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Military Metrics: How Do We Know When We're Winning (or Losing) a War?

by Ethan B. Kapstein

How do governments know whether they're winning or losing a military campaign? That question is devilish enough in the context of conventional wars with pitched battles, as conflicts often take surprising twists and turns en route to their endgame. It was more than sheer bravado that led Charles De Gaulle, who knew a thing or two about military operations, to declare in June 1940, "France has lost the battle, but France has not lost the war."

Precise knowledge of a conflict's progress is perhaps even more difficult when it comes to the counterinsurgencies now being fought in Afghanistan and, somewhat more surreptitiously, in places like Yemen. How do military leaders and policy-makers ascertain if they are "winning the hearts and minds" of the local population? What are the indicators of success?

Military history suggests that generals and public officials have often looked at the wrong data—the wrong metrics—for information and insight about what's really happening on the ground. The Vietnam War provides a poignant example (Nagl 2002; Kilcullen 2010). As late as the summer of 1974, a study group from the U.S. House of Representatives boldly asserted that "it is unlikely that the North Vietnamese can win a military victory" and it shared the view of the American Ambassador to Saigon, Graham Martin, that South Vietnam was now on the verge of an "economic 'takeoff' similar to those which have occurred in South Korea and Taiwan." The congressional group drew this conclusion from the lopsided difference in military casualties between North and South Vietnamese forces—the infamous "body counts"—which cast doubt on the ability of Hanoi to sustain the constant pummeling much longer. Needless to say, Saigon would fall to the North within nine months of that study's publication, with Ambassador Martin departing by helicopter from the U.S. Embassy's rooftop.

Has the military become more sophisticated since that time in formulating and analyzing a relevant set of war metrics? To be sure, in Afghanistan, the International Security Assistance Force (ISAF) is relying upon a much more *comprehensive* data-set, which not only includes casualty statistics and numbers of attacks and "improvised" explosions aimed at coalition forces, but also incorporates economic and social developments along with "Afghan in the street" responses to a wide variety of survey questions. Unfortunately, these metrics provide little more than a hodgepodge of trends, data, and "atmospherics," and it's unclear how they relate to the war effort. In fact, this grab-bag of evidence suggests only one thing: that coalition forces still don't know how to measure their progress.

Misleading Metrics

To make sense of any metrics related to military action—indeed, to guide the very process of gathering data in the first place—war fighters need to know what they need to know. Metrics are only as good as the rationale behind their collection, and the quantity or variety of information is no substitute for those jewels of data that possess real analytical quality. In Vietnam, for example, the problem with "body counts" was not whether the reported numbers were reliable; it was whether they provided true illumination about how the war was going.

In Afghanistan, ISAF seems to be relying on more than 20 different metrics as it assesses whether it's winning the "hearts and minds" of the Afghan people. But which among these is most penetrating for the analyst and policy-maker? Which of the data provide them with the most understanding? The answer to that question requires some underlying theory of how a counterinsurgency campaign should be fought (Kilcullen 2010). In essence, metrics provide the bridge between the military strategy being built at headquarters and the war on the ground.

Now one might reasonably assert that a counterinsurgency is ultimately about getting useful information about insurgent activity from the recalcitrant or even hostile locals. This, it is often claimed by military experts, is the essence of "winning hearts and minds," for only in this way can the adversary—who is hidden among the populace—be captured and killed (for an economic model of insurgent-counterinsurgent relations, see Berman, Shapiro and Felter 2008). Are the Afghan locals in places like Kandahar now providing ISAF or Afghan National Army (ANA) forces with "tips" on Taliban movements and operations? If so, that would seem to be a pretty good indication that the coalition is gaining the upper hand. Remarkably, it's unclear whether even this metric is being collected on a systematic basis.

It must be admitted that the limitations associated with that particular metric are glaringly obvious. Even if the flow of tips is increasing, analysts would have to know what is motivating that change in order to judge whether ISAF and the ANA are on the right path. Are tips forthcoming because people believe the Taliban are on the run? Or is it because coalition forces are providing the locals with a financial reward, or even threatening them with violence? If it's due to the latter causes, then the number of tips may not provide a very reliable indicator of whether the coalition is succeeding in its efforts. Furthermore, counterinsurgents will have to determine whether the tips are sincere or spurious, and that's hardly a straightforward exercise. Reliable informants could be lied to or misled by their sources, or they may not be able to deliver accurate information to coalition forces in a timely manner. These shortcomings make it clear that military leaders would not wish to rest their entire case on how the war is going based on these particular data, again assuming that they are being collected in the first place.

