



THE AWAKENING OF PRIVATE MILITARY COMPANIES

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— SPECIAL REPORT —

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- **Private military companies, or PMCs, are independent corporations that trade military services through a wide range of opportunities they have due to their corporate nature.**
- **Private-sector organizations hold military power for a variety of reasons, including shifts in the world order and a security gap for PMCs to fill, globalization-related phenomena -- whether these be linked to new technologies or novel social approaches to warfare -- as well as the 1990s privatization trend.**
- **Through military force, state actors can accomplish both military and economic goals. By outsourcing combat, they are also able to go ahead with undemocratic feats while senior state officials or governments might evade responsibility.**
- **Private military companies are efficient; this arises from their better readiness to run some missions, compared to regular armies. Another factor refers directly to the economy, as actors could mobilize extra resources to boost their capabilities therein.**
- **What the privatized military sector offers is in line with both the needs and strategies of leading defense groups or any other firms that hire corporate warriors to shield their foreign investments.**
- **With the use of private military companies come strained ties within state actors, while those being politically and economically weak are closely tied to players outside. There is also much room left for illegal missions as well as those lacking a democratic mandate.**
- **In the future, the use of private military force will expose deeper rifts in society and between states, between the rich and the poor. So could it serve as a catalyst for military involvement while perhaps leading to conflict escalation and impairing any controlling mechanisms of the executive power.**
- **The privatized military industry boasts a huge potential for information warfare campaign -- and it could be used by state coalitions to solve their transnational problems comprehensively, whether they touch upon issues like migration, demography, or climate change.**
- **What is pivotal for the fate of the privatized military sector will be a vision of the world order as imposed by the U.S. government, or the main client of PMCs.**

Defining private military companies

Private military companies, or PMCs, are independent businesses that trade an array of services pertaining to war and conflict, closely linked to any missions carried out by security forces. Of course, these can mirror tasks of traditional armed forces. „They are business organizations that trade in professional services intricately linked to warfare. They are corporate bodies that specialize in the provision of military skills, including combat operation, strategic planning, intelligence, risk assessment, operational support, training, and technical skills¹.” They have grown inherently into the security landscape of many countries, whether these be rich or poor.

Being hired soldiers, they are by no means subject to any corporate structure, with no managerial hierarchy while discipline relies upon the charisma of a leader.

There is yet a difference between mercenaries, or foreign volunteers, and private military companies. A mercenary, often referred to as a soldier of fortune, is an individual who takes part in military conflict for plausible personal profit, with a binding contract for an employer, and not their homeland. The case of foreign

volunteers is somewhat distinct -- these are usually guided by ideology, while formally being part of the armed forces (e.g. the XIII Dąbrowski Brigade during the Spanish Civil War). The twentieth century brought a parallel coexistence of both private military companies and war-related services traded in a somewhat traditional way, as was the case of many, just to quote Rafał Gan-Ganowicz, Mike² Hoare, Bob³ Denard, or Jan Zumbach. Mercenary activities reached their apex in the 1960s and 1970s while many colonies worldwide were becoming independent of colonizing countries, however, they continue to this day, albeit to a marginal extent⁴. As for conventional soldiers of fortune, they need to observe a set of strict rules that prevent them from competing with corporate military businesses. Being hired soldiers, they are by no means subject to any corporate structure, with no managerial hierarchy while discipline relies upon the charisma of a leader. As such, mercenaries have no access to any financial markets, which restrains the scope of projects they could possibly engage in. Nor do mercenaries build their status in the privatized military industry -- full of intertwined interdependencies -- hence it is a challenge to find a soldier of fortune having a professional and loyal attitude and who displays their long-term pursuits.

