

Joint, Interagency, and International Organization Economic Planning Integration

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Introduction

Objective, mass, and unity of effort have long been used as Principles of War. An objective is a clear obtainable goal, and mass refers to merging the efforts of different organizations to achieve decisive effects. However, it is only possible to gain the necessary mass towards achieving an objective through unity of effort (JP 3-0, 2006).

The President and the National Security Council are responsible for insuring that the whole of government is unified toward achieving national strategic objectives. However, unity of effort at the national strategic level does not always translate into unity of effort at the operational and tactical levels.

The economic instrument of national power requires unity of effort between the military, Other Government Agencies (OGAs), and International Organizations (IOs) to achieve contingency operational objectives. There is a growing volume of evidence from current operations in Iraq and Afghanistan that suggests that these organizations have not been effectively integrated towards achieving economic contingency operational objectives creating operational risk. Unity of effort and decisively massing the institutional capabilities of the military, OGAs, and IOs are essential to achieving contingency operational planning objectives.

This paper examines how well integrated the Military, Other Government Agencies (OGA), and International Organizations (IO) economic functions are in contingency planning, and how well this integration reduces the operational risks in achieving contingency operational objectives. It will do so by first assessing current U.S. policy/directives and military doctrine addressing economics-related activities, and then by comparing/analyzing the military operational planning process with OGA/IO economic-related functions and widely accepted economic factors that influence economic development.

Policy and the Integration of Economic Functions

Recent policy changes have directed the military to become more involved with economic development. National Security Policy Directive-44 (NSPD-44) states that the

Department of State (DOS) will coordinate planning for stability operations (NSPD-44, 2005). This directive is important because it gave DOS the authority to coordinate economic planning that involves the military and other government agencies. It is this document that established the Department of State Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and the Policy Coordination Committee (PCC) for Stability and Reconstruction. While NSPD-44 provides the framework for some important changes to government operations, it has some notable shortcomings. Although it provides guidance on integrating the government's effort in stability and reconstruction operations, it does not address other aspects of contingency operations. Furthermore, it only gives S/CRS authority to coordinate military and OGA planning for operations. The lack of command authority inhibits its ability to maintain unity of effort and reduces its ability to efficiently reach non-military objectives.

Department of Defense Directive (DoDD)-3000.05 establishes stability operations as a core mission comparable with combat operations. It also states that there are many stability operations that are best performed by U.S. government civilians. However, the military must be prepared to perform all tasks until civilians can do so. It states that the military must have the ability to "revive or build the private sector, including encouraging citizen-driven, bottom-up economic activity and constructing necessary infrastructure. The military must also be prepared to integrate its stability operations with OGA, Non-Government Organizations (NGOs), and IOs. While this document makes it abundantly clear that the military must be able to integrate with other agencies and organizations on economic planning matters, it provides no specific details on how to do so.

Military Doctrine and the Integration of Economic Functions

The operations in Iraq and Afghanistan have driven several revisions to doctrine. In particular, Joint Publication (JP) 3-0: Joint Operations, U.S. Army Field Manual (FM) 3-0: Operations, U.S. Army Field Manual (FM) 3-24: Counterinsurgency, U.S. Field Manual (FM) 3-07: Stability Operations, provide important changes to the conduct of military operations. Joint Publication (JP) 3-0: Joint Operations, discusses how economics fits into operational design through the application of political, military, economic, social, infrastructure, and information (PMESII) systems, the economic line of operation and interconnected nodes, and their interdependent relationship with other lines of operations (JP 3-0, 2006).

U.S. Army Field Manual (FM) 3-0: Operations, was released in February 2008 and contains many changes that were driven by DoDD 3000.05. It addresses the importance of unified action, joint interdependence, and adds stability operations as an Army mission equal to offense and defense (FM 3-0, 2008). There are over 50 references to economics in this document, including a discussion on some critical factors to consider in planning. Unfortunately, there is very little discussion of the Army's specific economic functions versus OGA's and IO's, and little detail on how economic operations vary through the spectrum of conflict and the contingency operational phase's outlines in JP 3-0. FM 3-24, Counterinsurgency Operations, provides a great deal of guidance not only on the economic component of counterinsurgency operations, but also on integrating civilian

organizations into these operations and attaining unity of effort between these organizations. It also provides a description of the key mechanisms for integrating organizations including the National Security Council (NSC), Joint Interagency Coordination Group (JIACG), Country team, Civil-Military Operations Centers (CMOC) and tactical level integration (FM 3-24, 2006). Unfortunately, it does not speak to the economic factors that each one of these coordinating groups is supposed to address, nor does it identify how the different organizations will integrate to address economic issues at appropriate levels. While this document contains over 100 references to economics, it does not recommend that the military expand its economic expertise in economic development. Instead, it only recommends that commanders identify personnel with functional expertise in their units (FM 3-24, 2006, 8-16).

FM 3-07, Stability Operations, provides a tremendous amount of detail on the economic component of stability operations. There are over 200 references to economics in this document. It discusses the role of S/CRS and the Interagency Management System (IMS), the IMS consisting of a Country Reconstruction and Stabilization Group (CRSG) for strategic level policy coordination, Integration Planning Cell (IPC) to support the combatant commander, an Advance Civilian Team (ACT) to enhance country mission efforts. The IMS is designed to improve coordination between the military, allied countries, OGAs, and IOs. It is not intended to replace current organizations but enhance policy and program coordination when a crisis occurs (FM 3-07, 2008). Unfortunately, this manual does not provide any specific details on how the military, OGAs and IOs will integrate their economic functions in support of economic objectives.

While economics is considered essential to most contingency operations, these doctrinal references only address economics in general terms. They do not provide sufficient detail on the functions of OGAs and IOs to effectively integrate the capabilities of these organizations into military operations. In order to improve future operations, leaders must have a better understanding of how economic factors contribute to contingency operational objectives.

The Military Operational Planning Framework and the Integration of Economic Functions

Joint doctrine describes six phases of operational planning (see Figure 1 below). The Shape and Deter phase activities are part of the Geographic Combatant Commander's Theater Security Cooperation Plans while the subsequent phases are described in operational plans. While these phases are depicted sequentially, they do not necessarily occur in order or even happen at all. In some cases, it is possible to go straight into a stability operation without having conducted the previous phases.

