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The Proliferation of Private Armies and their Impact on Regional Security and the Australian Defence Force

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2008

Abstract

This paper provides an analysis of how private military and security companies impact on security in Australia's immediate strategic neighbourhood. It explains how these private companies have come to play a role in security issues, and evaluates whether this is a positive or negative development.

This document is approximately 11,500 words, excluding its bibliography. It prints off at 36 pages.

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Shedden Papers: ISSN 1836-0769

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Editing of this essay to make it suitable for publication was undertaken by CDSS Publications Editor, Stephanie Koorey.



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Introduction

This paper provides a strategic assessment on the proliferation of private armies in the international system. It will focus specifically on the impact of this growing phenomenon on Australia's regional security and its defence force, in the framework of a ten year projection. The approach taken in conducting this assessment involves consideration of three tiers. First, an analysis will be submitted on the reasons why the legitimate acquisition of private armies by governments and multinational corporations is increasing. The various risks associated with procuring the services of private armies will also be identified to amplify the reasons why this is an issue of strategic importance to Australia, both now, and in ten years time. To assist in this process, this paper will provide an overview of the current situation in Australia, and introduce case studies on the use of private armies by Papua New Guinea (PNG) in Bougainville in 1997, as well as the United States (US) in Iraq since 2003.

Second, this paper will determine the circumstances in which private armies could be used by states, or non-state actors such as private corporations, in Australia's immediate area of interest - the 'arc of instability' – over the next decade, and what effect their presence might have on regional security. This tests the assumption that the volatility of the 'arc of instability' could increasingly attract private armies to this region.

Third, an assessment will be made to determine whether the Australian Defence Force (ADF) will become increasingly reliant on private military contracting in the future and the impact of this trend on ADF force structure, capability, recruiting and retention, and policy and doctrine development. This is undertaken to highlight the dilemma that Australia faces in confronting the prevalence of private armies in the region, while at the same time accepting greater reliance on such contractors to augment ADF capability.

The central proposition of this paper is that the end of the cold war, the advent of a globalised international system, and the changing nature of conflict has combined to reduce the monopoly that nation-states have traditionally held over the execution of armed violence.¹ Non-state actors, such as corporations and private military and security companies, have become increasingly involved in the prosecution of conflict. Given the downsizing of the world's militaries following the end of the cold war, private armies, one scorned in the past as mercenaries, are now providing a range of military services to states and multinational corporations as legitimate corporate entities.² This legitimacy has been further enhanced by the US dependence on military

¹ Simon Chesterman and Chia Lehnardt (eds.), *From Mercenaries to Market*, Oxford University Press, Oxford, 2007, pp. 1-2.

² Peter Singer, *Corporate Warriors – The Rise of the Privatized Military Industry*, Cornell University Press, Ithaca and London, 2003, pp. 44-47.



contractors in Iraq and in the prosecution of the Global War on Terror.³ Although private armies often promote their new found legitimacy, they continue to operate in an international legal and regulatory vacuum.⁴ In ten years time, should this use of these private armies, also known as private military and security companies, be allowed to continue, Australia may have to manage the potentially serious negative influence that they could exert over weak, failing or failed states in its immediate region. In 1997 during the 'Sandline Affair' in PNG the Australian government demonstrated that it would neither work with, nor approve the use of, what it saw as mercenaries in the region.

This is in part due to the perception that private armies, often operating with minimal accountability, being motivated by profit and with little consideration of the politics of the international system, have the potential to complicate and exacerbate conflict. This has significant strategic implications for Australia in that PNG and other countries in the South West Pacific provide potential markets for aspiring private armies. An assessment of the economic and political futures of PNG, East Timor and the Solomon Islands accentuates concern over the long-term stability of these countries, leaving them vulnerable to the influence of unscrupulous private armies. Should this scenario develop over the next decade, Australia would need to consider a whole-of-government response in dealing with the strategic implications of this.

Even so, the rise of private armies is also linked to the need for governments to find efficiencies in their defence budgets.⁵ Despite its opposition to Sandline in PNG, the Australian government has itself employed the use of private military and security companies. As the structure of the ADF continues to evolve, particularly in response to a new defence White Paper, the use of such military contracting in the future is a strong possibility, resulting in a range of policy and doctrinal challenges. A comprehensive contractor support model in the areas of logistics and maintenance can be a force multiplier for the ADF, especially in low risk operations, such as Operation Anode in the Solomon Islands. However, the ethics of using private security contractors for force protection in high risk operations will present significant dilemmas. There is also an ongoing danger that the ADF will lose its highly-skilled and professional workforce to higher paying military contractors.

Definitions and Terminology

The term 'mercenary' has been used historically to describe a 'soldier for hire'. The most widely accepted international definition of 'mercenary' is articulated in the 1989

³ Robert Young Pelton, *Licensed to Kill – Hired Guns on the War on Terror*, Crown, New York, 2006, p. 3.

⁴ Joanna Spear, 'Market Forces: The Political Economy of Private Military Companies.' *Economies of Conflict: Private Sector Activity in Armed Conflict*, FAFO Institute for Applied International Studies, 2006, p. 8.

⁵ Peter Singer, *Corporate Warriors*, pp. 66-70.



Mercenary Convention, which builds on the earlier *Protocol Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of International Armed Conflicts*, of 8 June 1977. The Mercenary Convention states that:

A mercenary is any person who:

- (a) Is specially recruited locally or abroad to fight in an armed conflict;
- (b) Is motivated to take part in the hostilities essentially by the desire for private gain...
- (c) Is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict;
- (d) Is not a member of the armed forces of a party to the conflict; and
- (e) Has not been sent by a State which is not a party to the conflict on official duty as a member of its armed forces.⁶

While this definition is still current within the scope of international humanitarian law, for those operating in the global military contracting market, the use of the term mercenary is now largely out of date.⁷ This is due to its connection with an inauspicious past, coupled together with an acceptance that modern military contractors provide a range of legitimate services that were not the domain of the traditional mercenary as portrayed in popular culture in films such as the *'The Dogs of War'* and the *'The Wild Geese'*.⁸

The most commonly accepted modern term used to emphasise the corporate legitimacy of the 'private army' or military contracting is 'Private Military Company' (PMC). Generally, three types of PMCs exist. These are: the 'military provider', which concentrates on the tactical environment through the conduct of actual fighting; the 'military consultant', which provides advisory and training functions deemed critical to an operation; and the 'military support firm', which provides a range of logistics, intelligence, transportation and other supplementary services, such as private security for personnel and physical assets.⁹

Some PMCs, such as the United States' company 'Blackwater',¹⁰ provide a range of contracted service, while others specialise in the one category. Those companies that specialise only in the delivery of private security services are generally referred to as Private Security Companies (PSCs). Given the difficulty at times in categorising different elements of the military contracting industry, for the purposes of this paper, the term 'Private Military and Security Company' (PMSC) will be used to describe the particular non-governmental military organisation under discussion in this

6 International Convention Against the Recruitment, Use, Financing and Training of Mercenaries, UN Document A/RES/34/44, 4 December 1989, Article 1.

7 Tony Geraghty, *Guns for Hire: The Inside Story of Freelance Soldiering*, Portrait, London, 2007, pp. 3-4.

8 E.L. Gaston, 'Mercenarism 2.0? The Rise of the Modern Private Security Industry and Its Implications for International Humanitarian Law Enforcement.' *Harvard International Law Journal*, Vol. 49, No 1, Winter 2008, p. 234.

9 Peter Singer, *Corporate Warriors*, pp. 88-100.

10 The company recently changed its name from Blackwater USA to Blackwater Worldwide, but is more commonly referred to as just Blackwater.



paper. On occasion, reference to other terms will be made to emphasise a particular specialisation.

Importance of PMSCs to Australia and the Australian Defence Force

The proliferation of non-state military organisations within the international system is a matter for rigorous political, strategic and intellectual debate. It is more than merely a symptom of the ever increasing complexity of 21st Century conflict and the inter-relationships between states. Rather, it crystallises discussion over the future of one of most entrenched concepts of the international system, the Westphalian nation-state. Some academics, such as Kenichi Ohmae, have argued that the concept of the nation-state, as defined by the Treaty of Westphalia, is unavoidably coming to an end given that the global economy transcends traditional borders and boundaries.¹¹ If this trend is indeed indicative of the future international system, it raises concerns over how violence, conflict and diplomatic relations are to be managed within that construct. It is the state that currently takes responsibility for the execution of violence against internal and external threats, through the provision of its policing and military institutions. The issue for debate is whether liberal democracies, such as Australia, are prepared for the state to relinquish responsibility over the conduct of violence, as well as the management of national institutions, to the private sector. Would this be acquiescence that the 'nation-state' is irreversibly in decline?

