

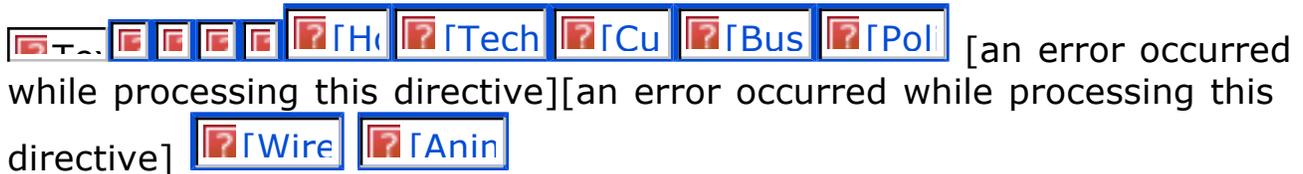
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This Gun For Hire

By Dan Baum

The suburbs of Washington, from Alexandria in the south to Dulles Airport in the west, make up the defense industry's fertile crescent.

Within a short drive of the Pentagon, the CIA, and the rest of the national security state, one immaculate office park after another rises above the oleander, gleaming facades capped with muscular logos - Raytheon, TRW, Bechtel. It's the neighborhood of choice for the nation's military contractors.

With war in the air and a new market in homeland security booming, many private firms are looking to expand their government work. Which is why Computer Sciences Corporation, a California-based technology services company, came to this part of the Beltway to do a bit of Christmas shopping. On a Friday in mid-December, CSC announced it would buy a little-known contractor named DynCorp in an acquisition worth nearly \$1 billion. Ranked 13th in the dollar value of its federal business - and dwarfed by Lockheed Martin by a factor of 16 - DynCorp has operated in the shadows of the capital for five decades. It is neither the most visible nor the most powerful of the companies that rely on government contracts. But it has thoroughly mastered the byways of Washington, and its purchase by CSC shines a spotlight on the modern military techno-industrial complex.

DynCorp represents nothing less than the future of national security. While outfits like Raytheon make their money developing weapons systems, DynCorp offers the military an alternative to itself. In 2002, the company took in \$2.3 billion doing what you probably thought was Pentagon work. DynCorp planes and pilots fly the

defoliation missions that are the centerpiece of Plan Colombia. Armed DynCorp employees constitute the core of the police force in Bosnia. DynCorp troops protect Afghan president Hamid Karzai. DynCorp manages the border posts between the US and Mexico, many of the Pentagon's weapons-testing ranges, and the entire Air Force One fleet of presidential planes and helicopters. During the Persian Gulf War, it was DynCorp employees, not soldiers, who serviced and rearmed American combat choppers, and it's DynCorp's people, not military personnel, who late last year began "forward deploying" equipment and ammunition to the Middle East in preparation for war with Iraq. DynCorp inventories everything seized by the Justice Department's Asset Forfeiture Program, runs the Naval Air Warfare Center at Patuxent River, Maryland, and is producing the smallpox and anthrax vaccines the government may use to inoculate everyone in the United States.

That security work earns DynCorp about half its bread and butter. The other half comes from serving as the information technology department of just about every three-letter national security, law enforcement, and defense-related agency of government, as well as the more peaceable kingdoms of the Departments of State and Justice, the Federal Aviation Administration, the Securities and Exchange Commission, and the Centers for Disease Control. Among its lucrative contracts, DynCorp is networking all the American embassies abroad, taking the government's emergency phone system wireless, and building a 29,000-terminal computer network for the FBI called Trilogy. As many as three dozen companies do contract work for the Pentagon, and many more sell IT services to the Feds. But DynCorp is special, because it manages both bits and bombs for Uncle Sam.

