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ENTREPRENEURSHIP and
**EXPEDITIONARY
ECONOMICS**

Toward a New Approach to Economic
Growth Following Conflict or Disaster



Introduction

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Over the past several years, the United States and its allies have been entangled in two conflicts, Afghanistan and Iraq, in which military action alone has been insufficient to achieve victory. In particular, political settlements and economic progress have come to be seen as essential “non-kinetic” components to strategic success.

This is not an especially novel realization: Since the early 1980s, the United States has repeatedly found itself involved in “irregular” engagements that demand attention to the social and economic dimensions of conflict. Nor is this confined to warfare—in responding to natural disasters such as the January 2010 earthquake in Haiti, the U.S. military is often among the first international responders and thus bears a large burden of responsibility for the initial stages of recovery.

As has become quite clear in Afghanistan and Iraq, however, the United States and other countries have not yet mastered the art of stimulating economic development in other countries. One decade after U.S. intervention in the Balkans, for example, while conflict has subsided, economic progress remains minimal. And, after repeated international interventions over the past two decades, Haiti is still one of the poorest countries in the world, which contributed to the terrible devastation wrought by the earthquake.

The reasons for this poor track record in economic development are varied—poor planning, misaligned resources, bureaucratic confusion, and so on. To be sure, the shortcomings in the American and international approach to post-conflict economies do not result from lack of military effort. The experiences in Afghanistan and Iraq are replete with success stories achieved by individual soldiers and units, from irrigation canals to new schools and health clinics.

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The problem, instead, is one of doctrine: The United States has no coherent doctrine for understanding or approaching post-conflict economic development. In fact, what doctrine does exist has never proven itself to be effective. As a number of economists have shown, the past six decades of foreign aid and international programs in poor countries have mostly failed or even, in some cases, caused harm. The upshot has been that, in situations where the military serves as our primary presence in a country, there have been plenty of ground-level achievements but a lack of overall progress in terms of economic growth.

On one level, it should not be surprising that the received doctrines of development that have guided the United States for sixty years do not work. After all, the U.S. Agency for International Development was conceived in the middle of the Cold War, and for several decades foreign aid was rightly filtered through the lens of this struggle. Until 1990, the strategic necessity of checking the Soviet Union overrode any intent to instigate growing economies.

The fundamental problem is how we conceive of economic development. The emphasis on infrastructure illustrates an approach that is top down, at odds with the bottom-up reality of economic growth. An economy does not grow because it first develops a generic “capacity” or because of administrative prerequisites deemed to be necessary for growth. An economy grows because firms grow—firms are its most essential component, the only mechanism of new jobs and wealth creation. To pursue economic growth in countries such as Iraq and Afghanistan—as well as in post-disaster countries such as Haiti—the United States must look for ways to encourage the formation and growth of new firms.

The promotion of business formation might seem somewhat incongruous in the post-conflict context. Consider, however, that this is the only way in which economic growth happens—and it reflects an approach once taken by the United States in rebuilding postwar countries.

The most striking recent economic success stories are China and India, responsible for lifting hundreds of millions of people out of poverty. While the prominence of government intervention captures much attention, both countries owe their remarkable growth to the formation and growth of new companies—village enterprises in the case of China, and iconic companies such as Infosys and Wipro in the case of India.

The United States, moreover, placed business front and center in the implementation of the Marshall Plan. With economic production and government finances in shambles, the United States recognized that only with economic activity, via firms, would Western Europe recover and provide a buffer against the Soviet Union. Achieving economic growth was seen as essential to strategy.

The American military clearly perceives the importance of economic activity following combat missions—restarting the economy served as the primary rationale behind many individual units’ successful adaptations in Afghanistan and Iraq. In the past

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several years, presidential and Department of Defense directives and two new military field manuals—on counterinsurgency and stability operations—have raised post-conflict economic performance to the level of highest national priority.

To explore these issues, the Kauffman Foundation and the Command and General Staff College Foundation (CGSCF) brought together leading military and civilian figures for a conference on Expeditionary Economics on May 25–27, 2010, at Kauffman’s headquarters in Kansas City, Missouri. This concept, first introduced in Schramm’s 2010 *Foreign Affairs* essay, seeks to provide a new theoretical framework for economic development in post-conflict situations and, as mentioned, emphasizes the formation and growth of new companies as the key to growth. Such growth, moreover, provides the central basis for secure and stable countries, helping to strengthen the security of surrounding nations and the United States.

One preliminary question that naturally arises is why the U.S. military should be tasked with economic development in places like Afghanistan, Iraq, and Haiti. This, after all, has historically been a civilian responsibility and would simply add to the burden borne by soldiers. Clearly, these are significant concerns, but we should also recognize that, in many cases, the military will be not only the sole presence in a country, but also the best-resourced institution. In fact, the military has already been engaging in economic development in post-conflict situations, just in the absence of any coherent guiding doctrine that might promise sustainable progress. There is every expectation, too, that future engagements will demand similar involvement by the military. To promote global security and ensure that the valiant efforts of soldiers are not wasted, we must craft a workable and effective doctrine of Expeditionary Economics.

Not everyone at the conference—either in the formal panels or in the discussions by participants commenting on the presentations—agrees with all of these propositions. That is to be expected, and indeed encouraged. It is only through active debate that ideas are sharpened to the point where they are practical and useful.

This volume collects the papers, in chapter form, that were presented at the conference. Both the volume and conference consisted of three parts: a review of the economic planning before and/or after each of the major military actions in which the United States has been involved in since World War II (including that war); an examination of economic recovery planning and actions during the Iraq and Afghan engagements; and issues relating to economy-building in future military actions.

Expeditionary Economics is a topic that has been long in coming. It is time for it to receive the attention it deserves. We hope that this volume will give readers a sense of the issues involved and the debates over their resolution that must now begin.