What Ever Happened to the Front Company?
Resurrecting Lost American National Security Tradecraft for an Asymmetric World

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The apogee of post-World War II American national security tradecraft could perhaps be traced to the snowy day on 20 January 1961 when President Kennedy delivered his inaugural speech, stating, "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty."

The era up until this speech was a breathtaking epoch of Pax Americana and unparalleled American national security tradecraft.\(^1\) Pax Americana was based upon America as the leader of the non-totalitarian Allies in the wake of World War II and the artful and ingenious use of soft power, hard power, and, most importantly, hybrid power elements.\(^2\) Hybrid power signifies a creative use of nation state tradecraft — playing in the national security spectrum between hard and soft power. Hybrid power tactics applied enough creative pressure to achieve American ends, without having to resort to direct and overtly militaristic ways and means.

Hard power is visible and intimidating, but can be bypassed. It consumes immense resources. Soft power is reasonably successful with rational actors, but often not...
fruitful against determined adversaries. Hybrid power refers to national security tradecraft that combined elements of realism to help encourage international players to either cooperate with our soft power or face the impact of American hard power.

The brief period of climactic pride inspired by Kennedy gave way to the despair, cynicism, and over time, extremely partisan divide of the American population and the American National Security apparatus. Some would say that the Vietnam experience brought the collapse of the spirit of Kennedy’s assertion into a new world of doubt and self-loathing brought on by an overreach of presumptuous arrogance.³

Regardless, even with the reprise of American spirit and pride under President Reagan, nothing has quite captured the epoch from the end of World War II through the Kennedy period. This was a time when the United States was able to assert, rightly or wrongly, influence and effect at will throughout the world. Although soft and hard power options seem to still be in existence today, the pendulum of American action appears to swing back and forth between them without pause. What is missing is the not-well-understood aspect of hybrid power in which the creative use of realism can have great effect with minimal commitment of blood and resources.

Furthermore, being a singular superpower in the current asymmetric world is a vast liability. Threat vectors from militant extremists, organized cyber crime, rogue nations, and activists opposed to the American status quo are swarming to push the American nation state off of its position of benevolent hegemony. Simply increasing resources directed toward hard or soft power will not preserve American interests—only the resurrection of hybrid power can counter the current threat vector overmatch.

What this paper proposes is a reconstitution of inter-agency capabilities and capacities to conduct true hybrid power or perhaps hybrid instruments of national power. This reconstitution may not necessarily increase the top line of American National Security spending, but must address inter-agency U.S. Government priorities.

**Soft Proxies.** Harnessing the military, intelligence, and influence capacity and capability of others with similar interests to your own is not new. These forces of common interests are called proxies. Use of proxies is essential in an ever-changing world, especially our modern asymmetric world. Proxies can take a variety of forms.
Entities that act as agents of the nation state

During a different epoch — from the 1600s to the 1800s — certain companies acted as extensions of the nation state. For example, the Dutch East Indies Company or the British East India Company were semi-government. To categorize these historical instances as vestiges of an evil colonial period is a historical judgment in the perspective of contemporary liberal democratic ideals—let us place that judgment aside to acknowledge that these were entities designed to extend the influence of the nation state. These models were effective for their period of time; they greatly expanded the influence of the Dutch and British nation states, increased wealth, and brought a new era in world civilization.

In more recent times, variations of these earlier mercantile entities have and are being used to assert nation state interests. During the original period of Pax Americana, several were in existence. One of the most prolific, daring, and influential was the proprietary airline system of the Central Intelligence Agency during the 1950s — through the 1980s, (or perhaps to the current era).

There is a dusty and semi-dormant air park that reflects a former heyday when the legendary George Doole ran Air America, Civil Air Transport, Trans International Airlines, Southern Air Transport, Intermountain Transport, and other services we can only speculate about. The hundreds of mothballed aircraft currently at the airfield belie an era where the proprietary airline system flew the world with anonymity providing transport for individuals, friendly foreign nationals, foreign national proxy military forces, covert logistics support, and other missions.

Those were heady days when the national will and national security were confident and had a purpose. This airline system showed a bravado and spirit that exponentially expanded the American sphere of influence — this needs to be re-established.

