The Politics of Outsourcing Military Support Services

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Introduction

Despite expanding considerably over the past decade, there remain gaps in the literature on military outsourcing. So far, it has focused mostly on the history and reasons why (usually Western) armies hired the private sector (Kruck, 2013; Singer, 2008), how outsourcing was (or was not) regulated, the impact of this practice on civil-military relations (Avant, 2005; Krahmann, 2010; Bruneau, 2011), state authority (Leander, 2006), and military effectiveness (Dunigan, 2011). More recently, the literature branched out to include normative and sociological perspectives on military outsourcing, some of which are contained in the last part of this book. Almost all of these examinations concentrated heavily on armed security contractors, especially in the wars in Iraq and Afghanistan. The literature however has not yet satisfactorily addressed the political foundation of military outsourcing which significantly underpins the areas of research surveyed above. This concerns the place of military outsourcing within the defence policy process, the question of who informs and makes decisions about outsourcing, and the political and military ramifications of using military services contractors. This is what is taken here to signify the politics of military outsourcing.

This chapter therefore sets out, first, to suggest how best to study the defence services acquisition policy process – that is, the process in which the military procures services from private companies – and then, secondly, apply this approach to the politics and process of support services contracting in the USA and the UK.1 It seeks to enable us to better understand the background and drivers of military contracting policy, who

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1 Here, military support services can be loosely summarised under the heading of military logistics which comprises all those services that enable the military the project and sustain military force, that is to move and supply troops and their equipment. See Tuttle (2005, p. 1).
makes this policy and why, and what the longer-term implications are both for military services contracting and for defence policy-making more widely. In particular, it enables us to take a step back and holistically examine the phenomenon of states contracting for military services, from its causes, politics, and process, to its implementation and long-term ramifications.

The chapter proceeds as follows. First, it offers a conceptual toolbox for us to study the defence (services acquisition) policy process which draws on the Advocacy Coalition Framework and Policy Network Theory. It then establishes, by tracing the historical trajectory of supplying the US and UK armies, the rules of admission to the relevant policy networks, that is the mechanisms that determine who participates in making acquisition policy. The chapter then goes on to map the defence services acquisition policy networks, discuss their strong ‘bias towards business’, and explore the bias’s main implications. The chapter concludes by tying together the different strands of the argument and offering an outlook for the longer-term trajectory of the outsourcing of military support services, suggesting that the future will see ‘more of the same’.

A Conceptual Toolbox to Study the Defence Policy Process

To date, the academic literature on the ‘privatisation of security’ has not put forward in-depth empirical or theoretical considerations about (the study of) the politics of military outsourcing and the role and place of contractors in the policy process. Moreover, the literature on defence policy-making more generally does not really offer approaches that would be able to include contractors either, at least none that can be applied to several countries because they are typically designed for specific states or even bureaucracies. Those with an interest in studying the politics, process, and implications of military services contracting therefore require a fresh approach. It is argued here that an approach that draws on the Advocacy Coalition Framework and Policy Network
Theory is particularly suitable for the purpose of studying the defence services acquisition policy process with an eye on the ‘who’, ‘why’, and the ‘so what’.

The policy process involves a complex set of actors who interact over long periods of time on a particular policy issue. Given the specialisation of policy issues, these processes usually occur in specialised domains or subsystems, such as – in our case – defence services acquisition. Actors are defined by their interests, beliefs, and resources, and we aggregate them into ‘advocacy coalitions’ in order to make our subject matter more manageable (Sabatier, 2007, p. 3; Sabatier and Weible, 2007, pp. 191–192).