Private military companies are yet the next stage in the development of military services that burgeons in parallel with an increase in capabilities of contemporary military corporate

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1. P. Singer, *Corporate warriors. The Rise of the Private Military Industry*, Cornell University Press, New York 2008, p.8
 2. Thomas Michael Hoare (born March 17, 1919), also known as Mad Mike Hoare, was a British-Irish mercenary known for his military activities in Africa, especially in Congo and Seychelles. A. Mockler, *The new mercenaries*, Sidgwick & Jackson Ltd, New York 1985
 3. Bob Denard (April 7, 1929 – October 13, 2007) was a French soldier and mercenary. He was known for having performed various jobs in many African countries including Congo, Angola, Rhodesia (today Zimbabwe) and elsewhere in support of French colonial interests. *The Guardian* [accessed December 5, 2017]. Available online: <https://www.theguardian.com/news/2007/oct/16/guardianobituaries.france>
 4. In the Kosovo war, the going rate for professional soldiers to help the rebel Kosovo Liberation Army (KLA) was a reported \$4,000 per month. P. Singer, *Corporate warriors. The Rise of the Private Military Industry*, Cornell University Press, New York 2008, p.43

businesses. Like any other economic bodies, PMCs benefit largely from their legal corporate structure. Private military firms have a clear-cut internal hierarchy, allowing them to go quickly through decision-making processes and implement new regulations quite efficiently. In its business structure, PMCs have the very same bodies as commercial law companies, including the management board or the supervisory board, or shareholders meetings. With these highly proven business methods, PMCs turn into a durable structure capable of surviving in a competitive free-market environment. Another feature that distinguishes private military firms is that they provide services for corporate profit, and not that of individuals. Seemingly a nuance, this yet wholly changes an attitude of the institutional environment toward a company. The mere idea of perks should come in terms of both short and long-term goals, most often described in the form of a corporate strategy, or at least its vision or mission. Any external bodies are legitimate to assess whether to seek cooperation with an individual PMC through an analysis of its stability and long-term pursuits. Business cooperation with external partners develops on the basis of the long-term business tie, and not just a one-off economic event, where a more determined and offensive corporate body takes all

the transaction profit. Furthermore, with its status of a commercial law body and other entrepreneurs being keen to join, PMCs grasp an opportunity to team with financial institutions while being able to obtain proceeds from the issue of shares or benefit from trade credits. Also, recruitment possibilities look differently under transparency rules -- with greater competition, private military firms can hire better quality employees while expanding their labor pool and welcome more people if needed.

Another peculiarity is that PMCs -- while operating worldwide in a somewhat unattainable move for earlier private military firms -- must observe any formal regulations pertaining to its registration, accounting, or licensing in a country where they operate businesses. This is what differentiates PMCs from soldiers of fortune, and any other firms formed to produce profits from colonial possessions, just to quote here the East India Company. For trade companies, violence itself was not an exchangeable good, but rather a tool for privileged commercial activity. Mercenaries used to offer nothing but just tactical services yet being unable to handle them worldwide or work for many clients simultaneously.

What sparked a boom for PMCs?

What came as the first incentive for PMCs to develop its services was an array of structural changes in the economy, with an unprecedented oversupply of retired soldiers and their wider availability, and the wider privatization efforts as part of the state's economic policy. These phenomena were pivotal for the emergence of corporate military bodies yet for the sake of its permanent nature, the following are needed:

1. **Security gap.** The world order has shifted once the Cold War-era confrontation ended. In a new order, where two mighty powers moved backward toward their borders, a variety of fresh challenges popped up, including failed states, terror groups, or revived spats, so far somehow settled by imperial partners. Each of these never-before-seen stimuli has carved out a sweet spot for PMCs that won a room for maneuver.

In the aftermath of the 1990s reshuffles, a huge number of discharged soldiers appeared on the market, while the vast Cold War stocks offered a great deal of military hardware. PMCs got human resources and relatively cheap and widely available military equipment. The United States has not left the emerging security gap unanswered -- through privatizing support services for its armed forces, including logistics, security, infrastructure, or IT solutions, Washington propped up its ability to project its armaments might virtually everywhere around the globe. Meanwhile, private military companies built their status on solid foundations, thus stepping up their position on the global market. The U.S. market has morphed into their top host, while their influence stretched worldwide. With

the powerlessness of the United Nations, PMCs started getting bolder proposals to step into a variety of new armed conflicts.

2. **Globalization and reshuffles in the world economic order.** An increase in trade exchange widened chasms between state actors instead of closing them while the propensity to engage in risky behaviors boosted, with a surge in violence in strategically important parts of the world, chiefly Muslim-dominated countries. Private military guards worked to shield mines and related infrastructure, as well as safeguarded large corporate interests, and offered training programs to local warlords.