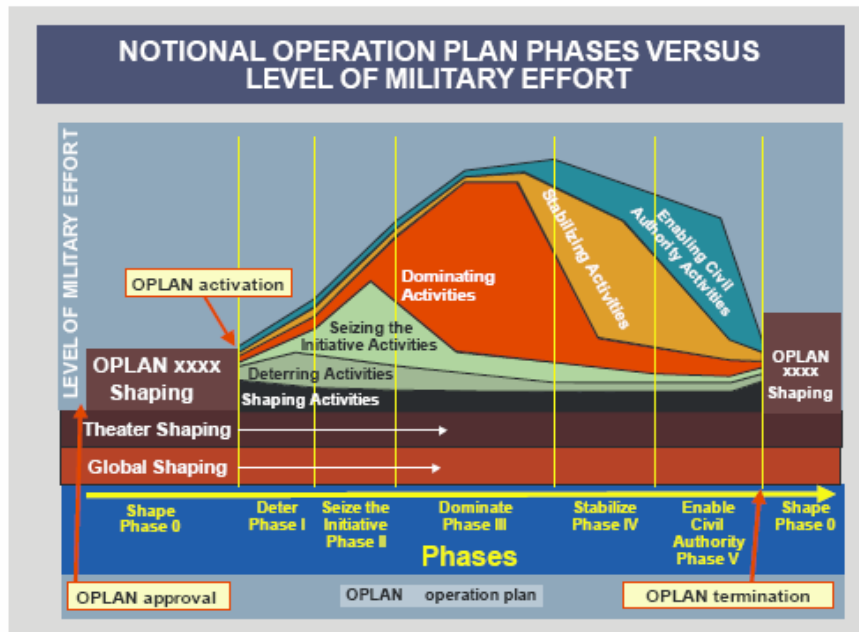


Figure IV-6. Notional Operation Plan Phases Versus Level of Military Effort

Figure 1: Joint Operational Planning Phases

Source: Department of Defense. *Joint Publication 3-0: Joint Operations*. Washington, DC: 2006, p IV-26.

It is also possible that conditions will vary between different parts of the area of operations. For example, it is possible to conduct combat operations in one area and stability operations in another area. Some organizations may not be willing to invest in a country until all parts of a country have reached the final phase. The key considerations for each phase are provided in Table 1 below. The economic component of contingency operations should support these considerations.

Contingency Phase Planning Considerations	
Phase	Considerations
Phase 0: Shape	<ul style="list-style-type: none"> Dissuade/deter potential adversaries Assure/solidify relationships with friends and allies Enhance international legitimacy Gain multinational cooperation Shape perceptions & influence behavior of both adversaries and allies Develop allied and friendly military capabilities for self defense and coalition operations Improve information sharing and intelligence sharing Provide US forces with peacetime and contingency access
Phase I: Deter	<ul style="list-style-type: none"> Deter undesirable adversary action by demonstrating the capabilities and resolve of the joint force Supports and facilitates the execution of subsequent phases of the contingency operation

	Continue to engage multi-national partners Coordinate with OGAs, IGOs, and NGOs to set conditions for execution of subsequent phases of the contingency operations
Phase II: Seize the Initiative	Execute offensive operations Force enemy culmination Set conditions for decisive operations Get access to theater infrastructure Expand friendly freedom of action Degrade enemy capabilities Establish conditions for stability Provide immediate assistance to relieve conditions that precipitated crisis
Phase III: Dominate	Break enemy's will for organized resistance Control operational environment Drive the enemy to culmination Set conditions for transition to next phase Relieve suffering
Phase IV: Stabilize	Required when there is limited or no functioning, legitimate civil governing entity present Perform limited local governance Integrate efforts of supporting/contributing multinational, OGA, IGO, and NGO participants Ensure provision of essential services Reduce threat to manageable level Ensure situation leading to original crisis does not reoccur Transfer regional authority to legitimate civil entity
Phase V: Enable Civil Authority	Enable the viability of the civil authority Enable the provision of essential services Influence the attitude of the population Conduct redeployment operations Coordinate with other nations and OGAs to achieve national strategic objectives

Table 1: Key Considerations

Source: Created by the authors from JP 3-0, 2006

OGAs, IOs Organizational Economic Functions

Table 2 below summarizes the key economic functions performed by the most relevant governmental agencies (GA) and international organizations (IO) bearing on contingency operations. The key governmental agencies are the: Department of State Office of the Coordinator for Reconstruction and Stabilization (S/CRS), United States Agency for International Development (USAID), Department of Commerce (DOC), and Department of Treasury (TREAS). The key international organizations are the: United Nations Development Program (UNDP), World Bank (WB), and International Monetary Fund (IMF). While these are not the only organizations involved in the economic aspect of

conflicts, they are the most pertinent in performing economic development related functions.

Organizational Economic Functions	
Organization	Economic Functions
S/CRS	Promote conflict prevention, planning, and civilian response operations,
USAID	Promote Economic Growth, Agriculture, and Trade; Conflict Recovery, and Humanitarian Assistance
DOC	Collect and manage economic data, promote U.S. exports, enforce international trade agreements, and regulate sensitive goods and technologies, issues patents and trademarks, protects intellectual property, develop and apply technology, measurements and standards, formulate telecommunications and technology policy, fosters minority business development and promotes economic growth in distressed communities
TREAS	Manage the U.S. government's budget, taxes, currency production and circulation, combat terrorist financing, programs against money laundering, counterfeiting, and narcotics trafficking, enforce economic sanctions and embargos, oversee U.S. financial markets, manage government lending, collect data on international financial movements, foreign technical assistance, financial stability standards, develop economic policy and negotiate international economic treaties
UNDP	Promote poverty reduction, crisis prevention and recovery, environment and energy
WB	Generate funds, provide loans, provide grants, provide analytic and advisory services, and build capacity
IMF	Monitor international economic and financial development, lend to countries with balance of payments difficulties, to provide temporary financing and to support policies aimed at correcting the underlying problems; provide loans to low-income countries aimed especially at poverty reduction, provide countries with technical assistance and training in its areas of expertise

Table 2: Key Economic Functions

Source: Created by the authors.

The Department of State Coordinator of Reconstruction and Stabilization (S/CRS) fills a vital role in coordinating all governmental agencies in the post-conflict period when fully established. In their planning documents, there is no reference to the six joint operation planning phases. In their Essential Tasks matrix, S/CRS breaks down reconstruction into three phases: Phase I-Initial Response; Phase II-Transformation; Phase III-Fostering Stability (S/CRS, 2005, iii). These three S/CRS phases overlap with the military contingency operational planning Stabilize phase (Phase IV) and Enable Civil Authority

phase (Phase V). The fact that DOD and S/CRS do not use the same operational planning model is very important. While DOD planners may expect S/CRS teams to be part of the entire operation, S/CRS personnel are primarily concerned with only the post-conflict period. Despite the fact that they are not active participants in each phase, it is important for DOD and S/CRS to collaborate continuously in order to ensure that they are ready for the post-conflict period.

The other government agencies and international organizations do not plan or synchronize operations using any semblance of a phasing construct. While the military shaping functions are outlined in Security Cooperation Plans, OGAs' and IOs' activities are only addressed in general terms even though their organizations conduct most of the shaping activities. In addition to the lack of Shaping activities integration, IOs and Non-Governmental Organizations (NGOs) are not part of operational planning and may not even be allowed to see the plan due to security considerations.