The most important resources for our purposes are an actor’s formal, legal authority to make binding decisions on policy, information and knowhow, mobilizable supporters and skilful leadership, money (Sabatier and Weible, 2007, pp. 201–203), and access to those holding the first type of resource. Actors interact in networks whose membership and structure are heavily influenced by external factors such as the international security environment, the political-economic structure of the state, defence-technological developments, as well as the domestic political-institutional structure of the state within which policy is made. Depending on who is part of the process, the network may display a more or less prominent ‘selectivity’ which narrows down the range of options that are perceived to be within the realms of the possible, practicable, or feasible by decision-makers (Adam and Kriesi, 2007; Döhler, 1991, p. 251). Policy is therefore decided and implemented at the end of a series of events and processes which narrows down the list of alternatives, but which also – importantly – feeds back to affect both the external factors and the network that produced the policy decision. In summary, the external factors strongly circumscribe who is admitted to a policy network; the composition of a policy network strongly circumscribes its outcomes; and outcomes feed back to potentially affect both the external factors and the network.

Compared to the typically static, state-centric approaches to defence policy-making, the above reminds us to always remain cognizant of the wider context of the policy process, the nitty-gritty of how decisions come about, as well as how this may
affect the next policy cycle. Moreover, it does not imply that an actor’s official background necessarily tells us their views; for instance, a government official from the Ministry of Defence (MoD) can just as well support or oppose the outsourcing of military support services, whereas other approaches would assume that a member of the MoD would represent the government’s or at least the MoD’s views and interests. Historical institutionalism would have come closest to enabling us to conduct these analyses, but it does not offer us a toolbox to dissect the minutiae of political decision-making processes, especially those that do not necessarily have institutional or normative outcomes.

We will observe the first set of the aforementioned factors by tracing the history of how the USA and the UK supplied their armed forces since the end of World War II in the next section, before turning to identifying the key actors.

**Admission to the Policy Network in Historical Context**

A good place to begin identifying who is admitted to defence services acquisition policy networks and why, is the historical trajectory of outsourcing, in particular asking why states turned to the market for military capability in the first place. In identifying the causes of contractorisation we can deduce the types of resources that are most likely to lead to an actor’s admission to the policy network. The chapters in Part One of this book described the context within which states incrementally turned to the private sector for military support services. From there, we can extract five key themes that will help us identify the admission mechanisms to the relevant policy networks: political-strategic commitments, the state of the economy and governments’ budgets, defence technology and functionalism, ideas about the organisation of the armed forces and the economy, and bureaucratic and organizational factors.

Since the end of World War II and the creation of large, standing, peacetime armies, defence policy in the USA and the UK has been marked by three interlinked
factors. On the one hand, both states espouse – relative to their size – expansive grand strategies, epitomised by forward leaning global defence postures and, in the case of the USA, a high military presence in virtually every corner of the globe (Pettyjohn, 2012). The UK, while reducing its global footprint in terms of boots on the ground nonetheless seeks to retain significant, rapid power projection capabilities which should ultimately enable the UK military to deploy to far-away theatres of operation within short time spans (Croft et al., 2001; Baylis, 1986; Hartley, 1997). Such postures, once espoused, must be supplied in order to be credible and realised. Both states in this context place top priority on fielding the most sophisticated weapon systems, wishing to have a technological edge (UK) or even dominance and superiority (USA) compared to the rest of the world. As the former US Secretary of Defense William Cohen put it, the USA, once in combat, did ‘not want a fair fight … but capabilities that will give [them] a decisive advantage.’ (U.S. Department of Defense, 1997, Secretary's Message) The British military similarly intends to remain ‘capable of competing decisively with the full spectrum of potential adversaries, as one of the most effective and capable armies in the world.’ (UK Army, 2012, p. 3) Importantly, for our purposes, both states from the very early stages of the Cold War faced a gap between these political-strategic commitments, technological demands, and the available resources that has dominated defence policy-making ever since (Edmonds, 1986, pp. 12–13; Stewart, 2005, p. 258).