With globalization efforts, local state authorities got weaker, eventually relying heavily upon access to foreign-made military hardware in a move that paved the high-tech privatized military industry for further expansion.

3. **New ways of warfare.** Warfare relies upon a number of technologies, a domain where not all governments have a clear advantage over non-governmental bodies. In spheres like microelectronics, programming, biotechnology, or data acquisition, civilian companies have a great advantage over their military peers, with their employees being far better prepared. The growing importance of both high-tech and financial engineering solutions enable even small companies to run warfare campaigns. Most of the information systems used by the world's armed forces are developed by civilians, mainly for civilian purposes, and make extensive use of the civilian information infrastructure.

The Revolution in Military Affairs, or RMA, is a major change in the nature of warfare brought about by the innovative application of new information technologies that create a multiplicative rise in the lethality and mobility in munitions, and allow one side to gain an information advantage over another. Furthermore, with a deterrent factor of nuclear technology and the continuous news media coverage, warfare loses momentum. This environment is favorable for new combat missions that yet exhibit a great deal of diversity.

4. **The privatization revolution.** Privatization efforts saw a massive surge globally following the demise of the Soviet Union. Furthermore, after the mere concept of a command economy collapsed, and so did the whole centrally planned system, the market system no longer felt pressure to admit state actors. Meanwhile, the macroeconomic policy of the World Bank and the International Monetary Fund (IMF) sustained fair conditions for exploiting the competitive advantage of industrialized economies. In consequence, global corporate businesses felt compelled to shield their foreign assets, often by hiring highly specialized private military firms.



SOURCE: MIDDLE EAST MONITOR.COM

What are the strategic goals of private military companies?

These come in the four following categories: 1. to ensure security outside (PMCs accept new combat tasks as they did well in earlier missions, and amid the insufficient number of regular forces), 2. to sustain economic growth (through a boost to the country's gross domestic product, stabilized growth conditions, and a move towards economic competitiveness through a privileged market position), 3. to accomplish foreign policy goals, being other than just access to raw materials, and 4. to evade responsibility (yet this could hardly be referred to as a strategic goal, yet exerts a massive impact on cabinet actions amidst loose control of the state's executive and free democratic elections).

Particular focus should be on efforts made by decision-makers to duck responsibility for their feats. Certainly, this is neither the purpose of the state nor that of the government. It is deficient in a narrative that accompanies energy or defense policy. Their goal is short of a clear-cut definition yet arises from decision-making processes and political struggle for votes -- as information spreads very quickly. For ruling elites, this morphs into a matter of their political life or death, though the purpose itself is far from being purely national; instead, it serves the country's ruling elite while the nation itself follows brief media coverage, usually void of in-depth inquiry.

Private military companies and their effectiveness

There are two top reasons for PMC's efficiency outside. Waged in the general new media, on the eyes of humans worldwide who can watch live news coverage, new wars have become an arena for private military firms. These could perform greatly as an extra business body to provide external security measures, with new warfare objectives, media potential to depict the conflict, its chronicity, efforts to save military personnel in fight, societal control, occupation campaigns, and their specificity, information acquisition and any tasks related to new civilian institutions. In the context of new warfare, the use of private military force allows shifting the economy from civilian to military purposes, albeit without any harm to the former -- thus somewhat raising the production capacity curve for the whole economy. With the engagement of the privatized military industry, there emerges

likelihood to gather extra funds while not reducing the workforce, by calling reservists to the colors. Likewise, the state is capable of boosting its military strength while keeping its economy and citizens' lifestyle intact.

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The use of private military force expresses both expansion and dominance of the defense sector in the world's highly industrialized states, mostly in the United States, whose advanced high-tech products require experts who would execute, operate and manage them. Private military firms cover business investments and uphold beleaguered local regimes by offering attractive investment conditions and seeking to strengthen their security. They offer access to a cheap labor pool while creating a ready market, thus home for highly industrialized economies to sustain and increase the rate of return on investments. Cost reduction is yet another source of efficiency while PMC have an open door to both raw materials and new markets. When leaving their footprint elsewhere to shield regular armies, such firms as Halliburton or KBR expand infrastructure, including military facilities, transport lanes, airfields, and set up a vast network of subcontractors and other persons within contracting authorities. In the long run, costs will be cut with assets used for civilian purposes, and the expenditure reimbursed through military contracts.