The Australian government manages its formal relations with other countries through the normal channels of diplomacy, while, as a tool of national power, the ADF conducts its international defence relationships through treaties, alliances and cooperation programs.¹² As a middle power in the South West Pacific region, Australia has imposed upon itself a responsibility to shape and influence issues that are linked directly to its own national security objectives.¹³ Indeed, Australia is bonded to its immediate region by its 'history and geography' and has a 'lasting commitment to help build stability and prosperity.'¹⁴

In particular, Australia will need to continue to invest time and resources on those countries that comprise the 'Arc of Instability'. These include Fiji, PNG, the Solomon Islands and East Timor. The *Defence Strategic Update 2007* reinforced the priority given to achieving stability in Australia's immediate region. It concluded that:

Fragile states are especially vulnerable to the damaging effects of transnational crime

¹¹ Kenichi Ohmae, *The End of the Nation-State*, The Free Press, London, 1998.

¹² Peter Edwards and David Goldsworthy (eds), *Facing North: A Century of Australian Engagement with Asia*, Vol. 2, Melbourne University Press, Melbourne, 2004, pp. 70-74.

¹³ Allan Patience, *The ECP and Australia's Middle Power Ambitions*, Discussion Paper 2005/4, Research School of Pacific and Asian Studies, Australian National University, Canberra, available at: <http://rspas.anu.edu.au/papers/melanesia/discussion_papers/05_04_dp_patience.pdf>, accessed 14 July 2008, p. 1.

¹⁴ Department of Defence, *Australia's National Security: A Defence Strategic Update 2007*, Australian government, 2007, p. 19.



and insurgency...In our immediate region the cost of dealing with fragile states include expensive military and police deployments and aid programs designed to strengthen the ability of fragile states to run their own affairs.¹⁵

Furthermore, the 2007 update stated: 'In our region some vulnerable states are struggling to deliver basic services to their citizens because they lack the economic capacity, and because government systems are weak and corrupt.'¹⁶

In developing strategies to assist these countries over the next decade through the application of 'soft power', and on occasions, military assistance, Australia would be wary of any third party influence that seeks to take advantage of ongoing instability, transnational crime, corruption, cronyism and fragility in these countries. In an unstable environment, the influence and presence of a non-state actor, such as a PMSC, one that is able to project force and whose loyalties, motivations and alliances are in question, would surely create anxiety in Australia. Given the extent of its close historical ties with PNG, Australia is particularly keen to see peace and stability in that country.¹⁷ Should the PNG state breakdown completely, the repercussions would consume Australia politically, diplomatically, economically and militarily for many years.¹⁸

Much of the concern about PMSCs is shaped by events of the past. The concept of private armies has been a controversial one throughout history and a number of traditional concerns have been raised over their use.¹⁹ The first concern with using private armies has involved accountability. Private armies have had many masters, be they their own government, an employing government, or sometimes a private business.²⁰ Once acting inside a host country and within its military, the private army has the capacity to exert 'powerful leverage on the state.'²¹ This can be exacerbated given that historically there has been minimal enforceable international law that imposes required accountability measures on the company and individual soldiers. Second, PMSCs have been used to suppress poor and vulnerable populations, linking them to accusations of promoting neo-colonialism.²² Third, the hiring of PMSCs, particularly those who operate in the frontline, has historically caused resentment within the militaries of host countries.²³ It has not been uncommon for PMSCs to be equipped with more effective weapons and to be better paid than their counterparts, while their presence would have been viewed by some as an indictment on the professionalism

15 Department of Defence, Australia's National Security, p.15.

16 Department of Defence, *Australia's National Security*, p.15.

17 Peter Jennings, 'Foreword.' in Elsin Wainwright and Hugh White, *Strengthening Our Neighbour: Australia and the Future of PNG*, Australian Strategic Policy Institute, Canberra, 2004, p. 1.

18 Peter Jennings, 'Foreword.' in Elsin Wainwright and Hugh White, *Strengthening Our Neighbour*, pp. 3-4.

19 Herbert Howe, 'Global Order and Security Privatisation.' *Strategic Forum*, No. 140, May 1998, National Defense University, Washington D.C., 1998.

20 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.

21 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.

22 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.

23 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.



and ability of the host military in such countries.²⁴ Finally, there is also the question of basic ineptitude and negligence.²⁵ Many PMSCs have performed poorly in combat and have failed their designated missions.

In addition to this, the international community has struggled to develop a legal framework to deal with issues surrounding PMSCs. Certain attempts have been made to restrict the status and use of mercenaries under international law. Under Protocol 1 (Article 47) of the *Geneva Convention* mercenaries are denied the privileges of lawful combatants if they are captured during a conflict.²⁶ In 2001, following significant pressure from many African countries, the 1989 United Nations Convention against the Recruitment, Use, Financing and Training of Mercenaries (UN Convention against Mercenaries) came into effect.²⁷ However, in terms of international humanitarian law, the UN Convention has not been particularly enforceable, given that, outside of African states, notably South Africa, the ban on mercenaries has not received widespread international support.²⁸

Australia's national interests in its immediate region would not be well served by organisations projecting disproportionate influence on fragile governments. It would only further confuse the complex path to economic, political and social security that all of the nations that constitute the 'arc of instability' aspire to. The ADF could also find itself in a position where it might have to work alongside a questionable PMSC within a theatre or take military action against one if it was deemed a threat to the security of the host country. However, the question for Australia is whether these concerns are still valid given that the PMSC of today is often a legitimate corporate entity providing services to liberal democracies throughout the world, particularly the US. This paper will examine whether the perceived decline in the state's monopoly over the use of deadly force, and concerns over the rise of private armies, are concerns that are exaggerated or misplaced.

An Assessment on the Rise of Private Military and Security Companies

Private armies are not an entirely new development, and Singer argues that the 'monopoly of the state over violence is the exception in world history rather than the rule.'²⁹ Warfare prior to the Middle Ages was characterised by kings and emperors purchasing private armies to augment the conscripted forces.³⁰ The expertise provided by the professional soldier far exceeded the quality of ill-trained citizen soldiers.³¹

24 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.

25 Herbert Howe, 'Global Order and Security Privatisation,' pp. 2-3.

26 E.L. Gaston, 'Mercenarism 2.0?' pp. 231-232.

27 E.L. Gaston, 'Mercenarism 2.0?' pp. 231-232.

28 E.L. Gaston, 'Mercenarism 2.0?' pp. 231-232.

29 Peter Singer, *Corporate Warriors*, p. 19.

30 John Keegan, *A History of Warfare*, Vintage, London, 1993, p. 13.

31 Peter Singer, *Corporate Warriors*, p. 38.



Furthermore, warfare in ancient times represented the simple dynamic of supply and demand.³² When armies of conscripts and hired soldiers completed their designated duties, they were usually demobilised, whereupon they often sought to offer their services in other theatres and countries.³³ State control of warfare and its military organisations only became increasingly prominent in the 19th century.³⁴

Furthermore, the negative image of the loathed mercenary of the cold war era was principally a result of the dynamics of a bipolar international system and decolonisation.³⁵ The ideological struggle between the US and the Soviet Union did not escalate into a full-scale conflict, but rather a series of 'limited wars' played out in mainly third world countries in South America, Africa and South-East Asia.³⁶ In many of these countries, the removal of the former colonial power created a political, social and economic vacuum that attracted more powerful players, wishing to exert their own brand of ideology upon the failing system. In this environment, particularly in post-colonial Africa, the mercenary gained an unenviable reputation for either propping up corrupt governments or helping to remove legitimate governments.³⁷ Controversial mercenary involvement in Angola, the Congo and Yemen was at odds with the post- World War II principle of self-determination, and the norm that states should bear sole responsibility for the conduct of violence.³⁸

The distinct change of emphasis on how PMSCs are perceived is a direct result of the transformation of the international system.³⁹ As globalisation became a key influence on relationships between nation-states, the traditional structures that were representative of the international system between the years 1945-89 have gradually eroded to create a more complex and unpredictable environment.⁴⁰ The advent of globalisation and a unipolar international system post-cold war has, in essence, changed the way security is viewed. Traditionally, security was assessed in terms of military power and the prevention of conflict between states. Security is now considered in much broader terms including the issues of economic prosperity, transnational crime, human rights, the environment, terrorism and social justice.⁴¹

Further, much of the armed violence being conducted at the beginning of the 21st Century is intra-state, such as the ongoing conflicts in Sri Lanka, the southern Philippines and in various African countries. It can also involve a state against a non-state actor, such as the US-led military campaign against Al Qaeda. Terrorist groups,

32 Peter Singer, *Corporate Warriors*, p. 38.

33 Peter Singer, *Corporate Warriors*, p. 38.

34 Peter Singer, *Corporate Warriors*, pp. 31-32.

35 E.L Gaston, 'Mercenarism 2.0?' p. 231.

36 John Lewis Gaddis, *The Cold War: A New History*. Penguin, London, 2005, pp. 259-266.

37 Tony Geraghty, *Guns for Hire*, pp. 2-21

38 E.L Gaston, 'Mercenarism 2.0?' p. 231.

39 Peter Singer, *Corporate Warriors*, pp. 6-8.

40 Department of Defence, *A Defence Update 2007*. Australian government, 2007, p. 14.

41 Gary Smith, *Australia's Foreign Relations*. Allen & Unwin, Melbourne, 1995, p. 5.



transnational crime organisations and other entities all operate within the current global security construct.⁴² It could be said that the state no longer has a monopoly on the use of armed violence, even if it was a monopoly it held only briefly.