Both states sought to overcome this gap not by reducing either their strategic commitments or their reliance on hi-tech weapon systems, which had been strong driving forces behind the growing role of industry within the defence enterprise. Rather, most significantly, they sought efficiencies from the marketplace from the 1960s onwards. Beginning with Secretary McNamara’s ‘whiz kids’ in the USA and, shortly thereafter, Macmillan and Mountbatten in the UK, both states started to model their defence enterprises along ideas, concepts, and processes borrowed from the corporate world. Presaging the onset of New Public Management techniques that are generally seen to have become entrenched from the late 1970s onwards, formerly political problems such
as the military’s force structure became first and foremost technical, functional, and susceptible to various forms of economic analysis (Erbel, 2014, chapter 3; Novak, 2009, pp. 24–25). As a result, over several decades both states transformed their militaries from self-sufficient to professional, core competency armies that focus narrowly on combat (cf. Kinsey, 2009). The share of the defence ‘pie’ handed to private contractors grew, and both governments came to depend on them even more than before for non-combat services, in particular in the military logistics sphere.

Today, defence policy – and defence acquisition in particular – are therefore strongly circumscribed by the force of several ideas that are intimately tied to the historical developments above, namely the beliefs in forward-leaning defence postures, high-technology rather than large manpower, technical rather than political problem-solving, and the virtues of the private sector. Organisationally this translated into core competency armies which combine with contractors to form the ‘total force’ (U.S. Department of Defense, 2006, p. 75). Overall, these processes occurred under the constant impression of a lack of resources.

As the next section shows, these factors directly affect the composition of the policy networks in such a way that advantages those actors who represent rather than challenge these ideas and structures, and who hold the ‘resources’ associated with managerialism, technology, and functional rather than political problem-solving. Generally speaking, these actors are industry representatives, advocates of outsourcing, and the government executive that has set these policies, while the legislatures and military gradually lost prominence in the process (Krahmann, 2010, pp. 145–153; Gholz and Sapolsky, 1999/2000, p. 16).

**Mapping the Defence Services Acquisition Policy Network**

The decades of increasingly industry-centric defence policy-making on manpower, force structure, and various support services as explained in the previous
paragraphs left indelible marks on the defence services acquisition policy networks in both the USA and the UK. A detailed examination of who advises the US Department of Defense (DoD) on its various advisory boards, who consults DoD on technical and technological developments, and who lobbies DoD and the US Congress on acquisition-related issues has revealed that overwhelmingly these actors can be grouped together as advocates of contractorisation. The same applies to the equivalent processes in the UK (Erbel, 2014, chapter 4).

For instance, in 2012 Congress was debating whether to change the practice of acquiring ‘commercial items’, an issue that had been on the agenda intermittently in the past when the definition of ‘commercial items’ was considerably expanded (U.S. Department of Defense, 1998; Preston, 1995; Schaaf, Derek J. Vander, 1995). ‘Commercial items’, in general, are goods (and increasingly services) that should be available more or less off-the-shelf from commercial vendors to the general public and therefore have an accepted market price. The Project on Government Oversight (POGO), a ‘good-government’ NGO in the USA that has long scrutinized the government’s contracting practices, reported on a number of instances over the years in which the military had falsely drawn on commercial items legislation. They include the acquisition of C-130J aircraft as commercial items (eventually overturned with the help of Senator John McCain) or of industrial quantities of fuel in the warzone of Iraq which it argued are not commercially available from vendors, certainly not in warzones (U.S. Department of Defense, Inspector General, 2009, p. 3; Amey, 2012a). In 2012, both POGO and the Professional Services Council (PSC), an industry trade group of federal contractors with several hundred member companies, mounted substantial lobbying efforts to support or oppose an amendment to the National Defense Authorization Act that had been requested by DoD and that would have curtailed the military’s ability to invoke the ‘commercial items’ clause (Amey, 2012; Soloway, 2012). Postponing a final decision on the matter, Congress decided against DoD’s request and extended the practice until 2015 (U.S. Congress, 2013, Section 822), handing industry advocates a
victory over a government agency and an oversight NGO that sought to make public spending more transparent and accountable. Such acquisitions are increasingly often for services or alternatively for goods that require a sizeable service component such as the maintenance of equipment or the delivery of supplies. They are therefore highly pertinent but under-examined examples for the examination of military services contracting. This issue also shows that even the responsible government agency could not sway the legislature to decide against what was at the time one of the most contentious issues for contracting officers in DoD, but rather decided to follow industry’s advocacy.