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Foreign policy goals are being implemented through an array of classified missions, to prevent anybody from linking states or governments with their outcomes in particular. Yet not always



KBR HEADQUARTERS, SOURCE: WIKIMEDIA.COM

did special services offer such a warranty. Thus private military firms have become an excellent tool in the hands of states that cannot combine their missions with state interests -- whose senior officials can distance themselves from any activities underway, even at the cost of military and managing personnel. The more widespread are private military companies, the more effectively states could engage them in any activities that could damage state interests.

Last but not least, by outsourcing military missions, top officials are able to evade any responsibility. Through tasks that they do not quite believe to reflect the state's core interests yet that could lack a democratic mandate, ruling elites do have recourse to services offered by the privatized military industry. Do they adequately shirk responsibility? Yes, as was the case of PMC's missions in Colombia, arms embargo violations in Bosnia,⁵ or a breach of an international trade embargo with China⁶. Either somebody else is burdened with whole responsibility, or events remain top secret.



SOURCE: WIKIMEDIA.COM

5. J. Elsasser, *How the Jihad Came to Europe. Holy Warriors and Secret Services in the Balkans*, Muza, Warsaw 2007, p. 115.

6. See: an urgent need to provide the Iraqi army with the material resources to carry out the combat mission: G. Lawson, *War dogs*, Viking, 2016

Negative effects of private military companies

With a private military firm, it is possible to eliminate any shortcomings through contractual provisions, by carefully picking a military service provider or devising a development plan for the armed forces, or via some liability regulations that also govern the scope of democratic supervision. Others, however, emerge freely of any government-linked actions or it is not in the interest of policymakers to combat them anyhow. These include:

1. Destabilizing effect on international ties -- as Henry Kissinger, a top U.S. diplomat, puts it, these rely upon a rivalry between civilization centers, with one being keen to dominate another, whereas there is no will to restrain one's missions. Quite the opposite, the race is underway to construct the most effective armed forces in a fairly dynamic world. In such circumstances, there are no reasons to curtail the destabilizing role of private military companies, as this would require both international deals and adequate tools to execute them.
2. Weak state dependence – with no clear-cut and far-sighted vision of the world order, nor are there any bodies and institutions that could bring peace to the world's outer edges, or sacrifice their people's lives to salvage other populations. A reverse trend is on the rise, with U.S., British or Australian governments assigning such missions to specialized private military companies.
3. Possible illegal operations (yet in this case, it is difficult to find verifiable data). Some investigative journalists claim that this possibility is both theoretical, and practical. No government will voluntarily give in without a global agreement.
4. The international community either tolerates or cannot find a way to enhance security in so-called failed states (Gaza Strip, Lebanon, Syria, Iraq, Afghanistan, Pakistan, Nigeria, Mali, Sudan, Libya, Egypt, Yemen, or Somalia), often plunged in decades-long civil wars or unable to seize control of its whole territory, and with entirely criminalized economies. There, private military companies can benefit from the general turmoil. The market economy, where PMCs play an active role, has no respect for political boundaries, and insofar as there is a fertile ground for private military missions, the industry will seek to grab its chance.

Governments, whether these be democratic or authoritarian, purposefully utilize PMCs as tools for foreign or internal policies, or in the context of economic phenomena, for a variety of reasons: simplified decision-making processes to involve militarily, a kind of substitute for the economy, distancing oneself from their missions worldwide, and the private-like economic effectiveness. As long as the tool is helpful, how it is employed could bring out an array of side effects along with never-before-seen implications.



SOURCE: FLICKR.COM

What's next?

As an outcome, elites estrange with the rest of society, while democratic mechanisms are damaged. „A society whose complexity is on the rise must be both innovative and flexible enough to handle any problems it creates. It should acquiesce more conflicts yet while channeling them into adequate institutions. From an evolutionary standpoint, democracy has an advantage over dictatorship or totalitarian regime: it allows various interests and values to be expressed freely.” With private military companies in its vast repertoire, democratic states are capable of channeling antagonistic interests, yet through

the use of private military force, and not by settling a conflict peacefully, e.g. via compromise. So is it typical for domestic affairs, through a physical split between social groups, as well as outside, with the state's keenness to employ military power to solve external conundrums. For their part, private military companies are by no means accountable for social stratification or widening gaps between regions or countries. With social chasms comes a niche for private military firms, while their ample position there could widen these gaps far more than before. In short, social stratification is burgeoning as

