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# Wolves in Sheep's Clothing: Understanding Modern State-Building (and Counterinsurgency)

Scott Paul Handler

*United States Military Academy*, [scott.handler@usma.edu](mailto:scott.handler@usma.edu)

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WOLVES IN SHEEP'S CLOTHING: UNDERSTANDING MODERN STATE-  
BUILDING (AND COUNTERINSURGENCY)

A DISSERTATION

SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE

AND THE COMMITTEE ON GRADUATE STUDIES

OF STANFORD UNIVERSITY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY

Scott Paul Handler

December 2010

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I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a dissertation for the degree of Doctor of Philosophy.

**Stephen Krasner, Primary Adviser**

I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a dissertation for the degree of Doctor of Philosophy.

**Yoshihiro Fukuyama**

I certify that I have read this dissertation and that, in my opinion, it is fully adequate in scope and quality as a dissertation for the degree of Doctor of Philosophy.

**Barry Weingast**

Approved for the Stanford University Committee on Graduate Studies.

**Patricia J. Gumport, Vice Provost Graduate Education**

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## **Abstract**

Since the end of the Cold War, the international community has become intimately involved in trying to strengthen weak and failed states. External actors, both multilaterally and unilaterally, have intervened in Europe, Asia, and Africa to bring internally conflicted parties together and to change the domestic authority structures of these countries. This dissertation explains how external actors can successfully contribute to the development of domestic authority structures in conflict-torn or post-conflict countries.

Conventional state-building theories follow the Weberian conception of the modern state as an entity that maintains a monopoly over the legitimate use of violent coercion. Further, standard approaches to ending civil conflict recommend the use of population-centric strategies to achieve stability. These prevailing assumptions are problematic as they ignore a credible commitment problem that exists in conflict-torn societies: elites within the government and opposition have no incentive to disarm due to the rational fear that once they do so they will be taken advantage of by the opposing elites. This dissertation proposes a theory of self-enforcing stability to explain, from a rational-choice perspective, how it is possible to overcome this credible commitment problem.

The theory contains four testable hypotheses. The first hypothesis is that an elite-centric, rather than population-centric, strategy will lead to greater success in establishing stability in conflict-torn states. Second, external actors contribute to the establishment of stability more successfully when they help nations establish limited

access orders created by elite pacts rather than encouraging the creation of liberal democracies, or open access orders. Third, external actors must help internal actors overcome their underlying credible commitment problems by guaranteeing elite pacts. The final hypothesis is that the decentralization, or oligopolization, of violent means and rent-seeking opportunities balances power amongst elites, ensuring that competing elite groups can protect themselves from one another without threatening each other with overwhelming force.

This dissertation finds support for the proposed theory's hypotheses in its examination of two cases: the Malayan Emergency from 1948-1960, and the stabilization effort in Iraq between 2006-2008, which includes the "Awakening Movement" and the "Surge. Both cases demonstrate how an external actor can contribute to developing enduring stability in conflict-torn societies by breaking from the standard Weberian conception of the state and population-centric focus. This dissertation concludes with a discussion of policy implications, based on the dissertation's findings, for current state-building efforts in Afghanistan.

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## **Chapter 1: Introduction**

### **1.1. Introduction**

This dissertation explains how external actors can successfully contribute to the development of domestic authority structures in conflict-torn or post-conflict countries. Since the end of the Cold War, the international community has become intimately involved in trying to strengthen weak and failed states. External actors, both multilaterally and unilaterally, have intervened in Europe, Asia, and Africa to bring internally conflicted parties together and to change the domestic authority structures of these countries. For instance, in 1995, the Dayton Accords ended the civil conflict in Bosnia and Herzegovina and established an ad hoc international organization, the Office of the High Representative, to oversee the state-building efforts in Bosnia and to guarantee the agreement made between the formerly warring factions. Since 1999, the United Nations has overseen efforts to build the state of East Timor and keep conflict between the government and opposition from destabilizing this nascent country. NATO has expanded its role in trying to stabilize Afghanistan since 2003, but has still not been able to get the government and insurgents to see the collective benefits that they could gain from a stable state.

The above examples of international intervention efforts follow the standard conceptions of achieving peace. The standard models follow from the Weberian conceptions of the state, where the modern state is one that maintains a monopoly over the legitimate use of coercion by violence (Weber 1919 [2004]; 1978, 314). This prevailing assumption is problematic, because in failed or fragile states, a credible

commitment problem exists between conflicting internal actors. To solve this credibility problem, this dissertation argues that it is necessary to diversify the legitimate use of force in order to create a balance of power in the failed or fragile state. Further, standard approaches to ending conflict recommend population-centric strategies, where this dissertation argues that an elite-centric approach is also necessary to solve this credible commitment problem.

This dissertation examines two cases to show how an external actor can contribute to stability in conflict-torn societies by breaking from the standard Weberian conception of the state and population-centric focus: (1) the Malayan Emergency from 1948 to 1960; and (2) the stabilization effort in Iraq between 2006-2008 that included the “Awakening Movement”, the tribal movement that began in 2006 to end the Sunni insurgency against Iraqi and coalition forces in order to counter the influence of Al Qaeda in Iraq, and the “Surge”, the increase in American resources provided to Iraq in 2007.

## **1.2. Research Question**

This dissertation focuses on the general topic of state-building. This is a broad and emerging area within the field of political science. Despite years of interest in the topic, only a nascent literature on state-building exists (Krasner 2009). Due to the breadth of the topic, the narrowed research focus of the dissertation is to examine the emergence of self-enforcing stability in conflict-torn states. This dissertation is motivated by the following question: what is the appropriate social order external



actors should help nations attain in order for successful state-building to take place, and what incentives can external actors provide to set host nations on this path?

With this focus on the establishment of enduring security, this dissertation views counterinsurgency efforts as an element of the state-building process. Through a game theoretic approach and case analyses, this dissertation refutes the prevailing “hearts and minds” (HAM) theory both logically and empirically. The general HAM argument is that counterinsurgents achieve victory by using largely non-military means to win over the loyalty of the population, severing insurgents from their base of support. The dissertation provides an alternative theory, and evidentiary support, that explains how external actors should adopt an elite-centric, rather than population-centric, approach that appeals to the rational self-interest of the opposing internal elites to stabilize conflict. Elites are won by providing them with incentives to reduce violence and allow governance, economic, and social development to take place that make the elites better off in the long-run.