Table 3 shows how the organizational economic functions shown in Table 2 relate to the military contingency operational phases first introduced in Figure 1. This determination requires some prudent judgment, since none of the organizations, except the military, use phasing concepts as part of the planning process. The arrangement of functions into contingency phases provides the basis for analyzing the integration of the organizations in collectively influencing global economic, economic balance, and economic development factors addressed next.

Key Organization Economic Functions by Contingency Planning phase						
	Phase 0 Shaping	Phase I Deter	Phase II Seize the Initiative	Phase III Dominate	Phase IV Stabilize	Phase V Enable Civil Authority
DOD	Conduct Security	Conduct	Conduct	Conduct	Conduct stability	Conduct stability
S/CRS	Conduct conflict	Conduct	Conduct	Conduct civil	Conduct civil	Conduct civil response
USAID	Promote economic growth	Conduct conflict prevention	Provide Humanitarian	Provide Humanitarian Assistance	Provide humanitarian Assistance	Promote trade
	Promote democracy	Conduct conflict prevention	Provide Humanitarian	Provide Humanitarian Assistance	Provide humanitarian Assistance	Provide humanitarian Assistance
DOC	Collect economic intelligence	Enforce trade sanctions	Enforce trade sanctions	Enforce trade sanctions	Conduct economic assessments	Provide trade policy development assistance
	Manage trade policy	Enforce trade sanctions	Enforce trade sanctions	Enforce trade sanctions	Support regulatory	Provide trade policy development assistance
TREAS	Manage domestic fiscal policy	Enforce economic sanctions	Enforce economic sanctions	Enforce economic sanctions	Provide economic policy development assistance	Negotiate economic treaties
	Manage domestic monetary policy	Enforce economic sanctions	Enforce economic sanctions	Enforce economic sanctions	Combat terrorist/insurgent financing	
	Manage economic policy	Enforce economic sanctions	Enforce economic sanctions	Enforce economic sanctions		
UNDP	Oversee financial				Promote economic development	Promote economic development
	Promote poverty reduction					
WB	Generate funds				Generate funds	Generate funds
	Provide loans				Provide loans	Provide loans
IMF	Provide grants				Provide grants	Provide grants
	Provide analytic and				Provide analytic and	Provide analytic and
IMF	Monitor international economic and financial development				Lend to countries with balance of payments difficulties	Lend to countries with balance of payments difficulties
	Lend to countries with					Provide temporary

Source: Created by the authors.

Economic Factors

There are many factors that need to be considered in economic planning. These factors, reflected in Figure 2, show their general relationship by category.



Figure 2: Economic Planning Factors

Source: Created by the authors.

Global economic influence factors are in the outside ring. They are arranged in this fashion to show the external elements that influence a nation's economic environment. The inner two rings represent factors that influence a country's internal economic situation. The economic balance factors facilitate or constrain economic activities. The economic development factors are the resources necessary for businesses to operate. They are influenced by both the global economic factors and economic balance factors with no distinction made between the relative importance of one factor over another. All of these factors can be influenced by a combination of military, OGAs' and IOs' capacities.

Integration of organizational economic functions is important because it translates into operational capability. Organizations that perform common functions can integrate more efficiently. If there are organizations with similar functions, the combined capability of the organizations is greater, because they are able to more easily maintain unity of effort toward mutual objectives. Integration also creates synergy and economies of scale through the use of an appropriate combination of select organizations. The difficulty of maintaining unity of effort is directly related to the number of organizations required to influence all the economic factors.

Analysis

The following is an analysis of how well integrated the Military, Other Government Agencies' (OGA), and International Organizations' (IO) economic functions are in

contingency operational planning and how well they reduce the operational risks in achieving contingency operational objectives. It will explain how the economic functions of the selected organizations address the economic global, balance, and development factors, in conjunction with military operational planning phases/phase considerations depicted in Table 1 and Figure 1. The analysis outcome will be an understanding of OGA and IO capabilities by military operational planning phase, redundancies and synergies between organizations, time-phase availability of organizational capabilities, possible continuity issues, and operational risk associated with the aforementioned. This understanding will provide the basis for determining the implications for military contingency planning and developing recommendations for future operations.

Global Economic Factors

No country can escape globalization. To varying degrees, every country is connected to the global economic system. During military contingency operations, organizational functions are integrated to influence global economic factors. As described in Figure 2 above, these factors are the major components of the global economy. As shown in Figure 3 below, organizations must integrate the functions that influence global economic factors to achieve contingency phase objectives.

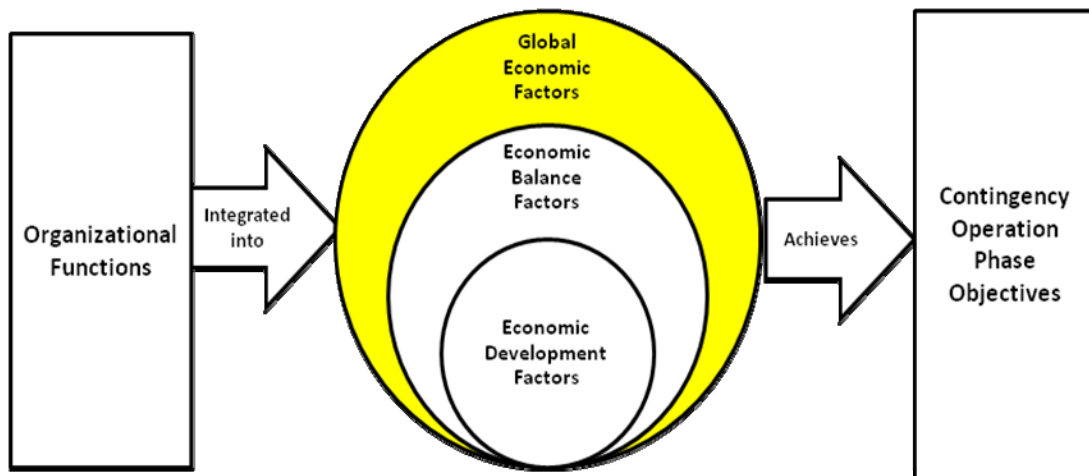


Figure 3: Economic planning model overview (Global Economic)

Source: Created by the authors.

As Figure 3 depicts, military operational objectives, described previously in Table 1, are achieved through the integrated effort of organizations to influence global economic factors. Organizations, using the functions outlined in Table 3, influence the global economic environment during each phase of the military operation. Figure 4 shows the organizations that perform functions to influence specific factors.

Global Economic Factors	ECONOMIC EFFECT					
	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
International Trade	DOD DOC	DOD DOC	DOD DOC	DOC TREAS	DOC TREAS	DOC TREAS
Foreign Direct Investment	TREAS DOC	TREAS DOC	TREAS DOC	TREAS DOC WB IMF	TREAS DOC WB IMF	TREAS DOC WB IMF
Foreign Aid/ Development				USAID UNDP WB IMF	DOD USAID UNDP WB IMF	DOD USAID UNDP WB IMF
Regional Economic Integration	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS	S/CRS DOC TREAS	S/CRS DOC TREAS
Foreign Exchange Market	TREAS	TREAS	TREAS	TREAS IMF	TREAS IMF	TREAS IMF
Global Capital Market	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Foreign Financing	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF

Figure 4: Global Economic Factors Phase Comparison

Source: Created by the authors.

