



# Why Military Officers Should Study Political Economy

By Rebecca Patterson and Jodi Vittori

*Colonel: Afghanistan may have one trillion dollars' worth of minerals! This is great for Afghanistan!*

*Staff Officer: Sir, we need to talk. . . .*

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The exchange above paraphrases a typical conversation between most military officers and those with a background in political economy and economic development. Conventional wisdom would suggest that mineral-rich states such as Afghanistan have great development potential; after all, government

revenue from the development of natural resources should pay for social services and poverty reduction, as well as salaries for government employees (including security forces). This could in turn improve security, quell various illicit power structures, and solve the variety of grievances that help stoke and perpetuate conflict.

Officers with an economics background, however, know differently; other issues are at play. First, there is the likelihood of the “resource curse,” the contention that states lacking in rule of law and stable institutions are more susceptible to various forms of nonstate violence and have low levels of economic and political development while their elites and institutions are more likely to engage in rentier behavior. Second, development generally is a multigenerational undertaking. The average state takes 40 years to graduate from low-income status to low-middle-income status—a timeline well beyond the interest of most external powers currently involved in Afghanistan, for example.

These insights and other political economy concepts are vital for military officers to comprehend if they are to understand the context of the wars they engage in. The concepts are equally critical to the development of postconflict military strategies targeting recovery. This article argues that today’s military officers could be at a disadvantage for the types of wars they are currently fighting and are likely to face in the future. There is much new research that pertains to the intersection of politics and economics and their role in conflict, especially in fragile states, but little of this has trickled down to most military officers. At the same time, military officers are far more involved in the economic and political development of failed and fragile states than in previous decades. They have been given new economic tools with which to “fight” counterinsurgency and promote stability but have received little information or education on how to use these tools. At best, the result has been poorly allocated money and missed political and economic opportunities. At worst, U.S. military officers have inadvertently helped delegitimize governments, increased the instability in already conflict-prone places, and helped put such states on the path to yet another cycle of violence.

It is not that military officers are indifferent to political and economic issues in warfare. Military officers have had a long history of involvement in economic issues, especially in what are now termed

“stabilization operations” in postconflict environments. The most illustrious example is perhaps General George Marshall, who, as Secretary of State, devised the European Recovery Program. The so-called Marshall Plan was largely credited with bolstering using economic aid friendly Western European governments in the face of mass protests and a rising tide of leftist groups. Likewise, General Douglas MacArthur adroitly addressed issues of political economy in recrafting Japanese institutions after World War II. Similarly, some of today’s generals display impressive acumen when it comes to economic and political effects of strategic policies. General Stanley McChrystal argued that corruption within the Afghan government was an important concern in his astute review of the conduct of the Afghan war in 2009. His successor, General David Petraeus, published specific rules governing the conduct of contracting in a counterinsurgency environment, recognizing how U.S. and North Atlantic Treaty Organization (NATO) contract spending could inadvertently delegitimize stability efforts in Afghanistan. These commanders understood that hard-power capabilities are beneficial but have their limits—an important realization when creating long-term stability plans for conflict zones.

President Barack Obama highlighted these issues in his 2013 counterterrorism strategy, stating that by “addressing underlying grievances and conflicts that feed extremism,” the United States could best “reduce the chances of large-scale attacks on the homeland and mitigate threats to Americans overseas,” accomplishing the goal of political stability and security more effectively than by employing additional troops.<sup>1</sup> Transitioning from a security focus to a development focus, in the words of General Petraeus, “reset the conditions for progress,”<sup>2</sup> namely promoting economic development and reducing corruption as two target areas for U.S. support. Most academic evidence supports the connection between terrorism, some criminal activity, and underdevelopment. According to the Organisation for Economic Co-operation and Development, terrorism “comes

from hatred born of exclusion, ignorance and prejudice, injustice and alienation, feelings of hopelessness and despair,”<sup>3</sup> which are then “exploited” by terrorist leaders and organizations. Thus, while development does not address the immediate security threats posed by these groups, tackling issues such as poverty, education, health care, and other social services “deprive[s] terrorists of popular support, addressing the conditions terrorist leaders feed on”<sup>4</sup> to maintain their credibility with the local population.