The starting point for the theory development in this dissertation is the rational-choice framework established by North, Wallis, and Weingast (NWW) (2009a) that conceptualizes the relationship between violence and social order. While NWW focus on how order develops in societies based on the interaction of internal actors, this dissertation adds to their framework by exploring the role of external actors in contributing to the development of social order in fragile states.

Before proceeding, it is necessary to define several terms, which are fundamental to the research question, and will be used repeatedly throughout the course of the dissertation. State-building refers to the construction of self-enforcing

governance structures that establish stability in the state and allow for economic, political, and social development to take place. Following Greif (2006), strategic situations are defined as self-enforcing if each actor “finds it best to follow the institutionalized [or expected] behavior that reproduces the institution,” or solidifies an agreement between actors, and that the “implied behavior confirms the associated beliefs and regenerates the associated norms” of the institution or agreement (15-16). This dissertation defines stability as the reduction of violence to a manageable level. Manageable is the point where violence does not inhibit the governance, economic, and social development components of state-building to take place. Finally, this dissertation uses social order, following NWW’s (2009a) discussion of open versus closed access societies, to highlight the societal basis of governance structures rather than regime type, which is the more common way to examine stability in the literature (Lipset 1959; O'Donnell 1971; Przeworski et al. 2000). The analysis of social order progression, as opposed to level of democracy, keeps this dissertation focused on stability rather than a specific form of government.

### **1.3. Methodology**

This dissertation adopts a rational-choice perspective, and follows an analytical narratives approach to develop a theory of self-enforcing stability and to test the theory empirically. This approach combines game theoretic analytical tools with narratives that explore historical events and the context of the events. The approach focuses on the choices and decisions between strategic actors in order to delineate specific mechanisms that contribute to observed outcomes (Bates et al. 1998, 10-13).

By adopting this problem driven approach to understanding the conditions under which self-enforcing stability emerges as a result of the involvement of external actors in conflict-torn states, this dissertation begins to develop a more general theory of self-enforcing stability.

#### **1.4. Hypotheses**

The theory of self-enforcing stability developed in this dissertation contains four main hypotheses. The first hypothesis is that an elite-centric, rather than population-centric, strategy will lead to greater success in establishing stability in conflict-torn states. The causal logic for this argument is that the government and external actor have limited resources with which to counter the civil conflict, so rather than spreading those resources thinly and directly to the population, distribution through elites allows the elites to maintain power and have a stake in the future of the nation. This logic is supported by Christia's (2008, Forthcoming) findings that meso-level elites control the behavior of the population under their influence through the provision of security and rents. When the meso-level elites fail to provide either, then the population is more prone to support national-level conflicts. Recent empirical work supports this view that citizens follow the lead of elites. Berinsky (2007) found that patterns of elite conflict, rather than individual citizen cost-benefit calculations, shape the opinion of the American public in their support for military conflict. Blaydes and Linzer (2010) similarly found that anti-Americanism amongst the "Arab Street" is driven by elite-competition between Islamist and Arab-secular elites.

The second hypothesis is that external actors contribute to the establishment of stability more successfully when they help nations establish limited access orders (LAOs) rather than open access orders (OAOs). Everything in limited access orders is personal and driven by elites through patron-client relationships. These relationships tie elites into dominant coalitions that spread the benefits they receive across the coalition, while limiting access to the privileges only to the members. The creation and manipulation of interests in LAOs ensures social order (North et al. 2009a, 38). Over time, some countries develop into open access orders, which are essentially highly developed and consolidated, liberal and market-based democracies.

The lack of effective governance institutions in conflict-torn states creates the conditions for extensive rent-seeking—or what some may view as endemic corruption—and actors resort automatically to violence to solve conflicts. Moving too quickly to open political and economic competition in such a society may cause elites to return to what they know, corruption and violence, to achieve and maintain power. Helping establish a limited access order—while not democratization per se, the formation of an LAO may contain some democratic mechanisms—allows stability to form and the gradual extension of rule of law to more members of society and the development of institutions that can enforce the extension of rule of law.

This dissertation's third hypothesis is that the external actor must help internal actors overcome their underlying credible commitment problems in order to put them on the path towards self-enforcing stability. The external actor solves this problem by guaranteeing a pact between a dominant coalition of elites. The external actor uses credibility mechanisms—personnel, money, equipment, time, elections, institutional

development, and public statements of intent—that enable the external actor to punish the transgressor of the pact. Preliminary support for this hypothesis comes from Walter’s (2002) argument that combatants pursue and credibly commit to peace settlements when third parties safeguard each combatant’s role in the post-war government and minimize the risk of post-treaty exploitation. Further, Fortna (2008) found that peacekeeping only works when peacekeepers shape the choices of the combatants to choose peace over war. The mechanisms available to the external actor that this dissertation describes highlight how the external actor can shape the incentives, and, hence, the behavior of the combatants.

The final hypothesis counters the Weberian assumption that states must maintain a monopoly over the legitimate use of force in order to maintain order (Weber 1919 [2004]). Drawing from the insights of NWW (2009a) about the role of elite pacts in creating social order in limited access orders, this dissertation hypothesizes that the decentralization, or oligopolization, of violent means amongst competing elites allows stability to develop in conflict-torn societies. This oligopolization of force creates a balance of power amongst elites, ensuring that competing elite groups can protect themselves from one another without threatening one another with overwhelming force. The logic of this hypothesis finds support from De Figueiredo and Weingast’s (1999) rationality of fear argument, as well as from recent empirical research on Columbia by Acemoglu, Robinson, and Santos (2010) who argue that non-state armed groups can help governments implement policies the government would otherwise be unable to do.

### 1.5. Existing Literature

The dissertation's focus on the establishment of security during the state-building process leads to the exploration of several areas of literature within political science: civil war, state-building, counterinsurgency, and international peacekeeping. Insight into the topic at hand can be drawn from the existing literature. The civil war literature gives an understanding about the reasons behind the outbreak of civil conflict, while the other three areas provide insight into how to resolve civil conflict. However, an examination of the extant literature also illuminates some gaps in this literature; it is these gaps that this dissertation intends to fill through the development of a theory of self-enforcing stability.