All of this perfectly positions DynCorp to take advantage of the post-9/11 trend to privatize almost every aspect of national security. And it perfectly explains why CSC came courting. At DynCorp, 98 percent of sales come from federal contracts. When the acquisition is completed this spring, CSC will feel that windfall, boosting its government business from 27 percent of revenue to 40 percent. More to the point, CSC - a purely IT-focused operation - now gets a piece of a military market that so far has proved elusive. "CSC does infrastructure work," DynCorp CEO Paul Lombardi said the day the sale was announced. "But they don't have the capability to train troops and offer logistical support in real time."

Today, half of all defense-related jobs are done by private sector contractors, an increase of about 25 percent since the 1970s. But taking on this type of business will bring CSC controversies it never faced doing systems integration. That the Pentagon outsources management of military bases and IT tasks is not, in itself, troublesome. "It makes a lot of sense," says David Isenberg, a defense analyst who once worked for a DynCorp subsidiary. "You want the 101st Airborne training to kill people and destroy things, not figuring out how to create a Web site or link this database to that database."

It's the expansion of private firms into core functions of the military that is, for many, an alarming trend. A State Department spokesperson told me that DynCorp, with its "wide range of capabilities and experience," is now crucial to many security functions. Some of these are basic, like piloting planes. But when the government hires DynCorp to oversee the withdrawal of Serb forces from Kosovo or guard the Afghan president or spray crops in Colombia, critics say the motivation is less a need for

technical expertise than a desire to conduct operations Congress won't let the military do, and to keep potentially messy foreign entanglements at arm's length. In other words, DynCorp and its brethren exist to do Washington's dirty work.

Private contractors and subcontractors operating abroad are subject to neither US law nor the military code of conduct. They don't count under congressional limits on troop commitments, and they aren't obliged to talk to the media. The government needn't even discuss the details of the agreements: The Pentagon and State Department aren't required to reveal to Congress contracts that are smaller than \$50 million, and many of DynCorp's are. All of which raises troubling questions of accountability.

Started in 1946 as California Eastern Airways, DynCorp reflects the evolution of the defense industry. It was the brainchild of a small group of returning World War II pilots aiming to break into the air cargo business. Soon, the firm was airlifting supplies to Asia for the Korean War, taking charge of the White Sands Missile Range, and diversifying into all manner of government aviation and managerial jobs.

In 1966, the Office of Management and Budget issued Circular A-76, a rousing call for government to outsource as many of its functions as possible. "The competitive enterprise system, characterized by individual freedom and initiative, is the primary source of national economic strength," declared the OMB. "The Government should not compete with its citizens." In 1983, President Reagan turned this policy into a mandate. By then, DynCorp had spent nearly 40 years working the halls of power, and contracts were raining down.

Reductions in military spending and the dawn of the Internet age spurred change at DynCorp in the 1990s. Paul Lombardi, who came to the company in 1992 and became CEO five years later, initially worried that military downsizing would cost DynCorp some national security contracts. So he pushed into the tech market, acquiring firms catering to digital and network services. He bought up 19 in all, the latest being GTE Information Services. The move helped DynCorp get its share of the government's growing IT work. Meantime, the military contracts never really dried up, and now, with a Bush back in the White House and Pentagon budgets on the rise, the security business is better than ever.

"Federal contracts are risk-free," says Lombardi, ushering me into a seat in an office as sparse as a Holiday Inn conference room. A former merchant marine officer with a crisp manner, Lombardi is unapologetic about the nature of the work. "You couldn't find a guy more Republican than me," he says. "But government is a stable, predictable business." Thanks to Washington largesse, DynCorp has grown into a constellation of nine divisions - medical, aerospace, marine, and more - whose 23,000 employees do everything from managing the Postal Service's mail-handling infrastructure to launching suborbital rockets.

The rewards for success in the government-outsourcing business are astronomical. As the Pentagon's budget gets another 12 percent boost, the federal IT purse tops \$50 billion, and the country pursues an open-ended, intelligence-intensive war on terrorism and a possible shooting war against Iraq, DynCorp and its defense-industry brethren stand at the corner of Money and More Money. The potential government

market, Lombardi tells me, is "Carl Sagan numbers: billions and billions."

