

ECONOMICS IN COUNTERINSURGENCY: ANALYZING AND APPLYING
HISTORY'S LESSONS ON ECONOMIC STRATEGY

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General Studies

by

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement.)

ABSTRACT

ECONOMICS IN COUNTERINSURGENCY: ANALYZING AND APPLYING HISTORY'S LESSONS ON ECONOMIC STRATEGY, by Major Hayes J. Weidman, 108 pages.

This thesis attempts to identify common basic tenets for the successful application of economics as a component of counterinsurgency efforts. Based on those tenets, this thesis will also explore how US government agencies can better apply economics in future counterinsurgency efforts. Identifying these basic tenets and proposing what agency or construct is best-suited to execute them may ultimately yield a more effective use of economics in prosecuting COIN campaigns in the future.

Absence of a common operating framework, vague and conflicting guidance, and a lack of an integrated and cohesive effort among US government agencies in the employment of economics in counterinsurgency operations is apparent. This thesis examines the application of economics through case study analysis, reviewing the Marshall Plan, the Vietnam War, and Operations Iraqi Freedom and Enduring Freedom. Analysis of these case studies suggests that host-government partnership, unity of control, and capacity development are fundamental tenets of the successful employment of economics in a counterinsurgency campaign.

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ACRONYMS

CEEC	Committee for European Economic Cooperation
CERP	Commander's Emergency Response Program
CIA	Central Intelligence Agency
COIN	Counterinsurgency
CORDS	Civil Operations and Rural Development Support
CPA	Coalition Provisional Authority
DOD	Department of Defense
DOS	Department of State
ECA	European Cooperation Administration
GAO	Government Accountability Office
GDP	Graduate Degree Programs
GNP	Gross National Product
IRMO	Iraqi Reconstruction and Management Office
MAAWS	Money as a Weapon System
MACV	Military Assistance Command Vietnam
OCO	Office of Civil Operations
ORHA	Office of Reconstruction and Humanitarian Affairs
PCO	Project and Contracting Office
PRT	Provincial Reconstruction Team
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
US	United States
USAID	United States Agency for International Development

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CHAPTER 1

INTRODUCTION

Money is my most important ammunition in this war.

— MG David Petraeus, 101st Airborne Division Air Assault

But at the end of the day, when we look back at our approach to the rebuilding of Iraq, we're left with an overall sense that there were too many errors, that fraud was widespread and that there was an unnecessary amount of waste of US taxpayer dollars.

— Rep. Ileana Ros-Lehtinen, *Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction*

In October 2005, Multi-National Corps-Iraq distributed a handbook to its commanders entitled “Money as a Weapon System” (MAAWS). In recognition of the potential of money to have a positive and “non-lethal” impact on the battlespace, MAAWS began by stating that “Effective application of all available resources is vital to the success of our mission.”¹ But if money is a weapon system in armed conflict, does the US military truly know how to employ it effectively? As US forces approach an exit from Afghanistan, and with Iraq operations effectively concluded, mounting evidence suggests that the answer to this question is no.

Efforts to employ economics in Iraq and Afghanistan have been many, whether measured by dollars spent, programs, or actors present. In Iraq, the Department of Defense (DOD), the United States Agency for International Development (USAID), and the Department of State (DOS) invested approximately \$60 billion in rebuilding the

¹Special Inspector General for Iraq Reconstruction (SIGIR), *Hard Lessons: The Iraq Reconstruction Experience* (Washington, DC: Government Printing Office, February 2009), 245.

country. To date, these agencies have spent over \$100 billion in Afghanistan towards reconstruction.² Programs such as “Iraqi-First,” “Afghan-First,” designed to infuse US capital into host-nation businesses, and the Commander’s Emergency Response Program (CERP) emerged as sanctioned policy for investing American and coalition dollars.³

Challenges to the effective use of wartime contracting as a tool for economic reconstruction were many in Iraq and Afghanistan, most notably “the lack of physical security in a war zone, the inability of indigenous firms to perform contracted work, and the debilitating effects of corruption.”⁴ Security issues in Iraq proved particularly crippling to coalition rebuilding efforts.

[R]epeated sabotage of pipelines and power lines impeded economic recovery and limited the success of early attempts to restore essential services. The deterioration of the security situation delayed reconstruction, interrupted supply delivery, and disrupted daily life across Iraq.⁵

The challenge of host-nation business capacity also limited the potential for impact from Iraqi-First and Afghan-First, as the underdeveloped private sector restricted the types and amounts of contracted work local companies could reasonably be expected to perform. Rampant corruption took hold, ranging from kickbacks and bribery to more egregious concerns of US and coalition wartime contracts serving to funnel funds to insurgent

²Ibid., 6, 18-19.

³Todd Harrison and John Meyers, *Contracting Under Fire: Lessons Learned in Wartime Contracting and Expeditionary Economics* (Arlington, VA: Center for Strategic and Budgetary Assessments, 2012), ii-iii.

⁴Ibid., ix.

⁵SIGIR, *Hard Lessons*, 130.

elements.⁶ Additionally, the precarious security environment attributed heavily to a systemic lack of oversight for wartime contracting. The fate of the Strategic Roads project in Afghanistan demonstrated the challenge of security in that “three years and \$270 million later, the program is being closed down, having completed one third of the planned 1,500 kilometers of roads, due mostly to the challenges of a steadily deteriorating security environment.”⁷

The dynamic challenges of employing economics in stability operations clearly hampered the effectiveness of US efforts in Iraq and Afghanistan. However, a lack of an overall unified strategy for economic reconstruction greatly magnified and exacerbated the challenges posed by the operating environment. As Ms. Ileana Ros-Lehtinen, Chairman of the Committee on Foreign Affairs’ Subcommittee on the Middle East and North Africa, stated in July of 2013:

Yet for all the challenges that we faced and the deficiencies that we encountered, nearly all of them lead back to the fact that we did not have a proper plan in place beforehand, which hampered our ability to execute and oversee stabilization and rebuilding operations properly. We have spent nearly \$100 billion in Afghanistan under similar circumstances as Iraq, yet we still find ourselves making many of the same mistakes that we cannot afford to make as we prepare to withdraw our troops from Afghanistan at the end of 2014.⁸

⁶Special Inspector General for Afghanistan Reconstruction (SIGAR), *SIGAR Audit 13-6 Contracting with the Enemy* (Washington, DC: Government Printing Office, April 2013).

⁷Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting—Controlling Costs, Reducing Risks* (Washington, DC: Government Printing Office, August 2011), 135.

⁸U.S. Congress. House of Representatives, Committee on Foreign Affairs, *Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction*, H.R. 113-48, 113th Congress, 1st sess., 2013.

These mistakes have proved costly. The Commission on Wartime Contracting estimates that approximately \$30-60 billion, nearly 30 percent of total expenditures, have been lost due to fraud, waste, and abuse in Iraq and Afghanistan over the last ten years.⁹ When one contemplates the additional costs inherent in the lack of efficiency of US economic efforts, it becomes apparent that effective targeting of “money as a weapon system” is lacking. Furthermore, given the enormous fiscal pressures facing the United States, tolerating and absorbing such staggering inefficiencies and losses in future stability operations will likely prove impossible, mandating the development of more effective strategy.

The question of strategy for employing economics is not the only issue facing the US government for future COIN campaigns. Another equally important question asks what agency, organization, or interagency construct offers the proper apparatus for leading the planning and implementation of economic programs in stability operations. As stated in the Special Inspector General for Iraq Reconstruction report *Hard Lessons: The Iraq Reconstruction Experience*:

[B]eyond the security issue stands another compelling and unavoidable truth: the US government had neither the established structure nor the necessary resources to carry out the reconstruction mission it took on in mid-2003. As UnderSecretary of Defense for Policy Douglas Feith said, “Every time the United States has had a substantial stabilization and reconstruction project, pretty much from World War II forward, we’ve [had to] improvise.”¹⁰

Relying on improvised ad hoc relationships and programs is an undoubtedly poor plan for cultivating the capacity to employ economics in future conflicts, a capacity the

⁹Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting*, ix.

¹⁰SIGIR, *Hard Lessons*, ix.

United States almost certainly must retain. Former Chairman of the Joint Chiefs of Staff Admiral Michael Mullen stated in October of 2010, “We’re pretty lousy at predicting where we’ll go. We’re pretty lousy at predicting the kind of warfare we’ll be in, if the last 20 years, or so, serve as an example.”¹¹ Mullen’s comments support a US policy of retaining and further developing the ability to employ economics given the potential to face COIN challenges in the future. Further, US Army guidance appears to signal an intent to stand ready to execute COIN operations in the future. Training Circular 7-100, *Hybrid Threats*, attempts to describe an anticipated future foe as one that “can combine state-based conventional military forces—sophisticated weapons, command and control, and combined arms tactics—with attributes usually associated with insurgent and criminal organizations, “thus calling on the Army to retain COIN capabilities.¹² Given the Army’s edict that COIN operations “require synchronized application of military, paramilitary, political, *economic* (emphasis added), psychological, and civic actions,” a more effective strategy for employing the economic instrument of power must be cultivated.¹³

Issues and Problems

The importance of employing economics in the effective prosecution of COIN campaigns is nearly indisputable. The DOD, DOS, and USAID each espouse the

¹¹ForeignPolicy.com, Michael Mullen, interview by Judy Woodruff, Washington, DC, October 12, 2010, http://www.foreignpolicy.com/articles/2012/10/16/why_the_military_cant_predict_the_next_war (accessed November 21, 2013).

¹²Department of the Army, Training Circular (TC) 7-100, *Hybrid Threats* (Washington, DC: Government Print Office, January 26, 2010), v.

¹³Department of the Army, Field Manual (FM) 3-24, *Counterinsurgency* (Washington, DC: Government Print Office, December 2006), 5-1.

necessity of economics to successful COIN operations in their published guidance, and affirms the need to work in partnership and cooperation with their US government counterparts. For example, US Army Doctrine Reference Publication (ADRP) 3-07, *Stability*, states “Where military operations typically demand unity of command, the challenge for military and civilian leaders is to forge unity of effort or unity of purpose among the diverse array of actors involved in a stability operation.”¹⁴ The inefficiencies and shortcomings of the United States’ effort to employ economics in Iraq and Afghanistan, however, indicate an inability to meet this challenge. This inability stems in large part from vague and often conflicting guidance among US government agencies as to how to employ economics effectively, and the specific roles of each agency in a unified effort. Given the high likelihood the United States will again be involved in a COIN campaign in a future conflict, a more refined economic strategy is needed. Furthermore, such a strategy must provide a common framework for employing economics among the multiple US agencies, in addition to identifying each agencies’ role. The US military’s heavy reliance on CERP in Iraq and Afghanistan in many ways ran counter to USAID techniques of establishing institutional capacity, an example of the impact of the lack of a common framework for the application of economics in COIN operations.

Purpose of the Study

This thesis seeks to identify common basic tenets for the effective employment of the economic instrument of power in COIN campaigns. Based on these tenets, this thesis

¹⁴Department of the Army, Army Doctrine Reference Publication (ADRP) 3-07, *Stability* (Washington, DC: Government Print Office, August 2012), 1-3.

will also explore how US government agencies can better apply economics in future COIN efforts. Identifying these basic tenets and proposing what agency or organizational concept is best-suited to execute them may ultimately yield a more effective use of economics in prosecuting COIN campaigns in the future.

Research Questions

The primary research questions of this thesis asks: what are the common tenets of the successful employment of the economic instrument of power in COIN campaigns, and what strategy do these tenets suggest for employing economics in future campaigns? This primary question will rely on the answers to several supporting questions, such as: what examples are available in military history of the employment of economics in COIN campaigns? Additionally, what tactics, techniques, and procedures were employed in these examples, and what was the impact of these tactics and techniques? As the SIGIR references repeatedly in the *Hard Lessons* report, US economic efforts in Iraq and Afghanistan have been largely ad hoc and improvisational in nature. Exploring the lessons of military history is therefore an obvious starting point in seeking to inform future strategy.

Upon identifying these tactics, still another secondary question asks: what commonalities exist among these varying examples? While contextual differences undoubtedly exist between conflicts that serve to color a direct comparison, this thesis secondary question will explore the current tactics and techniques employed by the United States for economics in COIN operations, namely Iraq and Afghanistan.

Assumptions

This thesis relies on several basic assumptions. One assumption is that the United States will require the capability to pursue COIN operations, and employ economics as a component of those operations, in a future conflict. Additionally, this thesis assumes that the relevant US government agencies associated with COIN efforts in Iraq and Afghanistan will continue in the same form, and with the same mandates and objectives, in the future. Still another assumption is that, allowing for cultural and contextual differences, commonalities for the application of economics in COIN operations do exist and can be gleaned from historical examples. Finally, this thesis assumes that establishing a stable and sustainable economy will continue to be a goal of US COIN campaigns.

Definition of Terms

CERP. (Commander's Emergency Response Program) A funding program first created by the Coalition Provisional Authority (CPA) in Iraq in the spring of 2003 as a vehicle for spending Iraqi funds towards reconstruction efforts.¹⁵ CERP ultimately morphed into a US-funded appropriation designed to allow commanders the ability "to respond with a nonlethal weapon to urgent, small-scale, humanitarian relief, and reconstruction projects and services that immediately assist the indigenous population and that the local population or government can sustain."¹⁶

¹⁵SIGIR, 79.

¹⁶Center for Army Lessons Learned (CALL), "Commander's Guide to Money as Weapon System" (Fort Leavenworth, KS: Center for Army Lessons Learned, April 2009), 13.

Counterinsurgency. Joint Publication (JP) 1-02, *Department of Defense Dictionary of Military and Associated Terms*, defines counterinsurgency as “Comprehensive civilian and military efforts taken to defeat an insurgency and to address any core grievances. Also called COIN.”¹⁷ US Army Field Manual (FM) 3-24 serves as the preeminent reference for the execution of COIN efforts.

Expeditionary Economics. A term popularized by Dr. Carl Schramm of the Kaufmann Foundation that seeks to describe the employment of the economic instrument of power in stability operations by a military force.¹⁸

Insurgency. JP 1-02 defines insurgency as the “organized use of subversion and violence by a group or movement that seeks to overthrow or force change of a governing authority. Insurgency can also refer to the group itself.”¹⁹

Limitations

At present, US military forces are still pursuing COIN operations in Afghanistan. US forces have only recently withdrawn from Iraq. As a result, the truly final outcome of US efforts in either region cannot reasonably be determined. Evaluating the effectiveness of US economic efforts in either theater is therefore limited to near-term results. Additionally, this author’s active participation in some of the programs analyzed in this

¹⁷Department of Defense, Joint Publication (JP) 1-02, *Department of Defense Dictionary of Military and Associated Terms* (Washington, DC: Government Print Office, November 2010), 62.

¹⁸Carl Schramm, “Expeditionary Economics: Spurring Growth After Conflicts and Disaster,” *Foreign Affairs* (May/June 2010): 95.

¹⁹Department of Defense, JP 1-02, 134.

thesis, namely CERP and the Iraqi First program, may introduce some bias towards the evaluation of their effectiveness.

Additionally, this author recognizes that attempting to extrapolate economic commonalities among successful COIN campaigns invites several difficulties in analysis. Most prominently, the historical examples reviewed occurred among disparate cultures, with different values and traditions. Any attempt to extrapolate strategy from these examples must make allowances for the obvious fact that differing cultures will have different responses to the same economic stimuli.

Finally, this thesis has been prepared in a time-constrained environment of approximately ten months, and concurrent with the full academic load associated with attendance at the US Army Command and General Staff College. While this author is confident the analysis is of a sufficient depth to address the research questions, time constraints and the requirement to complete this thesis within the span of the academic year have served to limit the number of historical examples reviewed.

Delimitations

Analysis of economic efforts in historical COIN campaigns has sought to identify tenets that can reasonably be labeled as universal and not cultural dependent. Where such identification is not feasible, cultural impacts on responses to economic efforts will be analyzed.

Significance of Study

Absence of a common operating framework, vague and conflicting guidance, and a lack of an integrated and cohesive effort among US government agencies in the

employment of economics in COIN operations is apparent. While clearly uncomfortable with COIN campaigns as an institution, the US military and the US government as a whole must remain prepared for future operations of a similar nature. A failure to develop a sound strategy for the employment of economics would inevitably lead to a repeat of the same ad hoc improvisational methods and structures used in Iraq and Afghanistan. Worse, the same inefficiencies, waste and abuse would likely be repeated as well, an issue clearly exacerbated by the immense fiscal pressures presently facing the US military and the nation as a whole. This study seeks to provide an identification of the fundamental cornerstones of sound economic strategy for COIN operations, in the hopes of contributing to a more unified and efficient effort in the future.

Summary

The US government has relied heavily on the economic instrument of power as an essential component of its COIN strategy in both Iraq and Afghanistan. However, such efforts have been plagued by massive fraud, waste, and abuse, a lack of coordination among the relevant government agencies, and conflicting agency perspectives on the effective employment of economics. As the US military will likely face insurgencies in future operations, prompting a unified approach in concert with other government agencies, a better strategy for the coordinated and efficient employment of economics must be developed. This thesis seeks to use historical case study analysis as a means of identifying basic enduring fundamentals of sound economic strategy in COIN operations. In identifying these fundamentals, this study will aid in developing a common operating framework for each of the relevant US government agencies to pursue in concert.

