Privatizing Foreign Policy *Implementation*

- Movement to reduce government inefficiencies
  - Full-time government employees expensive
  - Might be cheaper to contract for services when needed
  - But principal-agent issues in non-competitive markets create difficulties
    - Too much competition produces perverse incentives for contractors
    - Too little competition produces inefficiency & waste

- Contracting international aid
  - State Dept. & AID contract out foreign assistance programs to NGOs and for-profit firms (25-30% of budgets in mid-1990s)
  - NGOs and others depend on contracts from US, UN, and other governments
  - “Contract fever” in hyper-competitive areas: too much time competing for contracts v. providing services
  - Donor (USG) asks *recipient* about quality of *contractor*; contractors then curry favor with recipients (Cooley & Ron, 2002)
Private military firms (PMFs)

- Reasons for rise PMF
  
  o cuts in post-CW military made contracting useful
  
  o special expertise in high-tech areas: communications, maintenance
  
  o some services cheaper to do externally (construction, mess)
  
  o reduction of public US commitment: contractor dies; not US soldier or FSO

- Difficulties of PMFs
  
  o Contracts not always competitive
    
      - No bidding in crises
      
      - Highly specialized skills possessed by only a few firms
      
      - How to price contracts?

  o Quality v. Cost of Contract Workers
    
    - USG pays training costs then pays PMFs to contract personnel it trained, or
    
    - Quality of personnel difficult to assess: 35% of contract interrogators in Iraq lacked military interrogator experience (P. Singer, 2004)
- Operational Difficulties
  - Contractors are not subject to military orders
    - Can refuse to work over-time or at odd hours
    - Often immune from local law as well as US civil and military law
  - Discipline of contractors unclear
    - 16 of 44 abuse incidents in Army reports at Abu Ghraib involved private contractors (translators or interrogators)
    - one Afghan detainee death involves contract interrogator
  - In emergencies, who is responsible for contractors?
    - Issue in Iraq