A more contemporary, cyber age equivalent of the proprietary airline system is the successful In-Q-Tel effort created by the CIA. Just as the proprietary airline system allowed us to fly deep and wide into hostile territory, In-Q-Tel seeks new technologies for the national security environment, enabling current forays deep and wide into the cyber domain. In-Q-Tel was set up as a proxy in light of the challenges faced by the United States government in adapting to the rapidly changing environment, "the pace of commercial innovation had overtaken the ability of government agencies to develop and incorporate new technologies." Hiding in plain sight, In-Q-Tel carries on the national security mission as the Air America of the new world of cyber.

What are other countries doing? Instead of spending time speculating about other firms, current or past, that acted as agents of influence for the United States it in many ways is more educational to look at some other examples of modern day "East India Companies" working on behalf of other nation states.

Huawei has become the poster child of modern day agents of influence. Huawei perhaps plays a pivotal role in the extension of the People’s Republic of China (PRC) presence in critical
developing areas such as Africa where they provide inexpensive telecommunication and Internet provider services, especially to key countries such as Nigeria and Kenya. These infrastructure contracts are critical to expanding a nation state’s influence. They provide:

• Entry to the developing nation states’ business markets.
• Administrative and logistical offices for support of the installed infrastructure.
• Access to local and federal political figures and structures.
• Technical knowledge of the telecommunications infrastructure.
• Remote access to the infrastructure for maintenance and operations.

The Huawei presence affords a tangible footprint of PRC influence inside a nation state for purposes beyond simple business. Although Huawei vehemently denies the assertion that it is an extension of the Central Committee, lack of transparency can only lead to speculation.11

China also continues confident expansion of its nation state in an area that the United States used to have significant influence. The Panama Canal (and the proxy-like entity of the Panama Canal Corporation), once a symbol of American power and influence, is being challenged into potential irrelevance. Although Panama is rapidly working to expand the Panama Canal that is now fully under its control, it may be for naught. China recently won a contract to work on a new canal with and through Nicaragua.

Even though Panama is working to increase the size and tonnage restrictions of the American-built Panama Canal, the new Nicaraguan venture would greatly increase the expanded “Panamax” size and weight restrictions — revolutionizing shipping and shipping routes, and would potentially make the Panama Canal and the Panamanian economy derelict.13 For some reason, while some American political and social leaders obsess over size and calorie count of soft drinks, China works on size and volume of international trade.14 There was a time when U.S. infrastructure giants aggressively influenced the international scene.15 They may still, but foreign powers such as China are using the same arrangement to encroach upon vacuums created by absent non–Chinese action.

There are other foreign companies that merit further review and consideration under this section such as Norinco, COSCO, Kaspersky, and others, but the point is clear.16, 17, 18 China also twice used shell companies to buy significant naval vessels such as the HMAS Melbourne, (bought ostensibly as scrap, but really to study aircraft carrier design), and the ex-Soviet Carrier Varyag, (now known as the Liaoning), bought in a complex scheme with the public explanation that it would become a floating casino in Macau.19, 20

With the first take off and landing from the Liaoning, China has established itself as a nation state with an aircraft carrier — the same carrier that was supposedly bought to be a floating casino.21 Whereas the United States refined the use of major corporations and integrated them into the ends of the nation state, others are continuing on this tradition.

Hard Proxies. Soft proxies work on one end of the continuum of nation
state competition, but sometimes a proxy situation is needed that presents the appearance approaching the military instrument of national power.

President Nixon, through the Nixon Doctrine, articulated the creation of capacity outside of the United States. The Nixon Doctrine aimed at creating a network of “special relationships” with key regional powers that would, in turn, project American power. In regards to the Middle East, the key nation state for President Nixon was Israel. Beyond the Middle East, other key nation states included Zaire, Turkey, Morocco, South Africa, South Vietnam, South Korea, Japan, and others.

As with the previous section of this article, instead of conducting a detailed historical review, there are a number of current phenomena that reflect this tenet of power projection through others.

The China/Venezuela/Iran Axis. A recent American strategy has been announced — the “Pacific Pivot.” China at the same time without much fanfare has done something similar. Let us call it the “Caracas Pivot.” China is actively seeking counsel and partnership with states that are hostile to American interests.