Nevertheless, most military officers display a lack of knowledge about political economy, economic and political development, and corruption. This is at the same time that officers are empowered with a host of monetary and contracting tools to ostensibly use as economic levers of power. For instance, findings based on various economic models and some limited studies argue that unemployment is an important cause of violence and conflict, as being unemployed lowers the opportunity costs of choosing to join a rebellion versus seeking gainful employment, especially in an area with a shortage of jobs.<sup>5</sup> Likewise, Radha Iyengar, Jonathan Monten, and Matthew Hanson found that in postconflict Iraq, a 10 percent increase in labor-related spending generated a 15 to 20 percent decline in labor-intensive insurgent violence, suggesting that labor-intensive programs can reduce violence during insurgencies. As a result, commanders were given new tools with which to hopefully de-incentivize insurgents from taking up arms against coalition forces and host governments through various economic assistance programs.<sup>6</sup>

Commanders were also tasked to assist the host government in addressing grievances of the population with the belief that doing so would legitimize the government, thus gaining the public’s gratitude and support. According to Field Manual (FM) 3-24, *Counterinsurgency*:

*The U.S. military has increasingly used development projects as a strategic weapon to fight ongoing counterinsurgency efforts in Afghanistan, Iraq, and other theaters. The approach is predicated on a hypothesis that*

*such projects—which are commonly implemented by the domestic government and allied entities and deliver basic services and infrastructure—can improve economic outcomes, build support for the government, and ultimately reduce violence as sympathies for the insurgency wane.*<sup>7</sup>

As evidenced by its prominence in FM 3-24, the hypothesis now constitutes a major component of current U.S. counterinsurgency doctrine. Despite the ongoing application of the strategy, there is limited empirical evidence on the effectiveness of development projects in countering insurgencies.<sup>8</sup> Informed by doctrine developed to address communist or anti-colonialist revolutions, the manual concludes that the effectiveness of counterinsurgencies is strongly influenced by the nature of interactions between the domestic government, foreign forces, and the civilian population. Specifically, foreign forces can bolster the authority of the government, which is seen as a legitimate actor that represents the well-being of the state's population, but it is the government's provision of basic security and public goods that primarily determines the population's support for the insurgency.<sup>9</sup>

The U.S. counterinsurgency plan, therefore, was to use "money as a weapons system." In Iraq and Afghanistan, commanders were given special authorities to fund projects both to hire locals—especially military-aged males—and to address grievances through the provision of economic assistance. The idea was that economic assistance could be used as a type of weapon, legitimizing the host government, buying the support of the local populace, and delegitimizing the insurgent forces that could not out-spend or outgovern the host government.

The foremost military spending tool was the Commander's Emergency Response Program (CERP), a military fund controlled by the Department of Defense (DOD) that allowed commanders discretion in using money toward reconstruction projects that could "immediately assist the indigenous population and that the local population or government can sustain."<sup>10</sup> The ideal

project for CERP funding would be quickly executable, employ and benefit the local populace, and be highly visible, including target development areas such as transportation, sanitation, education, irrigation/agriculture, telecommunications, civic works, and health care. The genesis of the program was the seizure by U.S. forces of approximately \$900 million from various locations during the invasion of Iraq. The funds were then used for various reconstruction projects, although DOD later contributed additional funds to sustain CERP over the years going forward.

Although CERP began as a program to build and repair the social and material infrastructure of Iraq, it grew into the Defense Department's flagship reconstruction program, receiving more than \$3.8 billion in U.S. appropriations by the end of 2010.<sup>11</sup> CERP made it possible for U.S. commanders to improve life by quickly repairing roads and bridges, rebuilding schools, improving health care, and removing trash. The program came to play an important and high-profile role in U.S. counterinsurgency efforts in both Iraq and Afghanistan. Much of this economic aid was disbursed by battlespace commanders, often with input from members of Provincial Reconstruction Teams (PRTs).

Provincial Reconstruction Teams were initially formulated by the Coalition Joint Civil-Military Task Force in 2002, intended for noncombat reconstruction efforts in Afghanistan, based on the work of earlier Civil Affairs teams. Their initial mission was to strengthen the capacity of the Afghan National Security Forces while also providing humanitarian assistance, undertaking reconstruction, and maintaining local governance.<sup>12</sup> The success of the teams in Afghanistan led to their expansion to Iraq, where the intent was to transition the lines of operation of governance and economics at the provincial level from the military to the PRTs, tasking these groups with developing the political and economic environment within each province.<sup>13</sup>

Over time, CERP has been widely criticized, specifically for its enormous bureaucratic process (the new standard

operating procedure is 165 pages) and over doubts about its effectiveness.<sup>14</sup> But the provision of economic aid by the U.S. military in general has been controversial for a number of other reasons. First, development experts have been concerned that neutral aid agencies might be associated with the military forces that also distribute aid or be seen as a subset of military efforts. This could taint the neutrality of many aid agencies and put their missions and members' lives in danger. Second, military commanders rarely have had an economics background, thus having neither the understanding of best practices for disbursing aid nor much knowledge of the local environment. Third, there was an overall lack of coordination among the various international donors, especially in Afghanistan. The military and aid fields were rife with stories of poorly designed or coordinated projects; villages might be the recipients of multiple schools within a small area, for instance, but no teachers or other resources would be assigned to staff and maintain them.