#### 1.5.1. Conflict Outbreak

##### *1.5.1.1. Civil War Literature*

One literature that this dissertation builds upon is the civil war literature. Civil war and counterinsurgency are closely related, but the civil war literature is more developed theoretically. Yet, political scientists still have difficulty distinguishing the difference between civil war and insurgency empirically. Fearon and Laitin (2003) obscure this difference by saying that insurgency is a tactic of war, but they and others (Gompert and Gordon 2008) use the terms interchangeably and use the same conventional measurement of battle deaths to empirically define both civil war and insurgency (Small and Singer 1982). In explaining the incidence of civil war, the literature has three primary causal arguments that one can transfer to explain the outbreak of insurgency. First is the grievance approach. According to Gurr (1970),

without a responsive government, “relative deprivation” will solve a societal collective action problem and lead the population to support a rebellion. Without those grievances, the insurgents will fail to gain support from the population. Micro-level research by Kalyvas (2006) demonstrates that local grievances about inequality can lead to macro-level civil conflicts.

A second explanation of civil conflict is based on greed. According to this argument by Collier and Hoeffler (2002, 2004) and Weinstein (2006), nations with an abundance of lootable natural resources or large illegal or informal sector-based economies provide the incentives for rebels to seek control of the state. The resources reduce the rebel’s dependence on the population for support.

The final approach to understanding civil conflict is based on the premise that civil conflict occurs when there is sufficient opportunity. Fearon and Latin (2003) argue that rough terrain and state strength, proxied by GDP per capita, predict civil war onset, because they determine the ability of the government to defeat insurgencies. A weakness of their finding though is that GDP per capita may capture poverty, which is a grievance rather than proxy for state strength. Collier, Hoeffler, and Rohner (2009) also argue that the financial and military feasibility of rebellion is an important factor in determining the outbreak of civil conflict.

### 1.5.2. Conflict Resolution

#### *1.5.2.1. State-building Literature*

In the area of state-building, several approaches attempt to explain how the process occurs, yet no overarching theory exists to explain how external actors can

contribute to the development of stability in conflict-ridden states. Modernization theory argues that economic development needs to occur for governance improvement to take place (Lipset 1959; Przeworski et al. 2000). This theory does not account for the role of security in setting the conditions for development to occur. The political institutionalization approach argues that to achieve stability, states must first build the institutional capacity necessary for effective governance (Huntington 1965, 1968; Fukuyama 2004). The implication is that the state must centralize control and prevent political mobilization from exceeding state capacity. Finally, the rational-choice institutionalism approach argues that the incentives of the key actors must be aligned for state-building to take place (Acemoglu and Robinson 2006; North et al. 2009a).

The key gap in the state-building literature is that all of the approaches treat external actors as exogenous shocks to the process. As an exogenous shock, the external actor may impact a process, but the process is assumed to have no influence on the external actor. So, in this case, the external actor does not incorporate strategic considerations (a decision based on the expectations of another's actions) into its behavior or role in the state-building process. This dissertation argues that when external actors take part in a state-building process, they are endogenous to the development of the host state. In other words, while the external actor's preferences and behavior directly affect the development of stability and the success or failure of state-building, the actions of the host-nation participants to the state-building process influence the external actor, so the external actor may behave strategically. As the external actor is endogenous to state-building, the external actor has at its disposal



various mechanisms that it can exploit to shape the outcome of the state-building process depending on the strategies of other actors in the strategic situation.

#### *1.5.2.2. Counterinsurgency Literature*

Within the counterinsurgency literature, the prevailing paradigm argues that counterinsurgents—the government and the supporting external actors—must adopt a population-centric strategy to win the “hearts and minds” (HAM) of the populace. Counterinsurgents undermine the insurgents and win the “hearts and minds” of the population through the provision of public goods and services, demonstrating the legitimacy of the government. Further, according to this theory, counterinsurgents must use minimal force against the population, and have adaptive leaders and organizations to develop and implement HAM policies (Galula 1964 [2006]; Thompson 1966; Kitson 1971; Nagl 2005 [2002]; Department of the Army 2006; Kilcullen 2009). This population-centric theory, or “hearts and minds” approach, however, ignores the role of elites and their incentives. This dissertation develops an elite-centric theory to better understand the role of elites in the development of stability and their impact on state-building success or failure.

#### *1.5.2.3. International Peacekeeping Literature*

Finally, this dissertation uses the knowledge developed in the international peacekeeping literature to fill some of the gaps in the literatures discussed above. Walter (2002) argues that the implementation stage is the most important stage of the civil conflict resolution process. She found that combatants pursue and credibly

commit to peace settlements when third parties verify and enforce demobilization and safeguard each combatant's role in the post-war government. The third-party guarantees are vital to the combatants' credible commitment due to the enormous risks of post-treaty exploitation.

Fortna (2008) examined both the role of the peacekeepers and the peacekept (the combatants). She found that peacekeeping only works when peacekeepers shape the choices of the combatants to choose peace over war. She argued that four pathways contributed to the continuation of violence: "aggression, fear and mistrust, accident . . . , and political exclusion" (175). Fortna then explains that peacekeepers can block these pathways by changing incentives to favor peace over war, reduce the security dilemma between the parties, prevent or control the impact of accidents, and dissuade the parties from excluding the other from the political process. This dissertation applies Walter's and Fortna's findings about the importance of external actors in solving credible commitments between combatants in civil conflict to how external actors can help achieve a level of stability that allows state-building to occur.

### **1.6. The Dissertation's Contribution**

Building on the rational-choice framework, this dissertation fills the gap in the nascent state-building literature by incorporating external actors as components of the process. The dissertation also reevaluates conventional approaches in the counterinsurgency literature by focusing on elites rather than the population as the unit of analysis, and focusing on aligning incentives of these actors instead of trying to directly win "hearts and minds." Further, it contributes to the literature by formalizing

the population-centric “hearts and minds” theory in an extended-form game model, and developing an alternative theory to explain how external actors can contribute to the establishment of stability in conflict-torn states.

It is important to analyze quintessential counterinsurgency cases to see if there exists empirical support for the theoretical argument. The lessons learned from these cases have policy implications for the role of external actors in modern state-building during civil conflict. Conventional HAM proponents argue that host governments need outside “experts” to help solve the legitimacy problems that led to the outbreak of insurgency. HAM and its state-building emphasis have the potential to develop into the 21<sup>st</sup> century version of the “White Man’s Burden” (Kipling 1899). Yet, data on the ability of external actors to help governments defeat insurgents warns that this is a burden that must be taken on very cautiously.