7. K. Matuszek, *Systemy wojenne. Współczesne wojny w perspektywie teorii Niklasa Luhmanna*, Wydawnictwo WAM, Kraków 2010, p.112

wealth is distributed between states and within economies in a highly unequal fashion. Globalization and shifts in the economic structure, including its automation and a pivotal role of services, bring about a boost in social stratification⁸. This raises a number of moral dilemmas – how could these affect average living standards? How will it influence economic growth? Could it give rise to social unrest? To prevent those, the government should have in its hands a set of tools, or proper redistribution mechanisms, including public education, social security system, family support programs, or fiscal policy among other things. The use of private military force for domestic purposes is a derivative of the government’s policy toward social inequalities. A private military firm is able to add a military component to any conflict or delay the change of power, yet has no decisive voice at all. Its availability could result in: 1. governments being more inclined toward a more neoliberal yet less egalitarian social and economic policies; 2. greater keenness of state authorities to impose their vision of the national interest while bypassing any democratic procedures; 3. greater willingness to settle conflicts forcefully.

The Revolution in Military Affairs, or RMA, is not over yet. Once precise munitions and sophisticated communication measures have altered the battlefield we know, robots and artificial intelligence⁹solutions will follow suit. Novelties pave way for PMC’s activities through turning the battlefield into somewhat a remotely controlled war game. As people no longer die there, hired guns carve out a niche for themselves, while high-tech measures are not a domain of red tape in regular armed forces. With a burgeoning information

advantage and ongoing propaganda spat, flexible and multi-skilled businesses are likely to grab a sweet spot. „**Strategic information warfare** is particularly important to the PMC trend, as thus far the private sector has proven to be better than the military in its key aspects. Private firms might not be able to match state armed forces in this new sphere of warfare but also already draw a great deal of business from it. Industry analysts predict that spending on information war assets will continue to grow and that firms in this sector are located in what they refer to as

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the „sweet spot¹⁰” of the market¹¹. These changes are occurring now, while prevailing trends paint a somewhat more realistic picture of the PMC’s role in future conflicts.

As Rupert Smith skilfully noted in this book: „the strategic bombing of the Second World War, and the Holocaust, saw the nation state attacking the individual and the blurring of the defined borders of the battlefield. In the new paradigm of war the individual has turned on the nation state, whether through terrorist attacks or the use of force outside the framework of the state, against the totems (including the armies) of the nation

8. T. Piketty, *The Economics of Inequality*, The Belknap Press of Harvard University Press, London 2015, pp. 73-74

9. B. Ginsberg, *The Worth of War*, Prometheus Books, Amherst-New York 2014, p.91

10. A situation where economic data indicate the possibility of achieving the most favorable economic result. See: <https://www.investopedia.com/terms/s/sweetspot.asp> [access: May 26, 2020]

11. P. Singer, *Corporate warriors. The Rise of the Private Military Industry*, Cornell University Press, New York 2008, p.63

state. Whether we are living in a post-nation-state world remains to be fully clarified, but it is possible to believe that the nation state is fighting for its supremacy. And it is within the context of this fight that sends out its forces on operations, seeking to preserve and advance its interests as a state but within **non-state formulations**. It is for that reason that the forces of the state often lack utility. What now must be examined are the political and military mechanisms within which such forces operate -- and how they might be improved¹²." The author's insight pinpoints an array of pivotal sights -- states do not wage wars, with a non-state actor targeting a state often-times. Instead, wars are fought in coalitions, and each of these aspects somewhat downplays the role of a nation state. So is this the answer to an ever-increasing role of private military firms? If to assume a capital link between the privatized military industry and both the mining and crude oil sectors, a PMC joint venture could emerge at the request of coalition states. Thus the Spanish taxpayer would bear financial consequences after the withdrawal of the Spanish military contingent from Iraq.

