



An Integrated U.S. Approach to Preventing and Responding to State Failure: Recent Progress and Remaining Challenges

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Introduction

The organizers of this conference asked me to place the topic of stability operations in the broader context of an evolving U.S. strategy toward fragile and post-conflict countries, and to review recent strategy and institutional reforms in this area, including their underlying assumptions and prospects. The main theme of my remarks will be that the US government needs to foster a “whole of government” approach to preventing state failure and responding to state collapse, one that brings all relevant instruments of national power and influence to bear in helping reform or bolster weak institutions of governance in some of the world’s most dysfunctional places. The nature of this challenge goes well beyond the label “stability operations,” which implies a rather static approach to maintaining control and order, to embrace the more challenging aspects of conflict transformation.

By virtue of its overwhelming resources and the talent of its personnel, the U.S. military can play a critical role in bolstering weak states and stabilizing them in the aftermath of war. But the unbalanced position that the Department of Defense (DoD) occupies in our national security framework can also skew U.S. policy and lead to over-reliance on the military for activities more appropriately done by civilian actors. Improved U.S. performance in prevention, crisis response, and the long term process of “state-building” after conflict will require an integrated, “joined up government” approach that goes well beyond impressive military instruments to include major investments in critical civilian capabilities, including development, diplomacy, law enforcement, intelligence, and others. Reconciling the conflicting cultures, mandates, operating procedures, and time horizons of these actors will be a recurrent challenge.

In the past year or two, the U.S. government has taken initial steps to build a standing interagency capability for stabilization and reconstruction, and it’s begun more tentatively to

focus on the problem of state fragility and instability. Still, our collective understanding of how to build effective states after conflict remains rudimentary. Similarly, we remain far more focused on post-conflict operations than on preventing state collapse. And whether we're discussing prevention or response, the government faces practical hurdles and dilemmas in trying to achieve "jointness" across the executive branch – something that took the U.S. military more than a decade after Goldwater-Nichols to achieve.

As the Bush administration moves forward with the implementation of the 2006 QDR, with transformational diplomacy agenda, and with foreign assistance reform, it makes sense to take stock of some recent initiatives on post-conflict and fragile states, evaluate what progress has been made in developing new strategies and, and explore what remains to be done. I will begin by covering Stabilization and Reconstruction operations, before moving to a brief discussion of Prevention. I will close by posing eight unanswered questions that we need to grapple with if we are to improve U.S. capabilities to respond to these contingencies.

Emerging Capabilities for Reconstruction and Stabilization

On the civilian side, the primary institutional innovation has been the creation of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). The story of how S/CRS came to be provides an object lesson in institutional adaptation. As veterans of the policy world know too well, bureaucracies are notoriously resistant to change. Innovation typically depends on three key ingredients: An abject policy failure that discredits old ways of doing business; an alternative set of beliefs about how to do things better; and well-placed individuals willing to champion the new approach in policy battles.

The relevant disaster in the case of S/CRS was the debacle of postwar planning for Iraq and the resultant difficulties in stabilizing and reconstructing that country. This fiasco was all the more disheartening because the dilemmas encountered were anticipated by knowledgeable experts from think tanks like CSIS, USIP, NDU and RAND, who written widely on the proper priorities and sequencing of post-conflict interventions, from ensuring basic security to providing essential services. By stumbling "blindly into Baghdad," in James Fallows' words, the administration unwittingly confirmed the hard won lessons from the 1990s (forgotten rather than learned), that experts had distilled from operations in Cambodia, Bosnia, Kosovo, East Timor, and other locales.

If Iraq gave new impetus to these languishing ideas, it took a few well-placed individuals to give them political traction. The key champions were Senator Lugar and his colleague Joseph Biden, chair and ranking member of the Senate Foreign Relations Committee. They forced the issue onto the administration's agenda by introducing legislation authorizing the creation of a new post-conflict office at State. The implicit message: Take action or we will impose a legislative solution on you.