CHAPTER 2

LITERATURE REVIEW

Introduction

The lack of a comprehensive doctrine for the employment of the economic instrument of power in COIN can be at least partially traced to a lack of analysis and research on the subject. However, as US engagements in Iraq and Afghanistan conclude, a growing volume of reports and assessments have emerged from various governmental and independent bodies charged with reviewing the various successes and failures in modern wartime contracting execution. In addition, a body of work of sufficient size and substance is available through which one can discern what stratagem and tactics were employed in executing COIN efforts in previous conflicts. Various proposals identifying a basic doctrinal framework have also been published as of late. These works in aggregate provide a solid platform for the identification of the basic tenets of successful strategy.

Chapter 2 of this thesis provides an overall summary of the source material used to answer the primary research question: what are the common tenets of the successful employment of the economic instrument of power in COIN campaigns, and what strategy or doctrinal approach do they suggest for employing economics in future campaigns? Additionally, the material described in this chapter answers secondary research questions concerning economic tactics in COIN operations and their effectiveness. The review of the literature is organized into five sections. The first three sections are comprised of a summary of research material associated with each of the historical case studies evaluated for this thesis, namely the Marshall Plan, the Vietnam War, and Operations Iraqi

Freedom Enduring Freedom. Section four provides an overview of noteworthy and relevant COIN theorists and their main contributions to the overall body of work, followed finally by a fifth section with a review of the doctrine guiding each of the relevant US government agencies.

Marshall Plan Literature

The Marshall Plan is not widely-regarded as a COIN effort. However, while more commonly understood as a stabilization effort aimed at propping up the European economy, American motivations behind the Marshall Plan were significantly buoyed by the specter of Soviet Union influences and the need to bolster Western Europe as a buffer against communist expansion. Additionally, significant communist elements were active with intent to undermine the standing governments in France, and Italy, and were in fact successful in doing so in Greece. The post-World War II European security environment was arguably as difficult and problematic for the employment of economic tactics as the Vietnam War or the modern-day conflicts in Iraq and Afghanistan. The Marshall Plan and the tactics and organizations used to implement it were, at least in part, employed in the midst of a contested security environment and are therefore appropriate for review and analysis in this thesis.

Invaluable to any analysis of the Marshall Plan is the copious literature available in the form of direct source material available from the Marshall Foundation that includes transcripts of interviews and statements from prominent figures in the plan's development, such as Secretary of State George Marshall and Undersecretary (and eventual Secretary of State) Acheson. Memorandums, speeches, and Congressional hearing transcripts are all accessible, providing tremendous insight into the motivations

behind the massive infusion of American capital into post-World War II Europe. Among these transcripts is the speech of Secretary of State George Marshall at Harvard University on June 5, 1947, widely regarded as the beginning of the movement to aid Europe's post-conflict recovery.

Marshall's speech at Harvard vividly described the state of Europe's economy. In describing how "Long-standing commercial ties, private institutions, banks, insurance companies and shipping companies disappeared, through loss of capital, absorption through nationalization or by simple destruction," Marshall explained the plight of Europe and the substantial roadblocks to rehabilitation still in existence two years after the end of World War II.²⁰ Additionally, Marshall's speech highlighted the impacts to the United States of continued European struggles. Most significant to this thesis, however, is the notion of coordination and partnership with European governments, a central principle of the Marshall plan already apparent in Marshall's speech in 1947.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans.²¹

Marshall's address at Harvard made no references to communism or a desire to avert the expansion of Soviet influences in Europe. In a speech preceding Marshall by

²⁰George Marshall, "The Marshall Plan Speech" (lecture, Harvard University, Boston, June 5, 1947), http://marshallfoundation.org/library/doc_marshall_plan_speech.html (accessed February 28, 2014).

²¹Ibid.

less than a month, Under Secretary of State Dean Acheson similarly excluded any references to communism. In speaking to the Delta Council on May 8, 1947, in Cleveland, Mississippi, Acheson does make reference to the need for economic assistance in Europe to avoid political instability.

For it is generally agreed that until the various countries of the world get on their feet and become self-supporting, there can be no political or economic stability in the world and no lasting peace or prosperity for any of us. Without outside aid, the process of recovery in many countries would take so long as to give rise to hopelessness and despair. In these conditions freedom and democracy and the independence of nations could not long survive, for hopeless and hungry people often resort to desperate measures.²²

However, Acheson's views and perspectives on the Marshall Plan can also be extracted from his memoir entitled *Present at the Creation*. Acheson devotes an entire chapter entitled "The Crisis Broadens: Birth of the Marshall Plan" to describing the origins of the plan and provides an in-depth account of the genesis of his and Marshall's speeches. Owing largely to the advocacy of Will L. Clayton, Assistant Secretary of Commerce, and his own consultations with his European counterparts, Acheson describes how Marshall became convinced of the need for aggressive American intervention in the disintegration of Europe's economies. According to Acheson, Clayton served as a vocal proponent of a robust aid program.

Will Clayton was one of the most powerful and persuasive advocates to whom I have listened. Both qualities came from his command of the subject and the depth of his conviction. What he said at the meeting added to his paper principally corroborative detail to illustrate the headlong disintegration of the highly complex industrial society of Europe, through the breakdown of interrelations between the industrial cities and the food-producing countryside.

²²Dean Acheson, "The Requirements of Reconstruction," *The Department of State Bulletin*, 16, no. 411 (May 8, 1947): 991, http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/index.php?pagenumber=1&documentdate=1947-05-08&documentid=8-8 (accessed February 28, 2014).

Millions of people would soon die, creating a chaos of bloodshed and disorder in doing so. To organize the great effort needed to prevent this disaster would take time, but it had to begin here and now. Surely the plan should be a European plan and come—or, at any rate, appear to come—from Europe. But the United States must run the show. And it must start running it now.²³

Like Marshall's and Acheson's speeches, *Present at the Creation* pays little attention to the notion of the Marshall Plan serving to thwart communist advances in Europe. Acheson's account instead adopts an almost romanticized tone, in which he is clearly proud of the philanthropic nature of the plan and its accomplishments. However, several works offering comprehensive reviews of US strategy in regards to the Soviet Union are quick to reference the Marshall Plan as a major component of American efforts to deter the spread and influence of communism.

For instance, Thomas Paterson's *Meeting the Communist Threat: Truman to Reagan* outlines American government attitudes and policies towards the Soviet Union and communism from the conclusion of World War II to the 1980s. Paterson's main thesis is a provocative one in that he harshly criticizes the Truman administration, and in particular the Kennedy administration, for gross arrogance, impatience, and exaggeration of the severity of the communist threat. Paterson's thesis is evident in his portrayal of the inception of the Marshall Plan.

Events in Europe spurred passage of the expensive Marshall Plan in early 1948. The dollar shortage there had become acute. The fear that the Communist Party would win the Italian elections in April 1948 persuaded some to call for the use of foreign aid to influence the outcome. Soviet pressures on Finland and the Communist coup in Czechoslovakia in February also disturbed Congress. And by early 1948 it was clear and encouraging that coal-and-iron-rich West Germany would be included in the ERP and that the United States was trimming back its decartelization and industrial dismantling operations in the new economic partner.

²³Dean Acheson, *Present at the Creation: My Years in the State Department* (New York, NY: Norton and Company, 1969), 230-231.

The Truman Administration exploited these events to create a crisis atmosphere. The President appeared before Congress in mid-March to plead alarmingly for temporary selective service, universal military training, and the Marshall Plan; and leaks from American military officials suggested administration fears of a serious and sudden conflict with the Soviet Union. The administration's lobbying was helped by the Soviet Union's rejection of the Marshall Plan, thus assuring Americans that the plan would be an anti-communist effort.²⁴

While Paterson's skepticism is evident, he does acknowledge that the Marshall Plan can be credited "with thwarting Communist electoral victories in Italy and France and Communist subversion elsewhere."²⁵ Other accounts of the Marshall Plan's impact on communism confirm this assessment, such as William Hitchcock's *The Struggle for Europe: The Turbulent History of a Divided Continent, 1945-2002*. Hitchcock's analysis of the turmoil in Europe is particularly incisive and offers significant confirmation of the deteriorating security environment the United States was fearful the Soviet Union would exploit.

For example, Hitchcock describes how Italy's Prime Minister, Alice De Gasperi, appealed to the United States for aid on the basis of a rising communist-fueled insurrection.

De Gasperi therefore remained at the helm of a government torn by internal dissension, unable to solve the economic crisis. Frequent strikes and demonstrations broke out in the fall. In October 1946, 20,000-30,000 people tried to storm the Interior Ministry in Rome in protest against job layoffs. The police fired into the crowd, killing two and injuring 119.²⁶

²⁴Thomas Paterson, *Meeting the Communist Threat: Truman to Reagan* (New York, NY: Oxford University Press, 1988), 28-29.

²⁵*Ibid.*, 32.

²⁶William Hitchcock, *The Struggle for Europe: The Turbulent History of a Divided Continent, 1945-2002* (New York, NY: Doubleday, 2002), 85.

Hitchcock contends that De Gasperi was successful in garnering American aid, and helped to provide stimulus for the eventual creation of the Marshall Plan, by appealing to US concerns over the spread of communism in a manner similar to crises in Turkey and Greece in late 1946.²⁷ In fact, Hitchcock characterizes the entire Western European theater the Marshall Plan aimed to influence as one fraught with instability. “Throughout the late 1940s, Western European society was profoundly divided by the problem of how to rebuild the political life of the continent. Strikes, street brawls, open conflict with the police, industrial action, trade union militancy, all were at their peak in this period.”²⁸

In *Rebuilding Europe: Western Europe, America, and Postwar Reconstruction*, David Elwood further confirms the deterioration of security and stability and the opportunity for communist influence.

Looking at Greece, Yugoslavia, Romania, Hungary, Austria, and Italy, Allied Force Headquarters in Italy produced in June 1945 an unusually thoughtful analysis of the consequences of food shortages in liberated areas, an analysis which would reappear in economic surveys of postwar Europe all the way down to the Marshall Plan. This concentrated on the breakdown in economic relations between town and country as a cause of social unrest, noting that most of these countries were largely agricultural in nature while possessing significant numbers of industrial workers who depended on the surplus from the country for essentials, together with a margin of cheap imports. The workers in return supplied the country with basic manufactured products, from shoes to textiles and tools. With the disruption of production and trade brought by the war, money had lost almost all its purchasing power, the town-country exchange had broken down and the black market flourished. The reaction of the starving workers was to press for

²⁷Ibid.

²⁸Ibid., 11.

ever more aggressive action from their representatives, who were of course Communists and socialists.²⁹

Perhaps the most compelling account of the Marshall Plan's aims of addressing European destabilization and vulnerability to communism can be found in the memoirs of President Harry Truman. President from 1945-1953, Truman authored *Memoirs: 1946-52, Years of Trial and Hope* and offered significant insight into his own assessments and motivations for pursuing the Marshall Plan. Truman's account leaves no doubt of the intent of the Marshall Plan to deter communist in-roads in the region. In reflecting on the potential for Greek communists to gain an upper hand in the 1946-1947 crisis, Truman asserts that if the United States did nothing, its "lack of interest would lead to the growth of domestic communist parties in such European countries as France and Italy, where they already were significant threats. Inaction . . . could result in handing to the Russians vast areas of the globe now denied to them."³⁰

A more contemporary volume of analysis emerged in 2007 entitled *The Marshall Plan: Lessons Learned for the 21st Century*, a monograph providing a collection of lectures and presentations from a 60th anniversary symposium at the George C. Marshall Center on June 13, 2007. Among this collection are several pieces of particular value to this thesis, none more so than "A Usable Marshall Plan" by Barry Machado. A significant portion of Machado's work is spent comparing and contrasting the Marshall Plan with the reconstruction effort in Iraq. In fact, Machado is remarkably scathing in his criticism of

²⁹David Elwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction* (New York, NY: Longman Publishing, 1992), 32-33.

³⁰Harry Truman, *Memoirs: 1946-52, Years of Trial and Hope* (New York, NY: Signet Publishing, 1956), 124-125.

US government officials for ignoring the lessons of the Marshall Plan that could have guided a better strategy in Iraq.

The place to begin, cautiously, is with the words of Ambassador Paul Bremer, head of the civilian Coalition Provisional Authority, or CPA, which oversaw reconstruction for 13.5 months, from mid-May 2003 until late June 2004. To mobilize domestic support for his effort Bremer equated his agency's work to the Marshall Plan in testimony before Congress. . . . While the head of CPA embraced the historical analogy, the Marshall Plan never served him as a guide to follow in discharging his duties. In fact, Bremer and David Nash, his chief of reconstruction who ran the Project and Contracting Office, or PCO, appear to have been unmindful of the historical ERP's strengths and weaknesses. . . . One might say, without undue exaggeration, that CPA's rehabilitation and reform efforts in Iraq prior to its dissolution essentially repudiated principles, values, methods and practices that contributed to ERP achievements in Western Europe. Americans in charge disregarded history's warnings, and their untutored labors approximated a nearly immaculate misconception. Ostensibly, invoking the Marshall Plan never meant comprehending its salient features, or its limitations. Although CPAers wrapped themselves in historical references, they did not study the Marshall Plan's complexity before their foray into the Middle East. They treated Marshall Plan lessons as if they were deeply submerged and irretrievable secrets.³¹

Continuing to chastise US ignorance of the Marshall Plan's lessons in crafting reconstruction strategy and tactics, Machado also identifies six teachings the American effort in Iraq failed to abide by. First, the Marshall Plan was a multi-lateral approach to problem-solving focused on capacity building within the framework of a national, and eventually regional, economy. In contrast, "Paul Bremer's CPA was antithetical, an exercise in unilateralism and bilateralism."³² Second, The Marshall Plan included the cooperation and partnership of the host nation(s), as opposed to the "sweeping ban on

³¹Barry Machado, "A Usable Marshall Plan," in *The Marshall Plan: Lessons Learned for the 21st Century*, ed. Eliot Sorel and Pier Carlo Padoan (Paris: Organisation for Economic Co-operation and Development Publishing, 2007), 57-58.

³²*Ibid.*, 59.

Baathists” that vastly undermined postwar Iraq’s indigenous capacity.³³ Third, the Marshall Plan was conceived and implemented after a six-month debate and discussion aimed at rallying support from Congress and the American people, and as a result enjoyed enduring public support. Reconstruction in Iraq, however, was essentially concocted in less than a month before the 2003 invasion. Consensus-building was “out of the question, improvisation ruled and a free-wheeling operation evolved.”³⁴

Fourth, Marshall Planners pursued a sizable propaganda war to win European hearts and minds, while the CPA in Iraq largely yielded the propaganda war to al-Jazeera, an Arab-language network considered hostile to American efforts.³⁵

Additionally, a supremely qualified cadre of educated and experienced professionals with a robust understanding of Europe and its core languages conceived and executed the Marshall Plan. Machado contrasts the CPA staff as a partisan “pick-up team” with woefully insufficient skills or knowledge of the appropriate languages, religion, tribal systems, or Middle Eastern history.³⁶

Finally, Machado argues that Marshall Plan appropriations and expenditures were tracked and accounted for in a remarkably meticulous and painstaking manner. In Iraq, “CPA was beset by overcharges, phantom work, swindles, and scores of criminal

³³Ibid.

³⁴Ibid., 60.

³⁵Ibid.

³⁶Ibid., 61.

investigations. Substantial irregularities and waste, stemming from poor monitoring of contracts and delivery of services, came to pass in Iraq.”³⁷

Vietnam War Literature

Comprehensive histories, analyses, and evaluations of US tactics and effectiveness in the Vietnam War are plentiful. Largely considered the most complete and comprehensive is Stanley Karnow’s *Vietnam: A History*. Karnow’s work is remarkably thorough, beginning by describing the origins of Western involvement in Vietnam via Portuguese crusades in the 1500s. Karnow then elaborates on the French conquest and dictatorship in the latter half of the nineteenth century, and ultimately addresses the French-Vietnamese conflict that preceded American involvement. Karnow offers a robust account of American tactics and techniques, including the gradual escalation of the scope and scale of American efforts in the conflict, first in the form of advisors from the mid-1950s to the early 1960s under the Kennedy administration followed by the employment of special operations forces in the early 1960s along with pronounced American air support. Karnow also traces the origins of pacification efforts, including the failed “strategic hamlet” program and the more successful Civil Operations and Rural Development Support (CORDS) program. Karnow also provides in-depth analysis of the President Nixon’s exit strategy, dubbed “Vietnamization,” and the aftermath of American efforts for both North and South Vietnam, and future American foreign policy.³⁸

³⁷Ibid., 62.

³⁸Stanley Karnow, *Vietnam: A History* (New York, NY: Penguin Books, 1984).

Another work offering a comprehensive review is Andrew Krepinevich's *The Army and Vietnam*. Krepinevich provides an account of US Army tactics and methods used to confront both the North Vietnam Army (NVA) and the Viet-Cong (VC) insurgency. Krepinevich relates how the US Army struggled to apply conventional tactics against the unconventional threat in Vietnam, and depicts how the army attempted to modify those tactics as the conflict persisted. In reviewing pacification efforts, Krepinevich contends that the army eventually identified a laudable strategy and platform for addressing the COIN threat in the CORDS program. Krepinevich contends that CORDS was simply under-resourced in comparison the US Army's efforts against the conventional NVA threat.