As governments gradually lose their monopoly over the threat or use of armed force, they are weakened institutionally, especially with respect to their military forces.⁴³ Accordingly, within a globalised economy, the private sector has been able to gradually accumulate its own capacity to provide military services. Furthermore, the private sector has been able to fill a void as a result of the nation-state's requirement to concentrate on a wide menu of national security challenges, not just those of a traditional military nature. This is demonstrated by how the major powers have downsized their military organisations following the end of the cold war.⁴⁴ The world's 'combined military manpower dropped from 6,873,000 in 1990 to 3,283,000 in 1997'.⁴⁵ The United Nations has also struggled to keep pace with proliferating conflicts, while at the same time, attempting to manage a volatile international system with limited resources and capabilities. PMSCs have filled this void with the scale and scope of their expertise. Singer argues that the privatized military industry 'represents the new business of warfare'.⁴⁶ In contrast to their tarnished image, PMSCs can now be viewed favourably, as a product of the globalised economy that they operate within; legitimate corporate entities that conduct business in a rigorous international market, providing a range of low-cost services for which demand is high.⁴⁷ Given the complexity of modern conflict in a globalised economy, the loss of the state's sole authority over armed violence seems irreversible. The PMSC industry will continue to expand.

Threats Posed by Private Military and Security Companies

This paper has so far outlined the evolution of the private army from cold war pariah to globalised corporate entity. However, Australian national security planners need to decide whether traditional concerns historically associated with PMSCs have been automatically removed because of their new-found legitimacy. From the following analysis one can ascertain whether Australia has anything to fear from the proliferation of PMSCs over the next ten years. First, this section will provide a status of the current use of PMSCs in Australia. Second, it will then assess two case studies, the 'Sandline Affair' of 1997 and the issues surrounding the US PMSC, 'Blackwater', in support of US operations in Iraq until 2007.

⁴² Simon Chesterman and Chia Lehnardt (eds.), *From Mercenaries to Market*, pp. 1-2.

⁴³ Peter Singer, *Corporate Warriors*, p. 20.

⁴⁴ Peter Singer, *Corporate Warriors* pp. 49-50.

⁴⁵ Simon Chesterman and Chia Lehnardt (eds.), *From Mercenaries to Market Place*, p. 5.

⁴⁶ Peter Singer, *Corporate Warriors*, p. 18.

⁴⁷ Joanna Spear, 'Market Forces: The Political Economy of Private Military Companies,' pp. 9-11.



Current Situation in Australia

Australia's experience with contracted military services has in many ways been influenced by developments with its coalition allies, particularly the US. During the 1980s, the US Department of Defense recognised that military contractors such as PMSCs could have an important role to play in supporting its armed forces, based on their capacity to fill gaps in organic capability and their relative inexpensiveness.⁴⁸ This concept became increasingly relevant during the 1990s with the advent of ceilings on uniformed personnel establishments. Accordingly, the US military downsized after the end of the cold war.⁴⁹ Civilian contractors could provide augmentation in certain support functions, allowing public money to be directed to front-line capabilities.⁵⁰ These functions mainly involved second-line logistics, maintenance and engineering support.⁵¹

The US Logistics Civil Augmentation Program (LOGCAP) was established in the 1980s and evolved over the next two decades, providing a mechanism to deliver effective contracted support to the US military in a range of theatres, including Bosnia, Somalia, Haiti and the Middle East during the 1990-1991 Gulf War. Companies such as DynCorp and Halliburton won lucrative contracts under LOGCAP. The relative success of LOGCAP, as well as the establishment of a similar program in the United Kingdom, CONLOG, reinforced the idea that contracted support could be a force multiplier for many military organisations.

Australia's embracing of greater military contracting, although influenced by the US experience, was also very much due to the twin influences of budgetary efficiencies and increased operational tempo. A prevailing view in Defence during the mid-1990s was that some fourth, third and second-line logistics functions could be out-sourced, allowing the funding saved by this process to be diverted to front-line capabilities. During the 1990s, due to the Defence Efficiency Review and the Defence Reform Program, over 5,500 ADF logistics personnel were cut.⁵² Defence had no choice other than augment organic ADF logistics capability through the engagement of PMSCs.⁵³ Since the 1990s, when ADF operational tempo started to increase, Defence has gradually become more dependent on, and adept at, using contractors to support operations. It has successfully used contractors to support operations in East Timor, the Solomon Islands, the Sudan, Iraq and Afghanistan.

Defence learned a number of lessons on how to use in contractors effectively during

48 Department of Defence, *The Deployment of Civilian Contractors Project: Phase 1 – A Project Discussion Paper*. Australian government, 1999, pp. 63-64.

49 Department of Defence, *The Deployment of Civilian Contractors Project*, pp. 63-64.

50 Department of Defence, *The Deployment of Civilian Contractors Project*, pp. 63-64.

51 Department of Defence, *The Deployment of Civilian Contractors Project*, pp. 63-64.

52 Mark Thomson, *War and Profit – Doing Business on the Battlefield*. Australian Strategic Policy Institute, Canberra, 2005, p. 28.

53 Mark Thomson, *War and Profit*, p 28



the East Timor intervention. When the ADF led the INTERFET force to East Timor in September 1999 (OP Warden), it relied on much of its own organic support capabilities during the initial deployment when the risk to non-combatants was high. However, once the Area of Operation was stabilised, ensuing contracted support was delivered by a number of organisations including Telstra and the Civil Aviation Safety Authority (CASA).

As a result of OP Warden, as well as a high-level evaluation of ADF military contracting entitled the *Deployment of Civilian Contractors Project* that was conducted concurrently with that deployment, appropriate Defence policy on the engagement of deployable contractors was developed. The policy provides advice on the use of contractors for the provision of garrison support and details requirements under the Geneva Convention for the identification, protection and deployment of civilian contractors.⁵⁴ For examples, it emphasises that contractors used by Defence are not to carry weapons within the Area of Operation.⁵⁵ The policy also provides an exhaustive checklist of issues to be addressed when employing contractors. This policy was reviewed in 2004, but no major amendments were made. Concurrently, Defence has successfully used PMSCS to assist the ADF in the Solomon Islands, Iraq and Afghanistan.

When initially deploying the Regional Assistance Mission to the Solomon Islands (RAMSI, or for the ADF, OP Anode), in 2003, the ADF decided to adopt a more comprehensive approach to contractor support in an attempt to reduce the logistics footprint in-theatre.⁵⁶ The selected provider for the support contract, Patrick Defence Logistics (PDL), is responsible for a range of logistics services including basic garrison support, building construction, waste disposal, hazardous waste disposal, freight forwarding, aviation and sea transport and health support.⁵⁷ PDL commenced the delivery of these services once Honiara was stabilized in 2003. When the Area of Operation was considered a low threat environment, PDL was deployed, allowing some ADF support personnel to return to Australia. PDL continues to provide a range of services in supporting RAMSI.

The current situation in Australia emphasises two distinct points. First, there are clear benefits in using military contractors to provide specialist support services where an organic capability is limited or needed elsewhere. Second, Australia has a historical moral aversion to engaging contractors for the provision of front-line combat services. The ADF is the sole legitimate source of military power in Australia and the government expects that other countries in the region follow similar principles concerning the application of force.

⁵⁴ Mark Thomson, *War and Profit*, p. 36.

⁵⁵ Mark Thomson, *War and Profit*, p. 36.

⁵⁶ Aspen Medical, *Surface Just Scratched on ADF Logistics Options*, 2005, available at: <<http://www.aspenmedical.com.au/pdfs/ADBR24305.pdf>>, accessed 17 November 2008, p. 1.

⁵⁷ Aspen Medical, *Surface Just Scratched on ADF Logistics Options*, p. 1.



*Case Study 1: Sandline Affair – Papua New Guinea, 1997*⁵⁸

The 'Sandline Affair' arose from an attempt by the then Papua New Guinea (PNG) Prime Minister, Dr Julius Chan, to resolve internal conflict in Bougainville through the use of a PMSC. The resource rich island had been beset by instability for several years due mainly to the presence of a secessionist movement – the Bougainville Resistance Army (BRA) - that promoted long held local beliefs that Bougainville belonged to the Solomon Islands rather than PNG.⁵⁹

The issue of independence was closely linked with the Panguna copper mine, which was established in the early 1970s. Although the copper mine had provided significant economic benefits for the PNG economy and provided local Bougainvillians with employment and stability, the secessionists argued that the presence of foreigners and requisition of the island's natural resources by Port Moresby represented an infringement of their sovereignty. Conflict on the island erupted during the 1980s and the PNG government deployed its defence force to Bougainville to restore law and order, and to protect the operation of the Panguna mine.