The result was a constellation of factors that produced a rare window of opportunity for institutional change. By spring 2004 a striking consensus transcending partisan divides had taken hold: In a world of failed states and terrorist threats, reconstruction and stabilization were no longer sidelights of U.S. global engagement but rather core missions of foreign and national

security policy. To meet this challenge, the United States could not continue its ad hoc approach, throwing together “pick-up teams” for each new crisis. It needed a robust contingency planning process; a greater focus by the U.S. military on stability operations; and a standing civilian capability to serve as a reliable counterpart to DoD.

The pivotal decision to create CRS came in an April 2004 meeting of NSC Principals, including Colin Powell, Donald Rumsfeld and Dr. Rice. All agreed that the State Department should coordinate interagency responses to future post-conflict operations. They endorsed a new State Department office, designed to develop a civilian surge capacity – a sort of Peace Corps on steroids – that could be deployed quickly to crisis countries. Although the office got to work immediately, its interagency authorities were finalized only on December 7, 2005, when White House released National Security Presidential Decision Directive-44: “Management of Interagency Efforts Concerning Reconstruction and Stabilization.”

The NSPD-44 assigns to the Secretary of State responsibility to prepare for, plan, coordinate, and implement reconstruction and stabilization operations in a wide range of contingencies, ranging from complex emergencies to failing and failed states, and war-torn countries. The Department is to serve as the focal point for creating, managing and deploying standing civilian response capabilities for a range of purposes, including to advance “internal security, governance and participation, social and economic well-being, and justice and reconciliation.” Where the U.S. military may be involved, the Department will coordinate with the Department of Defense to harmonize military and civilian involvement.

Since it was created, S/CRS has been pursuing a massive -- and arguably unrealistic -- agenda with limited resources. These tasks include:

- Creating a monitoring system to identify states at risk of instability;
- Developing a Strategic Planning Template for use in preparing and running missions, as well as a doctrine for joint civilian-military planning;
- Building standing operational capabilities for rapid civilian response, including
 - diplomatic “first responders”,
 - enhanced technical capabilities within partner agencies;
 - a wide network of civilian reservists; and
 - a set of pre-positioned contracts.
- Creating interagency mechanisms to manage operations, including in Washington at the interagency level and with the military at Regional Combatant Commands and in the field
- Providing consulting services for State Bureaus facing actual crises, from Haiti to Sudan
- Mainstreaming Conflict Prevention and Transformation across the government, including by developing an Interagency Methodology to Assess instability and Conflict
- Engaging other national governments and international organizations
- Conducting exercises with military counterparts
- Compiling lessons learned and best practices

It is fair to ask whether a single understaffed and under-resourced office, operating from a single department, can hope to coordinate interagency efforts to accomplish this laundry list of tasks. It

is also fair to ask whether the reactive, reporting culture of the State Department can adapt to the requirements of conflict prevention and post-conflict operations.

As the State Department has been moving forward, the Department of Defense has made a parallel set of doctrinal and institutional innovations. This has been a sea change for DoD, which so recently had dismissed stability operations as secondary “missions other than war”. Having recognized the limits of his Transformation agenda to deliver Phase 4 success, Secretary Rumsfeld has signed DoD Directive 3000.05, on “Military Support for Stability, Security, Transition, and Reconstruction Operations (SSTR).” This directive was heavily shaped by an influential report in 2004 by the Defense Science Board Task Force on “The Transition to and From Hostilities.” I had the privilege of serving as the State Department representative on the post-conflict panel of the DSB study.

Directive 3000.05 establishes for the first time that such activities are a core DoD mission the U.S. military should be prepared to both conduct and support. To quote: “*They shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DoD activities including doctrine, organizations, training, education, exercises, materiel, leadership, personnel, facilities and planning.*” The directive mandates that every war plan include a detailed S&R annex.

While the Directive acknowledges that many S&R tasks are more appropriately carried out by civilians, it notes that this may not be possible in chaotic environments or when civilian capabilities are unavailable. Accordingly, the Directive includes a long list of reconstruction and stabilization undertakings that U.S. military must be trained and equipped to carry out, ranging from rebuilding infrastructure to reforming security sector institutions to reviving the private sector to developing representative government.