In the *Shaping* phase (Phase 0), organizations can influence global economic factors to either promote or constrain economic activity in a targeted country. As shown in Figure 4, the high level of common capabilities reduces operational risk in achieving operational phase objectives. USAID, UNDP, WB, and IMF play a role in providing both foreign aid and development assistance to countries around the world. They provide expertise and resources to help countries address development issues. They also help ensure that foreign aid does not inadvertently create dependency or support rebel group activities (Taylor et al., 2003, 11). The WB and IMF provide loans and technical assistance to nations. This assistance is necessary for countries that lack adequate education systems and the right expertise to build financial institutions. The TREAS, WB, and IMF influence the ability of nations to access global capital markets. They conduct financial assessments of countries. These evaluations are used by nations, investors, lending institutions, and businesses to assess the risk of conducting business and investing in foreign countries. DOC and TREAS can directly influence U.S. trade policy. In conjunction with other agencies, they have the ability to promote or retard trade. In some cases, it is possible for economic and trade policy to conflict with national security strategy (Collier and Hoeffler, 2000, 22). S/CRS conducts planning and preparation in this phase and is not responsible for coordinating government activities. Unity of effort

is critical to successfully maintaining peace and shaping objectives. If shaping efforts fail, the organizations must collectively transition to deterrence operations.

Deterrence (Phase I) efforts should prevent conflict. Operational risk is increased because there is less commonality and capability to influence each factor in this phase. DOD, DOC, and TREAS play roles in restricting international trade. While TREAS and DOC restrict trade through sanctions, DOD may be directed to physically blockade the targeted nation. These actions are likely to prevent Diasporas or other sympathetic groups from providing threat regimes or rebel groups with funding and other resources (Collier, 2004, 8). DOD, DOC, and TREAS perform functions that reduce support to countries from neighboring states. Isolating the threat regime or rebel faction is critical to success in this phase (Collier, 2004, 8). Unilateral sanctions without the support of neighboring countries will not succeed. TREAS and DOC also negotiate with trade organizations to increase the participation and enforcement of sanctions. Cooperation is vitally important to the success of deterrence operations. It is possible that international organizations do not support U.S. deterrence actions. In this type of situation, the U.S. government must attempt to influence the international organizations to stop performing functions that work against U.S. interests. These efforts should be easier if there is a high level of United Nations' and international support for the operation. S/CRS does not play an active role in this phase. If deterrence operations fail, the military will likely be directed to initiate major combat operations.

In *Seize the initiative and Dominate* (Phase II and III); organizations continue to perform the same functions as the deterrence phase. However, DOD military force will be used more aggressively to isolate the enemy force from outside support. OGAs and IOs will continue to influence allies or neighboring states in support of operational objectives. S/CRS prepares for the transition to stability and reconstruction operations during this phase. Unity of effort is critical to forcing rapid culmination of major combat operations.

In *Stabilize and Enable Civil Authority* (Phase IV and V), operational risk is reduced because there is a high degree of commonality between organizations in their focus of effort. S/CRS has responsibility to lead and coordinate all government agencies in this phase. DOD, USAID, UNDP, WB, and IMF have the capacity to provide foreign aid during the stability period. It is critical that aid money clearly supports long term economic development goals (Mills, 2006, 16). Foreign aid is essential in quickly establishing government capacity. TREAS, DOC, WB, and IMF help coordinate / facilitate foreign direct investment (FDI). The skilled management and technical expertise brought into a country as part of FDI are badly needed in the post-conflict period. S/CRS, DOC, and TREAS promote regional economic integration, global capital market, and foreign financing. In the post-conflict period, external capital and investment can reduce the time needed for recovery. DOC and TREAS can provide assistance to establishing interim trade policies and establishing the flow of goods into the post-conflict country. It is important to ensure that systems are developed quickly for establishing legitimate international trade (Mills, 2006, 8). Formal trade structures will greatly reduce the influence of informal markets and provide a source of revenue to the government. Successful execution of Phase IV and V operations will enable

organizations to transition back to *Shaping* activities.

In today's world, global economic factors can greatly influence a nation's economy. In operational Phases 0, IV, and V, operational risk is reduced due to the high degree of commonality in organizational focus of effort while there is less commonality in the other phases. It will be difficult to successfully integrate organizational activities through all phases. If these global factors are applied successfully, it will be easier to stabilize the national economy. These factors will be analyzed in the next section.

Economic Balance Factors

At the national level, economic balance factors, described in Figure 5, are conditions necessary for economic stability. These factors can enable or constrain economic development. Organizations must integrate their functions in influencing these economic balance factors to achieve contingency operational phase objectives.

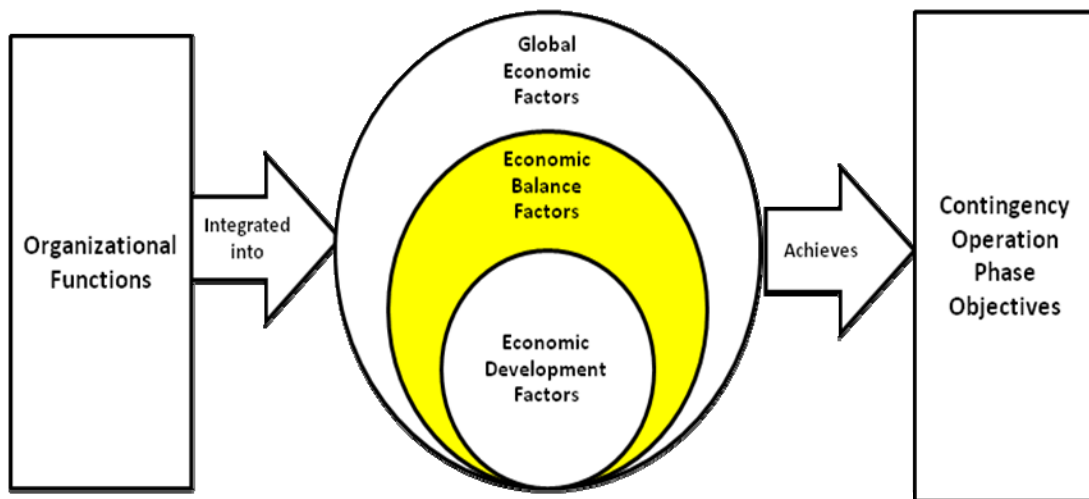



Figure 5: Economic planning model overview (Economic Balance)

Source: Created by the authors.

As described previously in Table 1, military operational objectives are achieved through the integrated effort of organizations to influence economic balance factors.