Compounding this criticism and controversy was the U.S. counterinsurgency strategy of *clear-hold-build*, a strategy in which security forces retake a geographical area from insurgent control and win public loyalty while securing the territory from further insurgent attacks. As defined by the U.S. Army, this strategy encompasses information warfare, civil-military operations, and combat operations; the end goal is for local police to maintain the authority established by the armed forces.<sup>15</sup> This strategy highlights the use of indigenous forces, who are especially knowledgeable about the local terrain and who will ultimately maintain security in contested areas. The efficacy of using indigenous forces, particularly in the challenging tasks of holding and building, quickly became apparent.

The dilemmas presented by using economic aid as a stabilization tool are many, and which strategy is the most effective remains an open question. Many argue that aid should only be provided in the more secure areas, both as a reward to that populace for its loyalty to the government and as a demonstration of



the benefits of working with the host government, as opposed to largely siding with insurgent or criminal elements. Aid was often distributed in more insecure areas, however. The premise for the first attempt, made in Marjah, Helmand Province, Afghanistan, in the winter and spring of 2010, was that the area would be cleared of Taliban and then a “government-in-a-box” would arrive. In theory, the surge of civilian governance achieved by immediate provision of services at the local level by said government would demonstrate to the local population both government legitimacy and effectiveness. Unfortunately, the security situation was never as stable as hoped; what little service provision did occur happened in a highly insecure environment. The Afghan government never deployed the so-called government-in-a-box, and there was always a lack of competent Afghan government workers willing to deploy to that area. The result was that aid agencies found the area too insecure to operate in, the Afghan government largely failed to provide services, and the U.S. military was left to provide much of the aid and oversight.

Afghanistan is especially unique because it is the only locale where DOD is authorized to disburse State Department funds. As a result, DOD controlled a substantial budget for “development.” One example is the Afghanistan Infrastructure Fund, a \$400 million fund (usually provided on an annual basis) approved by Congress for large-scale infrastructure development projects, including restoring power supplies and building large-scale roads.<sup>16</sup> Another example is the Afghanistan Security Forces Fund, which uses funds to train Afghan police as part of the clear-hold-build campaign, charging these forces with maintaining security particularly around infrastructure projects.<sup>17</sup> These funds were used not only for small-time projects like those of CERP but also for massive infrastructure projects like the 2010 Salang Tunnel restoration project.

In September 2009, as a part of Operation *Mountain Blade*, DOD contributed \$12.1 million in CERP funds to the U.S. Agency for International

Development (USAID) for construction of the Ring Road because it was deemed a “vital economic trade link” and a “key component to stability and unity in Afghanistan.”<sup>18</sup> As a result, a trend that began in Iraq expanded exponentially in Afghanistan. Whereas economic development used to be the role of organizations such as USAID, various nongovernmental organizations (NGOs), and intergovernmental organizations such as development banks, the U.S. military had an increased role in deciding on projects and disbursements. In 2010, \$154 billion (with \$1.2 billion in CERP funding alone) in overall war funding was provided to DOD, compared to the \$9 billion given to the State Department and USAID.<sup>19</sup> From 2001 to 2011, DOD spent \$757 billion in Iraq and \$416 billion in Afghanistan, while the State Department did not even match a quarter of that spending.<sup>20</sup>

The U.S. military was engaged in everything from small local projects to major infrastructure projects. Given the poor security situation, military members also increasingly found themselves serving an advisory role to district and provincial governments and in a host of national-level ministries. Initiatives such as the Afghan Hands Program, which sought to use military members with some additional language, history, and counterinsurgency training who would then be “placed in strategic positions where they can make an immediate impact,”<sup>21</sup> were tasked not only to PRTs but also to a variety of nonsecurity ministries such as the Ministry of Mines, Ministry of Finance, and Ministry of Power and Water. While one of their roles was to act as a vital liaison and information conduit between NATO forces and these ministries, their other role was to provide technical assistance to those ministries.

With the expansion of military tools such as money as a weapons system, CERP funds, and the increase in military personnel assigned to advisory positions to indigenous government institutions, the need for adeptness at political and economic concerns has ballooned. The result has also been a military whose success in terms of campaign outcomes

is greatly tied to economic and development issues from the tactical through the strategic levels. Military leaders were often major decisionmakers on multi-billion-dollar infrastructure projects, not only for the security issues that would come with them but also from a governance perspective. The more the military realized the connection between a sustainable economy and security, the more it felt it had to be involved in economic development.