Other examples, from an attempt to ‘insource’ military responsibilities (i.e. return them from industry to the armed forces) to Congressional hearings on the cost of outsourcing military services to contractors further underscore this point. Industry’s presence is often overwhelming, ranging from trade groups to armies of consultants, industry representatives, and a number of think tanks. The small opposing coalition’s success therefore hinges critically on support from individual decision-makers, which is much less stable and predictable (Erbel, 2014, chapter 4). This situation is even more pronounced in the government executive, within the confines of the defence enterprise, where POGO – which is the most relevant of only a small number of organisations – has practically no access to relevant policy-makers and high-ranking departmental managers (Amey, 2012a). Industry, meanwhile, is pro-actively sought out by government officials to provide expertise and opinions on acquisition policy in fora such as the Defense Science Board or the Defense Business Board (CREW (Citizens for Responsibility and Ethics in Washington), 2012, pp. 1–2). The President and CEO of the PSC, for instance, has frequent contact ranging across the military and civilian chains of command in DoD, up to the Deputy Secretary of Defense. His organisation – like many other industry groups and company representatives – is routinely invited to participate in task forces on acquisition and outsourcing-related issues (Soloway, 2012a), which usually do not involve POGO-type NGOs, labour unions, or other actors who are generally critical of the government’s relationship with and reliance on the private sector for much of its
military-enabling capability. POGO, by contrast, has no direct access and thus at most ‘may send a letter’ to the acquisition offices in DoD (Amey, 2012a).

In the UK, unequal access to and relative influence in the defence acquisition policy process are even more pronounced. There is no equivalent organisation to POGO, and the UK Parliament has only very limited sway over the minutiae of defence spending. Thus, whereas industry and NGOs – through the US Congress – can lobby on individual ‘line items’ of the National Defense Authorization Act, the UK Parliament cannot significantly determine what the MoD spends its budget on and is therefore much less prevalent in the process. Moreover, there are no continuous advisory structures such as the Defense Science or Business Boards, with the MoD drawing on external advice in a much more ad hoc manner. Similar to the USA, industry is all but alone in accessing defence decision-makers and implementers, i.e. those with the authority to make or implement legally binding decisions or managing and generating defence outcomes across the hierarchy and throughout the process. For instance, task groups on the design and implementation of ongoing outsourcing projects are typically not public, by-invitation only, ad hoc, and therefore only open to those experts who are regarded to add value to a discussion which takes contractorisation as a given (Erbel, 2014, chapter 4). This is mirrored by the access to the highest levels of the MoD: data on external visits to the senior defence leadership shows that the private sector accounts for the vast majority of outsiders who meet with MoD ministers and senior staff. With ministers, the average was 72.4 percent between 2010 and 2013, while for senior staff (in particular permanent secretaries, the Chief of Defence Materiel, the Vice Chief of the Defence Staff, and several other ‘3* and 4*’ civilians and military officers) this figure stands at 91.6 percent. The remaining visits were made overwhelmingly by military charities and journalists, while labour unions had only eleven visits with ministers (compared to hundreds by industry) and zero with senior staff members. No organisations critical of overseas contracting met with MoD’s leadership (Gov.uk, 2013a; 2013b).
Neither political parties nor civil society are notably present in these policy debates. While the former is explained by the fact that military contracting has become a non-partisan issue (Stanger, 2009, pp. 12–13; Krahmann, 2010, p. 119), the latter is mostly a result of the relative disinterest of the public in the details of foreign and defence policy (Rothkopf, 2005, pp. 3–5), especially when compared to domains such as welfare spending. Labour unions, especially regarding overseas contracting, are also all but absent from the process, leaving the field wide open for industry.