Unfortunately for MACV, its focus was so overwhelmingly on the big-unit war that the resources devoted to these counterinsurgency operations-the "other" war-were insufficient for the task at hand. Thus, to a great extent, the problem of US strategy in Vietnam was a problem of resource allocation.³⁹

Krepinevich's concludes *The Army and Vietnam* highly critical of the US Army's organizational and cultural responses to the conflict. He accuses the Army of "erecting barriers to avoid fighting another Vietnam War" and failing to cultivate appropriate lessons for future conflicts. Published in 1986, Krepinevich's assessment that "There exists today no persistent, direct, high-level emphasis for the development of an interdepartmental approach to the problem of foreign internal defense" has proven remarkably insightful given the obvious lack of interagency coordination and synchronization in the modern COIN efforts of Iraq and Afghanistan.⁴⁰

³⁹Andrew Krepinevich, *The Army and Vietnam* (Baltimore, MD: The John Hopkins University Press, 1986), 215.

⁴⁰*Ibid.*, 275.

Ironically, as the US military became ensnared in unanticipated COIN efforts in Iraq and Afghanistan, a frenzied effort to reinvestigate and rediscover the lessons of COIN from the Vietnam War did emerge. In the spring of 2006, *Military Review* published one such analysis of the pacification efforts employed during Vietnam, authored by Dale Andrade and James Willbanks. The article was entitled “CORDS/Phoenix: Counterinsurgency Lessons from Vietnam for the Future,” and proceeded to analyze how the US military could benefit from applying the tactics of the CORDS program in Iraq and Afghanistan. While recognizing significant differences in the nature of Iraq and Afghanistan from the Vietnam conflict, Andrade and Willbanks contend that CORDS offers a template for better integrating the efforts of civilian agencies and the military in a COIN effort.

Key to the entire strategy is the integration of all efforts toward a single goal. This sounds obvious, but it rarely occurs. In most historical COIN efforts, military forces concentrated on warfighting objectives, leaving the job of building schools and clinics, establishing power grids, and bolstering local government (popularly referred to today as nationbuilding) to civilian agencies. The reality is that neither mission is more important than the other, and failure to recognize this can be fatal. Virtually all COIN plans claim they integrate the two: The Provincial Reconstruction Teams in Afghanistan and the defunct Coalition Provisional Authority in Iraq were attempts to combine and coordinate civilian and military agencies, although neither really accomplished its objective. In this respect, the development of the CORDS program during the Vietnam War offers a good example of how to establish a chain of command incorporating civilian and military agencies into a focused effort.⁴¹

Andrade and Willbanks provide a broad overview describing the creation of CORDS, and the interagency structure that was established to execute it. In describing the effectiveness of CORDS in synchronizing civilian and military efforts Andrade and

⁴¹Dale Andrade and James Willbanks, “CORDS/Phoenix: Counterinsurgency Lessons from Vietnam for the Future,” *Military Review* (March-April 2006): 9.

Willbanks offer a compelling case, especially in light of the SIGIR *Hard Lessons* report that would emerge nearly three years after their article identifying a gross lack of coordination of efforts in Iraq. Andrade and Willbanks conclude by offering several lessons from CORDS, most notably the need for unity of effort among government agencies, and the need for the development of host-nation capacity.⁴²

A more contemporary work providing in-depth analysis of American pacification efforts in Vietnam was authored by Richard Hunt, entitled *Pacification: the American Struggle for Vietnam's Hearts and Minds*. Hunt served as a US Army Captain in Vietnam at the Headquarters of Military Assistance Command before joining the Center for Military History in Washington DC. In writing *Pacification*, Hunt delivers an extremely robust and in-depth history of the entire COIN effort, demonstrating how the American foreign assistance efforts mirrored the gradual escalation concept of conventional military forces.

The buildup of US forces gave civil affairs a sharper focus. Before 1965, US Army civil affairs mobile training teams assisted AVRN in developing construction projects for villages and organized two experimental South Vietnamese civil affairs companies. Confronted with the growing number of displaced persons, MACV requested in the summer of 1965 the deployment of sixteen civil affairs refugee teams to help tactical units provide refugee assistance. . . . In 1966, the army sent two additional civil affairs companies to Vietnam.⁴³

Hunt describes the impact of these civil affairs teams, to include the construction of schools, hospitals, and wells, as well as the larger efforts of US Army engineer units also operating in the theater at this time. These engineer units focused on projects

⁴²Ibid., 20.

⁴³Richard Hunt, *Pacification: The American Struggle for Vietnam's Hearts and Minds* (Boulder, CO: Westview Press, 1995), 45.

“designed to enhance the image of the government,” including war-damaged infrastructure, water supply systems, and electric power systems, and even distributed construction material throughout South Vietnam for self-help efforts. However, Hunt’s assessment of the effectiveness of these programs during this era of the Vietnam conflict details the difficulties in establishing host nation capacity, and in synchronizing pacification efforts.

Although civil affairs programs would have benefited from even greater US Army involvement, they were no real substitute for the efforts of South Vietnamese officials. Civil affairs projects were easily undone by inadequate South Vietnamese follow-up efforts, corruption, or resurgence of VC activity. . . . From these varied approaches emerged a keener appreciation of the limits of the American military role in the war for the villages and a clearer recognition of the need to harmonize the civil and military approaches to pacification.⁴⁴

In writing *Pacification*, Hunt focuses on providing an in-depth history of pacification efforts in Vietnam, and makes no effort to identify and extrapolate lessons learned for any future counterinsurgency efforts. However, Hunt frequently espouses the merits and successes of CORDS, in addition to addressing the shortcomings of predecessor programs.

As an organization created to bring civilian and military programs under a single manager, CORDS was largely successful. Thanks to its efforts, civil pacification programs received support from US Army engineers and civil affairs companies. CORDS also helped make available to South Vietnamese officials and American advisers working on development projects military materiel, transportation, and communications. As an integral part of MACV, CORDS obtained assistance from US Army units that provided local security. Although some civilians objected, especially in the early days, that CORDS was unworkable . . . most Americans working on pacification came to acknowledge the necessity of merging civil and military programs under one manager and felt that CORDS successfully coordinated military and civilian programs.⁴⁵

⁴⁴Hunt, *Pacification*, 46-47.

⁴⁵*Ibid.*, 275.

Hunt further provides an assessment of the limitations and shortcomings of CORDS. Most notably, he identifies CORDS' difficulty in obtaining quality advisers from a military officer corps that deemed adviser duty inferior to the professional prestige of commanding combat units.⁴⁶ This problem was further exacerbated by similar difficulties in obtaining expertise through the relevant civilian agencies. Additionally, Hunt explains the impacts of the Nixon administration's "Vietnamization" concept on CORDS as well, describing how the forced withdrawal of district adviser teams lessened the ability of CORDS to maintain involvement and ties with South Vietnamese government officials.⁴⁷

A truly thorough evaluation of CORDS and the underlying strategy behind it is not possible, however, without an analysis of the work of the principle architect himself, Robert W. Komer. President Johnson charged Komer, a member of the President's National Security Council, with crafting a more coordinated and synchronized pacification effort in Vietnam. Komer's proposed solution eventually culminated in the creation of CORDS via National Security Action Memorandum 362, signed on May 6, 1967.⁴⁸

Komer's exact views on pacification efforts prior to CORDS, and the rationale behind the creation of CORDS, is best encapsulated in *Organization and Management of the New Model Pacification Program, 1966-1969*, a RAND publication distributed in

⁴⁶Ibid., 270.

⁴⁷Ibid., 273.

⁴⁸Johnson to Komer, National Security Action Memorandum 362, "Responsibility for U.S. Role in Pacification (Revolutionary Development)," <http://www.lbjlib.utexas.edu/johnson/archives.hom/NSAMs/nsam362.asp> (accessed February 25, 2014).

1970. In *Organization and Management*, Komer compiles several RAND interviews, including his own, in an attempt to provide a comprehensive history of Vietnam pacification programs prior to the date of publication. Komer “concentrates on the organization and management of this essentially Vietnamese (even if largely US-sponsored) pacification effort—a unique large-scale experiment in how to cope with insurgency war.”⁴⁹ In a similar manner to Hunt, Komer in *Organization and Management* provides a detailed chronology and assessment of Vietnam pacification programs, beginning with early initiatives in 1956 such as the Strategic Hamlet Program and concluding with CORDS in 1969. Of significant value are Komer’s insights into the justification for the organizational construct of CORDS and the tactics employed in pacification.

Most of all, neither the US or GVN military were really backing pacification. It was regarded by them as essentially a civilian problem, to be handled by the remnant GVN civil ministries backed by the US Embassy, AID, and CIA—whereas the military were chiefly focused on the “main force war.” Yet most of the resources in country were controlled by military (money, manpower, supplies, transport, the works). Without the military, territorial security in the countryside could not be expanded rapidly enough to exploit anti-main force successes. Our solution to this problem was to saddle the military with pacification responsibility, and to create a unified civil-military management on the US side under MACV.⁵⁰

In describing CORDS, Komer offers equally in-depth explanations of the rationale behind pacification tactics, to include comparing and contrasting such efforts with previous measures in Vietnam. Komer describes US promotion of rural economic and social development programs at the infancy of US involvement in Vietnam. In turn,

⁴⁹Robert Komer, *The Organization and Management of the New Model Pacification Program, 1966–1969* (Santa Monica, CA: RAND Corporation, 1970), iii.

⁵⁰*Ibid.*, 52.

he explains the lack of success of such efforts in stating “once again the basic problem was less one of failure to realize the importance of this problem area than of inadequate resources, poor GVN management and execution, and dissipation of effort over a multiplicity of programs.”⁵¹

Under Komer’s direction, CORDS ran a significant number of economic revival programs. These programs included massive self-help initiatives such as the New Life Development and Village Development Programs, a national highway program led by AID, a Navy SEABEE effort to construct bridges, and robust USAID efforts to accelerate rice production and overall agricultural capacity. Economic efforts were in fact at the very heart of CORDS pacification efforts.

This was one of my favorite projects. Farmers seem to be the same the world over. They are interested in making more money on their crops. Farmers have a very acute ear for price changes. They know what the crop is likely to bring, and they make rational economic decisions. The Vietnamese farmer is no exception. He is a very smart fellow. So I thought that while we weren’t very good at plugging the psywar theme that the government in Saigon was much better than the government in Hanoi, we could still get at the farmer by providing him first, security and second, a range of economic improvements—the ones that would affect his pocketbook. Also, if land reform wasn’t going anywhere fast we could still help the farmer this way. Opening roads and waterways also meant that commerce would move, pigs could get to Saigon, watermelons, etc.⁵²

In addition to providing in-depth descriptions of the pacification tactics employed by CORDS, Komer also provides a summary of performance measurement criteria used to evaluate their effectiveness. Komer describes the innovative approach of establishing the Evaluations Branch within CORDS, charged with providing “eyes and ears on what

⁵¹Ibid., 120.

⁵²Komer, *Organization and Management*, 120.

was really going on out in the field” and staffed with CORDS’ sharpest intellects.⁵³ The Evaluations Branch developed several systems, most notably the Hamlet Evaluation System, aimed at measuring the degree of US and AVRN control of the countryside. Komer readily recognized the challenges of effectively measuring pacification successes, stating “I’m under few illusions as to how well we divined the undividable, but I’ll argue that we pacifiers were more innovative than most.”⁵⁴

Operation Enduring Freedom and Operation Iraqi Freedom Literature

Hard Lessons: The Iraq Reconstruction Experience is a comprehensive report released by the office of the Special Inspector General for Iraq Reconstruction (SIGIR) in February of 2009. The massive and comprehensive 378-page report points to an estimated \$60 billion in US taxpayer dollars spent towards reconstruction of Iraq, with roughly \$3-5 billion lost to waste, abuse, and overall questionable program effectiveness. Offering a robust chronology of events predating the invasion of Iraq, the report elaborates considerably on a wide disparity between the DOD and USAID in particular, both in perceptions of each organizations capabilities and in preferred courses of action. For example:

The National Security Council assumed that USAID’s disaster response teams could help contain humanitarian crises that might follow the invasion, and that its development know-how could help repair Iraq’s infrastructure and support the country’s transition to democracy. Some Pentagon planners—particularly those unfamiliar with USAID’s missions in Bosnia, Kososvo, and Afghanistan—

⁵³Ibid., 197.

⁵⁴Ibid., 148.

imagined that the agency had vast powers to rush in civilians behind the troops and establish conditions that could lead to the soldiers' deployment home.⁵⁵

Hard Lessons also provides an excellent summary of the various policy initiatives that took place from the beginning of the United States' involvement in Iraq to its conclusion. These initiatives included DoD's "Iraqi-First" program, authored by Joint Contracting Command-Iraq. The "Iraqi-First" program encouraged the award of contracts to Iraqi-owned businesses whenever feasible, and triggered the investment of \$2.7 billion into Iraqi firms in the first fiscal year of the program alone.⁵⁶ A more prominent DoD program, however, was the Commander's Emergency Response Program (CERP). CERP was originally conceived as a method to provide rapid humanitarian relief, yet in reality only four percent of the program encompassed projects of this nature. Instead, the US military spent massive sums of CERP funds in support of infrastructure rebuilding and the establishment or repair of essential services. This tactic drew the ire of many USAID Provincial Reconstruction Teams (PRTs), who maintained that CERP was a counterproductive band-aid that thwarted the larger goal of developing indigenous Iraqi capacity.⁵⁷

Overall, SIGIR chronologically outlines the complete reconstruction effort in *Hard Lessons*, highlighting a number of key issues. These issues include the tremendous security challenges that hampered rebuilding efforts, along with systemic, pronounced, and often reflexive changes in reconstruction strategy. Additional issues include rampant

⁵⁵SIGIR, *Hard Lessons*, 18.

⁵⁶*Ibid.*, 304.

⁵⁷*Ibid.*, 303.

personnel turnover throughout the responsible agencies, inadequate contracting and program management, and notably poor coordination of interagency efforts due largely to a lack of unity of command.⁵⁸ Most importantly, SIGIR highlights the degree to which the United States was woefully unprepared for COIN efforts in Iraq. “With no established plans to manage the increasing chaos it faced, no developed doctrine of nation building to rely on, and no existing governmental structures through which to carry out contingency relief and reconstruction operations, policymakers struggled to respond to a broken Iraq.”⁵⁹

Despite the robust and detailed history of Iraq reconstruction efforts SIGIR’s *Hard Lesson’s* offers, perhaps its greatest value can be found in a review of the principles for future COIN efforts the report details. SIGIR lists several “first principles” for reconstruction. First, “security is necessary for large-scale reconstruction to succeed.” Second, “developing the capacity of people and systems is as important as brick and mortar reconstruction projects.” Third, “soft programs serve as an important complement to military operations in insecure environments.” Fourth, “programs should be geared to indigenous priorities and needs.” Fifth and finally, “reconstruction is an extension of political strategy.” In addition, SIGIR offers a robust list of additional recommendations, perhaps most noteworthy being the input that “Executive authority below the President is necessary to ensure the effectiveness of contingency relief and reconstruction programs.”⁶⁰ This recommendation, however, is only one of several organizational and

⁵⁸Ibid., vii.

⁵⁹Ibid., 323.

⁶⁰Ibid., 334.

structural suggestions offered by SIGIR, based no doubt on this telling overall assessment:

Of the many lessons to be drawn from Iraq reconstruction, the most compelling speak to the need to develop an agreed-upon doctrine and structure for contingency relief and reconstruction operations to guide the use of military and economic power so that the United States is ready when it next must intervene in a failed or failing state.⁶¹

While no comprehensive report comparable to *Hard Lessons* has yet been prepared, a growing volume of quarterly and intermittent topic-specific reports regarding reconstruction in Afghanistan are also available from the Special Inspector General for Afghanistan Reconstruction (SIGAR). One such quarterly report, released on July 30, 2013, raised a number of concerns regarding DOD and USAID policy and execution in Afghanistan. The concerns are eerily similar to those described in the Iraq *Hard Lessons* report. For instance, the July 2013 SIGAR report describes:

A US-funded school in Sheberghan, Afghanistan, trains aspiring Afghan teachers—and provides lessons to Americans on the need for effective contract oversight. SIGAR inspectors found staff and students busy at their work, but in a setting of wasted money, lost time, dysfunctional oversight, weak accountability, and potential threats to their health and safety. The Sheberghan school was built under a multi-million dollar contract, a small part of the massive effort by the United States and international donors to reconstruct and develop a poor, largely illiterate, isolated, and war-ravaged country.⁶²

Similar narratives regarding other projects can be found throughout SIGAR reports, all pointing to themes of challenges to executing Afghanistan reconstruction much like those found in Iraq: rebuilding efforts stymied by security challenges, chronic

⁶¹Ibid., 331

⁶²Special Inspector General for Afghanistan Reconstruction (SIGAR), *Quarterly Report to the US Congress*, July 30, 2013, 3.

and rampant waste and abuse, and a serious lack of unity of effort and interagency coordination.

Another government-sponsored report regarding reconstruction efforts in Iraq and Afghanistan is *Transforming Wartime Contracting*. The Commission on Wartime Contracting in Iraq and Afghanistan, an organization established by the 2008 National Defense Authorization Act, was specifically charged with investigating contingency contracting in these two theaters. Through *Transforming Wartime Contracting*, the commission recommended a number of sweeping reforms including a significant increase in reporting requirements for the various agencies involved, and an increased investment in contract execution and oversight capabilities among these agencies. Much like *Hard Lessons*, *Transforming Wartime Contracting* advocates strongly for what is essentially a significant increase in manpower in future COIN reconstruction efforts.