## Recent Research

Even as military leaders are increasingly involved in economic development, most are unaware of the cutting-edge research that challenges the way the military has approached the wars in Afghanistan and Iraq. Furthermore, such research provides important insights as well as potential tools. A great deal of research that addresses the intersection of economics and contemporary conflict has emerged in the last decade. What follows is a synopsis of such research.

For decades, the study of rebellion and insurgency largely focused on the role of grievance in fostering the conditions for rebellion. Notable scholars such as Ted Robert Gurr argued that perceptions of relative deprivation, ethnic or racial exclusion, and disparities in wealth were cited as primary reasons for rebellion.<sup>22</sup> The underlying assumption that internal rebellions are grievance-based led to the creation of U.S. military doctrine that focused its members on bolstering host government capabilities, in particular to deliver services. Another significant assumption made in current U.S. counterinsurgency and stability doctrine has been that a host government in a stabilization, conflict, or postconflict environment has a desire to legitimize itself and merely lacks the tools, capacity, and resources to bring good governance to its people and sufficiently solve their grievances. Not only has this been the focus of counterinsurgency and stabilization doctrine, but it has also largely been the assumption implicit in much of the overall economic development discipline.

While we do not discount the importance of grievance in fostering rebellion, lessons from various military interventions as well as recent economic research point to additional causes of rebellion. One of these has been the role of opportunity in rebellion, sometimes described as “greed.” The greed theory of conflict asserts that actors who resort to violence (insurgents, for example) are motivated by personal economic gain and seek to appropriate material resources controlled by the government.<sup>23</sup> In this framework, powerbrokers fight not necessarily to alleviate grievances, but instead because doing so provides them with significant benefits, especially money and power. Hence, even if all grievances were alleviated by the government, rebels would still have an incentive to fight, as instability fosters their power, and indeed, a stable environment can be highly detrimental to their interests.

Subsidiary theories that focus on economics instead of political grievances include the “bargaining model” approach<sup>24</sup> and the “opportunity cost” theory of conflict.<sup>25</sup> The bargaining model builds upon the greed theory by assuming that material gain is the primary motivation for insurgent activity, but contends that violence occurs only when conflicting parties fail to negotiate a peaceful division of resources. Thus, information asymmetries, caused by power shifts among conflicting parties and/or by changes in the value of contested resources, can provoke conflict. The opportunity cost model places emphasis on the costs, rather than the benefits, of participating in conflict. This theory predicts that an increase in the income of the population raises the opportunity cost of participating in the conflict.

More recent scholarship has concentrated on the interests of governing elites, recognizing that some governing elites may have just as much interest in fostering instability as the rebels they are supposed to be fighting. Taking from Anne Krueger’s recognition of the role of rents for some governments and elites and the part institutions play in directing those rents, new scholarship has focused on the fact that some

governing elites may not necessarily have the interests of the country at heart.<sup>26</sup> Instead, as Paul Collier has noted, some countries are more akin to “survival of the fittest” rather than survival of the fittest, where the powerbrokers who can amass the largest war chests and patronage networks are best placed to run governments.<sup>27</sup> These powerbrokers focus on collecting rents for themselves and their followers. Governments are not neutral arbiters working toward the public good but instead are seeking as much benefit from the public trough as quickly as possible. Winning an election is not necessarily an opportunity to prove that one’s party and personalities are particularly adept at governing, but rather, to borrow from the title of Michela Wrong’s book, elections mean “it’s our turn to eat” for the winning coalition, with losers excluded or worse.<sup>28</sup>

A few authors are particularly notable for the insights their work can provide to a wide variety of actors seeking to improve governance in the developing world and the security implications that the current regimes in the developing world exhibit. Perhaps the most noteworthy are Douglass North, John Wallis, and Barry Weingast, whose book *Violence and Social Orders* differentiates between two types of states: natural states and modern states.<sup>29</sup> Natural states limit violence by political manipulation of the economy to benefit privileged individuals, hindering economic and political development. Conversely, modern states create open access to economic and political organizations, which fosters competition and results in greater developed states both economically and politically. This book, building upon decades of work by each author in the fields of economics, democratization, and development, argues that politics and economics are iterative in governing regimes.<sup>30</sup> Unfortunately, these authors are writing exclusively for an academic audience. As such, their work is perhaps beyond the grasp of many well-educated military officers.