China perceives the United States as creating a coalition of nations to encircle and challenge its rise in power. To counter-act this effort, the PRC has been quietly and methodically building a series of economic agreements, staging agreements, arms sales, port calls, and military exercises. China is working full force to even set up oil-drilling interests in the Gulf of Mexico. This is a tangible event and allows the PRC to show its domestic audience that they can establish Chinese presence directly in perceived American territorial waters.

While not yet showing the ability to project naval force beyond the South China Seas, China is clearly reading Mahan in its study of the psychological influence of naval power projection. Using Venezuelan and Iranian forces as proxies is not just a proxy strategy, but also a measure to buy time until Chinese naval forces can take the next step beyond port calls. In a move that would be considered stunning a few years ago, China has even shown interest in an obscure airfield in the Azores in the Atlantic Ocean that used to play a pivotal role in support of American military operations. The same airfield that used to be filled with the thunderous roar of F-111s and B-47s could potentially be resonating with the sounds of J-20s in the near future.

While it may be easy to dismiss these Chinese efforts as insignificant and not worthy of attention or response, that would be unwise. It shows a level of sophistication, determination, and national resolve that the United States used to display.
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The Private Military (and Intelligence) Contractor — PMCs and PICs. The role of the Private Contractor to conduct military, security, and intelligence activities has come a long way since the Pinkertons or Clausewitz-like personalities provided services to the Czar or other high paying suitors. Executive Outcomes may have come and gone; however, they were the vanguard of a new and more sophisticated era of corporate solutions for the semi-hostile environment.38

When Mandiant laid out its findings on theft of intellectual property by People’s Liberation Army Unit 61398, a seminal sea change occurred in the role of PMCs and PICs.29 Mandiant was not facing bullets, but the potential fatal economic wrath of an aggrieved rising power. They did it anyway and continue to thrive economically since there is a distinct and lucrative market for providers of security, protection, and intelligence in the new world of cyber. It was a gutsy move that appears to have paid off. A cursory review of the cyber market shows other firms are also stepping forward to meet this need of protecting businesses and governments from the theft of intellectual property.

PMCs have also become essential in the protection of merchant vessels from pirate threats around the world.30 Pirate elements know that disruption of a merchant vessel for even a single day has significant costs. And up to a certain point, some businesses have found it cheaper to pay than to wait. PMCs have helped change the dynamic of this phenomenon. Modern day PMCs/PICs are pivoting and adapting toward the growth in business in new markets. The age of the Cyber Pinkertons has arrived.

Reviving Active and Assertive Diplomatic and Economic Statecraft. The successful era of Pax Americana also exhibited robust and tangible political and economic instruments of national power. The rise of the BRICs is an ominous forbearer of a time when the United States will be challenged to maintain its political and economic relevancy.31

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Reviving robust diplomatic and economic statecraft is vital to the maintenance of U.S. interests. The major lines of operation in the revitalization of these meaningful instruments of national power include the following:

Fundamentally re-aligning National Security budget priorities. As aforementioned in this paper, a nominal review of budget priorities is needed to support this shift toward hybrid power. Except for the National Intelligence Program (NIP), most appropriations for the United States Government are done for individual departments and agencies. To help revive active and assertive American nation state tradecraft, perhaps an "NIP" like budget should be created as this funding pool. Existing line items of activity in DoD, (Title 10), Department of State, (Title 22), and the Intelligence Community, (Title 50), could be aggregated and managed under such a hybrid power pool.
This conceptual pool does not increase the top line of United States Government budget, but instead creates a shared pool dedicated to the resurrection of hybrid power. It will take congressional legislation to evolve to such a structure. This concept of a pooled budget is the starting point for such a dialogue and will take several years to revitalize and re-assert our hybrid power capabilities and instruments of national power.

**Bilateral and Multilateral Relationships.**
There was a time when the United States and the western powers led a grand alliance against Soviet totalitarianism and expansionism through efforts such as NATO. Despite current issues of relevance, NATO worked well. Although similar efforts such as CENTO and SEATO are often intentionally not remembered due to their mixed results, consideration should be given to resurrection of these models. The rise of the BRICs is clear evidence that some parties are interested in new relationship constructs in the post- *Pax Americana* era, and thought and energy should be given to updating bilateral and multilateral relationships to assert American interests.