After years of conflict, the PNG government subsequently recalled its forces, but the BRA responded by closing the Panguna mine. The mine closure had an adverse effect on the PNG economy. When Julius Chan became Prime Minister in 1994, early resolution of the Bougainville issue was his main priority. He initially tried to resolve the conflict through diplomatic means, establishing a Bougainville Transitional Government (BTG) headed by Theodore Miriung. However, the various factions within Bougainville failed to cooperate within the framework provided by the BTG and Chan decided that only another military intervention would resolve the situation.

The Chan government initially sought assistance from Australia and New Zealand to support the PNGDF intervention in Bougainville. When this request was refused by both countries, Chan continued with his decision to deploy the PNGDF to Bougainville. The intervention was a disaster, with the PNG forces repelled, and then withdrawing after six days of fighting. Following this catastrophe, Chan decided to approach the PMSC, Sandline International, for assistance. The company had been in contact with the PNG government over the Bougainville situation previously, and agreed to provide the PNGDF with 40 Special Forces personnel, sub-contracted from the South African firm, Executive Outcomes, for another attack on the BRA.

The situation escalated after Sandline was deployed, bringing to public attention that the PNG National Security Council had made a secret decision to procure a PMSC. The negative reaction from the PNG people, as well as the Australian and New

⁵⁸ This section on the Sandline Affair was developed from Shaun Dorney, *The Sandline Affair*. ABC Books, Sydney, 1998, and Shaun Dorney, *PNG: People, Politics and History Since 1975*. ABC Books, Sydney, 2000.

⁵⁹ Shaun Dorney, *The Sandline Affair*, ABC Books, Sydney, 1998, p. 38.



Zealand governments, prompted the PNGDF Chief, Brigadier Jerry Singarok, to make preparations to overthrow the government by armed coup if Chan did not agree to rescind his decision to use Sandline. The pressure placed on Chan by Singarok resulted in the PNG government backing down on the use of Sandline, while the situation in Bougainville was resolved through the intervention of an international force.

The 'Sandline Affair' provides insight into Australia's policy towards armed mercenaries in its region. The Howard Government placed significant pressure on PNG to dispense with the services provided by Tim Spicer of Executive Outcomes, offering increases to the Defence Cooperation Program, including increased funding for training of the PNGDF.⁶⁰ Prime Minister Howard also offered an enhanced foreign aid package to help reconstruct Bougainville.⁶¹ The Australian government believed strongly that the presence of armed military contractors in such a volatile and unstable region would only exacerbate internal conflict and was totally opposed to the concept.⁶² Australia, using 'soft power', put the onus on Prime Minister Chan to extricate himself from the situation. If the PNGDF did proceed with an armed coup, it would have precipitated a major dilemma for the Howard government.

Case Study 2: Blackwater Worldwide

Blackwater is a US company owned by a former US Navy Seal Eric Prince. The scale of Blackwater's operation is significant: it has its own military base in North Carolina, an aircraft fleet, and employs approximately 20,000 personnel.⁶³ The company won its reputation by providing private security support for the CIA station in Kabul, Afghanistan, as well as other important contracts in that theatre.⁶⁴ Its success led to a major contract protecting the Special Administrator for Iraq, Paul Bremer, and other security contracts relating to asset protection. On 31 March 2004, four Blackwater employees in a vehicle delivering kitchen equipment were ambushed and killed by Iraqi Sunnis in Fallujah. As a result of what was seen as a retaliation attack, US forces exacted what some argued was a disproportionate response, resulting in the death of 600 Iraqi civilians, 36 US servicemen and escalating the wider Iraqi insurgency.⁶⁵ The incident brought into question whether the four employees involved were adequately skilled, prepared and briefed for, what was, a relatively low key mission.

The United States House of Representatives Committee on Oversight and Government Reform concluded an investigation into the incident in 2007. The Committee found that Blackwater had 'embarked on (this) mission without sufficient preparation, resources

60 Sean Dorney, *PNG: People, Politics and History Since 1975*, p. 150.

61 Sean Dorney, *PNG: People, Politics and History Since 1975*, p. 150.

62 Sean Dorney, *PNG: People, Politics and History Since 1975*, p. 148.

63 Jeremy Scahill, *Blackwater: The Rise of the World's Most Powerful Mercenary Army*. Serpent's Tail, New York, 2007, p. 46.

64 Jeremy Scahill, *Blackwater*, p. 46.

65 United States House of Representatives Committee on Oversight and Government Reform, *Private Military Contractors in Iraq: An Examination of Blackwater's Actions in Fallujah*, US Government, Washington D.C., 2007, p. 5.



and support for its personnel.⁶⁶ It further stated that: 'these [Blackwater's] actions raise serious questions about the consequences of engaging private, for-profit entities to engage in essentially in military operations in a war zone.'⁶⁷

Blackwater was involved in further controversy in Iraq on 4 April 2004, when it joined other US military combatants in a massive fire-fight protecting the Coalition Provisional Authority against supporters of Muqtada al-Sadr in Najaf. In this action, it was claimed that US soldiers took direct orders from Blackwater employees. Eight US soldiers died, and there was an unknown, but significant, number of Iraqis killed in the fight.⁶⁸ Following this incident, an argument raged in the American press, particularly in *The New York Times*, on the morality of using private soldiers in direct combat roles at the expense of the US military, and questioned the potential for this practice to result in human rights abuses.⁶⁹ The paper admonished the US government's reliance on private security operators and called them 'a new breed of mercenary.'⁷⁰ The paper lamented that the Fallujah and Najaf incidents were a direct result of the Bush Administration's desire to downsize its organic military capability,⁷¹ unfortunately occurring at the same time as contractors were accused of participating in abuse at Abu Ghraib prison.

Key Issues

An analysis of both case studies reveals genuine concerns about the perceived legitimacy of PMSCs. Arguably it can be seen to support a view that the traditional concerns surrounding the use of private armies in the past are still valid today, and even have the potential to magnify over the next ten years.

First, as the employment of both Sandline and Blackwater demonstrate, there is a clear market for PMSCs in situations where there are gaps in organic military capacity. Downsizing, lack of effective capabilities, poor education and training and poor quality personnel are all legitimate reasons why a government might wish to use a private military force to replace or augment their own forces. Tim Spicer himself indicated that his company 'was established to fill a vacuum.'⁷² The PNGDF had demonstrated in early 1997 that they were unable to cope with counter-insurgency operations in Bougainville and Spicer promoted the specialised services provided by his personnel. Weaknesses in the capacity, structure or personnel of these state-run institutions allow private contractors greater leverage for ongoing engagement.

⁶⁶ United States House of Representatives Committee on Oversight and Government Reform, *Private Military Contractors in Iraq*, p. 17.

⁶⁷ United States House of Representatives Committee on Oversight and Government Reform, *Private Military Contractors in Iraq*, p. 17.

⁶⁸ Jeremy Scahill, *Blackwater*, p. 131.

⁶⁹ Jeremy Scahill, *Blackwater*, p. 131.

⁷⁰ Jeremy Scahill, *Blackwater*, p. 131.

⁷¹ Jeremy Scahill, *Blackwater*, p. 131.

⁷² Sinclair Dinnen et. al. (eds.), *Challenging the State: The Sandline Affair in Papua New Guinea*. Pacific Policy Paper 30, Australian National University, Canberra, 1997, p. 116.



Despite its often-stated condemnation of non-state violence, the US, through its military intervention in Iraq and Afghanistan has unwittingly expanded the 'guns for hire' international marketplace.⁷³ Donald Rumsfeld, upon becoming Secretary of Defense in 2001, believed that the US military was too big and cumbersome.⁷⁴ He proposed a smaller footprint through downsizing, with many functions outsourced to the private sector.⁷⁵ The attack on US cities on 11 September 2001 and war in Iraq allowed Rumsfeld to use a template of increased reliance on private contractors to support US forces which led to an 'explosion' in the international PMSC industry.⁷⁶ At present, there are PMSCs operating in 50 countries, providing an annual turnover of \$100 billion (US).⁷⁷ This 'explosion' has been particularly prevalent in Iraq, where, according to the US General Accountability Office, at June 2006, 48,000 freelance soldiers were working for 181 different companies.⁷⁸ Other countries, including Australia, have followed the US lead and are using PMSCs to provide supplementary military and security tasks.

Second, political instability continues to be the key market indicator for PMSCs. They also have the capacity to extend that instability by impacting on the 'traditional paradigms of civil-military relations.'⁷⁹ Tim Spicer stressed that the emergence of Executive Outcomes in South Africa was 'a symptomatic failure of the international community and African political leaders to prevent economic, social and political breakdown.'⁸⁰ As far as Sandline was concerned, PNG's 'widely publicised security problems, and its considerable mineral and petroleum wealth, made the country an attractive market.'⁸¹ PMSCs will continue to target areas that are beset by internal instability and insecurity, promoting their own expertise in stabilisation, peace-keeping or counter-insurgency operations.

