

Center for the Study of the Presidency



Issue Papers For the New Administration

#7 “Adjusting Our National Security Strategy”

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“The United States can help prevent terrorism by improving its linkages to non-traditional channels. Such technical assistance will improve US credibility in countries with different cultures and gain access to information from the poor and disadvantaged that are often the seedbeds of terrorism. The U.S. also needs to recognize that government reform is essential to building economic and political stability in countries that have been weakened by violence and economic crises. Finally, the organizational and operational aspects of USAID and other foreign assistance programs can be improved if officials apply the positive lessons learned in Latin America and elsewhere....”

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ADJUSTING OUR NATIONAL SECURITY STRATEGY

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As we move further into a post-Cold War world, the need for changes in our national security strategy, in addition to military actions already taken, is increasingly apparent. Events in Afghanistan dramatize vividly the differences between our Cold War strategy, which focused on one adversarial superpower, and the need today to develop a multifaceted strategy that addresses U.S. concerns and interests in a much more complicated and uncertain world. For example, the United States can help prevent terrorism by improving its linkages to non-traditional channels. Such technical assistance will improve US credibility in countries with different cultures and gain access to information from the poor and disadvantaged that are often the seedbeds of terrorism. The U.S. also needs to recognize that government reform is essential to building economic and political stability in countries that have been weakened by violence and economic crises. Finally, the organizational and operational aspects of USAID and other foreign assistance programs can be improved if officials apply the positive lessons learned in Latin America and elsewhere, avoiding the counterproductive measures first taken to assist former Communist countries make the transition to democratic societies with market economies.

BACKGROUND

As the design of the post-Cold War national security strategy unfolds, U.S. officials need to avoid the mistakes made during early efforts to help countries in Eastern Europe and the former Soviet Republics recover from decades of Communism. It is true that U.S. foreign assistance, together with assistance from other donors, greatly helped former Communist countries make the transition to free societies with market economies. At the same time, we could have accomplished much more, and minimized problems, had we heeded lessons learned through trial and error during the 1970s and 1980s.

LESSONS LEARNED

U.S. assistance to such fragile countries as Afghanistan poses a real test. Clearly, the assistance programs have to be individually tailored to take into account the unique circumstances of each country, but several basic concepts should help guide any serious effort to help Afghanistan and other countries recover from terrorism or other violent crises:

- **Significance of Government Reform.**

Although Afghanistan may not establish truly democratic institutions for a number of years, it cannot enjoy success at all, even a minimum level of economic, social, and political stability, unless it possesses broad-based representation and a measure of competence to meet the needs of its people.

Unfortunately, early U.S. efforts to assist Eastern European countries transition from Communism to a more democratic form of government sometimes failed, in part because the executive branches of those governments did not receive any significant technical assistance from us. As a result, corruption emerged quickly in the new governments and weakened support for the new political systems. Moreover, the costly and slow moving governmental processes left over from the Communist bureaucracy weighed heavily on the public and emerging small enterprises. Neither national nor international donors fully recognized the urgent need to reform the justice system that had failed to dispense justice under Communism. Donors were also slow to recognize government's role in either fostering or, conversely, discouraging private enterprise, and its role in developing the regulatory framework needed to avoid abuses of power in the new private sector.

To believe that a country emerging from chaos or a dictatorship can develop democratic processes and institutions without establishing a viable government with the capacity to serve its people is an oxymoron. The longer the need for governmental reform is delayed, the more difficult it is for donors to help countries reform. When the need for government reform in these countries did gain some recognition, we failed to recognize that developing institutions is a lengthy and difficult process, especially in low income, unstable countries. A long-term international commitment to change is required; quick fixes do not take root.

Our experience with former Communist nations vividly dramatizes this lesson. As soon as Communist leaders vacated their offices, "experts" from the U.S. flew in for a few weeks, quickly developed "solutions" based on experience elsewhere, and then left, never to be seen again. Moreover, USAID procurement practices seldom recognized the value of country knowledge and experience in awarding assistance contracts. To the extent possible, bridges need to be built between the new and the old economic or political systems, and donors must train host-country people to operate the new systems and structures.

The rooting out of corruption is often the most difficult of all the elements of government reform, yet doing so is essential to creating even rudimentary democratic processes and a healthy market economy that will generate income for more than a select few. Unfortunately, early donors to the former Communist nations were slow to recognize the need for reform. Instead, this donor inattention often permitted remodeled forms of corruption that created new types of abuse and undermined public confidence in emerging democratic institutions.

There is danger of similar problems occurring in Afghanistan. Creating superficial organizations or systems that are foreign to Afghanistan's people and culture will eventually prove too complex and costly to sustain, and will likely result in their collapse once assistance stops flowing. Donors always find it very difficult to help indigenous national and local governments develop their own capacity to govern, and the tribal system with its warlords in Afghanistan pose an extremely sensitive and complex challenge to the United States and other donors.