**Trade Issues.** American export controls have become a serious hindrance to the export of American technologies. Although created with the best of intention to keep critical technologies out of the hands of adversaries, export controls have now become a hindrance to economic competitiveness in the world market. It is now a new world where “customers are willing to pay for ITAR-free” products and services. Furthermore, major non-American defense contractors are promoting ITAR-free language in their offerings. This is a stunning change from an era where American technologies were eagerly sought after. The current American Administration has recognized ITAR reform as an urgent issue. The need to rapidly re-tool export controls cannot be overstated.

**Foreign Aid.** Not since the Marshall Plan has foreign aid really lived up to its perception as a huge tool of influence. The current scale of U.S. foreign aid outlays is roughly $50B per year. At a GDP of $15 trillion this amounts to not even .004 percent of the GDP and barely over .01 percent of the roughly $4.2 trillion United States Government Federal Budget. With a small increase per annum in this portfolio focused on governance and economic development, great success and impact can be had. The recommendation from the UN Millennium Project (essentially the UN strategy and guideline for the development contributions by the Western Nations) is 0.7 percent. Although these may be budget challenged times, a modest increase will have great effect in supporting U.S. interests.

**Robust Clandestine and Covert Activity.** In the post-post War on Terror era, there is still a need for these activities (with robust oversight). This is not just the drone program—this is being able to respond in a dynamic and asymmetric manner to the myriad of asymmetric threats—similar to counter-insurgency to respond to insurgency. The expansion of this capability is noted as a pri-
ority in the current administration.\textsuperscript{25} The mere specter of this line of operation has immense impact because of the perception that American operatives and influence are everywhere. Expanding capacity here will be far less costly than visible Title 10 force structure.

\textbf{What Courses of Action are Available for the United States?} The world environment may have changed, but there is no less need for effectively communicating the resolve and the perseverance of U.S. interests. The 19th and 20th centuries were about collecting all the pieces of the puzzle. The 21st century is about putting all the available pieces together to make sense out of the picture. It is also about how the United States can continue its role as mono-superpower in a world of swarming asymmetric threats. Hybrid power allows this assembly of the puzzle pieces without the cost or the challenges of hard and soft power, and offers a clear strategic line of operation for remaining relevant and responding to the evolving chaotic asymmetric national security environment.

Hybrid power should be resurrected to help the United States assert its interests in a more effective fashion (rather than the simplistic binary response of hard power or soft power). Hybrid power re-establishes the bridge between the hard and soft power elements. Effective application of hybrid power will help reserve hard and soft power for the appropriate situations.

The United States was very creative in its use of different instruments of power in its \textit{Pax Americana} era after World War Two. This article is not advocating a return to hegemonic and militaristic \textit{Pax Americana}, but for a resurrection of the creative tools used to create a stable economic and social environment for all.\textsuperscript{11}

\textbf{NOTES}

\begin{itemize}
\item\textsuperscript{1} \textit{Pax Americana} meaning a period of relative international peace between the major powers due to the dominance of American nation state tradecraft.
\item\textsuperscript{3} H.R. McMaster, \textit{Dereliction of Duty: Johnson, McNamara, the Joint Chiefs of Staff, and the Lies That Led to Vietnam} (New York: Harper Collins, 1997).
\item\textsuperscript{5} George P. Landow, "The British East India Company — the Company that Owned a Nation (or Two)" last modified September 20, 2013. http://www.victorianweb.org/history/empire/india/eic.html, date accessed: 23 May 2013.
\item\textsuperscript{6} J. Patrick, "Air America was the most famous, but it was only one of George Doole's several 'spook' airlines". \textit{Vietnam}, 11, 1998, 10-12+. Retrieved from http://search.proquest.com.ezproxy6.ndu.edu/docview/195710357?accountid=12686
\item\textsuperscript{8} "IQT History", https://www.iqt.org/about-iqt/, accessed 4 June 2013.
\item\textsuperscript{9} "Huawei Homepage", http://www.huawei.com/en/, accessed 6 June 2013.
\item\textsuperscript{11} Daniel Thomas, "Huawei dismisses claims over Beijing ties" \textit{Financial Times} (01 Mar 2013). 13, accessed