Organizations, using the functions outlined in Table 3, influence economic balance factors during each phase of the military contingency operations. Figure 6 shows the organizations that perform functions to influence specific factors.



Economic Balance Factors	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
	Employment	DOD DOC TREAS	DOD DOC TREAS	DOC TREAS	DOC TREAS USAID UNDP WB IMF	DOD S/CRS DOC TREAS USAID UNDP WB IMF
Inflation	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Balance of Payments	TREAS	TREAS	TREAS	TREAS IMF	TREAS IMF	TREAS IMF
GNI Growth	DOC	DOC	DOC	DOC TREAS USAID UNDP WB IMF	DOC TREAS USAID UNDP WB IMF	DOC TREAS USAID UNDP WB IMF
Equitable Distribution of Income	DOD	DOD		UNDP WB IMF	UNDP WB IMF	UNDP WB IMF

Figure 6: Economic Balance Factors Phase Comparison

Source: Created by the authors.

In the Shaping phase, operational risk is reduced due to the high level of commonality between organizations. All organizations perform functions that affect employment levels. Coordination is necessary between organizations to ensure that economic shaping efforts are complimentary. TREAS, WB, and IMF provide technical and analytical support to countries with inflation problems. It is essential to stabilize inflation in order to have an environment suitable for business and consumer activity. The TREAS and IMF provide loans in order to help countries with balance of payments deficits. The WB, IMF, and UNDP help governments create policies that will promote the equitable distribution of income. According to Oxford economics researcher Paul Collier, the most important economic risk factor is severe income inequality (Collier, 2004, 3-4). It is very important to promote policies that will reduce the potential for future conflict. All the organizations directly or indirectly conduct activities that support GNI growth. Sustainable economic development is enabled through capital accumulation. By increasing employment and reducing inflation and trade imbalance, there will be greater accumulation of capital. S/CRS does not actively lead or coordinate government agencies in this phase. Organizations should be prepared to transition to Deterrence if Shaping operations fail.

In the Deterrence phase (Phase I), a negative change in economic balance factors can greatly increase stress on commercial activity. Operational risk is increased because there is a significant decrease in commonality between organizations in this phase. UNDP, WB, and IMF do not have a role in directly supporting deterrence. They are peace promoting organizations and do not support military operations. DOC and TREAS actions to sanction trade and financial support will have a great effect on employment within the targeted country. The TREAS has the ability to freeze foreign assets within the U.S. and may influence other banks to do the same. These actions can reduce the targeted country's monetary means of influence. DOC actions to constrain trade can cause the GNI growth to significantly slow or even decrease. S/CRS conducts planning and preparation during this phase. Ideally, deterrence should dissuade the opposing regime or group from violence. If deterrence fails, the military will initiate combat operations.

Like the deterrence phases, Phase II and III can negatively influence economic balance factors. Many of the functions will remain the same. However, combat operations have a dramatically negative effect on the economy. The shortage of products and services is inherently inflationary and increases the economic stress on the population. Ideally, economic instability will speed enemy culmination. This stress may subsequently reduce their support of the conflict. However, it may backfire as well. Conflicts usually drive "capital flight as a rational business response to protect financial assets" (Mills, 2006, 8). This likely widens the income gap between classes during conflict. This income gap can increase the challenge of creating stability. Understanding changes, caused by conflict, is essential to creating economic stability during the post-conflict period.

During Phases IV and V, operational risk is reduced because there is a high degree of commonality between functions. S/CRS is responsible for ensuring unity of effort between all government agencies in this phase. All organizations provide programs and funds to stimulate employment. While these efforts are beneficial, they do not necessarily lead to the creation of sustainable jobs. Military, OGAs and IOs often create a superficial economy to support their own operations (Doyle, 1998, 51). When these organizations leave, the jobs also go away. This creates a cycle of dependency where the local economy relies on foreign organizations for support. It is important for organizations to coordinate their spending in the local economy in order to ensure that they do not undermine sustainable GNI growth. UNDP, WB, and IMF perform functions that reduce the inequitable distribution of income. Employment programs must be focused on demobilized soldiers and combatants. They are typically politically oriented and have an entitlement mentality that undermines the values of capitalism (Doyle, 1998, 20). Also, employment programs should be designed to draw back skilled labor. This group will leave the country permanently if not attracted back shortly after the conflict. The currency exchange rate is often very volatile both in the foreign exchange markets and on the street. Research has shown that inflation has to be controlled before a skeletal banking infrastructure can be developed (Doyle, 1998, 10). TREAS, WB, and IMF play important roles in stabilizing inflation. These organizations must work with the interim government to quickly develop and implement a monetary and fiscal policy to stabilize inflation. All organizations perform functions that promote GNI growth. Economic

stability is essential to meeting termination objectives.

Changes in economic balance factors can enable or constrain the economic development environment. The benefits from economic development projects can not be fully realized until the economy is stabilized. Like global economic factors, there is a great degree of commonality in Phases 0, IV, and V. Military, OGAs and IOs must coordinate carefully to maintain unity of effort through all phases. If they are successful in influencing these factors, the conditions will be set for successful economic development.

Economic Development Factors

Accumulated capital, reinvested into the economy, enables societies to progress from one developmental level to another. The military, OGAs and IOs should insure that their functions are properly focused on the appropriate developmental level necessary to achieve contingency phase objectives as shown in Figure 7 below.

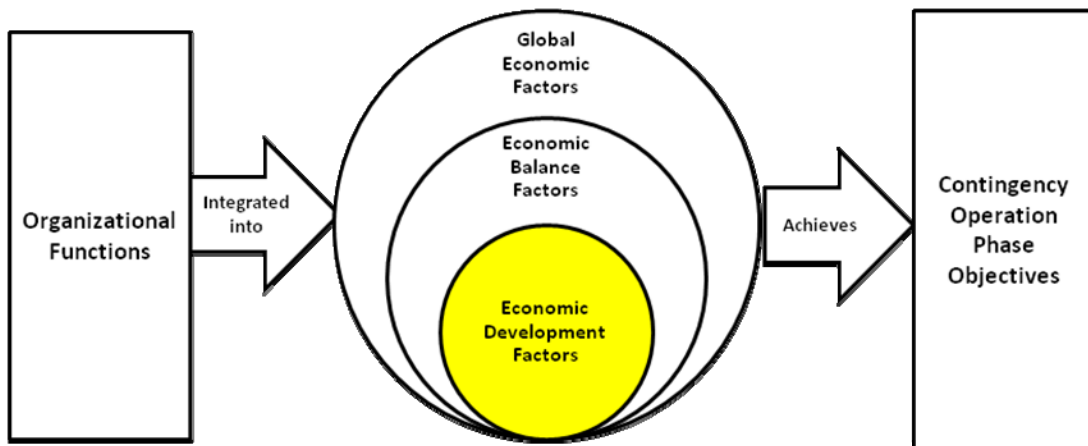



Figure 7: Economic planning model overview (Economic Development)

Source: Created by the authors.