Fortunately, other authors do provide more accessible versions of their research. Perhaps the book most familiar to military audiences is Paul Collier’s *The Bottom*

*Billion*, in which he summarizes decades of his work on opportunity versus grievance in the instigation and perpetuation of conflict in an accessible manner with current, real world examples. Collier concludes that four traps keep countries poor and undeveloped: natural resources, geography, bad governance, and—most important to a military audience—conflict. The book includes recommendations for addressing these traps.

Anthropologist Robert Bates also provides an insightful examination of why some states fail while others succeed. His book *Prosperity and Violence* explores the relationship between political order and economic growth and finds that although political structures can be used for destructive ends, they are also important for ensuring the peace needed for prosperity.<sup>31</sup> His follow-on book *When Things Fell Apart* examines political violence from its origins “at the top.” Instead of probing into the motivations of rebels, the book asks why governments adopt policies that impoverish their citizens by tracing political disorder to crises in public revenues.<sup>32</sup>

In their article “Ethnicity, Insurgency, and Civil War,” David Laitin and James Fearon reject the common explanations—changes in the international environment, more ethnic or religious diversity, and more political grievances—for the increase in civil wars after the end of the Cold War.<sup>33</sup> Instead, they argue that the causes of civil war lie with insurgency theory—weak governments, rough terrain, large population, and access to weapons and support for the insurgency. They conclude that political opportunity is the greatest predictor of insurgencies.

Another recent book is Daron Acemoglu and James Robinson’s *Why Nations Fail*. While North, Wallis, and Weingast have argued that politics and economics are deeply intertwined in the success or failure of state institution building, Acemoglu and Robinson posit that political institutions are solely to blame and that economic success or failure is a dependent rather than an independent variable. *Why Nations Fail* argues that states are poor not because of geography or culture, but because a





U.S. Marines escort U.S. and British geologists through rugged terrain in Helmand Province to find rare minerals in attempt to boost Afghanistan's economy (U.S. Marine Corps/Christopher R. Rye)

small set of elites have organized society for their own benefit at the expense of the rest of society. Like Collier, Acemoglu and Robinson have taken years' worth of serious scholarly work and rewritten it in a manner accessible to most intelligent readers, with copious historical examples. While the book is certainly controversial, there is no doubt that at least some of the trends they describe ring very true

for officers who have worked in fragile, conflict-ridden states.

Many of the insights from these studies were compiled in the World Bank's *World Development Report 2011: Conflict, Security, and Development*. This report explicitly distills the lessons learned from the studies above, as well as copious statistical analyses and best practices from the development and conflict resolution

fields. It goes on to examine how conflict affects the politics and economics of societies, especially focusing on why most countries in significant periods of civil war or criminality today continue in cycles of violence, while those countries that have not seen conflict in decades are statistically highly unlikely to experience conflict. It concludes by offering insights into how international organizations, including military forces, can place such countries on the path of development and stronger institutions.

Many of these studies are found in the economic development, political economy, and sociology fields rather than in counterinsurgency or military history. Their focus on nation-building rather than warfighting has meant that few military scholars are familiar with these topic areas. Nevertheless, they provide significant insight into the issues military officers face today, not only as NATO transitions in Afghanistan in 2014, but also in ongoing or potential conflicts in Mali, Syria, Libya, Egypt, and even North Korea. They provide new understandings into what is fueling many ongoing conflicts and the unstable regimes that help perpetuate these situations. The studies also provide additional policy recommendations for mitigating the impact of destabilizing actors and situations. Without exposure to these fields of study, military officers are essentially creating strategy and fighting modern wars with one hand tied behind their backs.

### Why Military Officers Should Study Political Economy

The military will inherently have an impact on security, governance, and economics.<sup>34</sup> Current doctrine even suggests that the military deliberately should plan to foster economic growth.<sup>35</sup> FM 3-0, *Operations*, dated February 2008, references "economics" more than 50 times including a discussion of critical factors to consider in planning.<sup>36</sup> Similarly, FM 3-24 contains guidance about the economic component of counterinsurgency as well as integrating civilian organizations into these operations. It does not, however, explain how military commanders at

the tactical, operational, or even strategic level should attempt to influence the economic development of a post-conflict society.

