mistake to conclude that such companies are therefore insignificant for the formulation of peace and reconciliation strategies in Afghanistan.

Companies Formulate Engagement

Companies contribute to the formulation of public engagement strategies in two ways. The first is *as a concern of their home governments*. To varying degrees, European countries have companies that are able and willing to provide services in the context of the Afghan operations. While some countries such as France, Germany or Sweden have large-scale arms industries, others such as Hungary, Romania and Poland have companies that can provide transportation services or supply food. Such companies become part of the politics shaping the Afghan engagement as their home governments push for them to be integrated. This has implications for the form a given country’s engagement takes, as it shapes what kinds of initiatives states will privilege and push for. Denmark, for example, involved the national shipping company DFDS in the provision of air- and sea-lift services for NATO, thus incorporating company considerations as part of the decisionmaking regarding how Denmark’s engagement would be framed and where to allocate resources. Similar strategies were followed by other European countries striving to integrate their own domestic companies into the operations in Afghanistan.

The second way in which *companies are involved in formulating engagement is as direct partners*. The extent to which private companies have been involved in the organization of the armed forces of various European countries has made them – by necessity – partners in hammering out the practical details of international engagements. The roles played by private companies make it necessary to take their concerns on board. The provision of food and clothing, outsourced by all European

militaries, may be banal, but such services are vital for the Afghan engagement. Far less banal is the role of companies in providing and analysing much of the information on the basis of which the engagement takes place. Such involvements make companies essential partners in the formulation of engagement strategies. Images captured by drones and analysed by contracted operators, for example, are used by all countries. Along similar lines, the adoption of a ‘comprehensive approach’, integrating the civilian and military sides of the Afghan engagement, has extended the role of markets. Companies take on some of the development projects tied to the comprehensive approach, and their presence is essential for the development of markets on which that approach rests. As such, they are asked to participate in formulating European engagement strategies.

Companies Do Engagement

More than simply being integral to the formulation of European states’ engagement strategies, companies also have engagement strategies of their own. They weigh in on who can be part of the engagement, on what terms, and what they should do. First, *companies ‘do engagement’ when they decide on whom they will offer their services to and on what conditions*. By deciding on whom they will contract with, companies also decide who can realistically take part in an engagement such as that in Afghanistan. For Poland, for example, the decision *not* to take responsibility for a Provincial Reconstruction Team (PRT) was directly tied to the costs involved. Inversely, the related decision to participate as a partner in the PRT in Ghazni – to which Poland has contributed 20 people, including a deputy commander since 2008 – was directly linked to the channelling of US support for the Polish effort into paying for the services of contractors. Similar considerations regarding costs and feasibility weigh on all actors – not only the armed forces, but also aid organizations and private companies. This makes relations to contractors essential. Sometimes, including in the Polish case just referenced, states will try to fashion the relations between the contractors and their clients. In others, they will not. Either way, companies gain considerable leverage over engagement strategies, as they can decide what contracts to grant, to whom, and on what terms.

Second, *companies shape the overall engagement*, and particularly the relative importance of its military and civilian components. The kinds of contracts involved and the costs related to them influence the overall allocation of resources. For Hungary, for example, the costs (partly attributable to contracting) involved in financing its role as a lead nation in the Provincial Reconstruction Team (PRT) in Baghlan Province amounted to €32 million in 2009. The relevant agreement restricted what could be spent on other activities, and the country's development budget was accordingly limited to €1.6 million. As this indicates, the development side of the engagement was – to understate the point – somewhat reduced. As companies are contracted to bolster the security side of the engagement, their presence is not merely one that refashions budgets. It also changes the kinds of activities undertaken by expanding the share of security-related activities.

Markets Shape Engagement

Companies shape international engagements. They fashion the core relationships that define the European engagements: relations among allies, relations among those involved in civil–military cooperation (CIMIC), and relations with the local population.