Economic development is critical to achieving the military objectives described previously in Table 1. Using the functions outlined in Table 3, organizations influence economic development factors during each phase of the military operation. Figure 8 below shows the integration of organizations that influence these specific factors.



<u>Economic Development Factors</u>	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
	Industrialization	DOD	DOD		USAID UNDP WB	DOD USAID UNDP
Skilled Labor	DOD	DOD		USAID UNDP WB	USAID UNDP	USAID UNDP
Technology	DOD DOC	DOD DOC	DOC	DOC	DOC	DOC
Entrepreneurship	DOD	DOD		USAID UNDP WB	DOD USAID USAID	DOD USAID UNDP
Capital	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Infrastructure	DOD	DOD		USAID UNDP WB	DOD USAID UNDP	DOD USAID UNDP
Investment	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS WB IMF	DOC TREAS WB IMF	DOC TREAS WB IMF
Institutions	DOD	DOD		S/CRS USAID DOC TREAS UNDP WB IMF	S/CRS USAID DOC TREAS UNDP WB IMF	S/CRS USAID DOC TREAS UNDP WB IMF
Trade	DOD DOC TREAS	DOD DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS

Figure 8: Economic Development Factors Phase Comparison

Source: Created by the authors.

During *Shaping operations*, operational risk is reduced by the redundant functions performed by many organizations. USAID, DOC, TREAS, UNDP, WB, and IMF provide technical and analytical support for the development of government and private sector institutions. These institutions provide the legal and regulatory framework necessary for businesses to grow. In addition to government institutions, separate regulatory agencies should be created to insure proper checks and balances (Hoeffler, 1999, 42). USAID, UNDP, and WB support the development of critical infrastructure. Growth potential is limited without sufficient infrastructure (Mills, 2006, 10). These organizations should coordinate to ensure that development projects are mutually supporting. DOC, TREAS, WB, and IMF can provide support to developing banking and investment systems. Businesses need the capital provided through these systems to grow. USAID, UNDP, and WB support programs that help to develop skilled labor, entrepreneurship, and industrialization. It may be politically sensitive for U.S. government agencies to use taxpayer money to develop other economies. While these

development efforts help to prevent conflicts, domestic jobs may be lost along the way. It is essential for the President and Congress to effectively articulate the benefits of using the economic tools of national power to promote peace and prosperity. TREAS and DOC can provide expertise in establishing trade for the accumulation of appropriate capital. Economic development occurs when societies use accumulated capital to improve their productive capacity to meet sophisticated demand (Porter, 1990, 137). These organizations not only help U.S. companies to export or establish joint ventures in other nations, but they also help other nations to understand U.S. and foreign demand. This understanding will enable entrepreneurs to leverage capital and local comparative advantages to build sustainable economies through trade. S/CRS conducts planning and preparation during this phase. Unity of effort is essential to building economic stability in other countries.

The Deterrence phase (Phase I) causes organizations to shift from promoting to constraining development. Operational risk is increased because there is less redundancy between organizations in this phase. Although deterrence is an aspect of national security, it is non-military government agencies and IOs that play the key roles. Maintaining unity of effort is essential to effectively isolate the targeted country. All organizations will likely stop providing support to economic development in this phase. The lack of support creates conditions for the informal sector to grow. Criminal interests and increased operating costs attributable to the informal market keep businesses small and inefficient (Mills, 2006, 12). This informal sector activity continues throughout the conflict and can be very difficult to overcome in the post-conflict period. The sanctions imposed by the DOC and TREAS will reduce the amount of trade revenue, products, and technology transfer into the targeted nation. Effective sanctions can influence national will and enemy force capacity to resist--but only in the short term. Eventually, other nations that do not support U.S. interests and informal market groups will work around sanctions. UNDP, WB, and IMF do not have direct roles in this phase. However, it is important to ensure that their actions do not conflict with U.S. interests. S/CRS is not responsible for leading government agencies in this phase. If deterrence fails, then combat operations could become necessary.

In Phases II and III, there is a low degree of commonality. DOD operations have devastating effects on almost all development factors in the targeted country. To varying degrees, combat operations may destroy a great deal of the infrastructure needed to provide essential services and support the economy. The damage caused by conflict can greatly reduce the capacity to provide essential services (Mills, 2006, 20). Non-DOD OGAs and IOs should coordinate with the military to ensure that critical infrastructure is identified and targeted issues are properly resolved. The amount of physical destruction can retard economic development within the country making it even more difficult to rebuild after combat operations. Additionally, a great deal of skilled labor and capital leaves the country during a conflict (Doyle, 1998, 11). While the flight of skilled labor and capital will degrade enemy force capacity, it also makes recovery more difficult. DOC and TREAS continue to isolate the country from trade, technology transfer, and foreign investment. The military cannot effectively influence these countries without expanding the war. DOC, TREAS, WB, and IMF capabilities are critical to influencing

these countries. USAID plays a role in providing humanitarian assistance during these phases. While this assistance is necessary, it can also make the transition to a market economy more difficult if the population is accustomed to subsidized food, shelter, electricity, water, and other necessities. Combat operations should be followed quickly by stability and reconstruction operations that will enable the transition back to civil authority.

As the country transitions out of conflict during Phases IV and V, economic development is critical to enabling sustainable security and governance. Operational risks are reduced by a high level of redundant capabilities in this phase. Comprehensive planning is needed to address security, governance, and economic issues simultaneously. S/CRS is responsible for coordinating and leading government agencies in this phase. S/CRS, USAID, DOC, TREAS, UNDP, WB, and IMF support the development of financial institutions and provide loans. Financial institutions are critical to facilitating savings, investment, and the transactions necessary for businesses to grow. These organizations also support infrastructure development. Infrastructure is a critical aspect of economic development. While DOD has both the capacity to build some limited infrastructure and to establish contracts for small scale infrastructure development, other organizations have the capacity to direct larger and more important project contracts. Military, OGA, and IO planners should ensure that infrastructure development in the stability period is properly focused on restoring essential services and reducing transportation, production, and communication costs for the main local industries that will lead the economic recovery. DOC and TREAS play vital roles in providing the expertise necessary to reestablish trade systems. Revenue from trade will increase the government's capacity to provide security and essential services. In order to enable local production, DOD, USAID, and UNDP have programs that promote entrepreneurship through micro-lending. Local entrepreneurs should be involved in the delivery of services following conflict (Mills, 2006, 19). Government agencies are usually not as quick or efficient as small businesses. Organizations should consider local resource conditions, demand, rivalry, and supporting industries when providing loans to entrepreneurs (Porter, 1990, 137). These loan programs should support the overall development strategy and not be given arbitrarily. Unity of effort is essential between the many different organizations involved the post-conflict period. Sustainable economic development will enable civil authority to meet the security and essential service conditions necessary to satisfy termination criteria.