To support SSTR operations, it mandates the appointment of a senior director for Stability Ops in each Combatant Command, increased intelligence assets to such contingencies, and greater education and training on regions and cultures where U.S. forces may be used. The Directive calls on DoD to coordinate with S/CRS and other civilian agencies and to support the creation of Civilian-Military teams in the field. However, some in DoD, frustrated at the lack of a civilian “expeditionary” capability, are advocating the creation of a *civilian* cadre under the control of the department to conduct stability and reconstruction operations in the field. Such a step would have problematic implications, further increasing DoD’s dominance in civilian activities that should more appropriately be the purview of civilian agencies.

Tentative Steps on Prevention

In addition to these Post-Conflict innovations, the US government has begun to address the question of how to prevent states from sliding into failure in the first place. The main rationale is the perceived lesson from 9/11 – and contained in the National Security Strategy of 2002, that “The United States is now more threatened by weak and failing states than we are by conquering ones.” Although the connections between state failure and global threats may be less universal and more nuanced than sometimes asserted, Afghanistan demonstrated that state failure *can*, in

certain circumstances, cause significant damage to U.S. national interests. The Bush Administration has been grappling with how to turn this insight into practical policy.

USAID has been at the forefront of these efforts. Its Fragile States Strategy of January 2005 makes a strong case for adapting development policy and programs to help bolster and reform the world's weak and failing states. The Fragile States Strategy, along with the creation of the Office of Conflict Management, is an important legacy of Andrew Natsios' tenure. Like the USAID *White Paper*, it reflects a conviction that development must be treated as a third pillar of U.S. national security.

DoD has also been engaged on the prevention front, in its own fashion. The National Defense Strategy – and the QDR -- establishes as a key military objective the need to support friendly governments abroad who are endangered by terrorists, insurgents, and other internal threats. The department is preoccupied with “ungoverned spaces” where states lack the capability or will to control their territory against those that may wish to harm the US and its allies.

There have also been tentative steps to coordinate US prevention efforts. S/CRS and the NSC have created a sub-PCC on Conflict management and Mitigation. USAID has an Office of Military Affairs and has cooperated with DoD in initiatives like the Trans-Sahel counterterrorism assessment. Still, from the outside, the U.S. response to this challenge has seemed to be less the creation of a single, coherent policy across the U.S. government than a collection of modest, stove-piped efforts advanced by particular agencies. This may be changing, thanks to two final initiatives announced by Secretary Rice in January, on Transformational Diplomacy and Foreign Assistance Reform.

As Dr. Rice explains it, the primary objective of Transformational diplomacy is to help “build and sustain democratic, well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.” To bolster failing states, the administration is seeking to foster a new U.S. diplomatic and foreign assistance culture, one that ensures that U.S. diplomats not only “report” on the world but “seek to change the world as it is,” for the better. For the State Department, this means among other things redeploying diplomats to global hot spots.

For foreign aid, it implies injecting greater strategic coherence and coordination into our woefully fragmented assistance regime, which has aid pouring out of 20-odd spigots across the US government, addressing everything from health interventions to democracy promotion to law enforcement cooperation to military assistance. Randall Tobias, recently confirmed as USAID administrator, will serve as the new Director of Foreign Assistance, charged with developing not only a consolidated US government foreign assistance strategy but also multi-year and annual country-specific operational plans. The devil, of course, is in the details. Negotiating the tensions and trade-offs between short-term expediency (driven by political and security concerns) and the long-term imperatives of institution-building (guided by development considerations) will be a constant challenge in developing a more effective policy.

Eight Questions

So here we are – with a lot of disparate initiatives, all meant to improve US policy toward failing and post-conflict countries. What are the requirements and prospects for success? What are the tensions between the goals the administration has set out? And what more remains to be done? Before closing, I'd like to throw out a eight questions that we still don't have clear answers for and highlight some areas where we need to make further progress

(1) The first question is a broad, perhaps philosophical one: **What is the ultimate goal of stabilization and reconstruction?** One of the lessons of history and current efforts is that we need to have clarity and a sense of realism about the scale of our aspirations. Is our goal the restoration of baseline order? Is it a functioning government (of whatever flavor)? Or is it liberal democracy and market economy?