Additional government assessments of the US employment of economics in Iraq and Afghanistan are available from the Government Accountability Office (GAO). While very subject-specific, the reports offer evaluations of the various initiatives used by the United States to award contracts and pursue reconstruction. For instance, an August 2012 report from the GAO entitled “Contingency Contracting: Agency Action to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan,” determined that less than half of the commission’s fifty-one recommendations have been implemented by the DoD, DoS, or USAID.⁶³

⁶³Government Accountability Office, *Contingency Contracting: Agency Actions to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan* (Washington, DC: Government Print Office, August, 2012).

Finally, among the many personal accounts of military officers and other professionals to emerge offering their own narratives of their varying experiences in Iraq and Afghanistan, perhaps the most compelling and valuable to this thesis is the recently published memoir of former Secretary of Defense Robert M. Gates. One might ordinarily suspect subjectivity and bias in the writings of political figures and appointees. However, Secretary Gates' distinction of having served as Secretary of Defense under both a Republican and Democrat president, and the fact that he inherited both the Iraq and Afghanistan conflicts from his predecessor, suggest unique qualifications to offer an objective perspective.

Secretary Gates' assessments of both Iraq and Afghanistan echo the findings and concerns identified in the SIGIR and SIGAR reports. Regarding Afghanistan in particular, Gates laments an egregious lack of a synchronized reconstruction effort.

International civilian assistance and reconstruction efforts were also confused. Scores of countries, international organizations, and nongovernmental organizations were engaged in trying to help the Afghans develop an effective government, improve the infrastructure, strengthen the economy, and carry out humanitarian projects. It was—and is—a massive endeavor, made significantly more difficult because no one knew what anyone else was doing. Each country and organization worked strictly within its own sector on its own projects. There was little sharing of information on what was working or not, little collaboration, and virtually no structure. To make things worse, the outsiders too often did not inform the Afghan government about what they were doing, much less ask the Afghans what projects they would like. . . . A senior civilian coordinator was needed, someone with a broad international mandate to oversee all the economic development, governance, humanitarian, and other projects under way in Afghanistan and then to work with President Karzai and his government to bring some greater structure, coherence, and collaboration to those efforts—with significant Afghanistan involvement.⁶⁴

⁶⁴Robert Gates, *Duty: Memoirs of a Secretary at War* (New York, NY: Alfred A. Knopf, January 2014), 206-207.

Particularly noteworthy in Gates' writings on Afghanistan are his considerable concerns and frustrations with an inability to bring enough DoS, USAID, and other civilian expertise into the reconstruction effort. While never explicitly expressing the opinion, frequent references from Gates concerning "the importance of the civilian component" demonstrate Gates' view of civilian expertise in reconstruction and stability efforts as an important prerequisite for success.⁶⁵

Other Theories and Proposals

Expeditionary Economics

One of the more noteworthy concepts that has emerged to address the challenge of employing economics in wartime reconstruction is the field of "expeditionary economics." At the forefront of expeditionary economics is the Kaufmann Foundation and Dr. Carl Schramm, the foundation's former president and CEO. Dr. Schramm argues fervently that the US military is the appropriate institutions to apply the economic instrument of power, and must develop its capacity to do so.⁶⁶ In his article "Expeditionary Economics: Spurring Growth After Conflicts and Disaster," Dr. Schramm argues that the unique access of the military makes it the default agency for employing economics in a "bottoms-up approach."⁶⁷ Defining expeditionary economics as "a new field of inquiry that treats economic reconstruction as part of any successful three-legged strategy of invasion, stabilization or pacification, and economic reconstruction," Dr.

⁶⁵Ibid., 348.

⁶⁶Carl Schramm, "Expeditionary Economics: Spurring Growth After Conflicts and Disaster," *Foreign Affairs* (May/June 2010): 90.

⁶⁷Ibid., 93.

Schramm ultimately advocates for the US government to develop a new and permanent organic capacity of economic assistance expertise in the military.⁶⁸ In arriving at this proposal, Dr. Schramm justifies an investment in military economic expertise by pointing to a history of the military turning “to US and international development agencies or nongovernmental organizations (NGOs) for practical guidance on improving local economic conditions only to find that the putative experts are of little help.

A US Army Standing Advisor Corps

Another commentary on COIN efforts which has garnered considerable attention is the work of now retired Lieutenant Colonel John Nagl. Nagl’s *Learning to Eat Soup with a Knife* is an extensive comparison of the British experience in Malaya with the US military experience in Vietnam. Nagl offers a compelling, although highly debatable theory, that the “learning organization” characteristics of the British military provided an innate ability to adapt to the insurgent threat in Malaya, as opposed to a stubborn American effort in Vietnam that insisted on prosecuting a conventional war against an unconventional foe. Interestingly, an updated version of Nagl’s work was released that included a new preface lauding the emergence of a similar US capacity for adaptation and learning in Operation Iraqi Freedom.⁶⁹ Nagl later authored an article entitled “Institutionalizing Adaptation: It’s Time for a Permanent Army Advisor Corps.” In his article, Nagl contends that the Army’s COIN experiences in Iraq and Afghanistan justify the creation of a permanent standing advisor corps in the Army composed of roughly

⁶⁸Ibid., 90.

⁶⁹John Nagl, *Learning to Eat Soup with a Knife: Counterinsurgency Lessons from Malaya and Vietnam* (Chicago, IL: The University of Chicago Press, 2005), xii.

20,000 personnel, with a mission to “coach, teach, and mentor host-nation security forces.”⁷⁰

Nagl’s assessments in *Learning to Eat Soup with a Knife* suffer from several problems, to include a British military history prior to Malaya highly inconsistent with the “learning organization” moniker Nagl would assign. Additionally, the Malayan conflict’s fundamental differences with both the Vietnam War and Operation Iraqi Freedom pose several challenges to the validity of Nagl’s attempts to compare them. Nagl largely ignores the subject of economics in COIN in *Learning to Eat Soup with a Knife* and his subsequent article. However, his works justify a review in this thesis in that, like Schramm’s proposal to invest in organic military economics expertise, Nagl suggests that a solution to US difficulties in COIN can be found by creating a new permanent and enduring advisor capacity in the military.

US Government Agency Doctrine and Guidance

Given that the literature review indicates a lack of interagency coordination and unity of effort as a recurring theme in each of the case studies of this thesis, a review of the doctrine and guidance for employing economics in COIN for each agency is appropriate.

⁷⁰John Nagl, “Institutionalizing Adaptation: It’s Time for a Permanent Army Advisor Corps,” *Military Review* (September-October 2008): 21, http://usacac.army.mil/CAC2/MilitaryReview/Archives/English/MilitaryReview_20081031_art007.pdf (accessed February 26, 2014).

Department of Defense

No specific doctrine identifying a military role in applying economics in COIN efforts exists. Joint Publication (JP) 3-24, *Counterinsurgency Operations*, does provide guidance regarding the military's roles and responsibilities in COIN efforts. JP 3-24 quickly recognizes the need for civilian expertise in prosecuting a COIN campaign, stating "COIN is primarily political and incorporates a wide range of activities, of which security is only one. Unified action is required to successfully conduct COIN operations and should include all host nation (HN), US, and multinational agencies or actors. Civilian agencies should lead COIN efforts."⁷¹

US Army Field Manual (FM) 3-24, *Counterinsurgency*, echoes the call for unified action among US government agencies in COIN efforts, stating:

COIN thus involves the application of national power in the political, military, economic, social, information, and infrastructure fields and disciplines. Political and military leaders and planners should never underestimate its scale and complexity; moreover, they should recognize that the Armed Forces cannot succeed in COIN alone.⁷²

FM 3-24 hints at potential expansion of the US military's role in COIN.

Political, social, and economic programs are most commonly and appropriately associated with civilian organizations and expertise; however, effective implementation of these programs is more important than who performs the tasks. If adequate civilian capacity is not available, military forces fill the gap.⁷³

⁷¹Department of Defense, JP 3-24, *Counterinsurgency Operations*, x.

⁷²Department of the Army, FM 3-24, *Counterinsurgency*, 1-1.

⁷³*Ibid.*, 2-2.

US Agency for International Development

USAID guidance appears to be in full agreement with the DoD in regards to the need for coordinated effort. In a September 2011 policy document entitled *The Development Response to Violent Extremism and Insurgency*, “identifies ways that USAID can work with its interagency partners and amplify the development voice within the USG.”⁷⁴ A noteworthy distinction is made in USAID guidance with regards to their assumptions about the role the military will play, however. In *A Guide to Economic Growth in Post-Conflict Countries*, USAID clearly indicates an expectation that the military will be relegated to transportation, logistics, and security operations.⁷⁵

As the lead agency for economic development, USAID’s guidance is clearly focused on long-term stability and capacity development.

Even as it manages both short-term stabilization and long-term assistance, USAID focuses on sustainability. Although not all stabilization impacts will require sustained program support, many will, particularly to build capacity and systems to strengthen resiliency to violent extremism and insurgency.⁷⁶

Additionally, as a logical extension of this capacity-building focus, USAID guidance repeatedly extols the value and importance of pursuing development in close partnership and coordination with the host-nation government.

In program assessment, design, implementation and evaluation, USAID will engage a wide range of country stakeholders—from the community to the

⁷⁴United States Agency for International Development (USAID), *Development Response to Violent Extremism and Insurgency* (Washington, DC: Government Print Office, September 2011), iv.

⁷⁵USAID, *A Guide to Economic Growth in Post-Conflict Countries* (Washington, DC: Government Print Office, January 2009), 6, 80.

⁷⁶USAID, *Development Response to Violent Extremism and Insurgency*, (Washington, DC: Government Print Office, September 2011), 6.

national level—who are committed to addressing the development related drivers of violent extremism and insurgency. Country ownership is a key ingredient of effective, sustainable development. This can include host government institutions, civil society, customary local authorities, communities and/or local populations—each of which can have an important role to play.⁷⁷

US Government Counterinsurgency Guide

The *US Government Counterinsurgency Guide*, released in January 2009, is particularly noteworthy for this thesis in that the guide provides definitive direction as to the specific roles each agency should play in a COIN effort. While labeled as a “guide” and not as a mandated regulation, the US Government Counterinsurgency Guide was jointly signed by Ms. Henrietta Fore, Administrator for USAID, Secretary of Defense Robert Gates, and Secretary of State Condoleeza Rice. The guide, remarkably tardy given the lengthy history of COIN efforts already having transpired in Iraq and Afghanistan by the date of its publication, is essentially an effort to tie together the key capabilities of each agency. The guide is woefully inadequate in that it fails to mandate an organizational construct that would truly link the varying efforts of each agency. However, the guide does specifically identify the exact role each agency should be considered responsible for in a COIN campaign.

Diplomatic efforts, which shape the international environment as well as helping the affected government to reform, mobilize support, marginalize insurgents and extend its control throughout its territory, are led by the Department of State. Development efforts help the affected government meet essential needs, develop infrastructure and build economic capacity are led by the US Agency for International Development. Both diplomacy and development are enabled by and contribute to security activities, which are led by the Department of Defense.⁷⁸

⁷⁷Ibid., 9.

⁷⁸*US Government Counterinsurgency Guide* (Washington, DC: Government Print Office, January 2009), 50.

The massive and nearly uninhibited nature in which CERP funds have been expended in Iraq and Afghanistan by the US military is just one example demonstrating that DoD has not restricted itself to “security activities.” The US Counterinsurgency Guide is clearly inconsistent with the tactics and constructs that have actually been employed in Iraq and Afghanistan. Nevertheless, the guide is valuable in that the signatures of the leader of each organization suggest approval of the demarcations of responsibility outlined in the above quote.

Summary

This chapter reviewed a wide array of relevant literature aimed at answering several secondary research questions. Those questions ask: what examples are available in military history of the employment of economics in COIN campaigns? Additionally, what tactics, techniques, and procedures were employed in these examples, and what was the impact of these tactics and techniques? Analysis of the literature described in this chapter provide a strong body of work that will ultimately serve to answer the primary research question of this thesis and identify common tenets for the application of the economic instrument of power in COIN efforts. Analysis of tactics and techniques for the use of economics in the Marshall Plan, the Vietnam War, and Operations Iraqi Freedom and Enduring Freedom will provide the basis for identification of these fundamental tenets.

CHAPTER 3

RESEARCH METHODOLOGY

Despite billions of dollars in reconstruction spending and the hard work of the US military, State Department, and other agencies over the past decade, only a meager body of research exists on how US resources in the form of wartime contracts can be used most effectively to rebuild a war-torn economy.

— Contracting Under Fire, 2012

Introduction

The US government's attempts to employ economics as an essential component of the COIN campaigns in Iraq and Afghanistan can be characterized by asynchronous efforts among the participating agencies, a chronic and overarching lack of oversight into contracted operations, corruption and waste, and a pervasive lack of security throughout the operational environment. Military doctrine and guidance warn of a high likelihood of future engagements that will continue to demand a capability to conduct stability operations. Therefore, the United States must address its doctrinal shortcomings and develop a framework for more effective wartime contracting. Despite the vast resources spent on the rebuilding of Iraq and Afghanistan, and the sizable US history of COIN activity, few efforts have been made to address this shortcoming. This thesis offers a contribution towards the eventual development of improved economic strategy in stability operations.

This chapter provides an overview of the research process used to identify the basic tactics, techniques, and procedures of economic strategy in previous COIN operations. Additionally, the guidance and protocols of the relevant agencies responsible

for executing economics in stability operations are evaluated and aligned against these tenets in the hopes of developing a common operating framework.

Research Process

This thesis endeavors to answer the primary research question: what are the common tenets of the successful employment of the economic instrument of power in COIN campaigns, and what strategy or doctrinal approach do they suggest for employing economics in future campaigns? Answering this question requires an in-depth evaluation of historical examples of economic efforts in COIN operations. In order to identify the necessary tenets of sound economic strategy in stability operations, this thesis provides a qualitative case study of the application of the economic instrument of power in previous counterinsurgencies in military history. Namely, this thesis studies the post-World War II US effort to rebuild Europe (dubbed the Marshall Plan), and the Vietnam War. In addition, US efforts in Iraq and Afghanistan are studied in order to identify and evaluate current US economic tactics and doctrinal shortcomings. In reviewing each of these historical examples, analysis will center on addressing secondary research questions of what tactics, techniques, and procedures were employed in these examples, what was the impact of these tactics and techniques, and what commonalities exist among these examples that can be extrapolated to inform a basic strategy or framework. Furthermore, a basic framework for the future application of economics in COIN, aligned with tenets identified in the analysis of this thesis, will be proposed based on the criteria of

suitability, acceptability, and feasibility as stipulated by Dr. Harry R. Yarger.⁷⁹ Finally, alternative proposals will be similarly measured against Yarger's criteria.

In addition to the author's own academic studies, including the course material of the Command and General Staff College, each case study analysis was informed through a careful review of numerous books, journals, articles, and papers. In addition, the work of relevant theorists offering their own researched perspectives on COIN operations were reviewed to further enhance this analysis. Research concerning the contemporary examples of Iraq and Afghanistan was also aided by the growing litany of available government and independent reports and assessments.

Source Criteria

The author has relied on official government publications and documents, books, academic works, and peer-reviewed journals as source material for this thesis.

Evaluation Criteria

In evaluating the tactics, techniques, and procedures of the use of economics in COIN operations of previous efforts in military history, one can easily be tempted to disregard those tactics that did not lead to final "victory" in the conflict. For instance, dismissing the practices of the Civil Operations and Rural Development Support (CORDS) program, a pacification program initiated by the United States in South Vietnam in 1967, might seem appropriate given the final outcome of American involvement in Vietnam. However, such a dismissal would be short-sighted without first

⁷⁹Harry Yarger, "Strategic Theory for the 21st Century: The Little Book on Big Strategy" (Strategic Studies Institute, Carlisle Barracks, PA, February 2006), 70.

accounting for contextual factors. In the case of the Vietnam War, CORDS was a program aimed at defeating an insurgent threat while a conventional threat, the North Vietnam Army (NVA), continued to challenge American forces.⁸⁰ The NVA was one of the more prominent factors in the American defeat in Vietnam, thus the defeat cannot reasonably be treated as confirmation that CORDS was a failed tactic as employed against the insurgency.

Similarly, this thesis avoids evaluating tactics and techniques for employing the economic instrument of power on the basis of the final outcome of the conflict in question alone. Instead, each tactic is analyzed in light of several evaluation criteria, to include immediate and long-term attainment of program objectives, resulting economic health and development, degree of inefficiency or waste, impact on overall military and government aims, and feasibility for application in modern COIN operations.

Summary

This chapter summarizes the author's process for mining available source material in an attempt to identify basic tenets of the employment of the economic instrument of power in COIN campaigns. These tenets can then serve to form the basis of a common operating framework for more cohesive efforts in future COIN operations. In pursuit of this identification, the Marshall Plan, the Vietnam War, and the contemporary experiences of Iraq and Afghanistan are analyzed in depth. The analysis attempts to review the specific tactics, techniques, and procedures used to employ economics,

⁸⁰Dale Andrade, "Westmoreland was right: learning the wrong lessons from the Vietnam War," *Small Wars and Insurgencies* 19, no. 2 (US Army Center of Military History, Washington, DC, September 2008), 161.

whether successful or unsuccessful on a grand scale, with the intent of identifying commonalities that can serve as a basis for the development of sound strategy for the future. Chapter 4 provides a general overview of each of the aforementioned conflicts, as well as an exhaustive evaluation of the use of economics to combat insurgency.