Table 1.1 shows that external actors have supported governments in 34% of all completed insurgencies since 1945. Yet, the success rate for governments defeating insurgencies is lower with the help of external actors. The government won when they had direct external actor support and indirect support in only 23.5% and 25% of the cases, respectively. This is compared to the government losing when external actors provided direct and indirect support to governments 29.4% and 50% of the time, respectively. This may be because external actors only help in the toughest cases. Regardless of the reason an external actor helps to defeat an insurgency, Table 1.1 shows that defeating an insurgency is a real hard problem. Further, while the data does not differentiate HAM from other COIN efforts, the data does raise questions about the “expertise” of external actors in fighting counterinsurgency campaigns. This

data clarifies why would-be counterinsurgents must do a better job in learning what mechanisms and under what conditions an external actor’s involvement has the greatest correlation with success in defeating an insurgency.

Outcome	Completed Insurgencies Worldwide, 1945-2009	External State Actor Directly Supporting Government	External State Actor Indirectly Supporting Government	No External Support to Government
Government Wins	28 (39%)	4 (23.5%)	2 (25%)	22 (45.8%)
Mixed Outcome	20 (27%)	8 (47.1%)	2 (25%)	10 (20.8%)
Government Loses	25 (34%)	5 (29.4%)	4 (50%)	16 (33.3%)
Total	73	17 (23%)	8 (11%)	48 (66%)

**Table 1.1. Completed Insurgencies, 1945-2009** (Gompert and Gordon 2008, Appendix A)

This dissertation seeks to identify how external actor’s can best contribute to ending insurgencies and developing long-lasting stability. Through the formalization of the population-centric “hearts and minds” theory and the development of an elite-centric theory of self-enforcing stability, this dissertation reevaluates the purported HAM success stories during the Malaya Emergency, 1948-1960, and the “Surge” in Iraq, 2006-2008. In the case analyses of both the Malayan Emergency and the “Surge”, this dissertation found that neither case follows the expected logic described by the formal HAM model. The formalization of the population-centric theory also shows that the theory, at least rhetorically, focuses more on winning the population’s

“hearts” and ignores their “minds”. Additionally, the data on each of the cases suggests that means other than those proposed by the HAM narratives were used to change the behavior of the population. In both Malaya and Iraq, the counterinsurgents relied more on coercive than persuasive means to change the behavior of the population.

After analyzing the HAM model and narrative against the data from the Malayan Emergency and the “Surge”, the dissertation tests the theoretical logic and empirical arguments of the theory of self-enforcing stability. The theory held up to the analysis of both cases, suggesting that the four main arguments of the theory may be more generalizable. In both Malaya and Iraq, the external actor pursued elite-centric strategies to help the host government and opposition overcome their credible commitment problems, which were the main cause of violence in both cases.

As the competing elites were the source of the credible commitment problems that blocked Malaya and Iraq from achieving stability, the external actors recognized, in practice though not rhetoric, the need to focus directly on elites, rather than the population. The external actor in both cases used different credibility mechanisms to guarantee pacts between dominant coalitions of elites. These mechanisms included a combination of the provision of resources—in the form of personnel, money, equipment, and time, as well as elections, institutional development, and public statements of intent.

In both Malaya and Iraq, the external actors diversified power between the government and opposition, rather than centralizing power within the government. They diversified power through the oligopolization of violent means and distribution

of rent-seeking between government and opposition elites who agreed to join an elite pact. In Malaya, the British established over 450,000-armed local Chinese personnel to provide self-protection and to punish the members of their community who did not abide by the pact. In Iraq, the coalition did the same with the Sunni population during the “Awakening Movement”, supporting over 95,000 local self-defense forces (the Sons of Iraq). The external actor also distributed resources through local leaders in both cases. The reductions in violence in both Malaya and Iraq allowed the elites to increase their prosperity, and showed the elites they are all better off in the long-run through cooperation.

Additionally, in both Malaya and Iraq, the external actors established limited access orders (LAOs) rather than democracies. The British supported governance structures in Malaya that limited access to the benefits of governance to members of a pact established between the Chinese and Malay elites. The same happened in Iraq, where the coalition limited the provision of benefits, authorized security forces, and rent-seeking opportunities to just certain Sunni and Shi’a elites. In both cases, the limitation of access and use of the external actors’ credibility mechanisms enabled and supported the ability of the elites to punish any transgressors of the agreements. In Malaya, the pact became self-enforcing, while in Iraq, the external actor set the conditions for the possibility of the pact to become self-enforcing.

In summation, this dissertation contributes to the literature by providing an alternative to the conventional population-centric and Weberian approaches to ending conflict in failed states. The standard approach seeks to have external actors solve the problem of violence by winning over the affection of the population through the

provision of public goods and services and by forcing the opposition to lay down its arms and grant the government a monopoly over violence. The theory developed and tested in this dissertation shows that the Weberian approach leads the opposition to fear government abuse, providing no incentive to stop fighting. To end violence, the external actor has to focus on aligning the incentives of the elites rather than winning the affection of the population. The standard approaches fail to recognize this incentive problem, therefore, misdiagnosing the problem and providing inadequate solutions. This dissertation identifies the problem as the failure of the government and opposition elites to provide credible commitments to one another, and argues the solution is the diversification of power within a limited access order among a dominant coalition of government and opposition elites.

### **1.7. Dissertation Outline**

The dissertation consists of several components. Chapter 2 critically analyzes the existing literature. The chapter emphasizes the counterinsurgency literature, as this dissertation focuses largely on the security development aspect of state-building in conflict-torn states. This chapter critiques the prevailing population-centric “hearts and minds” theory logically and empirically. The chapter uses an extended form game to explain flaws in the underlying logic of the HAM theory. The chapter shows empirically that the actions taken by nations who have claimed to follow a HAM approach do not match the rhetoric of HAM theory’s proponents or doctrine.

Chapter 3 develops an alternative to HAM theory—a theory of self-enforcing stability. Again, the dissertation uses game theory to explain the logic of this

argument. The theory incorporates and contains detailed explanations of the four hypotheses of the theory stated in Section 1.4. Chapter 3 contains two extended form models to explain this theory of self-enforcing stability. The first model examines the role of an intervening external actor who enters the host nation during or following hostilities between internal actors to help establish self-enforcing stability. The second model explores the role that an external actor who is already stationed inside the host nation prior to hostilities may have in helping establish self-enforcing stability.