What this implies is something of vital importance for war metrics or how we measure success, namely *that counterinsurgency campaigns are not so much about the collection of intelligence, as is often asserted, but rather they are about shaping how people see their future.* If people heavily discount the future, they will do whatever it takes to survive in the present, ignoring the conflict around them if possible and trading information with forces on both sides of the military divide when coerced to do so. In essence, the market for tips takes on the structure of an auction, with locals providing information to the highest bidder on any given day.

But if people possess an underlying confidence about the future and believe that tomorrow will be brighter than today, how will they respond? Which types of data would tell us how they really felt about their country's trajectory? That metric would be of tremendous value for its rich insight.

Do the Numbers

To get at the question of whether people are optimistic or pessimistic about the long-run, an analyst would need to find a reasonable proxy measure for "the future." One measure that comes readily to mind is capital investment. Are people willing to put their hard-earned savings at risk? That's a pretty good test of how they feel about the coming years, because one can reasonably hypothesize that people are generally unwilling to make capital investments that take a long time to amortize unless they believe their investment is secure and will pay a reasonable return. In the case of Afghanistan, it would be particularly interesting to know whether women were investing in business opportunities, since it's unlikely they would do so if they believed there was a high probability of a Taliban return to power.

This line of reasoning suggests that long-term capital investment in general, and investment by women in particular, might be an especially pertinent military metric. But strangely enough, these are also among the kinds of data that ISAF does *not* seem to collect on a systematic basis. These data are, however, collected by the Government of Afghanistan.

Aggregate investment trends at the national level, however, are not going to be very useful to military planners, who fight campaigns from town-to-town and province-by-province. After all, if the entire amount of a nation's investment is made in only one or two big cities, this might not tell you much about how the counterinsurgency campaign is faring in distant regions. A better approach would be to gather data that are disaggregated, matching investment figures against, say, the number of "significant military actions" in a particular area. Does investment increase when military action declines? And do rising investment levels suggest that people believe there will be *permanent* decreases in insurgent activity? These are the kinds of metrics that would tie a compelling theory of counterinsurgency to an ongoing data collection effort.

It should be noted that there is empirical evidence from several other campaigns that suggest the power of this approach. In Vietnam, for example, an analysis of the economic data that was readily available may have proved more informative to military leaders than their obsession with enemy casualties. Commercial construction in Saigon fell by more than 50 percent between 1966 and 1971, for example, while the price of food climbed by nearly 500 percent at the same time, evidence of shortages and, likely, stockpiling. These numbers did not reflect a people who had confidence in the future, no matter the level of North Vietnamese casualties (USAID 1972).

Looking at capital investments in the case of Israel, economist David Fielding has found that violence related to the "Intifada" of the 1990s severely depressed investment levels, while his model also suggests that a durable peace would bring a substantial increase in the amount of capital put to work. Fielding notes that the effects are strong for both Israeli Jews *and* Arabs; in each case, investors fear not only personal injury but also the potential loss of their real property (Fielding 2000). Similarly, in an examination of equity markets in Sri Lanka, economist Christopher Coyne and his colleagues find that "long-term financial asset prices indicate the likelihood of conflict or peace…" (Coyne, Dempster and Isaacs, 2010) And in Iraq, Eric Chaney

found that financial markets revealed a substantial amount of information about public perceptions of the military "surge" (Chaney 2008)

The insight that capital investment is related to levels of political instability goes back to former World Bank economist Jakob Svensson, who during the late 1990s sought to explain the differing levels of investment he observed around the world. Svensson posited that these differences had something to do with the quality of property rights in different countries, which in turn were a function of political stability or the lack thereof. In short, he found strong evidence for the following hypothesis: the greater the level of political instability, the weaker the property rights, and the lower the demand for investment (Svensson 1998).