Conflict can often arise between the state and its military when that relationship is already precarious. In such situations, a PMSC can then be engaged to 'supplant public military positions or roles.'⁸² This would be seen as an indication that the government did not have faith in the skills and personnel of its own forces. As witnessed in the 'Sandline Affair', the PNGDF did not support its government's flirtation with a PMSC and thus almost brought down a democratically elected government.

The UK, US and Australian militaries have all used contractors over the past decade to provide second-line support such as logistics and engineering services. These services have in the main been warranted and successful, providing recognition that there is a

73 Jeremy Scahill, *Blackwater*, p. 367.

74 Jeremy Scahill, *Blackwater*, p. 374.

75 Jeremy Scahill, *Blackwater*, p. 374.

76 Robert Young Pelton, *Licensed to Kill: Hired Guns in the War on Terror*, p. 2.

77 Joanna Spear, 'Market Forces: The Political Economy of Private Military Companies,' p. 7.

78 Tony Geraghty, *Guns for Hire: The Inside Story of Freelance Soldiering*, p. 313.

79 Peter Singer, *Corporate Warriors*, p. 196.

80 Peter Singer, *Corporate Warriors*, p. 116.

81 Shaun Dorney, *The Sandline Affair*, p. 88.

82 Shaun Dorney, *The Sandline Affair*, p. 88.



role for contractors in deployed operations. However, frontline combat is traditionally seen as the purview of professionally trained soldiers owned by the state and this 'right' will not be easily relinquished by those concerned.

Third, it is argued that PMSCs are only capable of functioning at the tactical level and are not strategically-focused. The report produced by the United States House of Representatives Committee on Oversight and Government Reform supports the argument that planning, preparation and execution of military-style missions in a high threat area should be conducted by professional armies that train regularly for such contingencies, and who are provided with the appropriate up-to-date information and weapons to maximise their chances of success. A significant weakness of PMSCs therefore is that they cannot hope to compete with the professional soldier in front-line combat roles as they do not currently have all the skills and tools to succeed. The PMSC does not always have the support of the state in providing strategic objectives, conflict end-states and classified information on the enemy such as its intent, disposition, strengths and weaknesses. The PMSC is already at considerable risk and disadvantage compared to better prepared and better-informed professional soldiers loyal to the state. This leads to a conclusion that the private soldier should not be exposed to high-risk theatres.

Last, although commentators have tried to delineate between 'mercenary' companies providing frontline combat capabilities and private security firms specialising in the protection of personnel and assets, there is, arguably, little difference between the two. Joanna Spear in her 2006 essay, argues that while organised front-line PMSCs, such as those used in Sierra Leone, offer the greatest potential for human rights abuses, the use of private security contractors by the US in Iraq is legitimate business.⁸³ Supporters of this view would argue that only a substantial private army could threaten nation-states through the projection of their larger capabilities, while the use of armed contractors to augment military forces in the protection of vital assets or personnel in high risk operational theatres is a legitimate practice.⁸⁴

It is debatable whether such a distinction between the two types of companies should be made. A private security contractor in Iraq for example, may be ostensibly there to provide security to an asset or an individual, but is still a person who bears arms and executes lethal force when required. The actions taken by private security contractors in high risk operational areas, as highlighted in Najaf, can be dangerously independent of military command and control. They do not have access to the same type of information or scrutiny that exists within the military. Their mission goals and objectives are merely limited to the overarching contract they are hired under.

⁸³ Joanna Spear, 'Market Forces: The Political Economy of Private Military Companies,' p. 7.

⁸⁴ Robert Young Pelton, *Licensed to Kill – Hired Guns on the War on Terror*, p. 5.



The fact that armed contractors without the benefit of state guidance, have the capacity to perform front-line fighting roles in operational theatres such as Iraq, independent of state-owned military and policing organisations, heightens the potential for human rights abuses, political interference and poor command and control. In effect, the security contractor on the ground does not feel that he/she is accountable to the state, but rather to the contract that they are employed under. In this regard, there is little difference between potential threats to the state posed by a large-scale mercenary army or private security firms. Furthermore, if a contractor commits a war-crime or a human rights abuse, there is no formal way of prosecuting that person unless their country of origin chooses to do so.

As Spear argues, the booming PMSC industry is highly unregulated and uncontrolled. This lack of accountability, particularly under international humanitarian law, continues to concern those who oppose the use of PMSCs. The UN Convention against Mercenaries is limited to the activities of front-line mercenary organisations and has little relevance to the scope of activities provided by many modern PMSCs. On the other hand, prosecution against contractors who commit war-crimes or other abuses is not assured either. This escalates the negative risks associated with using non-state providers of violence in fragile, weak or failing states.⁸⁵

Although PMSCs have been used successfully in providing support to many operations – the Solomon Islands being one such example – there remains a risk of using private contractors in high threat areas where their protection by the military force on the ground cannot be guaranteed. Given the instability in its immediate neighborhood and the experiences of the Sandline Affair, Australia should be concerned about an increasing presence of PMSCs over the next ten years in countries where institutions are weak or only developing. Their presence could shape an unbalanced rift in the civil/military relationship in that country, threatening the state itself.⁸⁶ This paper identifies three countries in Australia's immediate neighbourhood where the portents for insecurity and instability over the next decade remain high, where the introduction of PMSCs is likely, and where their use would heighten instability. These countries are Papua New Guinea, the Solomon Islands and East Timor.

⁸⁵ E.L. Gaston, 'Mercenarism 2.0?' p. 231.

⁸⁶ Peter Singer, *Corporate Warriors*, pp. 197-200.

Key Regional Vulnerabilities – Current to 10 Year Forecast

Papua New Guinea

The future internal stability of PNG remains a significant strategic issue for Australia and the wider South West Pacific region. It is the largest of all the Melanesian states, but one that faces a number of challenges including ‘struggling with the challenges of a resource-based export economy in a globalised world.’⁸⁷ Although the country is rich in copper, gas, oil and forestry, the situation for many Papua New Guineans is far worse now than what it was when it was given independence from Australia in 1975.⁸⁸ Infrastructure is generally poor, the health system is inadequate, diseases such as HIV/AIDS and malaria continue to prosper, crime rates are soaring in urban areas, and unemployment remains high.⁸⁹ Although Australia provides substantial aid to PNG - \$492 million (Australian) in 2005-2006 – PNG is still unable to direct appropriate levels of funding to areas that are most in need.⁹⁰

The issue of resource management is a particularly important one that resonates with many of the country’s security problems. PNG is a resource-rich country, but local industry is not mature or developed enough to build on the benefits of this. In an era of globalisation, multinational corporations have recognised PNG’s potential for further development, although internal security and law and order remains a key concern for investors before they will commit to funding, infrastructure and personnel.

The OK Tedi copper mine in Tabubil in the Western Highlands is an instructive example. This one company alone is responsible for 30% of PNG’s exports.⁹¹ Its success was attributable in no small way to the security, peace and stability of the local community.⁹² This is in contrast to many of the urban centres in PNG where law and order is a serious problem. The Asset Protection Department of OTML, essentially a PMSC, plays an essential role in maintaining security within both the town and at the mine itself. Everywhere one walks in Tabubil, from the moment they arrive at the airport, the Asset Protection Department has a strong presence in the area and takes the lead on many security-related issues. Accordingly, it appears that local police play a secondary role to the Asset Protection Department in managing law and order in the area.

The situation in Tabubil is symptomatic of both the wider inadequacy of state-run policing in PNG and the vast proliferation of private security contractors in recent

87 Stewart Firth, ‘Pacific Islands, Trade, Labor, and Security in an Era of Globalisation.’ *The Contemporary Pacific*, Vol. 19, No.1, University of Hawaii Press, 2007, p. 127.

88 Stewart Firth, ‘Pacific Islands, Trade, Labor, and Security in an Era of Globalisation,’ p. 127.

89 Stewart Firth, ‘Pacific Islands, Trade, Labor, and Security in an Era of Globalisation,’ p. 127.

90 Stewart Firth, ‘Pacific Islands, Trade, Labor, and Security in an Era of Globalisation,’ p. 127.

91 Ok Tedi Mining Limited, ‘Quick Facts’ available at the *OK Tedi Mine Website*: <<http://www.oktedi.com>>, accessed 3 July 2008.

92 Personal observations and meetings with officials at the Ok Tedi copper mine in Tabubil, Papua New Guinea, June 2008.



years.⁹³ Simply put, multinational companies prefer to hire their own people to protect their investments. This notion was further reinforced in Lae in northern PNG where the private security firm Guard Dog provides a comprehensive security service for businesses and government officials in a city where 'raskol' gangs are particularly prevalent. Interestingly, 'Guard Dog' has a sizeable home facility in the outskirts of Lae, seemingly the outweighing local policing presence. This is an indication that its role is becoming institutionalised.