Companies Shape Relations Among Allies

The presence of private companies shapes relations by affecting the hierarchies among allies. *Sometimes their presence reinforces existing hierarchies*. For France, the outsourcing of the dining facility at the forward operating base Tora-Surobi to the French company *Sodexo* bolsters France's capacity to operate independently and hence its standing among its allies. Inversely, contracting with companies from other allied countries or locals – for example, the contracting linked to the NATO Maintenance and Supply Agency (NAMSA) or to the Strategic Airlift Interim Solution (SALIS) – works in the opposite direction. For European countries with weak and uncompetitive military service industries, this is particularly preoccupying. Their industries are marginalized and further weakened, as they are excluded from contracts because they cannot supply services of the requisite quality. They thus become dependent on the alliance's contractors and accordingly find themselves in a weaker position within the alliance gen-

erally. There is, however, nothing automatic or inevitable about such a process.

Sometimes the *presence of companies may work in the opposite direction: reshuffling hierarchies* by enabling states to overcome their dependencies and perhaps even to strengthen their own operational capacities. Poland and Romania have benefited from contracting precisely in this way. Contracting provided a way of integrating NATO more closely. More than this, contracting was treated as a route to move upwards in the organizational hierarchy. It made things that were otherwise unfeasible possible. In addition, contracting was used as a way of pressuring these countries' own companies to work more effectively. Because of the competition, these companies had to deliver in accordance with expected standards.

Whether the markets shape hierarchies among allies in one direction or the other, *they increase the weight of the military side of the Afghan engagement*. Contracting works as a 'force multiplier'. Companies make it possible to override the views of the latter. Most straightforwardly, contracting increases the overall military imprint: as tasks otherwise carried out by the armed forces are outsourced, the armed forces can focus on clearly military tasks. Ironically, this militarization is more often than not missed. The presence of contractors is presented as an expansion of the 'civilian' sides of the mission. Germany, for example, has been able to privilege the military aspect of the intervention because of the contracting done by the USA. Germany's unwillingness or inability to fulfil its part of the police-training missions has led the USA to take over this area. This was only possible because contractors could step in and take on the task. Along similar lines, disagreement in Afghanistan among the allies can be settled through contracting. A case in point is the disagreement over the poppy-eradication programmes, where the USA favoured a harder line than its European allies. The practical solution has been that the USA has turned to contractors, circumventing the need to reach an agreement. From the US perspective, this has been a matter of compensating for the allies' unwillingness to share the burden of the programmes. From the perspective of the Europeans, it has been a matter of the USA overriding them and disregarding their priorities to pursue its own.

Companies Shape CIMIC

Markets also shape the relations between military and civilian actors: the civil–military cooperation that is so central in the Afghan engagement. Companies are *directly involved in carrying out the civilian part of the engagement in Afghanistan*. The outsourcing of services is rather uncontroversial when it concerns civilian tasks such as construction work or training of different kinds. Commercial security companies with a presence in the mission consider themselves well suited to take on these tasks and therefore bid to do so. They advertise that they can deliver aid quickly to people who need it and complete projects on time because they can deal with the volatile security environment. Companies therefore engage in development work as well as in security contracting. Some of them have even established institutional structures exclusively geared to this purpose. Aegis – a security that holds major contracts in Afghanistan – has established a 'foundation' that claims to have carried out 'over 200 projects which include installing water purification systems in schools; donating generators for hospitals and schools; equipping schools with basic stationery, backpacks, sports equipment, desks and lavatories; supplying hospitals with urgently needed medical supplies; and providing orphanages with basic furniture'.

In the process of taking on civilian tasks, *security contractors are competing with others doing this work*. This includes not only the purely civilian aid organizations and companies that propose or wish to take on the same or similar projects, but also public agencies with an interest in such tasks. Hence, when Romania takes charge of constructing a cement factory, when it takes the lead in establishing a 'centre of excellence in intelligence', or when it is distributing agricultural support, it coexists and competes with other organizations both public and private, including commercial security contractors such as Aegis. As a consequence, companies, public institutions and NGOs are competing with each other in proposing and bidding for projects. Like the security companies, Romania is embarking on these projects partly for economic reasons and partly to improve its own image and standing. It is therefore not surprising that, just like the private companies, Romania emphasizes its competitive advantage, which turns on the state's capacity to carry things

out in time as well as its capacity to establish trust and friendly relations with the local population. More than this, the security companies' emphasis on safety puts pressure on other providers of civilian services to focus on the same issue. The implication is not only an increase in the security costs related to their activities, but also an increased focus on security in their design. The CIMIC landscape is in other words being refashioned by the fact that commercial security companies are also engaging in it and proposing to take on tasks of various kinds.