U.S. military officers have been given great discretion in disbursing military aid and/or planning complex reconstruction projects in Afghanistan and Iraq, but they have received little or no training. Just as with a traditional weapons system, troops well trained, resourced, and practiced on a weapon can use it to great advantage against an enemy. Conversely, troops poorly trained and resourced on a new weapons system cannot take advantage of its capabilities fully. Indeed, they may proverbially shoot themselves in the foot or be so inept that the weapon becomes a liability rather than an advantage. The concept of money as a weapons system is no different. Used well, money and the influence that comes with it have great potential. To fully realize its potential, one must understand the mechanics of the weapons system, its advantages, its disadvantages, the unwritten quirks, and the environment in which it will be operating. One must understand how money can be employed well, and conversely, how it can be employed poorly. One must understand the damage that can be done from poor employment, and how to recognize whether the money is being employed well. Risks for using money as a weapon must be understood, and risk mitigation strategies developed. Similarly, one must understand when not to use a weapon. Just because one is armed does not necessarily warrant using one's weapons. Otherwise, as witnessed in Iraq and Afghanistan, leaders at any level can find that their plans have gone horribly wrong. Worse, their prescriptions to fix problems may actually, inadvertently, make matters worse.

A number of additional tools are being developed for military leaders. For example, the United States Institute of Peace has developed handbooks for practitioners facing such environments. Many of these handbooks are co-authored by military leaders or those well versed in military issues. Other organizations such as RAND, the National Defense University, and the Command and

General Staff College Foundation have also published useful practitioner-focused handbooks.<sup>37</sup>

The Asia Foundation published an excellent paper on how political settlements between elites work in conflict prone societies titled *Political Settlements: Implications for International Development Policy and Practice*.<sup>38</sup> The authors argue that actors in conflict situations create political settlements to limit the violence and disburse the rents to various powerbrokers. In such environments, there is a lack of trust, and as such, all major factions remained armed. Institutions in these countries are malleable and reflect the interests of powerbrokers rather than being independent actors or representing the national interest overall. As such, they argue that many development strategies have failed because they seek to decrease the power of the very powerbrokers that are critical to the initial political settlement. This particular paper is especially noteworthy because it provides practitioners advice on how to map the various networks that keep these actors in power, as well as strategies for marginalizing them and bringing reformist actors more to the fore.

Likewise, NGOs provide a number of resources, some of which are explicitly for security professionals. The NGO Global Witness, for instance, has long published studies on how resources affect conflict and provides practical policy recommendations. Transparency International has a London-based Defense Studies Program that trains select NATO officers before they deploy to Afghanistan. It also publishes handbooks on understanding and evaluating corruption inside defense ministries and defense industries. In October 2013, it published *Corruption and Peacekeeping: Strengthening Peacekeeping and the United Nations* for senior military leaders on how corruption affects peacekeeping operations.<sup>39</sup> A handbook is forthcoming for military officers in the field on how corruption affects stability operations and what security professionals can do to mitigate such a situation.

Fortunately, the American military has recognized that special skill sets are required in some stabilization operations

and has created a few organizations and programs to address the challenges inherent in complex operations. For instance, the Deputy Secretary of Defense established the Task Force for Business and Stability Operations in Iraq in 2006. Initially, the organization focused solely on Iraq, but over time, its mission expanded to include Afghanistan. With an eye on private sector development, the organization prioritized sustainable investment and development mining and oil in Afghanistan.

In tandem, initiatives such as Afghan First sought to bring in reputable local contractors for U.S. Government contracts in Afghanistan in the hopes of empowering new economic actors and stimulating the economy. Likewise, in 2010, Task Force Shafafiyat (the Dari and Pashto word for transparency) was created to counter rampant corruption that threatened the Afghan government and its economy as well as the legitimacy of the overall NATO mission there. In the wake of the massive Kabul Bank scandal, examining the interplay of economics and patronage networks became one of its lines of effort. Likewise, NATO established a two-star general officer position at the International Security Assistance Force, the Deputy Chief of Staff for Stability, whose responsibility was to focus on nonmilitary aspects of the campaign in Afghanistan. This included coordinating with international organizations and NGOs as well as ministries of the Afghan government such as the Ministries of Finance, Mining, Public Works, and Commerce and Industry.

Outside deployed regions, organizations such as the U.S. Army War College's Peacekeeping and Stability Operations Institute produce studies and doctrine dedicated to postconflict concerns that U.S. military personnel will likely face. Established in 1993, its focus includes peacekeeping and stability operations at both the strategic and the operational levels of war. This includes improving civil-military integration and collecting lessons learned. Likewise, the National Defense University's Center for Complex Operations works with a variety of NGOs, U.S. Government agencies,



and outside experts to bring the latest understanding and international best practices to military professionals.