CHAPTER 4

ANALYSIS

Introduction

Chapter 3 identified the primary research question of this thesis: what are the common tenets of the successful employment of the economic instrument of power in COIN campaigns, and what strategy or doctrinal approach do they suggest for employing economics in future campaigns? This chapter provides a qualitative case study analysis of the Marshall Plan, the Vietnam War, and Operations Iraqi and Enduring Freedom in an attempt to answer that question. In support of the primary research question, secondary research questions were identified, specifically: what tactics, techniques, and procedures were employed in these examples, and what was the impact of these tactics and techniques and what commonalities exist that can be extrapolated to inform a basic strategy or framework? This chapter will apply these research questions to the case study literature reviewed in chapter 2.

Chapter 4 is therefore organized into three distinct sections of analysis dedicated to each of the aforementioned case studies. Furthermore, each case study is analyzed first through a general overview of the conflict in question, followed by a review of the tactics, techniques, and constructs used to employ economics in the conflict. The analysis of each case study will conclude with an evaluation of the economic tactics used in the conflict.

The Marshall Plan

Synopsis

The “Marshall Plan” was the moniker assigned to the more formally named European Recovery Program (ERP). The ERP was in place from April of 1948 to September of 1951 and was generally attributed to Secretary of State George C. Marshall and his speech at Harvard University on June 5th of 1947. Massive in ambition, scope, and scale, by its conclusion the Marshall Plan had served to distribute over \$11.8 billion in grants and \$1.1 billion in loans to sixteen different nations.⁸¹

The origins of Marshall’s Harvard speech and the ensuing Marshall Plan can be found in the deteriorating conditions of post-war Europe and Truman administration assessments of its implications. Under Secretary of State Dean Acheson, who delivered a speech in Cleveland, Mississippi more than a month prior to Marshall’s Harvard speech highlighting the issues in Europe, described administration concerns in *Present at the Creation*.

[W]ill Clayton, ill and on a plane to Tucson for a short rest before going to Europe, penned an urgent memorandum on the same subject. He was deeply disturbed, he wrote, by the world situation and its implications for our country. Only immediate assertion of world leadership by the United States could prevent war in the next decade. In every nation in the eastern hemisphere, and in some in the western, systematic campaigns were going on to destroy national integrity and independence. “Feeding on hunger, economic misery and frustration,” he wrote, “these attacks have already been successful in some of the liberated countries.” Prompt and effective aid for gravely threatened countries was essential to our own security. The President and the Secretary of State must shock the country into a realization of its peril by telling it the facts which daily poured in through our

⁸¹Gerard Bossuat, “The Marshall Plan: History and Legacy,” in *The Marshall Plan: Lessons Learned for the 21st Century*, ed. Eliot Sorel and Pier Carlo Padoan (Paris: Organisation for Economic Co-operation and Development Publishing, 2007), 13-15.

cables. He advocated a Council of National Defense of leading Cabinet officers and members of Congress and an emergency fund of five billion dollars.⁸²

In fact, considerable aid had already been flowing to Greece and Turkey, two countries in the midst of significant communist-fueled turmoil. In a special address several months before Acheson or Marshall's speeches, President Harry S. Truman implored Congress "to provide authority for assistance to Greece and Turkey in the amount of \$400,000,000." on the basis that "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure."⁸³ In announcing what would be known as the Truman Doctrine, the President described the plight of Greece, stating "The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the government's authority at a number of points, particularly along the northern boundaries."⁸⁴ President Truman's address established precedent for the American use of the economic instrument of power in an attempt to quell violence and provide stability to deter communist insurrection. In fact, further emergency aid in the form of an additional \$540 million was approved for distribution to Austria, China, France, and Italy.⁸⁵

⁸²Acheson, *Present at the Creation*, 226.

⁸³Harry Truman, "Special Message to the Congress on Greece and Turkey: The Truman Doctrine," Public Papers of the Presidents: Harry S. Truman, 1945-1953, Harry S. Truman Library and Museum, March 12, 1947.

⁸⁴*Ibid.*

⁸⁵Bossuat, "The Marshall Plan: History and Legacy," 15.

Several months of debating and campaigning for support of the Marshall Plan ensued before it was finally approved under Public Law 472. The law, formally known as the European Recovery Act, created the ERP and the European Cooperation Administration (ECA) to run the program under the supervision of Paul Hoffman in Washington, DC. In addition, the law authorized one year of aid, \$5.3 billion from April 1948 to April 1949, with Congress retaining the right to approve each additional annual authorization.⁸⁶

According to Gerard Bossuat's "The Marshall Plan: History and Legacy," preliminary European reactions to the ERP were guarded.

Drafts of the bilateral agreements were a very sensitive issue for most Europeans. Some European countries were afraid of alienating their independence. Meanwhile, the threat of war had increased since Berlin was blockaded. The British and the French criticized the American demand to obtain free access to rare resources of the European Overseas Territories. The ERP introduced an ill-defined American control which gave to the Congress, each year, the power to question the allocation of new funds.⁸⁷

Despite the European Recovery Act's approval for aid through June of 1952, the Marshall Plan ended prematurely in 1951. Congress desired to target aid towards countries deemed important to American security, such as Spain, Turkey, and Yugoslavia. Consequently, military aid via the Mutual Security Program replaced the aid of the Marshall Plan.⁸⁸

⁸⁶Ibid., 16.

⁸⁷Ibid.

⁸⁸Ibid.

Economic Tactics

Perhaps the most noteworthy tactic for the employment of aid under the Marshall Plan can be found in the origins of the plan itself: Secretary of State Marshall's Harvard speech.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all European nations.⁸⁹

Marshall's overture to partner and work in concert with European governments was met with a rapid and enthusiastic response. Upon learning of the address via radio report, British Foreign Secretary Ernest Bevin immediately labeled the idea a "lifeline" and within days joined French Foreign Minister Georges Bidault in Paris to determine a response. Noting that Marshall's address was open-ended as to the number of participants, Bevin and Bidault first consulted with the Soviet Union. Their overture to the Kremlin ultimately concluded with Soviet Foreign Minister Molotov's departure after five fruitless days of negotiation, the only result of Molotov's visit being the Soviet

⁸⁹Marshall, "The Marshall Plan Speech."

Union's move to block Poland, Yugoslavia, Romania, and Czechoslovakia from participation.⁹⁰

Bevin and Bidault issued a communique, on July 3, 1947, inviting a host of nations to Paris.⁹¹ Sixteen nations responded, and met throughout the summer of 1947 as participants of the Committee for European Economic Cooperation (CEEC). The nations were Austria, Belgium, Denmark, France, Greece, Great Britain, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, and Turkey.⁹²

The CEEC dialog that summer was heavily influenced by American recommendations, "particularly those looking toward economic integration of Europe and creation of supranational agencies to regulate commerce."⁹³ Despite a clear need for Marshall aid, concerns did exist among the sixteen nations as to the repercussions of their participation. Those concerns were greatest among Britain and France. Britain had long viewed itself as the "lead" nation on the continent and was hesitant to yield that role, or the distinctive relationship with the United States it enjoyed, in favor of continental integration. France's hesitations grew primarily from their opposition to American intentions to pursue a revival of German industry. France, Britain, and the rest of the CEEC ultimately overcame their hesitations, and at the conclusion of their deliberations submitted a request for \$22.3 billion in assistance. The CEEC's request was replete with

⁹⁰Robert Donovan, *The Second Victory* (New York, NY: Madison Books, 1987), 37-38.

⁹¹Acheson, *Present at the Creation*, 235.

⁹²Donovan, *The Second Victory*, 38.

⁹³*Ibid.*

promises to raise agricultural production to prewar levels, achieve a larger increase in industrial production, stabilize their currencies, reduce trade barriers, and expand exports. Additionally, the CEEC established the Organization for European Economic Cooperation to cement and grow European economic integration.⁹⁴

Having received the positive and largely eager reply of their European counterparts to Marshall's speech, the Truman administration embarked on a robust campaign to develop public and political support for the ERP. The administration commissioned several committees investigating the impact to the United States of extending such sizable assistance, as well as the likelihood that Marshall Plan aid would positively impact the nations of the CEEC. When each separate committee reported positively in support of the plan, Truman was quick to publicize and tout their findings.⁹⁵ In addition, "standing with the almost solid front of business leadership in endorsing the Marshall Plan were the American Federation of Labor, the Congress of Industrial Organizations, Americans for Democratic Action, Veterans of Foreign Wars, and the American Farm Bureau Federation."⁹⁶

Ultimately, the Truman administration was able to overcome the staunch opposition of a significant percentage of Congress through aggressive campaigning, as well as an alliance with Senator Arthur H. Vandenberg. A Republican from Ohio, Senator Vandenberg proved crucial in collecting and maintaining enough of his party's support to secure Marshall Plan approval. Perhaps most compelling was the growing perception that

⁹⁴Ibid., 40-41.

⁹⁵Ibid., 42-43

⁹⁶Paterson, *Meeting the Communist Threat*, 28.

Marshall aid was in increasingly dire need, fueled largely by a communist coup in Czechoslovakia in February of 1948 and the potential for further communist successes in the pending Italian elections in April. These events cemented the notion that significant aid was needed and could not be delayed.



Figure 1. A cartoon which focused on the impact of Congressional delays in approving aid

Source: Edwin Marcus, "The Shadow Lengthens," *The New York Times* (March 1948), <http://loc.gov/loc/lcib/970623/marshall.html> (accessed April 14, 2014).

Once received, the individual nations of Western Europe employed ERP aid in varying manners. Britain, not faced with an internal communist threat like other European nations, spent the bulk of the \$2.8 billion it received on foodstuffs and paying down its own national debt. France employed Marshall Aid to fund the Monnet Plan, “a state-designed plan to channel investment into key sectors of the economy like steel and coal production, railway and transport, cement, housing, and agriculture.”⁹⁷ German economic revival, eventually grudgingly accepted by France and others as a necessary prerequisite for European stability, was sparked by the introduction of a new currency and investment in heavy industries such as electricity, coal mining, railways, and shipping.

The American role in the execution of the Marshall Plan was largely an advisory one. Hundreds of experts were dispatched throughout European factories, plants, farms, and fisheries. Productivity Councils were also established. The brainchild of ECA director Paul Hoffman and his colleagues in private enterprise, the Productivity Councils extended opportunities to European managers, politicians, and businessmen to tour various industrial facilities in the United States.

They were invited to witness steelmaking in Pittsburgh, tire manufacturing in Ohio and the long assembly lines of the Ford Motor Corporation in Michigan. They were also shown the full car parks outside the factories, department stores, and the benefits of a consumer society. Hoffman’s hope was that these visitors would go back home sufficiently impressed to think of introducing, in their own enterprises, some of the institutions and practices they had seen across the Atlantic. He did not expect them to copy everything, but develop variants that took account of indigenous traditions and attitudes. Although there has been some

⁹⁷Hancock, *The Struggle for Europe*, 137.

discussion of Americanization and its limits of this kind, the impact of this program on gradual economic change in Europe should not be underestimated.⁹⁸

Throughout the duration of the Marshall Plan, the ECA and its lieutenants continued to implore European nations to focus on production capacity, integration across the continent, and currency stabilization.

Evaluation

One of the primary difficulties in assessing the impacts of the Marshall Plan lies in attempting to extrapolate what might have become of postwar Western Europe had the United States not intervened in such a robust fashion. Some, such as German Minister of Economics Ludwig Erhard, maintained the Marshall Plan was marginally effective at best, and suggest national and overall European resurgence was a function of organic ingenuity and motivation.⁹⁹ In contrast, Harry Bayard Price, official historian of the ERP, claimed “that the program probably prevented a collapse of Europe and the Mediterranean area, with a resulting spread of communism to the west.”¹⁰⁰

That a tremendous resurgence did occur is without question. From 1949 to 1963, industrial production nearly tripled in France, Italy, and West Germany, while Austria, Greece, and Spain showed less dramatic but nevertheless impressive growth. Agricultural productivity skyrocketed as well, with France matching or surpassing pre-war levels in

⁹⁸Volker Berghahn, “The Marshall Plan and the Recasting of Postwar Europe’s Industrial Systems,” in *The Marshall Plan: Lessons Learned for the 21st Century*, ed. Eliot Sorel and Pier Carlo Padoan (Paris: Organisation for Economic Co-operation and Development Publishing, 2007), 34.

⁹⁹Hitchcock, *The Struggle for Europe*, 144-145.

¹⁰⁰Robert Donovan, *The Second Victory* (New York, NY: Madison Books, 1987), 118.

wheat, barley, corn, and dairy output. German sugar-beet crop growth showed exponential improvements in the 1950s, as did Dutch milk production. External trade indexes similarly demonstrated expansion, with both French and West German imports and exports in 1960 tripling 1950 rates.¹⁰¹

Determining to what extent the Marshall Plan was responsible for this boon is problematic however, not only because the methods Western European nations chose to employ the aid were not uniform but also because other factors and forms of aid influenced the recovery. In fact, the ERP became law on April 3, 1948, followed by the arrival of aid in May and June of that year, a full year after Marshall's famous address at Harvard. Yet "in the full year since Marshall's dire warnings of imminent collapse, Europe did not implode, but in fact began to turn itself around. By the end of 1947, both Britain and France had reached or surpassed their prewar levels of industrial production. Italy, Belgium, and the Netherlands, among others, would do so by the end of 1948."¹⁰² Furthermore, when measured against the Gross National Product (GNP) of Western European countries, aggregate Marshall aid amounted to rather minuscule sums. For example, the ERP contributed only "2.4 percent of Britain's GNP, 6.5 percent of France's, 5.3 percent of Italy's, and only 2.9 percent of West Germany's."¹⁰³

However, Marshall Plan funds represented only a percentage of total American financial support to the region. Prior to the creation of the ERP, over \$2.5 billion flowed to the nations of Greece, Italy, Poland, Yugoslavia, and Czechoslovakia at the direction

¹⁰¹Hitchcock, *The Struggle for Europe*, 131-133.

¹⁰²Ibid., 135.

¹⁰³Ibid., 136.

of the United Nations Relief and Rehabilitation Administration (UNRRA). While this administration was under United Nations control, its primary donors were almost exclusively the United States and Great Britain. Additionally, alongside the UNRRA, the United States extended over \$11.2 billion in loans and credits prior to the creation of the ERP, a sum nearly equal to total Marshall aid. These grants and credits served as the genesis of the pre-ERP European resurgence, and “allowed the purchase of food and raw materials like coal and oil.”¹⁰⁴

Regardless of quantities or timing, evaluating the effectiveness of Marshall Plan aid cannot be reduced to simple measures of dollar value alone. Truman’s ambitions were more far-reaching than the mere provision of basic aid. ERP goals instead sought to restructure European economies, and promoted lower tariffs, stabilization of currency and increased trade among the European nations.¹⁰⁵ The impact of the Marshall Plan is perhaps best characterized as a “deep transformation of the values framework of an important part of European societies. One has therefore to take into consideration the birth of a Euro-American model of modern society with different nuances adapted to each national European nation.”¹⁰⁶

The Marshall Plan endeavored to restore European economic health as a means to thwart the potential spread of communist influences throughout the continent. In fact, several European nations had begun to recover prior to the arrival of ERP aid. However, the important role of the Marshall Plan in supporting and abetting Western Europe’s

¹⁰⁴Ibid., 136.

¹⁰⁵Ibid.

¹⁰⁶Boussat, *The Marshall Plan: History and Legacy*, 21.

economic resurgence is equally clear. William Hitchcock offers an appropriate summary of Marshall Plan effectiveness in *The Struggle for Europe*.

Benevolent and effective as it was, the Marshall Plan did not in itself provide the resources that triggered the swift economic recovery visible in the 1950s. Yet its impact was nonetheless significant. For it was the US government that ceaselessly urged Europeans to pursue national strategies of recovery that stressed exports, lower tariffs, and high investment in technology and new industrial plant. American planners believed that the lessons of the war years were clear: tariffs slowed growth, hurt productivity, hindered expansion and employment, and contributed to political instability. The Marshall Plan sprang from the belief that stability and peace required economic expansion; and while the sixteen different governments that received Marshall aid might quibble over which national economic strategy suited its needs best, none of them disagreed with this basic premise. It is in this general sense of transforming the mentality of the major states of Europe that the Marshall Plan had its greatest impact. If the United States did not “save” Europe in the 1940s, it certainly helped Europeans chart out a path to a new era of peace and prosperity.¹⁰⁷

The Vietnam War

Synopsis

The US government committed American resources to the Vietnam War in accordance with the “domino theory.” This concept postulated that if the US allowed a country to fall to communist influences, surrounding nations would eventually capitulate as well, ultimately leading to regional communist domination and the expansion of Soviet influence.¹⁰⁸ Thus the United States fought to support South Vietnamese independence from the communist government of North Vietnam. Opposing US efforts were two distinct but complementary fighting forces. The People’s Army of Vietnam, more commonly known as the North Vietnamese Army (NVA), fought a conventional war

¹⁰⁷Hitchcock, *The Struggle for Europe*, 141.

¹⁰⁸Stanley Karnow, *Vietnam: A History* (New York, NY: Penguin Books, 1984), 184, 264.

against South Vietnam. The Viet-Cong, also known as the National Liberation Front, pursued a guerrilla campaign against the South Vietnam government.¹⁰⁹

American involvement in Vietnam came first in the form of advisors from the mid-1950s to the early 1960s under the Kennedy administration. The American advisor role changed from providing counsel to a peacetime army to advising an army at war, ultimately permeating every echelon of South Vietnam's army. As the conflict escalated based on NVA aggression, America's involvement became more overt, first with the employment of special operations forces in the early 1960s along with pronounced American air support. The American presence was also characterized by ever-increasing troop levels, levels that surged significantly after the approval of the Gulf of Tonkin Resolution by the US Congress. Passed in response to a series of skirmishes between a US Navy destroyer and several North Vietnamese torpedo boats, the resolution authorized President Lyndon Johnson to increase the "official" US military presence in Vietnam. Regular combat units began to deploy in 1965.¹¹⁰ However, continued and effective operations by the Viet-Cong dictated US pursuit of the Strategic Hamlet concept in the mid-1960s.¹¹¹ A program designed to isolate the insurgency from the local population, the United States initiated the Strategic Hamlet concept while the military implemented and continued a search and destroy campaign against the conventional

¹⁰⁹Ibid., 357-358, 434.