- **Hazards of "Instant" Privatization.**

During the 1990's, U.S. officials acted as though replacing costly public enterprises with a productive private sector in countries with little or no private experience would occur quickly and with little guidance. They could not have been more wrong. Some new private

enterprises did quickly replace costly public enterprises, but with government officials owning stock and arranging for family members to be on the privatized boards of directors. Moreover, few audit or internal management capabilities were put in place to guard against the many bribes and kickbacks that occurred.

Typically, during this era, U.S. assistance also focused on fostering large enterprises rather than developing a broad-based private sector that had been so important to the successes in the Latin American during the 1980's. A strong U.S. emphasis on micro-enterprises in Latin America had helped arrest the widening gap between rich and poor, a gap that had contributed to unrest and violence. This broad support also gave respectability to private business in the eyes of the disadvantaged, many of whom had previously regarded large enterprises as the oppressor. Micro-enterprises proved to be a most useful way to advance the standing of women and help them enter the world of business.

The difficulties encountered in transforming Eastern Europe stemmed in part from a failure to recognize how totally different the situation is today from the days of the Marshall Plan. Our assistance to Western Europe following World War II helped restore a strong private sector, whereas in the 1990's Communism left almost no private entrepreneurship on which to build. Today, Afghanistan has far fewer basic business and financial institutions than did Western European nations in the mid-1940's. Moreover, Afghan warlords present an enormous challenge to any effort to rebuild that country, given the corruption that is embedded in virtually every aspect of its government and business.

- **Establishing Realistic Goals**

Realistic economic goals are needed to justify assistance, but setting such goals has proven difficult in much of the world, especially for the IMF and the Treasury Department. Greater care is needed to make certain that we use our assistance to urge governments to meet goals that are difficult but not so unrealistic that they become politically impossible.

Latin American Experience. In the past, highly unrealistic conditions were sometime imposed on unstable Latin American governments. These conditions were often counter-productive and did little to stabilize the target economies. Economic theory overwhelmed the human element. Indeed, U.S. and IMF officials often expected weak government leaders to take grave political risks that no U.S. politician would dream of even considering. These officials failed to take into account either the value of preparing the public for change or the need for safety nets to cushion the impact on those most severely hurt by the reforms. In the end, these well-intentioned requirements wasted funds, delayed reform, and created public resentment. Certainly they did little to encourage the sense of local ownership needed if the reforms were to be sustained. Once we did modify our policies, economic stabilization measures became more successful and democratic initiatives spread throughout Central America.

This experience should be kept in mind when assisting Afghanistan, a country that has fewer institutions and less infrastructure on which to build than did Latin America. Americans also have to be careful to respect indigenous cultures and to recognize institutional limitations. Doing so will require more understanding and patience than we often exhibited during the

1990's, but without both patience and understanding the United States and other donors will likely waste considerable money and end up with only transitory gains.

- **Developing Host Country Credibility**

In response to the pleas from former Communist countries that had gained their independence, the Department of State first tried to coordinate foreign assistance from Washington with only a handful of USAID personnel on the ground, despite what we had learned over the years in Asia and Latin America. The Department relied too heavily on a few host country government and business elite, without developing adequate knowledge of the less prominent groups or establishing the linkages needed to develop broad credibility. Washington personnel, remote from the action and with only the most superficial knowledge of the countries and their needs, administered assistance contracts with very mixed results. Predictably, this initial approach did not work, and the credibility of USAID suffered, though its money was welcomed.

By contrast, USAID activities had made possible the first free election in Guatemala in the mid-1980s. The policy was set by the Department of State, but the election took place only because USAID had developed sufficient credibility with the large native population to persuade citizens to participate in the election. Similarly, USAID credibility helped the oppressed in Chile gain the courage they needed to defy General Pinochet and participate in the "Yes-No" vote that led to the toppling of his dictatorship.

Cultural differences and communication problems make creating credibility with the populace very difficult in places such as Afghanistan, but doing so is no less important. Unfortunately, in recent years, the USAID has become less well equipped to develop credibility among the less prominent host country groups that other government agencies are not as well suited to provide.

- **Expanding Information Sources.**

Assistance programs have provided our policy makers with information flows beyond those available to the State Department, the CIA, and the Department of Defense. We should strengthen the channels that our economic and technical assistance can develop below the power structures, particularly if it is true that existing channels may be drying up in certain critical regions.