### **A Syllabus for Further Study**

While some elements of DOD have embraced the role of political economy and economic development, it is important that doctrine and education catch up with the operations that military professionals face. Some argue that the lessons learned from working in fragile and failed states will be unimportant in a post-Afghanistan U.S. military. Budget cuts and public weariness mean that the U.S. military will avoid nation-building in the future. The most recent change in national security prioritization, which orients the focus toward Asia, will likely emphasize conventional warfare, unlike the challenges faced in Afghanistan, Iraq, the Balkans, and Somalia. Nevertheless, critics seem to forget the dictum that “the enemy gets a vote.” One need only look at major ongoing conflicts to understand the role that political economy will likely play. The Arab Spring has led to sectarian strife in Syria, Egypt, and Libya. All were corrupt, relatively predatory governments, and all are increasingly operating on some form of war economy. One cannot operate in such environments or make viable military strategies without understanding the role elite powerbrokers play and how they can act as spoilers to any conflict resolution. Political economy concerns are equally important in traditional state-on-state conflict. For instance, North Korea has long been viewed through a traditional state conflict lens. However, current scholarship amplifies the role the various senior families play in maintaining the North Korean regime, as well as offering a better examination of what may occur when that regime eventually collapses. Hence, even traditional national security threats are not immune from the lessons from the recent conflicts in Afghanistan or Iraq.

Given the centrality of political economy concerns to contemporary conflict, we propose the following focus areas for military officers throughout their careers.

The first is a basic understanding of political economy, which goes beyond standard supply-and-demand curves taught in undergraduate programs. While these are important, equally important is to explicitly study the role of economics in conflict. Such an understanding should stretch beyond the more traditional study of the role of economics in fostering a military industrial complex. In many nations in which the United States has fought or will fight, there are few industrial complexes, and the official military may not be much more than a militia by another name. Hence, the political economy of conflict in developing countries should be studied as well.

Second, military officers should be schooled on the financing and resourcing of various illicit actors. These include not only insurgents, but also criminal organizations, warlords, and gangs. In particular, criminality continues to evolve. What was once considered a law enforcement problem increasingly looks like a military problem, in what some have termed a criminal insurgency. For example, in Central America and Mexico today, criminal organizations use methods and tactics akin to insurgencies, not necessarily for political gain, but to maintain their freedom of movement for material gain. Such criminal insurgencies now have violence levels and body counts that rival those of civil war or insurgency. Law enforcement agencies usually cannot cope with such crises without the assistance of military forces.<sup>40</sup> Our military leaders should be prepared for these contingencies.

Likewise, officers should be given a basic education in the current best practices in economic development, both on micro and macro levels. The goal is not to turn military officers into development experts—development should never become a core function of the U.S. military. Military officers should, however, be able to understand political economy issues related to development and apply those to strategy and tactics. They should also have the educational background necessary to be able to effectively coordinate with development bodies. They should understand the security ramifications of

various development strategies so that these security issues are recognized and planned for rather than responded to in a knee-jerk fashion.

In conjunction with education, doctrine must be modified to reflect the world in which our military leaders currently operate. For instance, FM 3-24 is a great handbook of the lessons learned from history for counterinsurgency operations. It is also a hallmark of cooperation between the military and academia, namely the Belfer Center at Harvard University. Its great weakness for today’s conflicts, however, is that it assumes, in a counterinsurgency, the host government wants to legitimize itself. While issues such as corruption are discussed, host governments are viewed as a situation where some corruption gets in the way of development and security. Lessons learned from a variety of developing country situations indicate that many elites, unfortunately, are not out to legitimize themselves beyond the minimum necessary and have their pocketbooks and power at heart rather than those of their nations. FM 3-24 remains silent on even the concept of such a government, and hence provides a military professional no insights on how to recognize such an environment or what to do about it. The same holds true for doctrine such as FM 3-07, *Stability Operations*, where much of the focus is on the interagency process and provides little insight into how to function in environments where the host government is predatory and highly corrupt. Such doctrine needs to be modified to ensure the lessons learned from over a decade of war are codified for the future.

Great military leaders such as George Marshall and Douglas MacArthur understood the importance of issues of political economy in their military careers. This reality is no different today. Military officers continue to be confronted with issues at the intersection of the political and the economic as they operate globally. As good stewards of American resources, further integration of these areas into military doctrine and education is required. JFQ



## Notes

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<sup>2</sup> David H. Petraeus, “Setting—and Capitalizing on—Conditions for Progress in Afghanistan,” *Army* (October 2010), available at <[www.ausa.org/publications/armymagazine/archive/2010/10/Documents/Petraeus\\_1010.pdf](http://www.ausa.org/publications/armymagazine/archive/2010/10/Documents/Petraeus_1010.pdf)>.