This is not a merely abstract question. Last month the administration released an updated National Security Strategy emphasizing democracy as the cornerstone of peace and development. The implication is that democratic institutions will guarantee good policies and solve the world's security and poverty problems. In reality, things are not so neat. The first order of business in many places is creating a capable state – and the process of state-building has historically been coercive and non-democratic. In the long run, freedom and order are mutually supportive. But in volatile post-conflict environments lacking either the incentives for or culture of restraint, precipitous movement toward political and economic competition can exacerbate the risk of violence. Can the United States reconcile its freedom agenda with the need for building capable states?

(2) The second question is about **leadership** within the USG and the proper **division of labor** between civilian and military Actors. **To put it bluntly, who is in charge, and when are they in charge?**

At first glance, NSPD-44 seems to put the State Department squarely in charge. But then there is some language about the need for coordination with the Secretary of Defense. Similarly, Directive 3000.05 has a lot of “as appropriate” language when speaking about DoD-State cooperation. Some ambiguity is inevitable: there is no bright line between “stabilization” and “reconstruction,” particularly in violent environments. Who actually does what – and when they hand them off– will vary with context. The military culture has a tradition of “*supporting*” and “*supported*” commands that may be applicable. But we need to add a caveat: where as the military may be performing “civilian” tasks they will subsequently hand off to other agencies, the actual formulation of policy and drafting of plans to be implemented should be determined in an interagency setting, with civilian agency input if not control.

There remain significant doubts about whether it is possible to coordinate the interagency from one department, rather than the National Security Council. This is particularly the case when the office in question has not yet been empowered sufficiently by the Secretary of State to actually exercise authority within its own building, much less the wider interagency. The interagency coordination mechanism envisioned in a crisis response situation is a potentially cumbersome one, with authority dispersed among 3 chairs: S/CRS, the relevant State Regional Bureau, and the NSC.

(3) Third, how can we ensure that S/CRS lives up to its potential?

There is growing concern that S/CRS has been given an unrealistic mandate and, in the view of some, has drifted from its initial vision, trying to do too much with too few resources to make a tangible difference in any one of these areas. On the question of mandate, there is room for concern. To use a military analogy, the office aspires to (1) Organize, Train, and Equip the interagency as well as to (2) Plan, Deploy, and Execute operations. Can one small office do both? Or does it need to get much larger?

And when can we expect the office to actually be *given a mission to run*, such as Afghanistan?

(4) Fourth, what can be done to build up a standing civilian surge capacity?

The initial rationale for S/CRS was in terms of developing a civilian surge capacity – a sort of Peace Corps on steroids. The NSC was particularly concerned with developing capacities in transitional security and the rule of law, including police, judicial, prosecutorial and corrections capacities. To date, the development of a deployable civilian capacity has been frustratingly slow. One example is the difficulty the State Department has had in staffing the modest number of civilian slots in Provincial Reconstruction Teams, both in Afghanistan and Iraq. Last month Senator Warner voiced his frustration, sending a letter to Dr. Rice and all Civilian Agency Cabinet Secretaries asking what they were doing to implement NSPD-44 – saying the military desperately needs civilians in the field, somebody to hand off to.

In the absence of an effective capability within civilian agencies, pressure will grow for DoD to build up more civilian capabilities of its own, covering a full range of missions, akin to a colonial service.

(5) Fifth, can S&R operations promote long-term development, not just short-term security?

During his tenure as USAID administrator, Andrew Natsios liked to speak of development as the “Third Pillar” of U.S. National Security. This is an important insight. At the same time, the administration’s plans for foreign aid reform have worried some in the development community, who fear that both the purposes and recipients of U.S. aid will be skewed by short-term political expediency and the imperatives of the GWOT, undercutting the arduous, long term work of true “development” – building effective institutions capable of alleviating poverty and other structural roots of instability. *The “exit strategy” for stability operations is a minimally capable state.*

(6) Sixth, how can we ensure that S&R operations build – not replace (or substitute for) – local capacities?