This hypothesis has, of course, now become a central tenet of modern development economics. Developing countries are extolled by the World Bank and the bilateral foreign aid agencies to create strong property rights, independent judiciaries, and systems of law and order. Without these things, it is said, sustainable growth is all-but-impossible.

Curiously, this tenet has not been picked up on by the counterinsurgency community. To be sure, in Afghanistan there is no end of foreign aid programs that are aimed at improving the judicial system and "rule of law," in part because the coalition wants Afghan judges to try captured Taliban fighters. But there is no coherent strategy of encouraging investment; to the contrary, the massive amounts of aid provided by foreign governments—usually directed at the most insecure regions of the country—are probably discouraging or displacing local, Afghan investments. After all, why should I put my capital at risk if the United States taxpayer is doing it for me?

It's the Security, Stupid

So what's a counterinsurgent to do? The research conducted to date on the relationship between political instability and economic development suggests one fundamental lesson: security is primordial. To put this more directly, when people believe they are reasonably secure over the long-run, capital investment follows.

This causal story has already revealed itself to be the case in Afghanistan. To see that, just contrast economic developments in the provinces of Balkh in the North and Herat in the West versus, say, Kandahar. In the northern city of Mazar-e-Sharif, for example, the number of registered firms has doubled since 2008, while in Herat, it has grown by a third. These firms are generating employment: in Mazar, they've created about 5000 jobs, and in Herat, another 2500.

Foreign investors, incidentally, are also discovering the Afghan economy. According to the Afghanistan Investment Support Agency (AISA) Some 150 firms registered in Kabul last year, with estimated employment of more than 6000 workers. Foreign firms are also now flocking to the more secure provincial capitals as well, with growing interest among them as Afghanistan's mineral wealth and other natural resources become better understood, and the security environment improves.

Nor have these activities depended on foreign aid. In fact, the regions of the country that are enjoying the most economic activity—like Balkh (where Mazar is located) and Herat—are probably those where the least aid has gone on a per capita basis. In both these provinces, for example, strong governors have made security a priority, giving entrepreneurs the breathing space to exploit existing business opportunities. Indeed, these leaders wonder why all the aid

funds seem to flow to those regions which are still violent; to them, this is a reward for bad behavior.

For sure, the Afghanistan still faces numerous challenges that are impeding higher levels of investment. The currency is over-valued (thanks to demand from foreign militaries and aid agencies), inducing imports from neighboring countries like Iran and Pakistan. Bank loans, while becoming more available, are still in short supply; Afghanistan remains "under-banked" even by developing world standards. Successful businessmen face intimidation from criminal gangs, and corruption in government reportedly remains widespread. The large foreign presence and availability of aid funds and contracts means that too many entrepreneurs are making money off cozy relationships with embassies and the military instead of through productive investment. Finally, the continuing threat from insurgents—especially in the southern provinces of Kandahar and Helmand—cannot be understated.

Still, there are useful lessons to be drawn from the existing Afghan investment data for the United States and its coalition partners. They are straightforward.

First, coalition forces should focus on their primary mission of providing security and bolstering the Afghan National Army and Police, giving entrepreneurs the "breathing space" to develop their economy.

Second, the United States and its coalition partners should support those regional authorities, as in Balkh and Heart, who are creating a more secure environment by providing them with some transparent and accountable budget support. Too much aid money is going to projects like schools and meeting halls that are not necessarily the local priority. Instead, these regions want business and the jobs that go with them.

Third, the United States and European Union should pass free trade agreements with Afghanistan. It is absurd that local entrepreneurs face high tariff barriers when they ship their goods to Afghanistan's coalition partners, making Iran among other neighboring states a more attractive destination for Afghan products. And make no mistake: even under the country's current conditions, Afghans produce some wonderful, world-beating products, including woodwork and glassware that are second-to-none. As is the case for much of the developing world, however, it seems that Washington and its European allies prefer providing aid to supporting commerce and trade.

How would we know whether these policies are effective in promoting the counterinsurgency campaign? A simple yet powerful metric exists and is provided by the levels of capital investment being deployed by the Afghan people themselves. This number can help tell us if Afghans have faith in their nation's future.

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