Economic development is critical to stability and reconstruction. While Global Economic and Economic Balance factors are important, most people do not understand their effect on the local economy. In the eyes of the population, economic development relates directly to job creation and quality of life. For example, the training programs conducted to increase skilled labor create the capacity to deliver more sophisticated products and services. Military, OGAs, and IOs must carefully coordinate to ensure that economic development factors are addressed in conjunction with global economic and economic balance factors. Successfully influencing economic development factors will lead to the achievement of operational objectives.

Conclusions

Due to the linkage between integration and capability, operational risk is related to the level of integration between the selected organizations. If there is a high level of integration, the operational risk is lower. If there is a low level of integration, the operational risk is higher. For example, the failure to constrain economic support to the fielded adversary force increases the operational risk of friendly defeat, as well as failing to promote economic activity in occupied territory increases the operational risk caused by the issuing instability. Therefore, the conclusions derived from the analysis should be considered in terms of risk to strategic and operational success. Leaders are responsible for taking actions to mitigate risk. Therefore, this research provides leaders with an understanding of the risks to operational success based on the level of integration between military, OGA, and IO economic functions. Through an improved knowledge of the economic factors that must be incorporated into planning and the functions performed by different organizations, leaders can be proactive in developing relationships and collaborating on plans for current and future operations.

Global Economic Factors

First, there is increased operational risk to achieving contingency operational objectives due to the lack of effective integration of military, OGA and IO economic functions that influence global economic factors. As shown in Figure 9, the organizations lack commonality across the phases. There is a clear risk that the massed capabilities necessary to achieve the desired effects may not be achievable. The lack of commonality between organizations greatly increases the challenges of maintaining unity of effort toward a common objective. Additionally, all factors are addressed, but the capability to influence all the factors is widely dispersed across the organizations. The fact that the capacity to address all these factors is spread so thinly across organizations greatly increases operational risk. If one organization fails to perform, the whole effort to influence these global economic factors could be undermined. However, the TREAS and DOC can, to some degree, collectively address all the factors. It is imperative that the military coordinates with these departments to ensure that their efforts support security objectives. The lack of commonality between organizations and array of institutionally unique capabilities greatly increases the challenges of integrating economic planning between these organizations.


<u>Global Economic Factors</u>	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
International Trade	DOD DOC	DOD DOC	DOD DOC	DOC TREAS	DOC TREAS	DOC TREAS
Foreign Direct Investment	TREAS DOC	TREAS DOC	TREAS DOC	TREAS DOC WB IMF	TREAS DOC WB IMF	TREAS DOC WB IMF
Foreign Aid/ Development				USAID UNDP WB IMF	DOD USAID UNDP WB IMF	DOD USAID UNDP WB IMF
Regional Economic Integration	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS	S/CRS DOC TREAS	S/CRS DOC TREAS
Foreign Exchange Market	TREAS	TREAS	TREAS	TREAS IMF	TREAS IMF	TREAS IMF
Global Capital Market	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Foreign Financing	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF

Figure 9: Global Economic Factors Phase Comparison

Source: Created by the authors.

Economic Balance Factors

Next, there is increased operational risk to achieving contingency operational objectives due to the lack of effective integration of military, OGA and IO economic functions that influence economic balance factors. When considering economic balance factors (See Figure 10 below), there are many potential challenges to integrate the functions of the selected organizations. Operational risk is increased in phases where there are very few organizations addressing the same factor. Mass and unity of effort are critical to achieving the desired effects. The combined efforts of the DOC, TREAS, and USAID are required to address all the factors in each phase. It is critical that their actions are synchronized with military efforts. The failure to address all factors could lead to greater military and operational challenges.



<u>Economic Balance Factors</u>	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
Employment	DOD DOC TREAS	DOD DOC TREAS	DOC TREAS	DOC TREAS USAID UNDP WB IMF	DOD S/CRS DOC TREAS USAID UNDP WB IMF	DOD S/CRS DOC TREAS USAID UNDP WB IMF
Inflation	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Balance of Payments	TREAS	TREAS	TREAS	TREAS IMF	TREAS IMF	TREAS IMF
GNI Growth	DOC	DOC	DOC	DOC TREAS USAID UNDP WB IMF	DOC TREAS USAID UNDP WB IMF	DOC TREAS USAID UNDP WB IMF
Equitable Distribution of Income	DOD	DOD		UNDP WB IMF	UNDP WB IMF	UNDP WB IMF

Figure 10: Economic Balance Factors Phase Comparison

Source: Created by the authors.

Economic Development Factors

Finally, there is increased operational risk to achieving contingency operational objectives due to the lack of effective integration of military, OGA and IO economic functions that influence economic development factors. As shown in Figure 11, the degree of commonality between organizations varies greatly between factor and phase. In the case of institutional development, there is greater commonality. The selected organizations should maintain strong communication to ensure a coordinated approach. However, some factors are not addressed by many organizations. There is very little shared capacity to address the development of skilled labor or technology transfer. This capacity shortfall will greatly slow development due to the challenge of developing competitive products and services for domestic and global consumption. It requires almost all organizations to address all the economic development factors as well as a great deal of planning and coordination to achieve the concentration of effort necessary to successfully meet economic objectives.

Economic Development Factors	ECONOMIC EFFECT					
	Ph III	Ph II	Ph I	Ph 0	Ph IV	Ph V
Industrialization	DOD	DOD		USAID UNDP WB	DOD USAID UNDP	DOD USAID UNDP
Skilled Labor	DOD	DOD		USAID UNDP WB	USAID UNDP	USAID UNDP
Technology	DOD DOC	DOD DOC	DOC	DOC	DOC	DOC
Entrepreneurship	DOD	DOD		USAID UNDP WB	DOD USAID USAID	DOD USAID UNDP
Capital	TREAS	TREAS	TREAS	TREAS WB IMF	TREAS WB IMF	TREAS WB IMF
Infrastructure	DOD	DOD		USAID UNDP WB	DOD USAID UNDP	DOD USAID UNDP
Investment	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS WB IMF	DOC TREAS WB IMF	DOC TREAS WB IMF
Institutions	DOD	DOD		S/CRS USAID DOC TREAS UNDP WB IMF	S/CRS USAID DOC TREAS UNDP WB IMF	S/CRS USAID DOC TREAS UNDP WB IMF
Trade	DOD DOC TREAS	DOD DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS	DOC TREAS

Figure 11: Economic Development Factors Phase Comparison

Source: Created by the authors.

There are many challenges to integrating all of these organizations. As shown in Figure 12, the selected organizations place different levels of emphasis on global economic, economic balance, and economic development factors. Organizations with similar capabilities integrate their operations more easily. Based on their related functions, DOD, USAID, and UNDP form a group that have the greatest capability to integrate on development issues. DOC, TREAS, WB, and IMF form another group that has the capability to integrate global and balance issues. S/CRS has limited capacity, but its structure provides the ability to bridge the gap between the two groups. Military, OGA, and IO leaders should understand each other's contribution to the operation and establish the necessary linkages to improve unity of effort.

