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PANEL THREE OVERVIEW: MAY 27, 2010

The Road Ahead—How Do We Get There?

What doctrine is needed, how can it be achieved, and more importantly, how can we translate “expeditionary economics” into concrete, ground-level actions?

Panel III: Post-Conflict Planning and Execution in the Future

Moderator: Robert E. Litan (Kauffman Foundation)

Panelists:

- Fred Kagan (American Enterprise Institute)
- Clare Lockhart (Institute for State Effectiveness)
- Kori Schake (Hoover Institution)
- Ginger Cruz (Deputy Special Inspector General for Iraq Reconstruction)
- Col. Jeffrey Peterson (U.S. Military Academy)
- Clinton Ancker (Combined Arms Doctrine Directorate, Combined Arms Center)

Most people agree that the concept of “expeditionary economics” needs to play a greater role and be incorporated into doctrine in future stabilization and reconstruction efforts in post-conflict countries. The questions are “How do we get there?” and “Who should do it?” Answers to these questions vary. While there is a general consensus that the United States is not adequately nurturing economic development in places where security and engagement requires it and that we are not adequately stimulating the entrepreneurial dynamism that has produced global economic prosperity, there is audible disagreement over whether these responsibilities should fall to the military.

Key Takeaways:

- In an ideal world, economic development in post-conflict situations lies within the purview of civilian organizations such as the World Bank, IMF, USAID, and Department of State. Unfortunately, for a variety of reasons, these institutions often lack the requisite resources and capacity for post-conflict economic development. As a result, responsibility for the economic dimension has fallen to the armed forces; yet, the military also lacks a guiding doctrine for such work. For

future operations, we must develop doctrine for both the military and civilians, as well as consider new ways of implementing expeditionary economics.

- The primary objective of a stability operation is different than that of a development imperative. When you build a water plant, the secondary objective is to bring clean water to people in the town. The primary objective is the psychological change that reduces violence as a result of building the plant. But if we are not measuring for and evaluating the right things, we can't determine if the \$50 billion that's been spent in Iraq could have been better spent. We're scratching our heads because we haven't won over hearts and minds, and we don't know why. We need to find better ways to measure the psychological impact of stability operations and, more specifically, economic development efforts.
- When assessing the economy of a country in which we might engage, we can't fall into the pattern of merely looking at the absences. We must pay attention to the assets that do exist—natural, physical, and human assets that can anchor future economic growth. Moreover, our view must be a regional one as opposed to just local or national. In considering how to stabilize failed states, we need to consider what is the right balance between the state, the market, and civil society
- When considering who needs to lead to economic development in failed states, the tendency is to look to the State Department and USAID. But the Overseas Private Investment Corporation and the Export-Import Bank of the United States also should play a major role in investing in and underwriting risk.
- The U.S. preference is to separate political, economic, and military concerns when dealing with states abroad. An imperial approach is well understood, and less complicated than our democratic approach. However, it's more difficult when the objective is to leave once enduring conditions are set so we don't have to intervene again. Rather than continuing our tendency to view things in a two- to three-year thought cycle, we need a longer-term approach.
- In war, just as there are human casualties, there also are financial casualties, and we need to accept this reality. Some dollars will be misappropriated, and some will go to the enemy, to criminal networks, to ineffective local leaders, and to bad projects. This doesn't make it okay, but we need a productive dialogue to determine what is a reasonable level of these financial casualties.
- The Foreign Assistance Act of 1961 defined foreign aid as a State Department function because it was a tool of public diplomacy geared toward poverty alleviation and moral good. But the problem with public diplomacy as an imperative is there's a need to take credit and ensure people know about it. In Iraq and Afghanistan, however, we've learned this can generate ill will and be

counterproductive. We need to sacrifice public diplomacy to be more effective at counterinsurgency and long-lasting and effective development.

- One proposal is to create a FEMA-like agency with a very modest staff, 100-150 people, that would spring into work when there's a stability operation. The office would report jointly to the Secretary of Defense and Secretary of State and would have a limited, circumscribed role. It would coordinate with the chief of mission on the ambassador side and the commander general on the military side.
- It's important to concentrate planning efforts before a crisis arises. If you are not engaged in long-term strategy and planning, you will not get it right.
- How does the military put expeditionary economics into practice? Meeting the economic needs of the populace in an area of operations is an essential task in stability operations, and the best way to do that is with business formation. An example: If a neighborhood lacks dependable electricity, a commander could provide generators to local entrepreneurs, and give them the ability and responsibility to keep them running. This eliminates the insurgent's ability to generate public support by attacking municipal power grids and then blaming the government or occupational forces; any attack on the power supply thus becomes an attack on individual families and locally owned businesses.
- It is essential to tie the concept of expeditionary economics to the military security mission. How can the military foster economic growth to establish security? The military needs competence with expeditionary economics tools to get through the "golden hour"—the early days of a conflict when the civilian agencies have minimal or no presence, and it's up to the military to execute.
- Some disagree that economics is not a soldier's job. Yet, economics is required to win, and a soldier's job is to win. The military has no choice but to use economics as a weapon in stability operations, so let's be as good as possible at it. What we need to be thinking is, "What are the appropriate economic principles we can teach military leaders so they can use them to accomplish their mission?"
- The military lacks a doctrine to use economic development in conjunction with other elements of a counterinsurgency effort—information, security, and stability operations. The easiest way to change doctrine is by Department of Defense or commander's mandate, but there are other requirements: A new doctrine must be proven workable and should demonstrate added value, longevity for application, and it must foster those traits the military sees as important.
- One area of debate is over the constraints on the use of Commander's Emergency Response Program (CERP) Funds. Those on the ground maintain that a ten-day approval process makes CERP less useful—commanders need to make investments on the spot or at worst within twenty-four hours. This assumes

commanders have a high level of ability and economic literacy that sometimes isn't there because it's such a complicated task that requires complete attention.

- Economic development and stability is also an intelligence problem. Almost no attention is given to economic intelligence analysis. Threat Finance Cells are for threat targeting—a different function—but if you don't understand the economies and then intervene, you are not going to be successful.
- USAID and the State Department staff are not properly trained—there is poor investment in level- and role-specific training and education, and senior leaders could be selected for their qualifications in economic development and entrepreneurship.