The Latin American experience demonstrated the value of USAID information channels, supplemented at times with those of the Peace Corps, from those outside the power structure. The collapse of Communism in Poland provides a second example. Donor assistance to that country enabled the nonprofit Institute of Public Administration to provide the US embassy with information concerning the thinking of the Polish government leadership, as well as that of working class groups, on a number of major issues. Especially significant was flagging the negative impact of certain donor policies on small businesses and the lower middle class. In some instances, these policies unwittingly spawned corruption and contributed to Poland's political instability. USIA technical assistance to Belarus in the mid-90s, limited as it was, nevertheless provided firsthand detailed information on the struggles of Belarus leaders to remain free of Russian domination, information known to State Department officials and others in only limited terms.

Donor funding also enabled that Institute to develop our most effective contacts with some of China's top leadership, particularly with respect to their massive efforts to decentralize and introduce other reforms welcomed by the West. This Institute is but one of many organizations that could be cited as effective conduits of information in support of U.S. objectives.

- **Addressing the Roots of Terrorism**

How well positioned are we to discern those situations that are most likely to generate future terrorism or social unrest leading to significant violence? Do we have the early warning capabilities we need? Could limited expenditures of funds on a timely basis significantly mitigate those conditions that are likely to lead to violence, or the potential need for an expensive and often controversial U.S. military presence?

The answers can be found in the bitterness and hostility in the huge camps along the Pakistan-Afghanistan border that housed many thousands of refugees from the Russian invasion. In Islamabad we discussed, without resolution, whether some of the funds for military assistance might better be directed toward lessening the tension in these refugee camps, which were well known seedbeds of terrorists. The Communist inroads in Central America during the 1980s were made possible by the actions of repressive governments and our initial failure to recognize the extent to which indifference to the plight of the poor gave birth to civil wars, thereby providing an opening for Soviet-generated foreign intervention. Before Peter McPherson became the AID Administrator, our limited private sector efforts focused on measures that did little to develop micro-enterprises that were so critical for a broad-based private sector and social stability.

We need to be better positioned to make timely judgments on whether early non-military assistance is likely to avoid the need for much more expensive military expenditures later on. The Afghanistan challenge now confronting the U.S. adds urgency to our need to review this aspect of U.S. national security strategy. The terrorism threat requires greater attention to groups that are not traditional power brokers. Groups that are economically depressed or frequently discriminated against often produce the social unrest and political instability that have new significance in our era of terrorism. Our strategies for assistance need to recognize this fact.

RECOMMENDED ACTIONS

The post-Cold War era requires significant adjustments to the technical and economic portion of our U.S. national security strategies. Afghanistan dramatizes the need for approaches that differ significantly from those we followed in assisting former Communist countries as they attempted to transition to democratic institutions and market economies. Current events reflect the capacity of the military to think outside the box: we should do the same with non-military assistance programs. The War on Terrorism adds urgency to doing so.

1. **More diverse linkages.** Greater attention should be given to less prominent segments of society in unstable countries where so much of our information and planning tend to be filtered through

existing public and private power structures. We also need to proceed in ways that establish better credibility with groups who are not part of the ruling society. Growing anti-American sentiment in Muslim countries illustrates the difficulty, as well as the importance and the urgency of establishing US credibility within areas having different cultures.

As we proceed, we need to search for new and less expensive means of linking with these sectors. Perhaps nonprofit and business relationships can be utilized more effectively. We should review ways in which to best use technical assistance activities that reach many low-income groups with modest demands on our budget.

2. **Higher Priority for Government Reform.** There needs to be a much better understanding of government reform as an essential component of economic and political stability, particularly in countries that have been weakened seriously by violence or economic crises. Government reform is often a prerequisite to effective privatization, political stability and a prosperous market economy. Varying degrees of reform are critical to protection of human rights, ensuring the equitable administration of justice, effectively attacking corruption, providing environmental protection, and delivering basic public services.
3. **Greater Attention to Seedbeds of Terrorism.** The current war on terrorism offers the strongest argument for broadening our national security strategy by extending our linkages with indigenous groups, particularly those who are not part of the more traditional policymaking or information channels. Assistance that reach the poor and the disadvantaged, who are most likely to become seedbeds for terrorism, would enable us to address more quickly the root causes of terrorism and reduce the need for expensive military or rebuilding efforts later. To the extent that resources permit, prevention is certainly preferable to a costly cure.
4. **Whither USAID and Other Foreign Assistance Functions?** The current organizational and operational arrangements for USAID and other foreign assistance programs such as those that were in USIA, should be reviewed. The problems noted above about our failed assistance to former Communist countries began before the consolidation of these agencies in the State Department, going back to the collapse of the Soviet Union when the coordination of economic assistance was transferred from USAID to the Department of State. Our approach to foreign assistance in Eastern Europe then changed dramatically in ways that I believe run counter to U.S. interests today. We should make sure those approaches are being replaced, and our assistance operations are located where they can function best. As we move forward, we must not repeat in Afghanistan and elsewhere our past mistakes, especially when we have learned the hard way to avoid potential mistakes in other foreign assistance programs.