

Governmental function that should be exempted from private sector performance on the basis of risk to national security from relying on contractors to perform this function.”

Counterintelligence Field Activity

Any pretense of maintaining strict limitations on the use of private contractors in military intelligence activities ended on Sept. 11, 2001. Five months after the irregular warfare attacks on the World Trade Center towers and the Pentagon, on Feb. 19, 2002, Secretary of Defense Rumsfeld signed Directive 5105.67, establishing the Department of Defense Counterintelligence Field Activity (CIFA). CIFA’s Mission, as spelled out in the Directive, was “to develop and manage DoD Counterintelligence (CI) programs and functions that support the protection of the Department, including CI support to protect DoD personnel, resources, critical information, research and development programs, technology, critical infrastructure, economic security, and U.S. interests, against foreign influence and manipulation, as well as to detect and neutralize espionage against the Department.”

While CIFA’s budget is classified and there is no public information about the size of the unit, its director, David A. Burt II, recently told the *Washington Post* that 70% of CIFA’s employees are private contractors. One Pentagon source said that CIFA has, at minimum, 1,000 full-time personnel.

A fact sheet, posted on CIFA’s Pentagon website in 2002, confirmed that the secret counterintelligence coordinating unit had gone operational. CIFA’s Directorate of Field Activities (DX), the fact sheet said, “assists in preserving the most critical defense assets, disrupting adversaries and helping control the intelligence domain.” According to a Dec. 19, 2005 *Washington Post* story by Walter Pincus,

CIFA’s “roles can range from running roving patrols around military bases and facilities to surveillance of potentially threatening people or organizations inside the United States.” According to the CIFA fact sheet, the DX also provides “on-site, real time . . . support in hostile areas worldwide to protect both U.S. and host-nation personnel from a variety of threats.”

CIFA’s Counterintelligence and Law Enforcement Center, another of its nine directorates, “identifies and assesses threats” from “insider threats, foreign intelligence services, terrorists, and other clandestine or covert entities,” according to the fact sheet.

And CIFA’s Behavioral Sciences Directorate “has 20 psychologists and a multimillion-dollar budget” to support “offensive and defensive counterintelligence efforts. The Directorate has also provided a “team of renowned forensic psychologists [who] are engaged in risk assessments of the Guantanamo Bay detainees,” according to a CIFA biography of Dr. S. Scott Shumate, the directorate chief.

Part of CIFA’s expanded operational mandate involved the centralization of raw information on possible terrorists targetting military facilities both inside the United States and abroad. On May 2, 2003, Deputy Secretary of Defense Wolfowitz issued a memorandum that circulated among the top Pentagon brass, designating CIFA as the lead agency in a program called TALON (“Threat and Local Observation Notice”). Wolfowitz’s memo stated: “While DoD has an established process to identify, report, and analyze information regarding foreign terrorist threats, we have no formal mechanism to collect and share non-validated domestic threat information between intelligence, counterintelligence, law enforcement and force protection entities and [to] subject

East India Company Model That Rohatyn Promotes

In his book *Corporate Warriors*, Peter W. Singer lauded the English East India Company as the model for today’s Private Military Companies (“PMCs”). In his account of the history of early efforts at privatization of military functions in an empire, Singer noted, “Private businesses also began to take on military roles outside of government through the chartered company system. In this arrangement, joint-stock companies were licensed to have monopoly power within a designated area, typically lands newly discovered by the Europeans. . . . The two most noted of such ventures were the Dutch East India Company and the English East India Company. . . .

“While nominally under the control of their license

back home, abroad, the charter ventures quickly became forces unto themselves. They not only dominated the business networks (monopolizing the trade in spices such as nutmeg, cloves, cinnamon and pepper, tea, and later silk, Chinese porcelain, gold and opium), but also acted to insure their own military protection.

“Thus it was not uncommon for private charter companies to take on the trappings of a state. They became quite curious institutions, where all the analytical distinctions between economics and politics, state and nonstate domains, property rights and sovereign powers, and the public and private broke down. . . . Such firms not only posted huge profits by controlling the trade between East and West, but also controlled armed forces and territories that dwarfed those of their home states. The English East India Company hired a mix of British, German, and Swiss mercenaries, as well as local Sepoy units. By 1782, the company’s army was over 100,000 men, much larger than the British Army at the time.”—*Jeffrey Steinberg*