Chapters 4 and 5 consist of two analytical narratives that test the validity of the competing theories presented in Chapters 2 and 3: the “hearts and minds” theory and the theory of self-enforcing stability. Chapter 4 reexamines the Malayan Emergency from 1948 to 1960. This case is the “most-likely” case (George and Bennett 2005, 120-123) for examining the strength of HAM, because proponents of HAM regularly use Malaya as its example of success. By first reexamining the Malaya case with the formal model of HAM (derived in Chapter 2), the case analysis shows that the outcome does not follow the logic of the population-centric HAM approach. The chapter then analyzes Malaya through the logic of the theory of self-enforcing stability. This analysis finds that the outcome in Malaya more closely follows the logic of the elite-centric “post-colonial model” defined in the Chapter 3.

Chapter 5 again tests the HAM logic derived in the model in Chapter 2; this time, though, against the case of the stabilization that took place in Iraq between 2006 and 2008. Again, the outcome does not follow the HAM logic, and more closely follows the logic of the elite-centric “*Podesta* model” of self-enforcing stability



derived in Chapter 3. Finally, the dissertation concludes in Chapter 6 with a discussion of the implications of the findings from the analytical narratives, as well as the generalizability of the theory of self-enforcing stability, and paths for further research and testing of the theory.

## Chapter 2: Critical Analysis of Conventional Counterinsurgency Theory

*“[Rebellion] must have...a population...sympathetic to the point of not betraying rebel movements to the enemy. Rebellion can be made by two percent active in a striking force, and 98 percent passively sympathetic.”* – T.E. Lawrence (1929 [2010])

### 2.1. Introduction

At the start of the 21<sup>st</sup> century, as a result of the wars in Iraq and Afghanistan, counterinsurgency has reemerged as an en vogue military term. Students and scholars who have argued that the United States lost in Vietnam because military leaders failed to recognize that the United States faced an insurgency (Krepinevich 1986) and that the military did not shift to counterinsurgency tactics in Vietnam because the Army lacked a learning culture (Nagl 2005 [2002]) have influenced the strategic direction of the wars in Iraq and Afghanistan. The reigning conventional wisdom, that to defeat these ongoing insurgencies by winning the hearts and minds of the Iraqi and Afghan people, has dominated current US and British military doctrine (Department of the Army 2006; British Army 2009) and policy decisions by Presidents Bush and Obama. The overarching principles of the “Petraeus Doctrine”, codified in *FM 3-24: Counterinsurgency*, provided the basis for the “Surge” ordered by President Bush in Iraq (Bush 2007b), as well as the revised Afghanistan strategy approved by President Obama (Obama 2009).

The conventional wisdom actually is fairly simple rhetorically. It starts with the assumption that insurgencies are mass social phenomena (Mao 1961 [2000]; Taber 1965 [2002]; Department of the Army 2006, 1-1--1-19); therefore an effective counterinsurgency strategy must be population-centric. The counterinsurgents must compete with insurgents for control of and influence over the population. So, the

counterinsurgents should implement a “hearts and minds” strategy that protects the population and improves the effectiveness and legitimacy of the central government, winning the affection and loyalty of the population. But executing this strategy is quite complex, and why its proponents self-appropriately call it the “graduate level of war” (Department of the Army 2006, 1-1). COIN proponents have operationalized this strategy through the concept of “clear, hold, and build” (National Security Council 2005, 18-22; Packer 2006; Frontline 2007). This “graduate level” characterization, however, implies that conventional warfare is the “undergraduate level of war” and is simpler to conduct.

The propagation of the counterinsurgency conventional wisdom has occurred with little debate about the theoretical underpinnings of “hearts and minds” or the “lessons learned” about previous counterinsurgency<sup>1</sup> experiences. The proponents of this view of counterinsurgency have developed the moniker “COINdinistas” (Ricks 2009a), implying their rebelliousness against the dominance of conventional warfare in thinking about how to conduct war. Yet, as one of the contemporary patron saints of the conventional wisdom states, “The world community of specialists in these issues is small and tightly knit” (Kilcullen 2009, xv). Unfortunately, this tightly knit community has mostly promulgated an uncritical groupthink about COIN theory.

Twenty-first century COIN proponents have largely adopted the ideas of a few authors

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<sup>1</sup> The theory and lessons learned described in this chapter are about what today is commonly referred to as counterinsurgency, but at different times have been referred to as guerrilla warfare, small wars, imperial policing, irregular warfare, or asymmetric warfare. This dissertation treats these terms interchangeably.

from the 1960s (Galula 1964 [2006]; Thompson 1966; Kitson 1971)<sup>2</sup>, making modern proponents the protectors of the COIN orthodoxy rather than the self-promoted rebels of military thinking. This younger generation has merely displaced the older generations' convention that "no more Vietnams" meant fighting wars with overwhelming force<sup>3</sup> with the view that "no more Vietnams" means preparation for counterinsurgency warfare should take precedence over preparation for interstate conventional warfare (Van Creveld 1991; Boot 2005).<sup>4</sup>

"Hearts and minds", a term attributed to General Sir Gerard Templer after his use of the phrase in Malaya, conjures the image of benign activity and intent by the counterinsurgents to gain the affection and loyalty of the population. HAM makes a good bumper-sticker slogan, but there has been limited critical analysis of the logical and empirical basis for the theory<sup>5</sup>. This chapter proceeds by examining the prevailing counterinsurgency literature. First, the chapter explores the history of counterinsurgency warfare, literature that influences counterinsurgency thinking, and

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<sup>2</sup> The primary theories and lessons learned come from the experience of the British in Malaya (Thompson and Kitson) or the French in Algeria (Galula). The three main authors from which other heavily cited works derive their ideas from are Sir Robert Thompson (1966), Sir Frank Kitson (1960, 1971), and David Galula (1964 [2006]).

<sup>3</sup> The desire to prevent future Vietnams was codified in the "Weinberger/Powell Doctrine" (Weinberger 1984).

<sup>4</sup> While the 2010 Quadrennial Defense Review (QDR) (Department of Defense 2010) says that the United States must be able to face "two capable nation-state aggressors" (vi), the QDR excludes that from the six key missions of the Department of Defense. These are: 1) "Defend the United States and support civil authorities at home"; 2) "Succeed in counterinsurgency, stability, and counterterrorism operations"; 3) "Build the security capacity of partner states"; 4) "Deter and defeat aggression in anti-access environments"; 5) "Prevent proliferation and counter weapons of mass destruction"; and 6) "Operate effectively in cyberspace" (2).