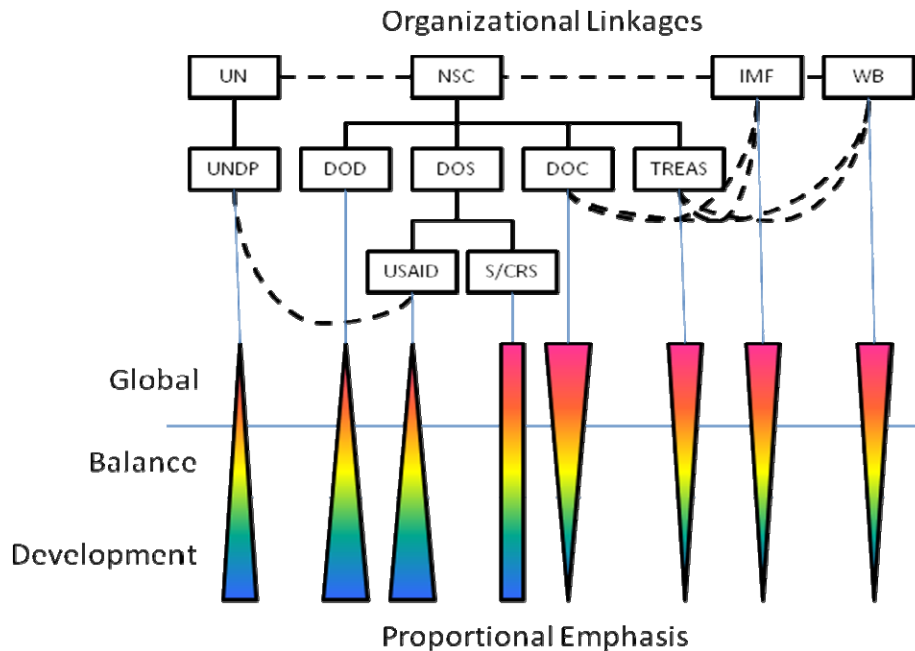


Figure 12: Organizational Linkages

Source: Created by the authors.

Recommendations

Leaders should understand the relevant global economic, economic balance, and economic development factors and how organizations contribute to contingency operational objectives. Operational risk is reduced by fulfilling economic objectives that support security and governance objectives. The economic aspect of contingency operations requires significant coordination and negotiation between the military, OGAs and IOs.

Based on the need to integrate groups of organizations that focus on global economic conditions and other groups that focus on economic development, S/CRS is uniquely postured and organized to facilitate coordination between these different groups. Its structure should be expanded to provide Advanced Civilian Teams (ACT) down to the tactical level during contingency operations, because it is the best conduit to link organizations performing disparate functions. As discussed, DOC, TREAS, WB, and IMF perform functions that have global implications. They can do so because they are empowered by laws and international agreements. Other organizations cannot perform these same functions even if they have the expertise. DOD, USAID, and UNDP have the personnel and resources to actually affect economic development at the ground level. These capabilities are inherently disconnected due to the specialized resources and expertise. Coordination is essential since no organization has the capacity to perform all necessary functions. S/CRS adds a capability needed to improve coordination between military, OGA, and IO efforts at strategic, operational, and tactical levels.

DOD should create an economics specialty for military personnel. Within this specialty, there should be trained experts who understand international economics, economic policy and development economics. Along with current DOD civilian economic specialists, these military personnel would provide an improved capacity to coordinate efforts between the military, OGAs, NGOs, and IOs through a shared understanding of the economic component of national power, theater level security cooperation plans, and contingency plans. Their knowledge would be invaluable to intelligence, targeting, and information operations. This recommendation is also supported by the research conducted by David A. Anderson and Andrew Wallen in their Military Review article, "Preparing for Economics in Stability Operations" (Anderson and Wallen, 2008, 92). It is critical that the DOD has the economic expertise necessary to leverage capabilities of other agencies and organizations.

Economic integration can be improved through education. The economic component of national security strategy and contingency operational planning should be taught at all Armed Forces Command and General Staff Colleges, the War College, and National Defense University. All military leaders and staff officers should understand the critical economic factors and the functions performed by OGAs, IOs and even NGOs. It is also recommended that the military support Advanced Civil Schooling for officers who wish to obtain advanced degrees in Economics. As the most critical aspect of battle command, understanding the critical economic factors and how various organizations influence the economic environment is essential to a military leader's ability to visualize the linkages that need to be made with other organizations.

An exchange program can increase understanding and facilitate the integration of the military and OGAs. This program is a specified task in both NSPD-44 and DoDD 3000.05 that has not been fully implemented yet. As shown previously in Figure 12, the organizations form two groups with different levels of focus. Leaders from organizations with similar functions can build relationships that will lead to successful collaboration. Leaders from organizations with different functions can develop a better understanding of how their organization contributes to contingency operations. In this exchange program, they would exchange personnel for short internships to build relationships and knowledge of how their respective organization functions. The importance of personal relationships cannot be over stated in raising the ability of the military to effectively integrate with OGAs.

The military should consider changes to its force structure to reduce capability gaps. While many of the global economic and economic balance factors are beyond the capability of the military to influence, many of the economic development factors can be addressed by the military with additional force structure. In particular, the military should have the capability to address the factors in Table 4 below. It is essential to establish economic stability and begin working on the policies and infrastructure necessary for long term economic viability as quickly as possible after major combat operations. Since the military is often the only organization capable of working in a non-secure environment following combat operations, it should have the capabilities necessary to address employment and infrastructure issues before OGAs and IOs can take

them over when the situation permits (FM 3-07, 2008, 3-14). The lack of economic development capabilities directly affects the number of Soldiers, resources, and time necessary to meet combat and stability objectives.

Military Economic Development Capability Gaps	
Factor	Capability Needed
Industrialization	Provide expertise to assist local manufacturers to restore production capacity.
Skilled Labor	Provide secure education centers for build local expertise on business, international trade, and technical vocations
Technology	Establish cellular and data network essential for commerce
Entrepreneurship	Provide small business training programs and microlending programs.
Capital	Provide interim national financial system
Infrastructure	Provide forces and/or resources necessary for economic infrastructure development
Investment	Provide communications, protection, and sustainment to foreign investors conducting research or conducting business in local area.
Institutions	Provide expert and technical assistance to local government leaders on the development of economic institutions
Trade	Provide communication, protection, and sustainment to multinational companies conducting research or establishing operations in the local area.

Table 4: Military Economic Development Capability Gaps

Source: Created by the authors.

Finally, military doctrine--joint doctrine, in particular, insufficiently covers the economic component of military operations. This paper used global economic, economic balance and economic development factors from non-military sources to compare organizational functions, because military doctrine did not provide the level of detail necessary to perform this analysis. Doctrine needs to be developed that specifically addresses the economic component of military operations at the strategic, operational, and tactical levels.

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