What we know about DynCorp's military work, we know because of gadflies such as US Representative Janice Schakowsky, who has made quite a bit of noise about Plan Colombia. Under the terms of its contract, the company has 88 aircraft and 307 employees - 139 of them American - flying missions to eradicate coca fields in Colombia. They have been fired on more than 100 times in the 20 years they've operated there, according to the State Department, though DynCorp insists none of its US pilots have ever been killed. *Soldier of Fortune* magazine once ran a cover story on DynCorp, proclaiming it "COLOMBIA'S COKE-BUSTIN' BRONCOS." Schakowsky, a Democrat from Chicago, argues hiring a private company to fly what amounts to combat missions is asking for trouble. "American taxpayers are funding a secret war that could suck us into a Vietnam-like conflict," she says. Schakowsky contends that spraying missions are a cover for stamping out leftist guerrillas in the oil-rich country, and she has authored a bill, signed by 14 cosponsors, to halt the policy. She'll reintroduce the legislation to the new Congress, but in the current bellicose atmosphere she isn't hopeful she can get it to a vote. "DynCorp's employees have a history of behaving like cowboys," she says. "Is the US military privatizing its missions to avoid public controversy or to avoid embarrassment - to hide body bags from the media and shield the military from public opinion?"

DynCorp's operations hit a bump when a group of Ecuadoran peasants filed a class action against the company in September 2001. The suit alleges that herbicides spread by DynCorp in Colombia were drifting across the border, withering legitimate crops, causing human and livestock illness, and, in several cases, killing children. Assistant Secretary of State Rand Beers quickly stepped up, telling the judge the lawsuit posed "a grave risk to US national security and foreign policy objectives." His 11-page filing implied the Ecuadorans had been "co-opted" by "drug traffickers and international terrorists." He alleged (and later retracted) that the rebels in Colombia were trained by al Qaeda and the spraying was crucial to the war on terrorism. US District Judge Richard Roberts has yet to decide whether to let the suit go forward, but in any case, it shows how DynCorp is protected by friends in high places - and how the government is protected by handing off controversial jobs to a third party.

The State Department denies it is using the company to wage quiet warfare. "Some say DynCorp has a counter-insurgency role. That is not true," says an agency official who insists on anonymity. "We do all these things in very close cooperation with Congress." As the department explains, hiring DynCorp to spray coca fields is no different than hiring the company to build its intranet. "These contractors do specialized things for which there are a limited number of government personnel with expertise." The Colombian operations fall "outside the normal duties of what we do here," the official says. "Our specialists are communicators in embassies who know how to send cables."

But when companies have their fingers in every slice of the national security pie, it's easy to lose track of who's writing the orders and who's carrying them out. The Electronic Privacy Information Center's Wayne Madsen, who has worked for both CSC and the National Security Agency, argues that big defense contractors create their own demand: "Say the State Department wants a study on how peacekeeping would be handled in a particular place. DynCorp says, You have to do this, this, and this;

and then those same points show up in State's requests for proposals. DynCorp writes its own ticket."

Lombardi insists DynCorp has no influence over policy; it just satisfies its clients. "The State Department says, These are the missions we want you to fly. It says where, when, and how - it isn't our call." He looks vaguely irritated to be mouthing an "I was only following orders" argument. "We don't make a decision as to whether it's a good thing. Colin Powell and the president say it's what they want. The president of Colombia says it's what he wants. The question is, who's going to do it?" The answer, more and more, is private companies.

As with the decision to outsource military services, the government has sought private help to manage its information technology. Which is how DynCorp built a huge business as Uncle Sam's help desk. Among the firm's most glamorous tech projects: the FBI's new Trilogy system. Two months before 9/11, Bob Dies, a former IBM executive and then assistant director of the FBI's IT department, told the Senate Judiciary Committee that the FBI's communications capabilities were laughable. Half of its computers were at least four years old, Dies said, and many agents had no access to "features that your teenagers have enjoyed for years, such as moving a mouse" to get around the screen. Many connected to the Internet via 56K modems and couldn't network. If an official in Miami wanted the file on a Minneapolis case, he had to call and ask a badge-and-gun special agent there to burrow through paper files and fax over the documents. Meanwhile, Mohammed Atta was booking plane tickets.