<sup>5</sup> Some critical analysis of the theory's logic occurred at the RAND Corporation in the 1970s by Leites and Wolfe (1970), and there has been an emerging empirical revisionist critique of the lessons learned in Malaya (Purcell 1954; Hack 1999, 2009; Dixon 2009; Bennett 2009).

then the leading counterinsurgency theories. Second, the chapter explains the causal logic of counterinsurgency's population-centric "hearts and minds" theory and its underlying assumptions that come from the state development literature. A game theory model helps further clarify the theory and depicts what one should expect if the logic of the HAM theory holds. Third, the chapter provides a logical critique of the population-centric theory, showing how missing components in the theory's logic prevent HAM from satisfactorily explaining the outcome of counterinsurgency warfare. Finally, the chapter empirically critiques the population-centric theory, demonstrating that the policy implementation of the theory does not match the romanticized image of HAM.

## **2.2. Brief History of Counterinsurgency Warfare**

### **2.2.1. Asymmetry is Not a New Phenomenon**

While insurgency is a term of the late 20<sup>th</sup> century, the underlying concepts about internal war and the use of unconventional means are not new. Many different words have been used to describe similar strategies and tactics, despite differences in technology, throughout history. Asymmetric warfare has existed since nearly the first wars. The idea behind asymmetric warfare is that the weaker side uses tactics outside of the "norms" of warfare to attack or exploit weaknesses in a stronger force. The Scythians of Central Asia used hit-and-run tactics between the 5<sup>th</sup> and 3<sup>rd</sup> centuries B.C.E. against the Persian armies of Darius the Great, and later against the Greek/Macedonian armies of Alexander the Great. The Romans broke the "norms" of warfare at the time to use assassinations and raiding parties against Hannibal

following several disastrous defeats. And, the Romans faced asymmetric resistance against their forces, such as the struggle led by Judas Macabee. The Continental Army also used such strategies and tactics to exploit the weaknesses of the stronger British forces during the American Revolution.

The same elements of asymmetric warfare existed in the development of guerilla warfare, or “little war”, by the Spanish in the 18<sup>th</sup> century. This period solidified warfare of armed civilians against a nation-state using tactics outside of the “norms” of war among nation-states at the time, such as ambushes, sabotage, snipers, and hit-and-run tactics. By the 18<sup>th</sup> century, nation-states fought wars by standing and facing each other in battle. The word guerilla was coined to describe a band of fighters, separate from the Spanish Army, who fought Napoleon’s army as part of the Peninsular War after Napoleon’s invasion of Spain in 1808. The guerrillas’ principal function was to disrupt the supply and communication lines of the French army by intercepting messages and by seizing convoys of supplies, arms, and money. Guerilla warfare followed this pattern through the turn of the 20<sup>th</sup> century with the Philippine Insurrection against US forces in the Philippines following the Spanish-American war.

Guerrilla warfare evolved into the “People’s War,” developed by Mao Tse-Tung, at the start of the 20<sup>th</sup> century. Mao recognized the impossibility of overthrowing the ruling Chinese regime without developing a large base of support, and that it would be suicide to attack the Chinese nationalist forces directly in battle at the opening stages of war. Mao (1961 [2000]) identified three stages to the “People’s War”. The first (strategic defense) is devoted to organization, consolidation, and preservation of regional base areas. Cadres train and indoctrinate volunteers, while

agitators and propagandists go out and “persuade” or “convince” surrounding populations to support the rebels. Sympathizers willing to supply food, recruits, and information form the base of support. The rebels limit military operations during this phase, which is conspiratorial, clandestine, methodical, and progressive, to lay the foundation for the next two phases.

Acts of sabotage and terrorism dominate the second phase (strategic stalemate), and the rebels liquidate collaborators and “reactionary elements”. The “asymmetric” attacks target vulnerable military and police outposts, in order to procure arms, ammunition, and other essential supplies (communications equipment and medical supplies). This phase also helps solidify and strengthen support amongst the base by showing the strength of the guerrillas and by “liberating” more territory. During this period, the guerrillas form “militias” to protect the base areas from the government, as well as to recruit and inspire subversives or collaborators within the community. This phase is not focused on winning over the minds of the population; it is more about controlling the population. The guerrillas shift to the offensive as a conventional army to face and defeat the enemy forces during the final phase (strategic counteroffensive).

This long history of asymmetric warfare and Mao’s articulation of “People’s War” in *On Guerrilla Warfare* (1961 [2000]) became the basis for most efforts of modern insurgency. Fidel Castro advocated very similar ideas during the Cuban Revolution, which Che Guevara exported into Latin America and Africa under the banner of *foco* theory. The central principal of this theory is that a small vanguard of cadres should lead highly-mobile paramilitary groups that provide a focus for popular

discontent with the ruling regime, ultimately leading the people to a general insurrection (Guevara 1961 [1998]). Variations of these ideas also spread throughout most of the former colonies of the European empires that dissolved after WWII during the wars of independence. Some argue that insurgency has again evolved in the 21<sup>st</sup> century from the rural nature that typified insurgencies throughout much of the 20<sup>th</sup> century to an urban basis due to globalization (Gompert and Gordon 2008). Further, colonial powers developed the current COIN practices at a time when they attempted to retain their colonies. Today, however, foreign actors involved in COIN are actually trying to set conditions for themselves to leave, rather than to stay (Hussain 2010).

### 2.2.2. Defining the Topic

The literature lacks a single, clear, agreed upon definition of insurgency or counterinsurgency (COIN), yet there are some common components and a distinction between theoretical and empirical definitions. It is best to start by defining an insurgency, since COIN is a response to an insurgency. That is one of the problems with modern COIN theory; it is reactive rather than proactive. In other words, modern COIN responds to an insurgency after it has broken out, rather than providing a theory about how to address the underlying conditions that enable insurgencies and/or prevent insurgencies from starting in the first place.

For the theoretical definition of insurgency, this dissertation uses the Central Intelligence Agency's (Undated) definition, which states:

Protracted political-military activity directed toward completely or partially *controlling the resources of a country* through the use of irregular military forces and illegal political organizations. Insurgent activity ... is designed to *weaken government control and legitimacy* while increasing insurgent control and legitimacy. [Italics added for emphasis]



The distinction between insurgency and civil war is unclear in the theoretical literature. Jim Fearon (2007) defines a civil war as “a violent conflict within a country fought by organized groups that *aim to take power at the center* or in a region, or to change government policies” (4) [italics added for emphasis], which is very similar to the CIA’s definition of insurgency. Ultimately, insurgency, civil war, and guerrilla warfare all describe an opposition that raises arms against a government in order to seize control of some or all power from the ruling regime.