Although these companies are providing a highly professional security service, there remain inherent dangers of multinational corporations being so dependent on private contractors. As discussed above, some PMSCs lack the required accountability under law, and their personnel could act as strongmen for multinational companies, even including prolonging conflicts for greater profits.⁹⁴ There have been some prominent incidents of excessive force being used by private security contractors against the local population in PNG, most notably in 1996, when it was alleged that four youths were murdered by security contractors at Dogura Beach outside of Port Moresby.⁹⁵ It was alleged, although never proven, that the contractors committed the crime as a payback on behalf of the international company that employed them.⁹⁶

Private security firms and their 'coupling with powerful multinational companies dramatically increases a foreigner's power within a beleaguered state.'⁹⁷ The power of multinational companies in PNG is significant, as highlighted by the influence exerted by the Malaysian forestry company Rimbunan Hijau.⁹⁸ The company has a net worth of \$2 billion (AUD) and has procured an extensive private security capability.⁹⁹ There has been a concern shared by many observers that its influence, which extends into PNG politics, retail and media, is inappropriate and disproportionate, particularly in relation to the conduct of forestry policy.¹⁰⁰ Another looming issue for the PNG economy in the next ten years, affecting the social fabric of the Western Highlands province, is the foreshadowed closure of the Ok Tedi mine. The potential impact of the mine's closure on local stability and law and order is an issue that needs to be carefully managed. These examples provide ample evidence of the power of multinational companies in PNG, the influence they impart on the state and within the community, and the role that private security has in protecting their interests. In fragile states, with poor governance and institutions, the presence of powerful corporations does

93 Sinclair Dinnen, 'Law, Order and the State in PNG.' *State Society and Governance in Melanesia Papers*, Research School of Asian and Pacific Studies, Canberra, 1997, p. 2.

94 Herbert Howe, 'Global Order and Security Privatisation,' p. 3.

95 Sinclair Dinnen, 'Law, Order and the State in PNG,' p. 2.

96 Sinclair Dinnen, 'Law, Order and the State in PNG,' p. 2.

97 Herbert Howe, 'Global Order and Security Privatisation,' p. 2.

98 Mark Forbes and Melissa Fyfe, 'Farewell to the Forests,' *The Melbourne Age*, 11 June 2004.

99 Mark Forbes and Melissa Fyfe, 'Farewell to the Forests.'

100 Mark Forbes and Melissa Fyfe, 'Farewell to the Forests.'



not always guarantee improving stability, particularly when interests diverge.

The other crucial issue for PNG remains the relationship between the government and the military. It could be argued that the PNGDF is one of the few successful institutions in the country. It also has a history of challenging government incompetence and corruption.¹⁰¹ In a country which has already experienced controversy over the use of PMSCs, the potential for more tension between the military and the government is an area of concern. This issue was amplified in March 2001 when the PNGDF almost mutinied over foreshadowed cuts to the army. If such a situation developed again over arguments about force structure, or if the government felt that the military was becoming a threat to its existence, a scenario might develop whereupon it could procure a private force to protect government interests and legitimacy.

The potential for such an outcome been commonplace across Africa where frontline mercenaries have been used to support unpopular governments against military factions. Furthermore, the PNG governments downsizing of the military in recent years has left gaps in its organic capability. There is also a concern that the scale of HIV in PNG could in the future have an impact across all levels of the population, including those currently serving in the military.¹⁰² All of these factors point to a situation where left unchecked, a PMSC could feasibly be introduced within ten years to strengthen or replace capabilities within the PNGDF. Given the strains that occurred as a result of the 'Sandline Affair', the adoption of such a measure would be inflammatory, and it is difficult to predict how events might then evolve in such a volatile situation.

Solomon Islands

The internal conflict within the Solomon Islands that resulted in the deployment and establishment of the Regional Assistance Mission Solomon Islands (RAMSI) is a result of ethnic tensions caused by the uncontrolled and sudden movement of mostly unemployed people from the region of Malaita to the nation's capital of Honiara situated on the island of Guadalcanal. The widespread poverty in the Solomon Islands and the drift towards excessive urbanisation exacerbated the social consequences of overpopulation in Honiara. Corruption and poor administration within the government reduced benefits that may have arisen from the country's many natural resources, which includes copra and timber. As a consequence, violence erupted in 1998, mainly from Guadalcanal militants who tried to remove the Malaitans from the island.

In response, the Malaitans formed their own militant group, the Malaita Eagle Force, and by 2000, violence between the two groups was commonplace. Despite attempts to

101 R.J. May, *Government and the Military in Papua New Guinea*. 1994, available at: <<http://www.epress.anu.edu.au/mdap/ch.10pdf>> accessed 1 July 2008, p. 174.

102 Pacific Islands Broadcasting Association, *AIDS Scare in PNG Defence Force*. 12 July 2004, available at: <http://www.accessmylibrary.com/coms2/summary_0286-3793969_ITM>, accessed 10 July 2008



resolve the situation through the signing of the Townsville Peace Agreement in October 2000, the violence continued. The internal security situation within Guadalcanal became so fragile and violent that in 2003 the Solomon Islands' government invited the intervention of an international force. RAMSI is a police operation with military backing, led mainly by Australia and New Zealand. RAMSI is largely seen as being highly successful; it has arrested and disarmed the militants, collected and destroyed thousands of weapons, and addressed criminality and lack of professionalism in the police force.

Despite the success of RAMSI, the future of the Solomon Islands remains precarious.¹⁰³ It is apparent that there remain a number of issues that need urgent addressing including ongoing corruption with the country's institutions, the economic consequences of deforestation, the devastating effects of diseases such as HIV/AIDS and malaria and over-population.¹⁰⁴ The population in the Solomon Islands is expected to double by 2020, while during the next decade, the nation's main industry, forestry, will become non-existent, dramatically affecting economic growth. Low economic growth coupled with an increasing population will provide a recipe for greater social unrest, particularly in Honiara.¹⁰⁵

The situation in the Solomon Islands will remain manageable as long as RAMSI stays and the foreign management of the country's development continues. RAMSI appears to be still highly popular with the majority of the local population.¹⁰⁶ Australia has set no time for withdrawal and is likely to retain a presence in the country until its institutions are developed and the government is capable of managing its own affairs. However, the fact is that RAMSI remains in-country solely at the behest of the Solomon Islands government. The fracas in 2007 between Australia and the Solomon Islands Prime Minister Manasseh Sogavare over child sex charges directed at Attorney General Julian Moti highlighted the fragility of the relationship between the two countries. Although current Prime Minister Derek Sikua is enjoying a good rapport with the Australian government, one cannot necessarily rule out the possibility that other leaders like Sogavare will emerge in the next ten years, promoting a mantra that the Solomon Islands needs to regain its sovereignty. If such a situation emerges and RAMSI is asked to leave, the Australian government would have little choice other than to acquiesce to this request.

Should a scenario emerge over the next ten years where RAMSI was asked to leave, the Solomon Islands government would struggle to maintain peace between the militant groups, and manage law and order in general. Under these circumstances it is not

¹⁰³ Observations made during the author's visit to the Solomon Islands in June 2008.

¹⁰⁴ Elsina Wainwright, *How is RAMSI Faring? Progress, Challenges and Lessons Learned*. Australian Strategic Policy Institute, Canberra, 2005, pp. 4-7.

¹⁰⁵ Elsina Wainwright, *How is RAMSI Faring?* pp. 4-7.

¹⁰⁶ Elsina Wainwright, *How is RAMSI Faring?* p.4.



unfeasible to conclude that this gap could be filled by a PMSC that would ideally be able to provide a combination of military and private security capabilities to augment local policing. Although it is questionable whether the government by itself could afford such a long term contract, it might be able to if a multinational corporation seeking to develop local resources became involved. The presence of a non-state, private sector actor managing law and order in a volatile and complex environment such as Honiara would potentially cause grave problems, especially if the company were seen to favour one group over the other.

Even so, it should be reinforced that a PMSC has played a significant role in the success of RAMSI. As stated above, PDL has performed admirably so far. Importantly, PDL does not assist RAMSI in securing the law and order situation in Honiara.¹⁰⁷ The company only provides logistics and administrative support to the deployed ADF and AFP contingent. As RAMSI demonstrates, the use of PMSCs to provide rear echelon services in a low-risk threat environment can work, providing that clear lines of accountability are established under the contract. A company choosing not to work under robust accountability measures, such as those imposed on PDL, may be free to act on its own agenda, which may not always be to the benefit of the host country.