I asked to see the FBI's creaky system last September, when the Joint House and Senate Intelligence Committee was vilifying the agency for failing to prevent the September 11 attacks. Mark Tanner, the bureau's deputy chief information officer, was only too happy to oblige. A textbook G-man with Kennedy hair and a gleaming white shirt, Tanner had a zippy Dell on his desk. But when he fired up FBINET, the agency database, his computer turned into one of the green-screen terminals I recall from my stint at the *Anchorage Times* in the early '80s. Huge, boxy numbers inched laboriously across the screen, offering up bare bones information on individual cases - name, date of birth, type of case. No picture of the suspect, no narrative, no evidence, no fingerprints. Data of that sort moves around the country on paper, Tanner explained, or over 14K fax lines. Until two years ago, many FBI agents were using 486s, and there are still some Pentium 133s in the field. Moreover, the FBI's criminal division uses Windows NT, Intelligence uses DOS, and other divisions use NetWare. "It's a mess," Tanner says.

After Dies' testimony, Congress approved \$379 million to be released over three years to upgrade the FBI's information infrastructure. In the urgency after 9/11, lawmakers decided to release the funds all at once. The agency says DynCorp has a "significant portion" of the contract, though it won't specify how much. This past summer, DynCorp installed 20,000 new PCs in field offices around the country, giving every agent the ability, finally, to run a browser. The company is upgrading all the FBI's servers, taking the bureau from token ring LANs to Ethernet, from 56K modems to T1s, from Netware to Windows XP, and switching from WordPerfect to Microsoft's Office suite. Meanwhile, Science Applications International Corporation, a longtime CSC rival, is writing the new network's software. Called FBI Intranet, it's planned as a

members-only Web site where agents will be able to call up one another's case files, see photos of suspects and evidence, play WAV files of wiretaps, and watch clips from surveillance videos.

Among its other recent IT contracts, DynCorp was hired by the Navy to engineer next-generation weapons for the Naval Undersea Warfare Center, by the FCC to support the commission's licensing and tracking system, by the Federal Highway Administration to standardize its computer system, and by the SEC to manage its nationwide IT infrastructure.

No one expects the Pentagon or the FBI to manufacture its own staplers and paper clips, and there are rules of thumb for good government outsourcing: effective competition, clear requirements, and adequate oversight. But it's hard to judge efficiency, because federal agencies are often reluctant to talk about the contracting process. "We're not permitted to discuss that stuff generally," says Ed Cogswell, a spokesperson for the FBI. For military activities, security concerns often rule out an open process, and so contracts are awarded without any bidding at all.

Oversight at the Pentagon is weakened by "the unpopularity of regulation and the unwillingness to spend on it," according to *The Case Against Privatizing National Security*, a recent report by a Council on Foreign Relations fellow. The document warns of the "corruption and capture of government by contractors, even to the extent of altering national defense and military policy," and concludes that the massive outsourcing trend undermines "democratic restraints on the evolution and use of military force."

Even the Circular A-76 policy mandated by Reagan conceded that "certain functions are inherently Governmental in nature, being so intimately related to the public interest as to mandate performance only by Federal employees." In that category, the circular included "management of Government programs requiring value judgments, as in direction of the national defense; management and direction of the Armed Services; activities performed exclusively by military personnel who are subject to deployment in a combat, combat support or combat service support role; conduct of foreign relations; direction of intelligence and counter-intelligence operations."

Translation: Even the privatizers of the Reagan team recognized the limits of outsourcing national security operations, limits that companies like DynCorp - and now CSC - are quietly testing every day.

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