¹¹⁰Ibid., 387-392.

¹¹¹Ibid., 272-275.

NVA threat.¹¹² Despite convictions that the US military need only close with the enemy in order to defeat him, search and destroy proved to be an unsuccessful tactic.

The Strategic Hamlet initiative was one of many attempts to address and pacify the Viet-Cong threat. The Office of Civil Operations (OCO) was another attempt, ultimately followed by the establishment of CORDS. However, the Tet Offensive of 1968, executed by both the Viet-Cong and the NVA, fundamentally altered the conflict. The offensive failed to yield a tactical victory for North Vietnam, yet the perception that the United States was caught in a quagmire and unsuccessful in its efforts that Tet produced among the American populous would eventually lead to the withdrawal of the US military.¹¹³

With the election of President Nixon, the United States began a phased withdrawal of armed forces under a program known as Vietnamization, which consisted of the gradual escalation of South Vietnam's ownership of warfighting responsibilities coupled with a commensurate decrease in American obligations. President Nixon had campaigned heavily on a platform for ending the war, and proposed to shift the US focus towards aiding South Vietnam's war efforts rather than fighting the war itself. In implementing Vietnamization, the Nixon administration assumed that any US withdrawal would be unilateral, that such a withdrawal would occur in increments followed by an assessment of the impact of the force reduction, and that South Vietnamese military forces would assume greater responsibility for the war.¹¹⁴ Ultimately, Vietnamization as

¹¹²Ibid., 433.

¹¹³Krepinevich, *The Army and Vietnam*, 259-260.

¹¹⁴Ibid., 251.

planned would result in only a small American support and advisory force remaining in South Vietnam. Nixon pursued Vietnamization despite warnings from the Department of Defense, Department of State, and the Central Intelligence Agency (CIA), each expressing doubt in the ability of South Vietnam to face the North Vietnamese Army and Viet-Cong alone.¹¹⁵

The ultimate outcome of Vietnamization was a rout of the South Vietnamese by the North Vietnam Army. Despite the original planning assumptions behind Vietnamization, the administration executed American troop withdrawals regardless of conflict conditions. As a result, despite a massive infusion of American equipment and material, and robust training and combined operations programs, South Vietnamese forces proved incapable of sustained combat operations absent the support of American airpower. A March 10, 1975 North Vietnamese offensive concluded in fifty-five days with the defeat of South Vietnam, signifying the failure of Vietnamization and the American war effort as a whole.¹¹⁶

Economic Tactics

US efforts to employ economics in the Vietnam were one component of a larger pacification effort. Prior to the establishment of CORDS, US attempts at pacification were characterized by a tremendous lack of coordination and unity.

Lack of coordination and centralized direction had long characterized the American effort in South Vietnam, despite a general understanding that the ambassador headed the “country team,” which consisted of all in-country US agencies. The American ambassador in Saigon presided over a large and unwieldy

¹¹⁵Karnow, *Vietnam: A History*, 608-611.

¹¹⁶*Ibid.*, 682-684.

apparatus. . . . Short of the president himself, no single agency, task force, or individual controlled American policy and operations in South Vietnam. American support of pacification, involving more agencies of the US government than any other program in South Vietnam, represented the epitome of this disunity. No single office in South Vietnam took pacification as its central task or was willing to subordinate its interests to allow another to take full responsibility for the entire program. In the minds of some US officials, insufficient coordination of advice and support reduced American effectiveness in dealing with the South Vietnamese. The primary way the Americans could directly bolster pacification was to consolidate support.¹¹⁷

It was against this backdrop of disunity that the OCO was established. OCO unified the efforts of the multiple US government civilian agencies at work in South Vietnam, with the exception of the CIA. OCO's creation served to provide some unity of effort among pacification activities, however the organization faced several obstacles.

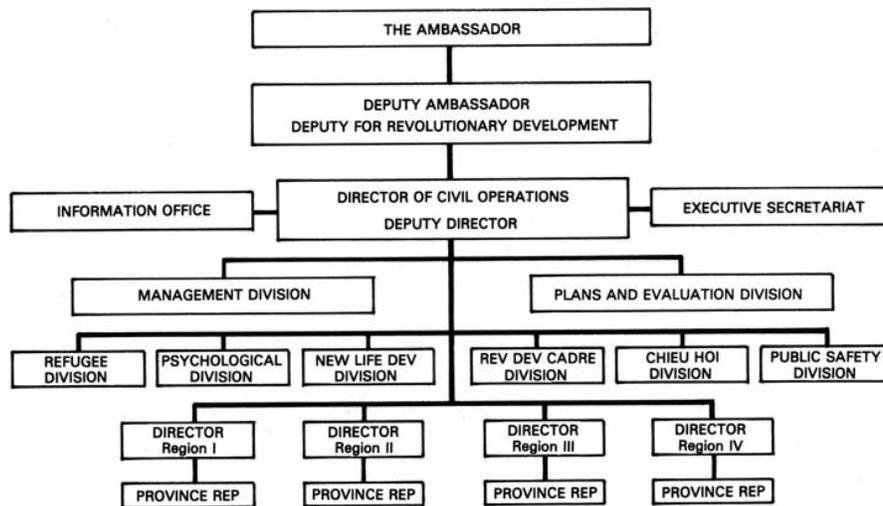


Figure 2. Structure of the Office of Civil Operations within the US Mission, December 1966-April 1967

Source: Thomas W. Scoville, *Reorganizing for Pacification Support* (Washington, DC: Center of Military History, 1991), 57.

¹¹⁷Hunt, *Pacification*, 63-64.

First, recruiting and retaining qualified civilian personnel willing to operate in South Vietnam for an extended duration proved to be highly difficult given the dangerous operating environment. Second, OCO lacked sufficient authority and resources to effectively execute their programs without requesting assistance from the military, which Komer estimated held 80 percent of the necessary assets. “Integrated civil-military pacification plans, which were one way to get military support, lacked substance and were not binding.”¹¹⁸ At the conclusion of a 90-day trial period of the concept, the experiment that was OCO primarily served to demonstrate that an integrated civil-military approach to pacification was required. Komer’s fervent support of a unified approach, under the control of MACV, ultimately persuaded President Johnson, and CORDS was born.

CORDS was established as a department within MACV, with Komer installed as its head.

His official title was deputy to the commander, United States Military Assistance Command, Vietnam (COMUSMACV) for CORDS, or DepCORDS. CORDS unique feature was to incorporate civilians into a military chain of command. In building the new organization, Komer devised a single chain of command that consolidated control of the pacification support. He exercised control of all pacification personnel from Saigon to the provinces. At each level, pacification advice and support were placed under one man. CORDS interleaved civilian and military personnel throughout its hierarchy.¹¹⁹

¹¹⁸Hunt, *Pacification*, 85.

¹¹⁹*Ibid.*, 90.

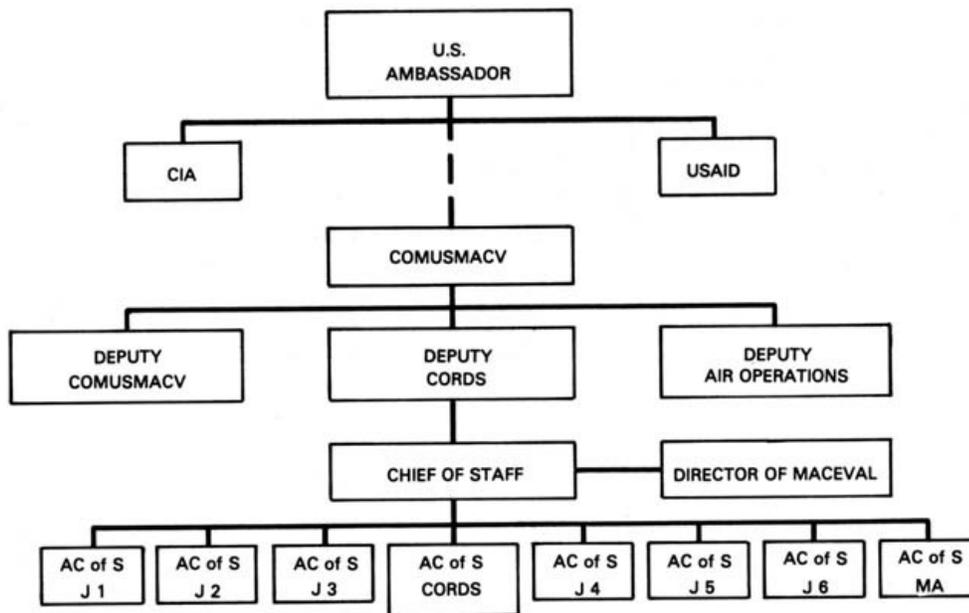


Figure 3. Structure of US Mission Showing Position of CORDS, May 1967

Source: Thomas W. Scoville, *Reorganizing for Pacification Support* (Washington, DC: Center of Military History, 1991), 58.

One of the immediate priorities Komer and the CORDS staff pursued was to encourage a similar consolidation of pacification program management in the South Vietnamese government. Komer coordinated with all levels of the South Vietnamese government, including the president, vice-president, and prime minister, a method that was employed from the debut of CORDS and was redoubled following the Tet Offensive and the pursuit of a nationwide recovery comfort. A special US office in the president's palace to help coordinate the recovery effort was also established.

This tactic of close partnership with the South Vietnamese government was emulated throughout CORDS theater of operations. Komer personally extolled CORDS personnel to “make frequent visits to prod the field. I sent almost everyone out; I went

out myself seven times in one year. Our concept of management was that you can't really run 'the other war' from eleven thousand miles away. You've got to really get out to the field."¹²⁰ Province and district adviser teams created and cemented close working relationships with their South Vietnamese counterparts.

CORDS was effective not only in creating unified American pacification programs, and unified South Vietnamese efforts, but also in fostering military and civilian cooperation.

In addition to the unity that CORDS brought to the American pacification advisory effort and, eventually, to the South Vietnamese effort, CORDS also greatly improved cooperation between military and civilians. After CORDS was created, such terms as "non-military actions" and "the other war" fell out of the official vocabulary. Although the military contributed a preponderance of people, money, and resources, civilians held most of the key policy making and directorial positions in pacification advisory support. That and Komer's aggressiveness went a long way toward allaying the fears the civilians may have entertained that they would be swallowed by a large and powerful military organization. After several months of civilians and military working together, the distinctions between the two began to break down. For the civilians CORDS was an invaluable managerial and operational experience of the type few of them had been exposed to before.¹²¹

Under a unified command structure, and in close partnership with the government of South Vietnam, CORDS pursued a bevy of aggressive economic initiatives. The New Miracle Rice program trained farmers to cultivate a new rice variant in previously infertile land, while concurrently coordinating with the South Vietnamese government to correct pricing imbalances that had previously harmed farmers. The New Life Development program established village self-help warehouses, providing villagers with

¹²⁰Komer, *Organization and Management*, 48.

¹²¹Thomas Scoville, *Reorganizing for Pacification Support* (Washington, DC: Center of Military History, 1991), 80.

raw materials in support of their own local projects. Opening roads and waterways became a major point of emphasis, an effort heavily supported by Navy Seabee units and increasingly emphasized after the Tet Offensive in 1968.¹²²

Evaluation

Given general acceptance of the notion that the United States lost the Vietnam War, one might assume that CORDS and the employment of economics in the conflict was also a failure. Such an assertion fails to recognize however, that the ultimate defeat of South Vietnam following the US withdrawal came at the hands of the conventional threat, the NVA. CORDS pacification efforts were intended to thwart the activities of the insurgent Viet-Cong. In this regard and in many other aspects CORDS was quite successful, in particular in the eyes of the administration that created it.

All these achievements of CORDS were unquestionably far greater than any official in Washington, including President Johnson, could have expected when the new organization came into being in May 1967. That the president no longer had to concern himself with pacification was one indicator that CORDS worked organizationally; and it worked well enough and built up enough momentum to last until American withdrawal in early 1973 despite attempts to reduce its role, despite increasing lack of support for it from civilian agencies, and despite a complete change in the top officials.¹²³

Regarding the economic tactics of CORDS, several indices suggest significant improvement in South Vietnam. From the creation of CORDS in 1967, the gross national product of South Vietnam nearly doubled.¹²⁴ Industry, services, and wholesale and retail

¹²²Komer, *Organization and Management*, 120-126.

¹²³Scoville, *Reorganizing for Pacification Support*, 82.

¹²⁴Douglas Dacy, *Foreign Aid, War, and Economic Development* (New York, NY: Cambridge University Press, 1986), 68.

trade sectors showed annual growth of 3.9, 7.4, and 8.5 percent, respectively, alongside a national domestic product growth rate of 4.9 percent.¹²⁵

Douglas Dacy attests to the boon to South Vietnam's economy in his book *Foreign Aid, War, and Economic Development*.

Economic growth in Vietnam during this period was characterized by widespread gains. There were real gains in every sector of the economy. . . . Agriculture, responding, perhaps, to new hybrid rice seed, fertilizer, and land reform, as well as the improved security and government policies that allowed agricultural prices to rise, led the economy into what could have been considered at the time to be a new era for Vietnam. It was an era of Vietnamization of the economy as well as the war, and it began to appear as if Vietnam might be able to succeed as a viable economy and political entity.¹²⁶

Rice production and agriculture as a whole validated CORDS' New Miracle Rice program in particular. Rice production showed a dramatic near-30 percent growth between 1968 and 1971, owing to the "introduction of IR-8 rice and the adaptation to modern agricultural techniques, including widespread use of inanimate energy." In addition, during this period over 400,000 small engines were sold in support of irrigation, fertilizer usage increased by 272,000 tons, and the application of pesticides became standard practice. Even livestock death rates fell precipitously as the result of the introduction of new vaccines.¹²⁷

However, growth and development in many other sectors of the South Vietnam economy proved short-lived once US aid no longer flowed. Dacy employs an interesting comparison to the US military withdrawal under Vietnamization.

¹²⁵Ibid., 61.

¹²⁶Ibid., 58.

¹²⁷Ibid., 73-77.

A useful parallel with Vietnamese military affairs can be drawn. Despite the emphasis placed on Vietnamization of the war after 1968, the military never became self-reliant. It was dependent on US advice, US airpower during the Communist Easter offensive in 1972, and US promises. Even after it became apparent to most analysts that military logistic support would decline following the truce in 1973, high-ranking Vietnamese officers still believed that the United States would intervene to save them from catastrophe. When the high command started to ration ammunition to the field forces, morale worsened, and corrupt practices by military personnel became widespread. The poor performance of the Vietnamese Army following the fall of Ban Me Thout in March 1975 was due to a crisis in confidence that developed with the withdrawal of US forces and subsequent curtailment in logistic support. Among Vietnamese businessmen there was a similar lack of confidence in their economy.¹²⁸

In short, sectors of the economy in which CORDS had failed to develop organic South Vietnamese capacity, rather than a dependency on US aid, did not maintain sustained positive growth. While the aforementioned agricultural techniques served to increase national agricultural capability and provided for sustained growth, development in other sectors fell short in this regard. For instance, under the Commercial Import Program, Vietnamese importers received specific instructions from their American advisers as to which commodities and in what volumes they could import.¹²⁹ This sort of control ultimately proved crippling to protracted growth once the South Vietnamese were left to their own devices.

CORDS, and the economic tactics it employed among other programs, proved successful in pursuing a pacification strategy that deterred and diminished the insurgent threat. South Vietnam enjoyed high levels of economic performance as a result of improved security and CORDS-provided training and assistance from 1968 until the

¹²⁸Ibid., 70-71.

¹²⁹Ibid., 96.

withdrawal of US forces. Ultimately, however, CORDS was unable to develop sufficient capacity for prolonged development in the bulk of the South Vietnam.

Operation Enduring Freedom and Operation Iraqi Freedom

Operations Enduring Freedom and Iraqi Freedom occurred in very different theaters of operation, with different motivations behind their prosecution and different tactical and operational challenges to overcome. However, the employment of economics as a component of COIN efforts was accomplished by the same agencies in both conflicts, in accordance with the same regulations, guidance, and philosophies. Accordingly, this thesis considers both operations as part of one consolidated case study for the purposes of analyzing their economic tactics and effectiveness. Additionally, given that OEF remains an ongoing effort while OIF has concluded, resulting in a far greater volume of comprehensive reporting concerning efforts in Iraq, this analysis will focus primarily on OIF and reference the existence of similar circumstances and factors in Afghanistan as appropriate.