Lastly, in addition to shaping the CIMIC side of the Afghan engagement by carrying out development work and competing with other development organizations, *companies are sometimes placed in charge of deciding the practicalities of the civil–military cooperation.* The role played by Swedish company Vesper Group illustrates this point. Vesper Group was hired in 2008 by the Swedish Ministry of Foreign Affairs to provide security coordinators for Sweden's embassies in Baghdad, Khartoum and Kabul, and its employees were granted diplomatic status. The company was tasked not only with monitoring and deciding on the level of risk, but also with organizing and distributing the available security resources for those attached to the embassies. Vesper personnel thus decided who would find themselves not just without security, but possibly also without a car for transport and hence unable to travel or work. Handing these decisions to the Vesper Group proved controversial. The company was quite logically charged with prioritizing and exaggerating security considerations and skewing the Swedish engagement towards the military side independently of what the country's overarching strategy might have proclaimed.

Companies Shape Relations to the Local

Similar concerns were expressed with regard to how companies shape relations with the local level. Interestingly, and contrary to much popular discussion about contractors, the concern raised in the PRIO studies was not that company personnel were behaving violently. Rather, it related to how the markets integrated and reshuffled local politics.

The European countries studied all made a point of *integrating local staff in their security contracting*, and the same could be said for the companies they contracted. The rationale behind this is that such an approach is encouraged by Afghan regulations as well as by the sensitivities surrounding private security contracting. It is also seen as a way of providing skills and training, jobs and incomes – all of which are believed to bolster good relations with the local population. Finally, involving locals is considered a way of ensuring that those with the interest and ability to work in security do this on the side of the allied engagement, rather than against it. The eagerness to co-opt locals into various security ventures often seems to include a readiness to pay for the loyalty of locals. The concern voiced notably in the French and Italian contexts was that this eagerness to link up with the local context involved consequences that were difficult to control. Not only is it exceedingly difficult to know who involved locals are, and thus who receives jobs and skills, but there is no guarantee that any given individual will be loyal, as was shown most strikingly when seven contractors working for Armor-Group were killed in a drone strike against a Taliban leader in 2010 as debated by the US Senate Committee on Armed Services. But, more than this, the integration of locals inflates the security-related part of the economy and advantages those with military skills in society overall. And this might not be the part

of the population that should be supported by the engagement in Afghanistan.

Militaries and Markets in Politics

Markets make and shape the European engagement in Afghanistan. They make it as markets participate in formulating and carrying out the engagement. They shape it by reshuffling the relations on the ground. This grants companies a say over the Afghan engagement that exceeds what most European publics would expect them to have. However, unlike the involvement of the military, policymakers or aid workers, the political role of companies passes relatively unnoticed. Markets are assumed to be economic; not political. But, to echo the core argument made by Harvard Professor of Government Michael Sandel in his 2009 *Reith Lecture*, markets are political when they define the common good, or when, as in this case, they define European engagements in Afghanistan. Europeans would do well to acknowledge this. Europeans need their own positions on these questions. Indeed, there is a striking contrast between the relatively elaborate European understandings and regulations of the military in politics and the neglect of the role of markets. This imbalance needs to be redressed.

Policy Implications for Norway

- **Recognize that companies are political**, both when they formulate strategies and when they carry them out on the ground.
- **Engage in reflection** on when and why this political engagement is (un)desirable in the Norwegian context.
- **Develop Norwegian guidelines** for company involvement in formulating international engagements and in carrying them out.

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THE PROJECT

The brief draws on a research project funded by the Norwegian Ministry of Foreign Affairs, *Commercialization of Security: Consequences for Peace and Security*. The project analyses the commercialization of security and peace-keeping operations in Norway and eight European countries, drawing on examples from those countries' engagement in Afghanistan.

PRIO

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