East Timor

East Timor's transition from an Indonesian province to a viable independent nation-state continues to be fraught with instability and violence. The security challenges within the country are many, including a culture of political violence, high levels of criminality and escalating gang violence, particularly in the capital, Dili.¹⁰⁸ The events of 2006, in which simmering tensions between the fledgling army and police force broke out into open hostilities, highlighted that East Timor does not yet possess the internal institutions required to bring peace and stability to the country.¹⁰⁹ Factionalism remains rife within the military and police, despite the shooting death of the rebel head of the army's military police, Major Alves Reinado, in early 2008.¹¹⁰ Polarisation between supporters of FRETILIN and opposing political movements also continues to undermine economic and political progress.¹¹¹

A key ingredient for future stability in East Timor is the capacity of the United Nations to maintain a presence in the country and assist with nation-building and economic development. The Australian-led International Stabilisation Force (ISF) currently has approximately 1100 personnel deployed in East Timor, supplemented by around

¹⁰⁷ Protected Source, personal communication.

¹⁰⁸ International Crisis Group, *Timor-Leste: Security Sector Reform*. Asia Report No. 143, Dili/Brussels, 17 January 2008, p. 1.

¹⁰⁹ International Crisis Group, *Timor-Leste*, p. 1.

¹¹⁰ International Crisis Group, *Timor-Leste*, p. 2.

¹¹¹ International Crisis Group, *Timor-Leste*, pp. 2-3.



1470 UN police.¹¹² This combined contingent far outweighs the totality of the East Timor army (715), although its police force comprises around 3,200 officers.¹¹³ Given the current state of its economy, East Timor is not in a position to invest more in its security forces. Should the UN leave East Timor in ten years time, or reduce its presence, before the country can support itself, potential opportunities might emerge for PMSCs to fill an obvious void. It is possible, for example, that a PMSC could be engaged by a multinational organisation keen to develop the country's untapped oil reserves.

It should be noted that East Timor already has a history of hosting PMSCs. The ADF used PMSCs to support its initial deployments to East Timor in 1999-2003. The UN has seen fit in the past to procure some PMSCs to assist with intelligence gathering and private security in East Timor. Although these procurements have provided legitimate support functions, the danger for security in East Timor would be if frontline combat services or a vigorous private security regime were obtained in the future to assist the government of the day. Given the internecine tensions that already exist within and between the police and army, as well as in the country's political institutions, such a move would likely only result in further internal instability.

Key Points

As indicated previously, Australia demonstrated during the Sandline Affair how it would respond to the presence of PMSCs providing armed, frontline capabilities in its immediate region. The Australian government did not commit ADF forces into PNG to resolve the tensions. However, this is not to say that in the future an Australian government would not be required to take firmer action in an environment where a growing number of PMSCs add complexity to conflict situations. If PMSCs continue to proliferate at the current rate, with little regulatory and legal controls, and instability and fragility remain in the South West Pacific, a lucrative market may develop in the region over the next decade. PMSCs survive by targeting those countries that experience internal instability and which possess poorly-trained and inefficient armed forces. At present, PNG continues to suffer from political unrest and internal instability, particularly in the Southern Highlands, and high crime rates. East Timor, following the events of 2006, remains a poor and unstable new nation, with a divided security sector. Although RAMSI has been successful in quelling internal unrest in the Solomon Islands, no-one can predict how long the intervention should remain and what will happen once it does leave the country.

Indeed, all three country examples have commonalities which emphasise their

¹¹² International Crisis Group, *Timor-Leste*, p. 5.

¹¹³ International Crisis Group, *Timor-Leste*, p. 5.



attractiveness to PMSCs. They have all suffered from the ill-effects of decolonisation, are economically dependent on multinational companies to develop their natural resource base, have institutions that are laced with corruption and in the case of East Timor and PNG, possess militaries that have uncomfortable relationships with their respective governments.¹¹⁴ The prediction that another ‘Sandline Affair’ could occur in the region within ten years is not in the realms of fiction. As this paper has highlighted, PNG is already inundated with private security firms throughout the country, as there is dwindling faith in the capacity of the local police forces to quell rising crime rates. Many of these companies are working for other more powerful non-state actors, namely multinational companies.

The presence of PMSCs in these countries, while providing a benefit in some, may just as easily complicate the situation in others. Unstable or failing states invariably possess a variety of internal complex factors that require the benefit of targeted and value-added international support. Australia is aware of the increasing influence of state actors, such as Taiwan and China, in the South West Pacific region. The presence of a non-state third party, such as a PMSC providing a front-line combat or security capability, involving itself in the internal affairs of a country, and which is not attuned to the higher diplomatic, economic and military objectives of the international community, has a potential to exacerbate instability further. The potential involvement of a third party that could become involved in human rights abuses, transnational crime and institutional corruption would also complicate matters profoundly. Any resultant deterioration of stability and security in these countries would affect Australia directly, in that it would be expected to take the lead in resolving these issues through the deployment of extra personnel and resources. Therefore, it is in Australia’s national interest over the course of the next decade to monitor, and influence where necessary, the use of PMSCs in Australia’s immediate region.

Impact of the Proliferation of PMSCs on the ADF

Strategic Challenges

The proliferation of PMSCs, now, and in the future, has strategic implications for the ADF. As a tool of national power, the ADF could be directed by the Australian government to deploy in the immediate region to assist in stabilisation operations, peace-keeping and nation-building, such as which occurred in East Timor and the Solomon Islands. It is quite feasible that in some circumstances, the ADF would be working alongside PMSCs engaged by the host country, or in extreme cases, be

¹¹⁴ Stewart Firth, ‘Pacific Islands, Trade, Labor, and Security in an Era of Globalisation.’ *The Contemporary Pacific*, 2007 Vol. 19, No. 1, pp. 111-131. 2007



directed to nullify the influence or presence of rogue PMSCs.

This poses a number of dilemmas for the ADF in how it might approach these respective scenarios. For instance, there would be significant moral concerns for ADF personnel if they were asked to provide force protection for a PMSC that was openly corrupt or prosecuting a course that was contrary to Australian interests. For argument's sake, if the PNG government had proceeded to use Sandline in 1997 against the wishes of the PNGDF, and Australia then became involved in peace-keeping operations on the island, it is unclear what the nature of the relationship between the ADF and the PMSC would have been. Further, it may have affected the ongoing military cooperation between the ADF and the PNGDF, given the latter's opposition to Sandline. These quandaries will become more prominent for the ADF should PMSCs increase their presence in the region.

However, it would seem that the complexity of modern conflict and the current international system is such that the ADF should not be asked to manage relationships with, or respond to, PMSCs by itself. The countries that make up the 'Arc of Instability' provide a complex web of economic, political and social challenges that requires in the main a comprehensive 'soft-power' solution.¹¹⁵ Australia's future national security objectives in the region are enhanced through the projection of the political, diplomatic, economic and military elements of national capability.¹¹⁶ The ADF, as one element of the whole-of-government contribution to stabilisation and reconstruction, would be increasingly constrained by the political objectives of the mission. This might mean that how the ADF responds to managing relationships with PMSCs, will be at the direction of political leaders rather than military commanders.

ADF's Use of PMSCs and its Impact on Logistics Capability and Force Structure

The nature of civil-military relations in Australia is strong and stable therefore, the use of PMSCs does not engender widespread concerns in the ADF. As mentioned above, military contractors are often engaged to provide specific support capabilities such as logistics and maintenance. This relationship has generally been effective. Economic necessity remains the key reason why the ADF would continue to use contractors in the future. Military contractors traditionally possess low levels of permanent employees and require a low asset base.¹¹⁷ They have the capacity to subcontract specific elements to other specialist organisations, ensuring that their overheads are kept to a minimum. PMSCs are attractive to those militaries which have already market-tested functions deemed contestable for delivery by private sector. Peter Singer argues 'the private

¹¹⁵ Department of Defence, *Australia's National Security: A Defence Strategic Update 2007*, p. 13.

¹¹⁶ Department of Defence, *Australia's National Security: A Defence Strategic Update 2007*, p. 13.

¹¹⁷ Richard Wallwork, *Operational Implications of Private Military Companies in the Global War on Terror*, USA Command and General Staff College, Fort Leavenworth, 2004-2005, p. 35.



military industry revolves around an unusual synthesis of economic motivations and political exigencies.¹¹⁸ Accordingly, the impacts on the size and structure of the military can be significant.

It is unlikely that the path towards greater ADF efficiency and contestability will stop, particularly given the likely economic implications of the current world-wide financial credit crisis. The Australian Strategic and Policy Institute, in its 2005 publication, *War and Profit: Contractors on the Battlefield*, called for greater flexibility in Defence's approach to military contracting because of what it saw as the never-ending need to pursue efficiency. With the election of a new federal government in 2007, Defence spending is once more under close scrutiny, with the Defence Minister, Joel Fitzgibbon MP, announcing in April 2008 that the portfolio was required to find \$10 billion worth of savings over the next ten years. The forthcoming Defence White Paper will set out the ADF's force structure and capability program for the next two decades.

If more cuts are made to in-house support capabilities, the ADF will have no choice other than to develop a more efficient and comprehensive contractor support model that encompasses a range of functions, to include logistics, health, engineering, maintenance and construction. The current operational tempo is high and the ADF is already using contractors where possible to reduce the logistics footprint in certain theatres. Put simply, the ADF currently has a relatively small organic logistics capability from which it needs to manage all of its support tasks.¹¹⁹ Any move to further rationalise support areas in the future, with the view to directing those monies into frontline capabilities, will necessitate a comprehensive approach to the engagement and deployment of contractors.