Synopses

OEF

The United States and Great Britain began targeting Taliban and al-Qaeda forces in Afghanistan on October 7, 2001, not yet a full month after terrorists operating out of Afghanistan had attacked and toppled the two towers of the World Trade Center on September 11. Over the course of the next several months, a US-led coalition of ground forces would pursue and isolate Taliban forces throughout the country, marked by the Battle of Tora Bora and Operation Anaconda, each an attempt to eradicate remaining

Taliban and al-Qaeda members.¹³⁰ Since ousting the Taliban from power and seriously degrading al-Qaeda's capabilities, the US-led coalition has been engaged in a COIN campaign against the Taliban, an endeavor approaching thirteen years in duration. Intent on ensuring that Afghanistan can no longer serve as a haven for terrorist network activities, the United States continues to pursue a COIN campaign in the country to this day. US efforts have included the installation of a democratically-elected president, Hamid Karzai, along with staggering investments in education, infrastructure, and economic development.

OIF

OIF began as a conventional conflict, in which coalition forces led by the United States invaded Iraq on March 20, 2003, on the grounds that Saddam Hussein's government was engaged in stockpiling and developing weapons of mass destruction and violating multiple United Nations resolutions.¹³¹ The coalition's invasion soon transitioned to an occupation, as the toppling of Saddam's regime created a power vacuum the United States was obligated to fill. Violence erupted throughout Iraq however, both against the coalition and in the form of sectarian violence, primarily between the Sunni and Shia.¹³² Violence grew through 2007, when the president placed General David Petraeus in command of the Iraqi campaign and authorized a surge of

¹³⁰Donald P. Wright, *A Different Kind of War: The United States Army in Operation Enduring Freedom, October 2001-September 2005* (Fort Leavenworth, KS: Combat Studies Institute Press, 2010).

¹³¹Michael Gordon and Bernard Trainor, *Cobra II: The Inside Story of the Invasion and Occupation of Iraq* (New York, NY: Vintage Books, 2007), 73.

¹³²*Ibid.*, 124.

additional combat forces. Petraeus' tactics and strategy worked, leading to increases in security and governance that enabled the eventual approval of a Status of Forces Agreement between the US and the Iraqi government in 2008. President Barack Obama would ultimately bring the US mission in Iraq to an end in late 2011.

Economic Tactics

President George W. Bush established the Office of Reconstruction and Humanitarian Affairs (ORHA) by presidential directive on January 20, 2003. ORHA was created to consolidate responsibility for postwar reconstruction activities in Iraq under one organization, housed within the DoD.¹³³ However, ORHA would soon give way to the Coalition Provisional Authority (CPA) under Ambassador Paul Bremer. The challenges Bremer would face in the wake of the US invasion of Iraq were enormous.

Ambassador Bremer took charge of a country in political and economic chaos, with no government, no electricity, and no functioning security forces. Not a single drop of oil flowed to export spigots. He now faced the daunting task of restoring virtually every aspect of Iraqi life, from reopening ministries to paying government salaries, from restarting essential services to providing healthcare, and from collecting garbage to cleaning sewage from the streets.¹³⁴

Under Ambassador Bremer's direction the CPA pursued many broad and sweeping programs. The CPA initiated multiple contracts to restore, repair, or replace Iraqi infrastructure, and created the Project Management Office, staffed largely by contractors, to provide oversight of these restoration projects.¹³⁵ However, no decision made by Bremer would be more sweeping in scale and in effect than his decision to purge

¹³³SIGIR, *Hard Lessons*, 34.

¹³⁴*Ibid.*, 70.

¹³⁵*Ibid.*, 123.

the “new” Iraqi government of any personnel known to be members of Saddam Hussein’s Ba’ath Party.

Ambassador Bremer issued CPA Order Number 1, a de-Ba’athification directive that stripped certain former members of Saddam’s Ba’ath Party of political influence in Iraq. In his April 16 Freedom Message, General Franks already had done away with the Ba’ath Party, which had about two million members in 2003. Conceived in Washington and promulgated with little Iraqi involvement, the de-Ba’athification order eliminated all Ba’ath Party structures and banned “Senior Party Members”—those in the top four ranks of the party—from serving in Iraq’s public sector. The order also provided for the immediate dismissal of anyone in the top three layers of management in any government institution (including ministries, state-owned enterprises, universities, and hospitals) if he or she had been a “full member” of the Ba’ath Party. Because the vast majority of senior officials in Saddam Hussein’s regime were Ba’ath Party members, the order effectively fired most senior leaders in Iraq’s government, severely depleting the bureaucracy of key personnel. The order also allowed for exceptions and waivers.¹³⁶

The CPA would eventually be replaced by another agency in June of 2004 after it yielded governing authority to the Iraqi Interim Government. Reconstruction efforts fell under the purview of the US Embassy mission, which established the Iraqi Reconstruction and Management Office (IRMO) and the Project and Contracting Office (PCO). Challenges that plagued the CPA in coordinating the different agencies at work in Iraq would impede IRMO as well.

IRMO and PCO reported to different masters, the Multi-National Security Transition Command-Iraq managed its own affairs, and USAID continued to control its own programs. In practice, the chief of mission was only nominally in charge of the overall reconstruction program.⁷ The diffusion of authority limited Ambassador Negroponte’s ability to integrate reconstruction programs, weakened management capacity, and fed interagency tensions, all of which impeded progress.¹³⁷

¹³⁶Ibid., 73.

¹³⁷Ibid., 165.

Reconstruction efforts in Afghanistan have been executed under a similar parallel command-based construct, as evidenced by figure 4.

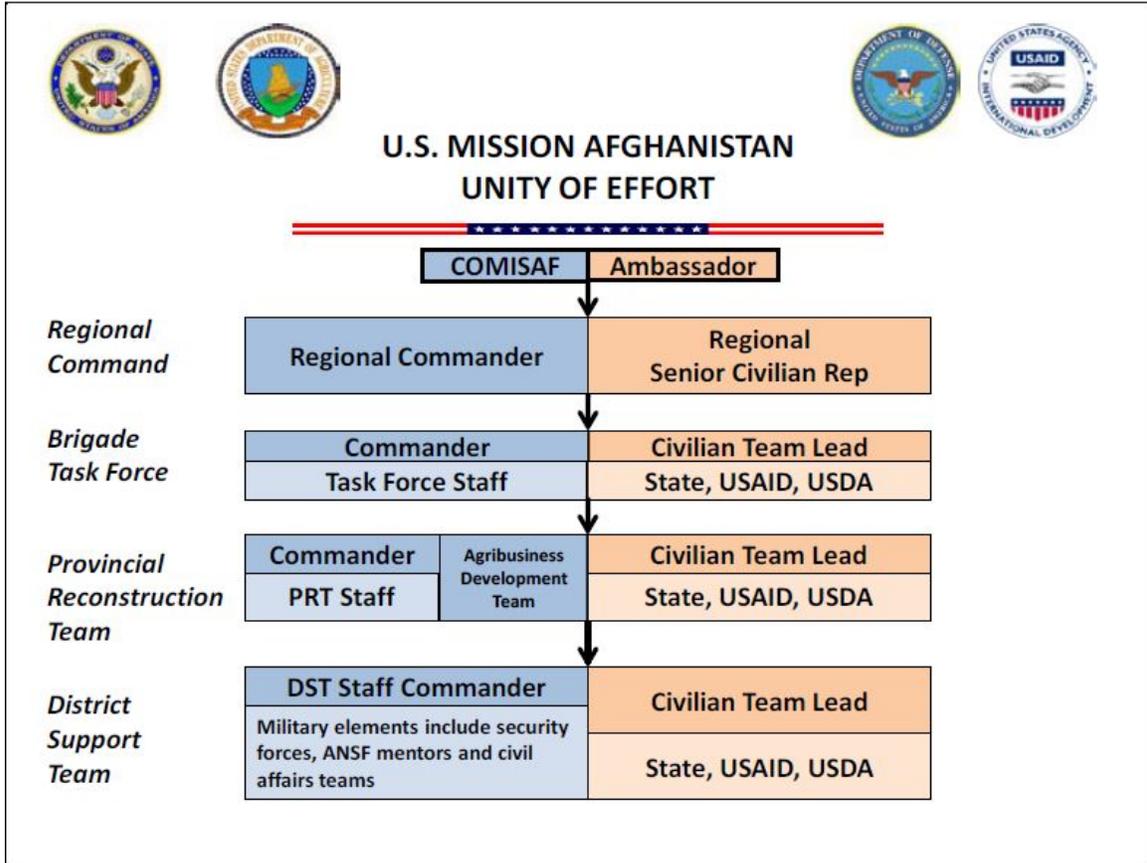


Figure 4. US Mission in Afghanistan Field Structure

Source: Special Inspector for Afghanistan Reconstruction, *SIGAR Audit 11-2 Strategy and Oversight Civilian Uplift* (Arlington, VA: Office of the Special Inspector General for Afghanistan Reconstruction, October 2010), 3.

Under this organizational model, one of the most prevalent programs and funding sources used by the DoD to employ economics in OIF and OEF was CERP. The Money as a Weapon System Handbook describes CERP as enabling “local commanders in Afghanistan and Iraq to respond with a nonlethal weapon to urgent, small-scale,

humanitarian relief, and reconstruction projects and services that immediately assist the indigenous population and that the local population or government can sustain.”¹³⁸

Additionally, the handbook references the DoD definition of urgent as “any chronic or acute inadequacy of an essential good or service that in the judgment of the local commander calls for immediate action. Prior coordination with community leaders increases goodwill.”¹³⁹ The handbook describes twenty-two different permissible uses of CERP funds considered to meet the DoD definition of urgent, to include “economic, financial, and management improvements,” “projects that remove trash . . . or perform beautification,” and a nebulous “other urgent or humanitarian reconstruction projects” among others.¹⁴⁰

Another concept employed by the DOD was the Iraqi First and Afghan First programs. The Commanding General of Joint Contracting Command–Iraq/Afghanistan, Major General Darryl Scott, conceived the Iraqi First and Afghan First programs in mid-2006. The programs actively encouraged the award of US contracts to firms owned by Iraqi or Afghan individuals, even if pursuing such awards meant paying a higher price to these companies.

In the first half of 2007 alone, it provided Iraqi businesses with more than a billion dollars of business. By early 2008, more than 4,100 Iraqi companies were registered with the Coalition, which awarded 85 percent of them at least one contract. Overall, 90 percent of reconstruction projects awarded by USACE-GRD

¹³⁸CALL, “Commander’s Guide to Money as a Weapon System,” 13.

¹³⁹Ibid.

¹⁴⁰Ibid., 15-16.

were going to Iraqi firms. It was the latest of many attempts by the Coalition to involve Iraqi firms in the reconstruction of their country.¹⁴¹

An additional tactic of note was the emergence of the Provincial Reconstruction Team (PRT). PRTs debuted in Afghanistan, and serve as an example of tactical unity of effort between the military and civilian agencies.

The PRT initiative in Iraq was originally conceived as a two-phase program over four years. It was to have a complement of ten PRTs, seven led by the United States and one each by the United Kingdom, Italy, and Korea. The PRTs' mission, set forth in a joint cable to the Secretary of State, was to "assist Iraq's provincial governments with developing a transparent and sustained capability to govern, promote increased security and rule of law, promote political and economic development, and provide the provincial administration necessary to meet the basic needs of the population." PRTs harkened back to the CORDS program in Vietnam, in which USAID and military personnel worked on rural development as part of a counterinsurgency campaign.¹⁴²

Evaluation

The remarkably ad hoc and reflexive nature of US organization and tactics in both Iraq and Afghanistan would prove to impact efforts to apply economics in support of the COIN campaigns. For example, economic COIN efforts were executed through the continued employment of an essentially parallel command structure, with no real forcing mechanisms at the operational level to ensure the unity of effort the DoD, DoS, and USAID professed to embrace. The lack of a unified approach and effective interagency coordination continually hampered development operations in Iraq and Afghanistan.

Transforming Wartime Contracting: Controlling Costs, Reducing Risks, the Commission on Wartime Contracting in Iraq and Afghanistan's final report of August 2011, is replete

¹⁴¹SIGIR, *Hard Lessons*, 304.

¹⁴²*Ibid.*, 241.

with anecdotes illustrating the inefficiencies and waste caused by a lack of interagency coordination.

In summer 2008, insurgents destroyed numerous bridges on the Kabul–Kandahar Ring Road constructed by USAID. Three years after an interagency consensus on the counterinsurgency imperative of reconstructing the bridges as soon as possible, agreement on using CERP for funding, and on USAID serving as the executing agency, none of the bridges is complete. The promise of this interagency consensus was frustrated by the slow transfer of funds from Defense to USAID, among other problems. . . . Agencies have been working for many months to address the problem of vetting, training, and registering private security contractors and sub-contractors. The lack of common protocols for sharing resources and responsibilities among Defense, State, and USAID entails the risk of thousands of Afghan nationals receiving weapons without proper vetting, training, registering, or effective oversight. . . . Throughout the spring of 2010, numerous US and International Security Assistance Force entities and the Afghan government began to question how best to stem the leakage of funds from badly written and poorly overseen logistics, security, and reconstruction contracts. . . . After more than a year, agencies are finally beginning to arrive at a consistent interagency approach to contractor and subcontractor vetting, stronger contract clauses regarding contractor behavior, and limits on the layers of subcontracting, among other steps. In the meantime, however, hundreds of millions of dollars have flowed out to the networks of warlords, criminals, and insurgents, at huge cost to the COIN mission.¹⁴³

The lack of effective central governance and supporting institutions in favor of tribal rule, and a widespread reliance on poppy cultivation, have served to undermine efforts to develop enduring capacity in Afghanistan. In Iraq, Ambassador Bremer’s draconian move to pursue de-Baathification exponentially multiplied the challenge of developing institutional capacity in the new Iraqi regime. For example, in the summer of 2005, more than two full years after the US invasion, electrical production had not

¹⁴³Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting*, ix.

returned to even prewar levels. One of the primary culprits of such limited development, according to US officials, was “limited ministerial production.”¹⁴⁴

Whatever its reach should have been, the consequences of the de-Ba’athification order quickly became clear: it reduced the ranks of Iraq’s capable bureaucrats and thus limited the capacity of Iraqi ministries to contribute to reconstruction. “The impact of this de-Ba’athification order was devastating,” said Lieutenant General Sanchez, Commander of Coalition forces in Iraq at the time. “Essentially, it eliminated the entire government and civic capacity of the nation. Organizations involving justice, defense, interior, communications, schools, universities, and hospitals were all either completely shut down or severely crippled, because anybody with any experience was now out of a job.”¹⁴⁵

The impact of the near-overnight dissolution of Iraqi institutions had far reaching effects. The absence of these institutions made the notion of partnering with a host-nation government in a manner consistent with the ECA or CORDS nearly impossible. As a result, well-intended and justified efforts to restore antiquated infrastructure went to waste for lack of a corresponding responsible Iraqi body.

All across Iraq in late 2005 and beyond, a series of SIGIR inspections discovered that physical infrastructure put in place by U.S.-funded reconstruction was breaking down and coming off-line. Failures plagued both refurbished and new facilities in the water, electrical, sewer, and oil sectors. It was not just a question of maintaining individual plants and teaching Iraqi engineers who ran them to master more advanced machinery. It was about building the systems and processes within Iraq’s government to sustain the infrastructure it had just received.¹⁴⁶

According to Machado, the CPAs’ fateful decision to ban Ba’athists “undercut postwar Iraq’s very capacity for national self-help but probably left Washington more

¹⁴⁴SIGIR, *Hard Lessons*, 184.

¹⁴⁵*Ibid.*, 74.

¹⁴⁶*Ibid.*, 258.

vulnerable to an ‘imperial temptation.’”¹⁴⁷ Such temptations were evident in the early stages of America’s presence in Iraq, when the CPA produced a *Vision for Iraq* outlining proposed reconstruction goals and priorities. Coordination with Iraqi’s on *Vision for Iraq* was minimal at best.¹⁴⁸

In addition to de-Ba’athification, the emergence of CERP as a means to fund reconstruction efforts also served to undermine capacity development, as well as highlight the lack of cohesion among US agencies. Deemed a valuable tool for “winning hearts and minds” by military commanders, CERP unquestionably spiraled well beyond its originally intended scope and scale. In an August 2008 article appearing in the *Washington Post*, one of the original supporters of the creation of CERP, Senator John Warner, expressed his own concerns with the growth of the program. “‘We never had in mind that it would be for major development,’ said Warner, who was one of the original supporters for funding CERP. ‘This was to help our troops fight the counterinsurgency and to help civilians get on their feet. It is looking like it is a bank for development.’”¹⁴⁹ The heavy reliance on CERP occurred much to the dismay of USAID personnel far more experienced and trained in the application of economics.

In the view of some civilians on PRTs, the set of metrics used by the military to measure CERP progress placed too much emphasis on spending money and not enough on achieving the right effects. “They are being graded on how many projects are being carried out, how much money is flowing to the

¹⁴⁷Machado, “A Usable Marshall Plan,” 59.

¹⁴⁸*Ibid.*, 97.

¹⁴⁹Sarah Cohen and Dana Hedgpeth, “Money as a Weapon,” *The Washington Post*, August 11, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/10/AR2008081002512.html?sid=ST2008081002653> (accessed January 30, 2014).

districts,” said Tim Zuniga-Brown, team leader of the Rasheed ePRT. “They should be graded on how many projects are being turned over to the Iraqis and how much less money they are spending. That would be a better indicator of success.” “Success,” Zuniga-Brown said, “is getting Iraqis to deliver their own services using their own funds and their own people.” Still other PRT officials viewed this type of Coalition assistance as wholly counterproductive. “The best thing we could do,” one ePRT official said, “is cut off CERP money,” adding that the Iraqis are less likely to “spend their money when we’re just pumping in ours.”¹⁵⁰

Indicators of the health of both the Iraqi and Afghanistan economies suggest measurable improvement. In Afghanistan, nominal GDP has risen from \$4.1 billion in 2002 to \$21 billion in 2013. Total capacity for electrical production has more than quadrupled during this time period as well.¹⁵¹ In Iraq, GDP has risen from \$233.3 billion from a low of \$36.6 billion, while oil revenues reached \$94.1 billion in 2012, a substantial increase from the \$5.1 billion figure of 2003. However, whether or not these indicators represent sustained development of internal capacity, or are simply buoyed by robust US aid and investment, remains to be seen.