The same lack of clarity, or interchangeability, exists in the empirical literature. Political scientists commonly use the threshold of more than 1,000 battledeaths in conflict to define a civil war, though variation exists within the literature. Some researchers use 1,000 combat-deaths per year, with at least 5% on each side, as the criteria for defining a civil war (Small and Singer 1982; Collier and Hoeffler 2004), while others use an average of at least 100 battledeaths per year of conflict, and at least 100 total battledeaths on each side (Doyle and Sambanis 2000; Fearon and Laitin 2003).

The nascent empirical literature on insurgency has borrowed from civil war data sets to test relationships. But to maintain focus on insurgencies, the analysts have removed a few internal war events—coups, countercoups, and spontaneous insurrections—from the data sets (Gompert and Gordon 2008). Some scholars define insurgency merely as a tactic or technology of civil war (Fearon and Laitin 2003). This nuanced distinction allows scholars to avoid having to paraphrase Justice Potter Stewart and say, “I know [the difference between a civil war and insurgency] when I

see it.” While, undoubtedly, certain tactics are more common in intrastate wars than in conventional conflicts, tactics are just one point on a continuum that leads one actor to compel the will of another. Insurgents and counterinsurgents, just like conventional interstate combatants, employ grand strategy and strategy, as well as tactics. Grand strategy is the actor’s use of all elements of power<sup>6</sup> to achieve the actor’s desired objectives. Strategy<sup>7</sup> in war is how an actor plans to use armed force to achieve military or political objectives. Finally, tactics define how armed units employ weaponry and fight battles (Arreguin-Toft 2001).

The counterinsurgency literature also largely focuses on tactics and strategy rather than on a theory of COIN. Since counterinsurgency is generally treated as a reaction to an insurgency, this dissertation uses the Army’s counterinsurgency manual’s (2006) definition that states:

“The primary objective of [counterinsurgency] is to foster *development of effective governance by a legitimate government*. Counterinsurgents achieve this objective by the balanced application of both military and nonmilitary means” [italics added for emphasis] (1-21).

The purpose of the COIN manual is to provide guidance for developing COIN strategy and tactics. The above definition incorporates modern beliefs in liberal governance into COIN. The manual implies in its definition of legitimate that only governments that rule primarily through the voluntary consent of the governed are

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<sup>6</sup> The U.S. military defines the elements of national power as diplomatic, informational, military, and economic power (Joint Chiefs of Staff 1996, I-5; 2007 [2009], x). Diplomatic in this definition subsumes political or governance power. This paper removes the word national, because non-state actors, such as insurgents, also have the potential for these elements of power.

<sup>7</sup> This is different than the definition of strategy used in game theory to describe the interaction between actors. This analysis in this chapter and the rest of this dissertation uses the game theory definition of strategy.

legitimate. The manual builds on the tradition and lessons of previous counterinsurgents, such as T.E. Lawrence, Dave Galula, Sir Robert Thompson, and Sir Frank Kitson, who originally developed most of the “best practice” strategy and tactics in the Army’s COIN manual. This chapter, though, does not examine the strategy or tactics of internal war; rather this chapter focuses on the theory of counterinsurgency.

### **2.3. Influences on the Counterinsurgency Literature**

Before turning to the primary arguments in the counterinsurgency (COIN) literature, it is useful to understand where some of the ideas in the COIN literature originated. This section briefly examines the influence of the civil war, international peacekeeping, and state-building literatures on thoughts about counterinsurgency.

#### **2.3.1. Civil War Literature**

The civil war literature largely influences the theoretical component that explains the outbreak of insurgencies. Three primary causal arguments explain the incidence of civil war in this literature. One can transfer these three explanations to explain the outbreak of insurgency. First, the grievance approach argues that without a responsive government, “relative deprivation” will solve a societal collective action problem and lead the population to support a rebellion (Gurr 1970). Without those grievances, the insurgents will fail to gain support from the population. Second, the greed hypothesis argues that nations with an abundance of lootable natural resources or large illegal or informal sector-based economies provide the incentives for rebels to seek control of the state. The resources reduce the rebel’s dependence on the

population for support (Collier and Hoeffler 2002, 2004; Weinstein 2006). The final approach argues that civil conflict occurs based on opportunity. Fearon and Latin (2003) argue that rough terrain and state strength, proxied by GDP per capita, predict civil war onset, because they determine the ability of the government to defeat insurgencies. A weakness of their finding, though, is that GDP per capita may capture poverty, which is a grievance rather than proxy for state strength. Collier, Hoeffler, and Rohner (Collier et al. 2009) also argue that the financial and military feasibility of rebellion is an important factor in determining the outbreak of civil conflict.

While the civil war literature helps develop a theoretical foundation for the outbreak of insurgencies, it also provides initial thoughts for how to counter an insurgency. Some lessons for the government include responsively solving the grievances of the population, limiting access of insurgents to economic resources, or reducing the opportunity for insurgencies to start a rebellion in the first place.

### 2.3.2. International Peacekeeping Literature

While the civil war literature provides some insight to explain the outbreak of internal war and the role of governments, the international peacekeeping literature contributes to an analysis of COIN by examining the role of external actors in ending civil conflict. This dissertation also builds upon the knowledge developed in this literature about external actors helping solve credible commitment problems in other states. Walter (2002) argues that the implementation stage is the most important stage of the civil conflict resolution process. She found that combatants pursue and credibly commit to peace settlements when third parties verify and enforce demobilization, and

safeguard each combatant's role in the post-war government. The third-party guarantees are vital to the combatants' credible commitment due to the enormous risks of post-treaty exploitation.

Fortna (2008) examined both the role of the peacekeepers and the peacekept (the combatants). She found that peacekeeping only works when peacekeepers shape the choices of the combatants to choose peace over war. She argued that four pathways contributed to the continuation of violence: "aggression, fear and mistrust, accident . . . , and political exclusion" (175). Fortna then explains that peacekeepers can block these pathways by changing incentives to favor peace over war, reduce the security dilemma between the parties, prevent or control the impact of accidents, and dissuade the parties from excluding the other from the political process. The international peacekeeping literature provides insights into methods counterinsurgents can use to solve credible commitment problems between the actors involved in fighting and countering an insurgency. Despite these lessons, the prevailing population-centric counterinsurgency paradigm, discussed below, ignores these credible commitment challenges in explaining how to defeat an insurgency. Chapter 3 proposes an elite-centric theory that incorporates knowledge about peacekeeping.