A review of military contracting conducted by Defence in 2004 recommended that the ADF should develop a long-term partnership with a contractor to deliver a comprehensive contracting model similar to the LOGCAP and CONDO constructs.¹²⁰ The advantage of this model is that the contractor is involved in the early preparation and planning for contingencies, putting them at a higher level of readiness to respond to the ADF's requirements. Given the desire for better interoperability with the US and its allies in those circumstances where the ADF is part of an allied combined taskforce, synchronisation between the contractor support models of the major participants would enhance effectiveness.

Should the pursuit of increasing efficiencies in the support areas occur in the future, and the dependence on contractors becomes greater, the impact on ADF force structure in ten years time might be significant. The ADF would be increasingly shaped towards

118 Peter Singer, *Corporate Warriors*, p. 105.

119 Mark Thomson, *War and Profit*, pp. 28-29.

120 Mark Thomson, *War and Profit*, p. 31.



a balanced but ostensibly front-line combat force structure. This has an immediate impact on issues such as force disposition (basing), recruitment and retention and the acquisition of platforms. Importantly, there is a risk that under this scenario the ADF will slowly lose its in-house logistics expertise, which in itself, would be detrimental to ADF capability. Contracted support is only a force multiplier if it augments capability, not replaces it.

Impact on Policy and Doctrine

The ADF policy and doctrine construct surrounding operational logistics support and sustainment would require significant review if greater dependence on military contractors is realised. Defence's current policy on the use of deployable contractors is effective, as well as ethically justifiable. The policy determines the use of contractors based on the level of risk and imposes limitations on their activities within the Area of Operation, such as banning the carriage of weapons. This ensures that the ADF will only procure and deploy contractors in an Area of Operation that are non-combatants providing non-combat support roles. This removes the inherent dangers of using armed contractors in high risk and volatile environments. The natural progression of this policy is the type of model that has been used successfully by the ADF in the Solomon Islands, where a single provider is able to deliver a comprehensive package in a low risk environment. However, it cannot be assumed that in the future contractors would only deploy in low-risk environments and not be asked to operate in theatres of higher risk. This paper has proposed that greater efficiency cuts in the future will predominantly affect support areas, making contractors more attractive for the organisation. Hence, the ADF would become increasingly dependent on contractors for the entire span of deployable operations.

If the ADF is gradually required to develop a more comprehensive contractor support model over the next ten years in response to greater budget efficiencies and different capability priorities, there could be pressure to change the extant Defence policy. In particular, Australia's close relationship with the US and its ever expanding need to obtain military interoperability with its key ally is likely to influence how the ADF might approach future policy responses. The issue of most contention would undoubtedly be force protection. In Iraq force protection of US contractors has been managed mainly by private security personnel. Should the ADF's deployable contractor model for high threat operations, as predicted, become closer aligned to the US, the dilemma is how much the ADF would be prepared to allow contractors to provide their own force protection. Would the ADF be comfortable with the presence of highly armed security guards operating in their tactical area of responsibility? How would these personnel be integrated within operational command and control arrangements? The use of

private security contractors in such situations would cause significant operational and moral difficulties for the ADF.

The 2005 ASPI Report recognised the concerns surrounding the use of some paramilitary private security companies and argued for Australia to take the lead in developing an appropriate legal framework to make contractors procured by the ADF accountable for their actions. Under the current policy, deployable contractors are asked to become 'Defence Civilians' under the *Defence Act 1903*, making them accountable to military law. However, the process is voluntary and needs significant strengthening. Should the ADF, as a result of future efficiencies, be required to become more reliant on PMSCs, the challenge would be to develop an appropriate policy and legal framework that guides future procurements, without devaluing current ethical standards. It would need to specify for example, how contractors employed by the ADF, and who commit a crime during the course of their contract, are held to account under Australian law.

Recruiting and Retention

Notwithstanding possible changes to force structure dictated by a new White Paper, the ADF is currently required to grow its workforce from currently 52,000 full-time members to 57,000 over the next decade.¹²¹ This will require the ADF to consistently recruit high numbers of personnel, while concurrently reducing the separation rate. Achieving this balance in the current environment is extremely difficult, particularly while Australia has a highly competitive labour market. To consistently reach targets in ten years time will be even harder. Workforce projections are also not encouraging given that the population is generally aging. For example, between 2005 and 2020 the number of persons aged over 55 will increase by over 50%, yet the 18 to 54 bracket will grow only by 7%.¹²² Less people in Australia are deciding to take up skilled work and apprenticeships to replace those older workers who are leaving the workforce.¹²³ The imbalance between those joining the technical workforce and those leaving means that competition in the Australian economy for skilled personnel will be fierce. The ADF already struggles to attract specialist personnel, such as engineers, doctors and technical trades. It can ill afford to compete with private sector military companies that can generally provide more generous pay and conditions.

One of the major by-products of the rise of PMSCs is that personnel are being convinced to leave traditional military organisations for more lucrative employment. The recruiting pool for PMSCs is naturally targeted at serving military personnel,

¹²¹ Department of Defence, *Defence Attitude Survey 2007*, Australian government, 2007, p. 8.

¹²² Department of Defence, *Defence Personnel Environment Scan – 2007*, Australian government, p. 61.

¹²³ Department of Employment and Workplace Relations, 'Skills and Shortages: Concepts, Definitions and Indicators.' Australian government, 2005, available at the *Skills Info Website*: <<http://www.skillsinfo.gov.au/NR/rdonlyres/0D3A6A44-4BAF-4DA5-888B-5A6876B697CE/0/skillshortagesconceptsandindicators.doc>>, accessed 20 June 2008.



as they have the required skills, experience and contacts. Special Forces personnel are particularly in demand, given the predominance in the international system of insurgency, terrorism and other transnational threats. PMSCs have been unscrupulous and unapologetic over the aggressive nature of their recruiting campaigns. For instance, Blackwater virtually decimated Special Forces units in Chile, by offering their personnel better wages and conditions to work in Iraq.¹²⁴ Ex-Special Forces personnel in Iraq can earn up to \$800-\$1500 (USD) per day.¹²⁵ Although the situation in Australia is less clear, the 2005 ASPI Report also indicated that there was a leakage of Australian SAS personnel to higher paying PMSC jobs. This trend will need to be stemmed through vigorous recruiting and retention programs.

Conclusion

In conclusion, this paper makes several key findings. First, the rise of PMSCs is attributable to the complex and globalised international security system, as well as the gradual downsizing of many of the world's military organisations. The execution of armed violence is no longer solely the domain of the state, although how acceptable this should be to all countries, particularly liberal democracies, is a question that needs to be addressed. Although the term mercenary is shunned by the private army industry, the fact remains that many PMSCs provide capabilities that use the execution of force by armed personnel. Corporate legitimacy does not in any way reduce the need for PMSCs to operate under the required ethical and international legal standards. Accordingly, there is no real difference between mercenaries killing civilians in Bosnia in 1995 and security contractors committing abuses at Abu Ghraib in 2003.

This paper has demonstrated that PMSCs are attracted to unstable and unpredictable environments. Their presence, particularly those companies that can project force, can exacerbate instability through human rights abuses, poor command and control, a lack of restraint and misplaced loyalties. Unfortunately, as witnessed in Iraq and Afghanistan, international humanitarian law is currently not strong enough to deal with the new wave of PMSCs. Crucially, there remains confusion over how a private contractor who commits an atrocity is held accountable under domestic and international law. This issue needs to be resolved urgently by countries such as Australia.

Given that the obvious market for PMSCs involves weak and unstable states, Australia needs to remain vigilant on this issue and where possible, use its influence as a middle power to limit the impact of PMSCs in the 'Arc of Instability'. The uncontrolled proliferation of PMSCs in the South West Pacific over the next decade has the potential

¹²⁴ Jeremy Scahill, *Blackwater*, pp. 181-211.

¹²⁵ Richard Wallwork, *Operational Implications of Private Military Companies in the Global War on Terror*, p. 39.



to cause further instability to the region, meaning that Australia would be required to divert resources and personnel to stabilise ensuing conflict. PNG in particular remains potentially vulnerable to the unscrupulous use of PMCs by its government or multinational corporations, particularly given its history with Sandline and the burgeoning private security culture that already exists in that country.

Finally, the ADF has to balance its own opposition to armed PMSCs with the fact that it engages military contractors within its own organisation. As the ADF becomes more efficient and tied to budgetary constraints, it will be forced to examine further ways of shedding its non-core functions. This will allow an opening for PMSCs to offer a range of new services. Should this situation arise the challenge for the ADF will be to ensure that current successful policies concerning military contracting are not devalued. The ADF will also need to be aware that its force structure priorities may be compromised should it lose its recruiting base to higher-paying PMSCs.

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