A ‘Bias towards Business’ and Selectivity in the Policy Process

As the previous section suggests, structurally there is a pronounced ‘bias towards business’, epitomised in the skewed access to decision-makers and advisory structures in favour of pro-contracting advocates as well as the integral role played by and assigned to the defence services industry in the wider defence enterprise. Even though access to decision-makers does not automatically translate into influence, its imbalance is nonetheless noteworthy. It strongly indicates a significantly enhanced potential to influence policy on the side of industry to affect both the UK and the US governments’ defence acquisition policies when compared to the ‘good government’ or ‘government oversight’ advocacy coalition. Moreover, in many cases, this access is granted specifically because governments seek the input of industry for the running of the defence enterprise in general and their relationship with industry and outsourcing practices in particular (see e.g. U.S. Department of Defense, Defense Business Board, 2009; Lane, 2013).

In our case, this bias directly translates into a significant level of selectivity of the defence services acquisition policy network. Insourcing – as was shown – has no chance of success. National ownership and state control over defence matters are increasingly seen as anathema. Private sector discourse and practice have generally taken

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2 This term is borrowed from Webb Yackee and Webb Yackee (2006).
such a strong foothold that even the federal labour unions in the USA, which are seen to be the most vocal, aggressive, and potentially successful opponents of domestic outsourcing, by now claim as a victory that future competitions between public and private providers must at least include a ‘guesstimate’ of cost savings before tasks are moved to private contractors (Gage, 2012).

This state of affairs is not a necessary outcome without any alternative, but rather results from the formal and informal state and administrative structures within which outsourcing occurs. On the one hand, we saw that industry has very good access to decision-makers, which takes both formal and informal character. Advocates who are critical of contracting, on the other hand, have comparatively negligible, volatile access. Additionally, they suffer from a lack of business credentials and expertise which both governments crave more than, for example, oversight skills. Additionally, the few checks and balances that could exist – most importantly in the US Congress – do not fulfil their roles adequately. While the US Congress could but does not take an interest in day-to-day contracting except in exceptional circumstances (Dickinson, 2011, pp. 8–9), the UK Parliament does not even have the prerogatives to directly and bindingly affect how the MoD spends its budget on private service providers in individual instances. Its most powerful tool are reports, for instance by the National Audit Office or parliamentary subcommittees, which however generally hold government to account for past practice. While this may affect future policy and practice, it does not compare to the influence the US Congress has on detailed acquisition plans. Meanwhile, the militaries in both countries, following decades of centralisation that came at the expense of the armed services’ autonomy (Stewart, 2005, pp. 258, 273-274; Self, 2010, pp. 266-270), gradually lost much of their ability to oppose the incremental shift of responsibilities to the private sector. Those who reach the senior ranks unsurprisingly do not oppose the status quo politics and practice of contracting. The lower ranks, meanwhile, must vent their potential opposition through this very chain of command which by conviction or necessity supports outsourcing, or at least will unlikely risk their positions to oppose
long-standing government policy without strong cause. Moreover, as one observer pointed out, in the USA in particular, many of the tasks that were outsourced to industry were previously fulfilled by reservists ‘who often complain the loudest’, further reducing potential opposition from within the ranks (Mayer, 2004).

The process therefore offers only very few ‘veto-points’, i.e. points in time and venues in which the status quo could be effectively opposed and altered. Even the most high-profile endeavour in the past years that was possibly the most critical of outsourcing was no exception: the Commission on Wartime Contracting in the USA did not even consider fundamentally rethinking or revisiting the military’s reliance on contractors but merely sought to improve the practice. This is noteworthy because the commission and in particular the driving force behind it, Senator Claire McCaskill, were seen as having stepped outside the accepted mainstream for being overly critical of the status quo and of industry (Anonymous, 2012). In other words, even the most outsourcing-critical effort of the past years departed from the assumption that military outsourcing well into the future is a given, not a potentially alterable state of affairs.