Spanning globally, climate and demographic changes also leave room for speculation on how newly arising squabbles could accustom private military firms. As Harald Welzer put it: „wars and armed conflicts in the future will break out amid social breakdown, resource conflicts, mass migration, safety threats, widespread fears, radicalization, and militarized and violence-governed economies¹³." These will detach from nation states, just like the European Union is unable to center its anti-migration steps toward specific governments. In countries like Sudan, where climate change is one cause of violence and civil war, or in Central Asia, grappled by shortages of drinking water, climate change-related disasters span freely, with

unquestionable potential to affect the whole region. The remedy is not to topple the government; instead it should convey a far more comprehensive approach that unifies economic, social, and technology solutions. A potential conflict will not seek to tear down the antagonizing political agenda, but to address a particular challenge. In addition to their complex approach to combat missions, as well as greater flexibility, an intrinsic feature of any other privately held company, private military firms have yet another advantage in the eyes of Western societies: they

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have means to outsource any armed conflict, and add technological leaps to it. According to Welzer, violence occurs when there is pressure to take action that will produce results; violence is innovative. New forms of violence are devised. It is the domain of non-human actors (Zyklon B in gas chambers in Auschwitz) and private military firms¹⁴. From this perspective, the use of violence serves as an experimental excuse to rationalize any actions for problem-solving measures. Thus the easier it is for democratic states to reach out for private military firms -- with violence being outsourced, public opinion no longer raises ethical doubts.

The U.S. policy as a global power is of pivotal importance for private military companies to

12. R. Smith, *The Utility of Force: The Art of War in the Modern World*, The Polish Institute of International Affairs, Warsaw 2010, p. 363

13. H. Welzer, *Climate Wars: What People Will Be Killed For in the 21st Century*, Wydawnictwo Krytyki Politycznej, Warsaw 2010, p. 10.

14. H. Welzer, *Climate Wars: What People Will Be Killed For in the 21st Century*, Warsaw 2010, p. 10, pp. 72–174.

develop even more. Are there any restraints while developing an empire through military might? In his book, Paul Kennedy, an American historian, wrote: „if, however, too large a proportion of the state’s resources is diverted from wealth creation and allocated instead to military purposes, then that is likely to lead to a weakening of national power over the longer term¹⁵.” The use of private military force shall come as the search for a direct return on investments. These are warfare efforts and military spendings, with those returns being PMC-generated profits, thus tantamount to U.S. flourishing economic growth. If the U.S. were ever to impair its might amid burgeoning defense expenditure, it could yet minimize the threat with the use of PMC, thus turning the war into lucrative investment activity. When analyzing the „true” cost of the U.S.-Iraqi conflict, Joseph Stiglitz¹⁶ casts a spotlight on expense items while juxtaposing them with capital gains of companies

involved in combat tasks and support missions¹⁷. Though Joseph Stiglitz and Linda Bilmes made a calculus of taxpayers’ money, their in-depth analysis is short of an analysis of revenues, as those touch upon the private sphere. Both global trends and the U.S.-made armed forces reform expanded the scope of PMCs as business bodies both ubiquitous and deeply rooted in the world’s leading economies, chiefly Anglo-Saxon ones, and not just hired guns to shield volatile and mineral-rich countries. There will prevail industry-related growth factors, including security gap, the weakening of states put aside on the margin of a globalized world, lack of a far-sighted vision of the world order, more high-tech technology on a battlefield, and army’s logistical functions in the civilian domain. In the next decades private military companies will occupy a major role in ensuring external security, serving as a foreign policy tool, and facilitating economic growth.

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15. P. Kennedy, *Rise and Fall of the Great Powers*, Random House, New York 1987, p.xvi

16. J.E. Stiglitz, Bilmes L.J., *The Three Trillion Dollar War. The True Cost of The Iraq Conflict*, W.W.Norton&Company, New York 2008

17. Most global corporate businesses are wary of assessing investment opportunities worldwide. With terrorism or other military-related threats, the costs of using PMC services should be taken into account as giving up between 3 and 15 percent of revenues is not equivalent to unprofitable investment. In the aftermath of terrorist attacks, PMC companies noted a 50 percent increase in the stock exchanges. The industry did not collapse, on the contrary, large companies investing abroad said that it was worth bearing the „safety tax”, while the market adjusted the value rate of PMC while anticipating future economic profits. The U.S. economy has flourished. P. Singer, *Corporate warriors. The Rise of the Private Military Industry*, Cornell University Press, New York 2008, p.232

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