One of the recurrent challenges of S&R efforts is to build indigenous capacities, whether in security or administration, so that local actors – and particularly the state itself – can assume responsibility for providing essential goods. What we too often see is a pathological pattern, whereby the international community comes in and provides significant resources, but rather

than building local capacity, they substitute for it, by bypassing the state entirely. Rather than a strong public sector, we witness the creation of a parallel international public sector. And rather than benefiting local businesses and NGOs, the majority of assistance benefits contractors and service providers from outside the country.

One of the most flexible instruments at the disposal of U.S. military commanders have been CERP funds. While these have been useful in buying political breathing space and winning “hearts and minds,” DoD should seek to ensure that their involvement in rehabilitation activities is consistent with both the broader political strategy and good development principles (e.g., don’t just build a clinic with no doctors).

(7) Seventh, how can we convince legislators to invest in key civilian elements of national power?

Notwithstanding the new conventional wisdom –the US is now more threatened by weak and failing states than we are by conquering ones – the country has not yet put our money where our mouth is. There is an enormous misalignment between this threat perception and today’s federal budget, which devotes ½ a trillion to Defense but only small sums within an already modest 150 Account to deal with state failure.

The consequences of this misalignment are real. It forces an overly militarized response to state failure, consistent with the old adage that if all you have is a hammer, every problem looks like a nail. Both the Administration and Congress are to blame for this state of affairs. It seems hard to imagine Congressional appropriators denying President Bush’s budget request if he were to pick up the phone and say, look, S/CRS is a priority. That he has not gives the signal that it is not a priority. Congress, however, is at least as much to blame. Legislators have a congenital distrust of what they see as “slush funds” and an unrealistic attitude that “if a crisis comes up the administration can simply prepare a supplemental”. Among other things, this attitude ignores the importance of having ready funds as an incentive to encourage timely cooperation among government agencies, which might otherwise waste time and energy in unproductive food fights over resources.

Unfortunately, the limited Congressional appetite for nation-building mission is, if anything, likely to dwindle in the foreseeable future. In fact, we may be seeing the emergence of a strange alliance on the Hill: Liberals who don’t want any more Iraqs, Conservatives who don’t want any more Bosnias.

(8) Finally, are we Ready to Get Serious about Prevention? A real strategy to prevent state instability and failure would have at least three components lacking in current Bush administration policy:

- **Deeper intelligence collection and analysis on the links between state weakness and transnational threats:** Since late 2004, the National Intelligence Council has prepared a semi-annual “Instability Watch List” that identifies countries at risk of state failure within two years. To be useful, such a list must be accompanied by a matrix outlining the implications of such turmoil for U.S. national security interests, such as disruption of oil

supplies, regional instability, or WMD proliferation. A sophisticated early warning system could help policymakers determine where to devote U.S. efforts and build the political will for effective preventive action.

- **Improved policy coherence:** Although the US has developed R&S capabilities, there has been no similar effort to define a unified interagency strategy to prevent states from sliding into failure and violence in the first place. Too often, our nation's engagement with weak states is in practice little more than a collection of independent bilateral diplomatic, military, aid, trade, and financial relationships, influenced by the institutional mandates and bureaucratic hobbyhorses of respective agencies. What is missing is a coordinated approach uniting the "3D"s of U.S. foreign policy -- as well as intelligence, financial, and trade policies. Integration must occur not only in Washington but also at U.S. embassies, within "country teams" under the direction of the ambassador. The precise country strategy will vary according to the perceived root causes of weakness. Where capacity is lacking, the US should enable states to fill these gaps. Where will is lacking, it should deploy incentives to persuade (or compel) a stronger commitment.
 - Last, the United States must engage partners and allies who share our interest in stemming the negative spillovers of state weakness in the developing world. US responses to weak and failing states are not occurring in a vacuum. National governments and intergovernmental organizations are groping for new mechanisms and instruments to prevent and respond to state failure, but -- like internal U.S. efforts -- progress has been hampered by fragmented institutional mandates. The United States should advance common approaches to state-building and transnational threats within the G-8, UN (Peacebuilding Commission), NATO, OAS OECD, and World Bank, and in regional bodies where it is not a member, like the EU, AU and ASEAN.
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