Some of the more recent developments in military logistics lend support to this argument. To name but two examples, the National Defense Authorization Act 2013, for instance, contained a series of clauses that cement the use of contractors directly and indirectly in the USA. It calls on the military to use a model of logistics support that inevitably leads to long-term, deeply integrated public-private cooperation, so-called ‘performance-based logistics’, as well as to include contingency contracting in the military education curriculum (U.S. Congress, 2013, Sections 823, 845). In the UK, meanwhile, the creation of what is essentially a public-private logistics force structure, the ‘Total Support Force’, goes even a step further in ensuring that support services contracting is here to stay (UK Ministry of Defence, 2012, p. 23). The USA is currently developing a similar construct, the ‘Joint Logistics Enterprise’, which however has not yet reached the level of implementation. For the foreseeable future, therefore, the debate
and practice of supporting and supplying the UK and US armed forces will depart from the standard assumption that industry is integral to that effort.

**Outlook and Conclusions**

This chapter set out to propose a way to study the role and relevance of contractors in the defence policy process and applied that approach to the USA and the UK. In so doing, it sought to address a gap in the literature by providing a policy-based explanation for why these states resort to outsourcing in organising and running their defence enterprises and how this affects the likely future trajectory of military policy. It proposed an approach based on the concepts of advocacy coalitions and policy networks as the best way to conceptualise the policy process and its component parts. It then applied this framework to show how the very drivers of contracting – a combination of political-strategic, economic, technological, ideational, and organisational factors – by now strongly circumscribe who can participate in the defence services acquisition policy process. This was shown to overwhelmingly comprise stakeholders in the process, while both veto-points and veto-players are all but absent. As a result, as far as the currently perceived range of policy alternatives – the political agenda – is concerned, outsourcing is the default practice which governments seek to improve but no longer question *per se*.

It is reasonable to assume that this is unlikely to change as long as political parties do not clash on this issue, as long as parliaments cannot or do not place checks on the current process, and as long as veto-points are not enforced. The exception would be, of course, if the wider structures within which outsourcing occurs – our political economic system, defence strategic outlook, and the belief in the virtues of technology to name but three – abjectly failed or experienced external ‘shocks’. Only then could the USA and the UK be expected to reconsider the fundamental, underlying causes that led them to contract out military capability in the first place. The evidence suggests that this is unlikely for very many years to come: gradual change from within or outside is not to
be expected; instead, only considerable ‘shocks’ could unsettle this very stable ecosystem.

The chapter thus offers new angles to the literature and research agenda on the causes, politics, and future of military outsourcing. Having focused on the USA and the UK here, future research should assess the validity of these causal links in other contexts, that is non-Western, non-democratic, and/or smaller states. Structurally, the chapter’s findings question the view that the roots of outsourcing only go back to the 1980s or the end of the Cold War; rather, we traced them back to the persistent gap between resources and defence-strategic commitments which emerged immediately after World War II. The end of the Cold War was thus merely the point in time when tentative practices such as outsourcing were reinforced and accelerated. This finding also sheds a critical light on the view that the wider phenomenon of military outsourcing can be understood by focusing primarily on armed security contracting. It is in the very least questionable whether states would have opted for outsourcing security had they not had the long experience of support service contracting, a claim that future research should assess. Moreover, the pressures which led to outsourcing security services are the same as those that led to logistics contracting. Logistics therefore, given its longer, trailblazing history, larger manpower involved, and the higher costs, is the more suitable, representative case study of the wider phenomenon. On the level of agency, the chapter highlighted the importance of decision-making networks; if we do not ask who is involved in informing, making, and ultimately implementing defence-strategic, economic, and acquisition policy, we are unable to fully understand the reasons, process, or future of military outsourcing.

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