Commonalities

An analysis of the Marshall Plan, the Vietnam War, and Operations Enduring Freedom and Iraqi Freedom suggest three common tenets for the employment of economics in a COIN effort. These tenets are host-government partnership, capacity development, and unity of control. The presence, or absence, of these fundamentals has proven essential, or detrimental, in each of the case studies analyzed in this thesis.

¹⁵⁰SIGIR, *Hard Lessons*, 303.

¹⁵¹Ian Livingston and Michael O’Hanlon, *Afghanistan Index* (Washington, DC: Brookings, August 2013), 20-22.

Partnership with recipient or host governments was a fundamental assumption of the Marshall Plan, as evidenced by Secretary Marshall's comments to that effect in his Harvard speech. The establishment of the CEEC, the drafting of bilateral agreements regarding aid stipulations, and the ECA's administration of aid through direct provision to the recipient government, demonstrate the spirit of partnership pervasive throughout the ERP. The closely related tenet of capacity development was also fundamental to the Marshall Plan. Aid was employed by the various governments of Western Europe to reform institutions, stabilize currencies, procure raw materials to support production capacity, and integrate the continent, all in the name of sustained growth. Despite the enormity of the undertaking, both in terms of the massive amounts of allotted funds and in participant nations, the entire program was executed under the purview of one organization, the ECA, a demonstration of unity of control.

A similar demonstration of unity of control can be found in US efforts in the Vietnam War. Attempts at pacification did not take hold until the efforts of multiple US agencies were consolidated under CORDS, which placed both military and civilian entities under one lead. Economic tactics focused on capacity development delivered sustained growth in the agricultural sector, while a failure to develop capacity in other sectors served to undermine continued development in South Vietnam. CORDS' successes in pacification and delivering an improved security environment were also accomplished in close coordination and partnership with the South Vietnam government, even imploring the government to adopt the unity of control of CORDS.

In contrast, de-Ba'athification and the resulting lack of functioning governance in Iraq, and a similarly weak and corrupt government in Afghanistan, have significantly

hampered reconstruction efforts in both countries. The lack of responsible government agencies have made the development of institutional capacity particularly problematic in both countries as well, a difficulty exacerbated by economic tactics like CERP that are far more concerned with immediacy of impact than long-term capacity. Further exacerbating these difficulties in Iraq and Afghanistan has been the presence of multiple agencies applying economics in each theater, without the direction and coordination of a single governing body to synchronize and deconflict their efforts.

Certainly there are contextual differences between each case study that may serve to color attempts to extract commonalities between them. The Marshall Plan represents the application of the economic instrument of power among Western cultures, in a security environment that, while highly unstable, can not be considered as contested as Vietnam or OIF and OEF. The Vietnam War can be best understood as a Cold War proxy conflict, in which the United States fought both conventional and guerrilla forces simultaneously in its attempts to enable South Vietnam's resistance to the spread of Communism. OIF and OEF represent conflicts in which US invasions gave rise to the insurgencies, in effect creating the necessity for COIN and the supporting application of economic tactics.

These contextual differences do not render attempts to identify commonalities between them invalid, however. The nature of the conflict or the culture of the populous, among other factors, may serve to influence the degree to which any of these proposed tenets are important or influential. However, the fact that the presence or absence of government partnership, capacity development, and unity of control can be identified in

each of these case studies of varying conflict origins and cultures emboldens the notion of the universality of these concepts and their treatment as tenets.

Summary

This chapter provides a qualitative case study analysis of the Marshall Plan, the Vietnam War, and OIF and OEF. Each analysis was accomplished in pursuit of answers to secondary research questions seeking to identify the tactics, techniques, and procedures for the application of economics in COIN campaigns, and to assess the impact of those tactics. The answers to those secondary research questions yields a potential answer to the primary research question, which asks what the common tenets of the successful employment of the economic instrument of power in COIN campaigns are. Analysis suggests that host-government partnership, capacity development, and unity of control may be treated as tenets for the successful application of economics in a COIN campaign. Chapter 5 will examine how these tenets could be applied in a proposed framework for future COIN efforts.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Introduction

This thesis has endeavored to identify common tenets for the application of the economic instrument of power in a COIN campaign through the use of qualitative case study analysis. Chapter 2 accomplished a review of relevant literature, including a study of material providing a broad overview of each case study as well as literature specific to the question of the employment of economics. Chapter 2 also reviewed the doctrine of the relevant US government agencies associated with COIN efforts, as well as proposals offered as strategy for future applications of economics in COIN. Chapter 3 in turn outlined the evaluation criteria by which these case studies would be analyzed.

Chapter 4 analyzed the Marshall Plan, the Vietnam War, and Operations Enduring Freedom and Iraqi Freedom in an attempt to identify commonalities for the application of economics. Analysis revealed that host-government partnership, capacity development, and unity of control emerged as common tenets in each case study. Either the presence of these tenets served as enablers of success, or the absence of these tenets critically impaired economic efforts in each of the analyzed conflicts.

Based on these tenets, this chapter will offer a proposal for their effective employment in future COIN efforts. Additionally, this concluding chapter examines the potential application of these tenets via previous proposals reviewed in Chapter 2. Finally, the chapter will conclude by offering potential topics for further research relative to the application of economics in COIN campaigns.

Findings

The question of how to effectively apply the tenets of host-government partnership, capacity development, and unity of control is essentially a question of strategy, wherein the United States must determine how to employ economics in future COIN efforts. Dr. Harry Yarger proposed one of the more prominent models to emerge as a means of evaluating strategy in his monograph “Strategic Theory for the 21st Century: The Little Book on Big Strategy” in 2006. In his monograph, Yarger offers criterion of feasibility, acceptability, and suitability as a means to evaluate strategy.

Strategy has an inherent logic of suitability, feasibility, and acceptability. These would naturally be considered as the strategy is developed, but the strategy should be validated against them once it has been fully articulated. Thus the strategist asks:

Suitability–Will the attainment of the objectives using the instruments of power in the manner stated accomplish the strategic effects desired?

Feasibility–Can the strategic concept be executed with the resources available?

Acceptability–Do the strategic effects sought justify the objectives pursued, the methods used to achieve them, and the costs in blood, treasure, and potential insecurity for the domestic and international communities? In this process, one considers intangibles such as national will, public opinion, world opinion, and actions/reactions of US allies, adversaries, and other nations and actors.

The questions of suitability, feasibility, and acceptability as expressed above are really questions about the validity of the strategy, not risk. If the answer to any of the three questions is “no,” the strategy is not valid.¹⁵²

Yarger’s model is primarily intended as a means for evaluating strategy rather than crafting it. However, in using Yarger’s criterion, an appropriate framework for applying economics in COIN based is readily identifiable. Yarger’s references to costs in

¹⁵²Yarger, “Strategic Theory for the 21st Century,” 70.

treasure and public opinion clearly resonate when applying the criteria of acceptability to economic COIN strategy. In order to pass as an acceptable strategy, the strategy can not rely on the development of new capabilities or organizations, or heightened investments in US capital. In light of the Budget Control Act of 2010 and the resulting sequester, combined with expected declines in funding commensurate with a withdrawal from Afghanistan, there is likely little support among the US populous or elected officials for an investment in a new apparatus for applying economics in COIN. The fact that the capabilities needed to apply economics in COIN have already been developed among the various agencies of the US government, suggesting any further investment is a function of inefficiency rather than necessity, magnifies this lack of acceptability. An interagency approach is therefore required, and is the only solution with the potential to pass Yarger's feasibility criteria given the aforementioned fiscal environment that will likely preclude the development of new additional capabilities in any of these agencies. Finally, a mechanism for applying the tenet of unity of control must be identified that is also suitable in accordance with Yarger's model, and could actually accomplish economic COIN objectives within these available resources and capabilities.

The model that clearly emerges when measured against these criterion is the CORDS model, in which a civilian position was created within the military chain of command and served as the single focal point for the application of economics, and in which interagency capabilities were similarly interwoven into the military hierarchy. The CORDS experience in Vietnam demonstrates the potential for such a framework to leverage the tenets of unity of control, host-nation government partnership, and capacity

development, as evidenced by the success of CORDS in quelling the insurgency and in developing sustained growth in South Vietnamese agricultural industries.

As discussed in chapter 2, perhaps the most notable proposal to emerge as an alternative strategy for the application of economics in future COIN efforts is the notion of “expeditionary economics,” postulated by Dr. Carl Schramm, formerly of the Kaufmann Foundation. Schramm centers his argument on the failings of previous efforts to execute an effective interagency approach, and submits that because of its resources and access, the DoD must therefore emerge as the sole agency for employing economics in COIN. Accordingly, Schramm implores the military to establish organic economic advisor capability. Additionally, while focused on security rather than economics, Nagl’s “Institutionalizing Adaptation” also recommends the development of a new standing advisor corps for future COIN campaigns.

Schramm’s proposal must therefore first be evaluated for suitability: whether or not the development of organic ability and expertise in the military for the employment of economics in COIN efforts would accomplish stated objectives. Schramm’s concept could likely be successful in applying the tenets of host-nation government partnership, capacity development, and unity of control. While some host-nation governments might be initially averse to uniformed economic advisers as opposed to a civilian alternative, such aversions would be unlikely to completely impede military efforts. The tenet of capacity development could similarly be applied without any major impediments. In addition, the military’s ability to apply economics without the need for interagency coordination would clearly satisfy the tenet of unity of control. Schramm’s proposal of expeditionary economics as an organic military capability is therefore suitable.

The proposal's feasibility and acceptability are another matter. Schramm did not offer his proposal armed with insights into the implications of sequestration. Nevertheless, it is clearly not feasible to suggest that the military establish a standing economic advisor capability, and invest in such a capability accordingly, in an era of significant force drawdowns across all military services. Furthermore, Schramm's proposal essentially suggests that the military invest in developing capabilities already in existence in other government agencies, solely on the basis of past difficulties in coordinating efforts with these agencies. Such an investment of resources in capabilities already inherent in the US government is likely not acceptable in the court of public opinion. Schramm's notion of expeditionary economics as a permanent organic military capability is therefore not a valid strategy for future COIN efforts according to Yarger's model.

US strategy must focus on creating a CORDS-like model for applying economics in future COIN efforts. While the 2009 *US Counterinsurgency Guide*, signed by the senior executives of DoD, DoS, and USAID, serves as a positive step in identifying mutual expectations as to the roles of each agency, mandatory interagency policy must now evolve in order to move beyond the soft promises of unity of effort to the concrete binds of unity of control. The Commission on Wartime Contracting postulated a similar concept in *Transforming Wartime Contracting*.

Lessons can be harvested as they emerge from the Afghan and Iraq contingencies. In the absence of an overriding policy and body of operating procedures, however, members of the interagency community are doomed to re-create processes and procedures once a new contingency begins.¹⁵³

¹⁵³Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting*, 144.

Transforming Wartime Contracting also recommended the creation of “a dual-hatted senior position at OMB and the NSC staff to provide oversight and strategic direction” as well as “oversee and ensure coordination of interagency contingency operations.”¹⁵⁴ Unfortunately, an August 1, 2012 GAO report entitled “Agency Actions to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan” found that no action has yet been taken to act on this recommendation.¹⁵⁵

Summary and Conclusions

The United States must be prepared for future COIN operations. However purposefully the US military might seek to avoid COIN efforts in the future, the fact remains that of the many conflicts the United States has become involved in since the institutional debacle of the Vietnam War over forty years ago, only the Persian Gulf War can be labeled as the “classic” conventional war the US military would clearly prefer to fight. Stability operations, to include COIN, are a far more likely form of military engagement for the United States. Furthermore, the OIF experience demonstrates how rapidly the US can potentially be ensnared in a COIN campaign despite its desires to avoid such a conflict.

The challenge before the US military, and the government as a whole, is to avoid the same institutional errors that resulted in a failure to capture the many lessons learned available from the Vietnam War. Whether or not the military and government will answer

¹⁵⁴Ibid., 144-145.

¹⁵⁵Government Accountability Office. *Contingency Contracting: Agency Actions to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan* (Washington, DC: Government Print Office, August 2012), 4.

this challenge is in doubt, however. In addition to the GAOs report of the failure of government agencies to comply with the recommendations of *Transforming Wartime Contracting*, the emergence of the Air-Sea Battle Concept and the increasing focus on the Pacific region apparent in national strategy already hint at an institutional eagerness to put the lessons of Iraq and Afghanistan behind. These signs suggest that the United States may again be found developing hurried ad hoc organizations, and employing uncertain and untested tactics, in the employment of economics in future COIN campaigns.

Analysis of the Marshall Plan, the Vietnam War, OEF, and OIF reveal that host-nation government partnership, capacity development, and unity of control are fundamental tenets for economic COIN strategy. To properly apply these tenets in future COIN efforts, a contingency framework similar to the CORDS model must be established as a matter of binding policy. Failure to follow these recommendations will likely yield a future COIN campaign hampered by the same waste and disjointed inefficient effort demonstrated in the United States' most recent COIN endeavors.

Recommendations for Further Study

As outlined in Chapter 1, this thesis has been pursued on the basis of the assumption that the US will continue to pursue the establishment of a stable and sustainable economy as a component of its strategy in any future COIN operations. Army Doctrine Publication (ADP) 3-07, *Stability*, defines a sustainable economy as “one in which the population can pursue opportunities for livelihoods within a predictable system of economic governance bound by law. It is characterized by active competition policies, rule of law, rules that encourage trade and investment, and sound fiscal and monetary

policies.”¹⁵⁶ This definition closely links the development of a sustainable economy with another component of US COIN strategy, the establishment of stable governance, which ADP 3-07 defines as “the state’s ability to serve the citizens through the rules, processes, and behavior by which interests are articulated, resources are managed, and power is exercised in a society.”¹⁵⁷ US Army FM 3-24 reiterates this concept in stating “Long-term success in COIN depends on the people taking charge of their own affairs and consenting to the government’s rule.”¹⁵⁸

These doctrinal references clearly communicate an underlying assumption of the primacy and importance of a central state-based government as a universally applicable concept, a decidedly Western assumption. Lawrence Freedman speaks to the challenges inherent in this assumption that plagued American efforts to apply it in his essay “The Counterrevolution in Strategic Affairs.”

Humanitarian interventions also generated long-term and expensive responsibilities to those places where intervention took place. Initially, the action might have been prompted by evidence of acute but short-term humanitarian distress, but once engaged, the intervenors felt obliged to undertake wholesale reconstruction of the target countries by setting them on the road to democracy. The same impulse was evident in Iraq and Afghanistan. But as the United States became bogged down in Iraq, it let its own liberal standards drop in the conduct of interrogations and counterinsurgency operations. At the same time it demonstrated an inability to reshape local political structures according to its own preferences. Unless a functioning democracy was created, it was argued, there could be no guarantee that the conditions that created the problem in the first place would not recur. Why costly military exertions should be used to reestablish an authoritarian regime was hard to explain. The only way out was to work with the local political grain, which was not necessarily a natural support for the

¹⁵⁶Department of the Army, Army Doctrine Publication (ADP) 3-07, *Stability* (Washington, DC: Government Print Office, August 2012), 13.

¹⁵⁷Ibid.

¹⁵⁸Department of the Army, FM 3-24, *Counterinsurgency*, 1-1.

practices and norms on which liberal democracy depends and which would be under additional strain as a result of the internal violence that had prompted the intervention.¹⁵⁹

The case study analysis accomplished in this thesis supports Freedman's assertions and further calls into question the validity of the underlying doctrinal assumption of the primacy and importance of central government. In expounding on the virtues of the Marshall Plan, Barry Machado points to the fact that "Marshall Planners constructed a framework, or process, within which those nations committed to a 'New Europe' could debate those willing to be rebuilt or reformed."¹⁶⁰ Furthermore, Machado points out that Marshall Planners "did not impose their will on Europeans" in stark contrast to American efforts to import and install democratic governments in Iraq and Afghanistan.¹⁶¹

The Marshall Plan emerges from this thesis as the most successful US application of economics, an example of sustainable development pursued in partnership with Western governments as opposed to the non-Western entities of Vietnam, Iraq, and Afghanistan. Such a comparison between these case studies further suggests that the notion of stable central governance may not be as readily exportable as US military doctrine assumes. Current US difficulties in establishing stable governance in Afghanistan may in fact be attributable to the possibility that tribal and religious influences enjoy greater importance in the lives of the nation's populous than a central

¹⁵⁹Lawrence Freedman, "The Counterrevolution in Strategic Affairs," in *The Modern American Military*, ed. David Kennedy (New York, NY: Oxford University Press, 2013), 18.

¹⁶⁰Machado, "A Usable Marshall Plan," 55.

¹⁶¹*Ibid.*

government could ever hope to. Further research and investigation into the validity of the assumption of the importance, and feasibility, of establishing stable governance in COIN efforts is clearly necessary. COIN efforts intended to develop sustained economies in “systems of economic governance bound by law” are ultimately fruitless if such governance can not reasonably be established, or if governance establishment is actually ineffective in quelling an insurgency because of the culture of the host nation.

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