<sup>3</sup> Organisation for Economic Co-operation and Development (OECD), *A Development Co-operation Lens on Terrorism Prevention* (Paris: OECD, 2003).

<sup>4</sup> Ibid.

<sup>5</sup> The World Bank, *World Development Report 2011: Conflict, Security, and Development* (Washington, DC: World Bank, 2011), 79; Eli Berman et al., “Do Working Men Rebel? Insurgency and Unemployment in Afghanistan, Iraq, and the Philippines,” *Journal of Conflict Resolution* 55, no. 4 (March 2011), 496–528.

<sup>6</sup> Radha Iyengar, Jonathan Monten, and Matthew Hanson, “Building Peace: The Impact of Aid on the Labor Market for Insurgents,” National Bureau of Economic Research Working Paper 17297, August 2011.

<sup>7</sup> Field Manual (FM) 3-24, *Counterinsurgency* (Washington, DC: Headquarters Department of the Army, 2006).

<sup>8</sup> Andrew Beath, Fotini Christia, and Ruben Enikolopov, “Winning Hearts and Minds through Development? Evidence from a Field Experiment in Afghanistan,” Policy Research Working Paper 6129 (Washington, DC: The World Bank, July 2012); International Security Assistance Force (ISAF) Counterinsurgency Advisory and Assistance Team, *Less Boom for the Buck: Projects for COIN Effects and Transition* (Kabul: ISAF, 2011).

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<sup>12</sup> William Durch, ed., *Twenty-First-Century Peace Operations* (Washington, DC: United States Institute of Peace, 2006).

<sup>13</sup> Tim Ripley, *Operation Enduring Freedom: America’s Afghan War 2001 to 2002* (Havertown, PA: Casemate, 2012).

<sup>14</sup> Ibid.

<sup>15</sup> *Counterinsurgency Operations* (Washington, DC: Department of the Army, 2004).

<sup>16</sup> Office of the Secretary of Defense, *Justification for FY 2014 Overseas Contingency Operations Afghanistan Infrastructure Fund (AIF)*

(Washington, DC: Department of Defense, May 2013), available at <<http://asafm.army.mil/Documents/OfficeDocuments/Budget/BudgetMaterials/FY14/OCO//aif.pdf>>.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, RL 33110 (Washington, DC: Congressional Research Service, March 29, 2011), available at <[www.fas.org/sgp/crs/natsec/RL33110.pdf](http://www.fas.org/sgp/crs/natsec/RL33110.pdf)>.

<sup>20</sup> Ibid.

<sup>21</sup> Matthew Chlosta, “AFPAK Hands Begins Immersion in Afghanistan,” ISAF Public Affairs Office, April 23, 2010, available at <[www.isaf.nato.int/article/news/afpak-hands-begins-immersion-in-afghanistan.html](http://www.isaf.nato.int/article/news/afpak-hands-begins-immersion-in-afghanistan.html)>.

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<sup>28</sup> Michela Wrong, *It’s Our Turn to Eat: The Story of a Kenyan Whistle-Blower* (New York: Harper, 2009).

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<sup>31</sup> Robert H. Bates, *Prosperity and Violence: The Political Economy of Development* (New York: Norton, 2001).

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<sup>34</sup> Anne Ellen Henderson, “The Coalition Provisional Authority’s Experience with Economic Reconstruction in Iraq: Lessons Learned,” Washington, DC, United States Institute of Peace, April 2005, available at <[www.usip.org/publications/the-coalition-provisional-authoritys-experience-economic-reconstruction-in-iraq-lessons](http://www.usip.org/publications/the-coalition-provisional-authoritys-experience-economic-reconstruction-in-iraq-lessons)>.

<sup>35</sup> FM 3-07, *Stability Operations* (Washington, DC: Headquarters Department of the Army, 2008).

<sup>36</sup> FM 3-0, *Operations* (Washington, DC: Headquarters Department of the Army, 2008).

<sup>37</sup> Arthur D. Simons Center for the Study of Interagency Cooperation, *Interagency Handbook for Transitions* (Fort Leavenworth, KS: Command and General Staff College Foundation Press, 2011); Kelvin Ong, *Managing Fighting Forces: DDR in Peace Processes* (Washington, DC: United States Institute of Peace, 2012); Colette Rasuch, ed., *Combating Serious Crimes in Postconflict Societies* (Washington, DC: United States Institute of Peace, 2009); Keith Crane et al., *Guidebook for Providing Economic Assistance at the Tactical Level During Stability Operations* (Santa Monica, CA: RAND, 2008).

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