### 2.3.3. State-building Literature

While the civil war literature provides insight into causes of insurgency and the international peacekeeping literature explains possible roles for external actors in ending internal conflict, the state-building literature explains ideas for how counterinsurgents may overcome the causes that led to the outbreak of insurgency.

This section provides a brief overview of the state-building literature, while the dissertation discusses these state-building theories in more depth in Section 2.4.2 and in Chapter 3.

Underlying COIN theory is the assumption that COIN contributes to state-building (Gompert and Gordon 2008; Nagl and Burton 2009; Fick and Lockhart 2010), since the objective of COIN is to reestablish government legitimacy. There are three main approaches to draw upon in the state-building literature: modernization, institutional capacity, and rational-choice institutionalism (Krasner 2009). First, modernization theory argues that economic growth and social change, through industrialization, urbanization, and education that develops a middle class who demand political participation, leads to political and social transformation and democratization (Lipset 1959). Alternatively, some argue that economic development does not impact regime transitions, but does have a positive relationship with democratic consolidation (Przeworski et al. 2000).

The theory of institutional capacity arose as an alternative to modernization theory. Huntington (1968) challenged the logic that institutional development occurred as a result of economic change. Instead, he argued that the institutional capacity of the government determined the level of economic growth and political order in a country. Institutionalization had to develop ahead of political mobilization to maintain order. If mobilization outpaced institutionalization, decay and political disorder would result. Fukuyama (2004) refocused the state-building literature back toward institutional capacity theory in his argument that states fail when the scope of government outpaces its strength, meaning institutional capacity. Institutional

capacity theory ultimately argues that effective central state institutions are the key to state-building. As states modeled themselves on other nations, they adopted the institutional structures of the world's major nations, what Meyer (1997) has called a world society model, without assessing the need for those institutions or the capacity to perform the functions. While modern COIN thinkers argue for political institutionalization, in practice they advocate for transplanting western-style bureaucracies into developing states plagued by insurgencies (National Security Council 2005; Obama 2009).

The third approach in the state-building literature is rational-choice institutionalism. This approach focuses on the alignment of incentives to overcome commitment problems among key actors who behave strategically in pursuit of their own economic self-interest, enabling the development of political institutions, or state-building. Other than in an earlier work by Leites and Wolf (1970), and a developing research agenda (Berman et al. 2008), the counterinsurgency literature has made limited use of rational-choice insights. The next section discusses the primary theories within the counterinsurgency literature.

#### **2.4. Development of Counterinsurgency Literature**

The modern counterinsurgency literature, especially the dominant “hearts and minds” (HAM) paradigm, is more an explanation of strategies and tactics intended to guide practitioners than a theory per se. Additionally, most of the tactical (Kitson 1960, 1971; Galula 1964 [2006]) and strategic (Thompson 1966) prescriptions for how to conduct COIN operationally (Department of the Army 2006; British Army 2009)

are based on a few experiences, particularly Kenya, Malaya, Indochina, Algeria, and Vietnam. Yet, it is important to test the validity of this approach as if the population-centric HAM is a complete theory because of its prevalence in current policy implementation to counter on-going insurgencies around the world. Before developing a model to show the logic of the population-centric theory, it is necessary to explain the two main approaches to COIN.

#### 2.4.1. Coercion or Cost-Benefit Theory

##### *2.4.1.1. Enemy-Centric Variant*

Coercion, or attrition, is an enemy-centric theory that seeks to destroy the insurgents. This approach argues for the use of population control measures to separate the population from the insurgents, isolating the rebels in order to capture, kill, or neutralize the insurgents through their surrender. The counterinsurgents will use force to make the population compliant and defeat the insurgency with brute force. The emphasis in this approach is on the primacy of military over civilian operations, including the use of what some call counter-terror tactics. Coercion proponents argue for the need to control the population through food rationing, ghettoizing the populace with controlled entry and exit points to separate insurgents from a base of support, conducting a mass census, issuing identification cards to and collecting biometric data from the populace, conducting counter-terror operations, and using torture to gather intelligence from insurgents (Trinquier 1961 [1964]). While the population may feel the brunt of some of the coercion methods, the primary target is the enemy. The French generally followed this approach during the Battle of Algiers in Algeria.



#### *2.4.1.2. Population-Centric Variant*

Cost-benefit theory is a rational choice approach that forces the population to maximize its utility as a rational, self-interested actor. The population must make its own cost-benefit analysis with regards to its support of the insurgency. The counterinsurgents use carrots and sticks—the provision or deprivation of material benefits—to obtain cooperation and support from the population and to turn them against the insurgents. The goal within this theory is to change the behavior of the population. While the approach may use some of the same tactics as the coercion approach, the difference is that under the cost-benefit approach, the center of gravity is the population, rather than the enemy as in a coercion strategy.

To appeal to the rational self-interest of the masses and defeat the insurgents, the counterinsurgents dispense public services conditionally. The conditionality rewards pro-government behavior while punishing pro-insurgency behavior. The government uses a combination of military and civilian operations to appeal to the population's rational self-interest to change their behavior. The logic behind changing the behavior of the population is that cutting off support to insurgents leads to an increase in the cost of fighting to the insurgents. The cost-benefit approach assumes the opportunity and feasibility arguments of the civil war literature, so by increasing the cost to fight an insurgency, it reduces the opportunity of the insurgents to sustain the rebellion. And to further counter the insurgents' opportunities to fight, cost-benefit proponents argue for the need to increase the protection of the population

through hardening local physical security and expanding local security forces (Leites and Wolf 1970, 28-47).

While the cost-benefit approach requires improved institutions to provide services and improve local security force capacity, institutional change is a means to the end—defeating the insurgents—rather than an end in itself. The transformation variant of the “hearts and minds” theory, though, argues it is not possible to win the loyalty and hearts and minds of the population without political institutionalization that gives the masses a voice in the governance of the nation. The next section of this chapter discusses the “hearts and minds” theory.

#### 2.4.2. “Hearts and Minds” Theory

Like the cost-benefit theory, “hearts and minds” is a population-centric theory that views the population, rather than the enemy, as the center of gravity<sup>8</sup> that must be the primary target of operations, especially non-kinetic operations—the use of non-lethal force or activities. Much of HAM theory is a mirror-image of the principles that Mao enunciated in his ideas about “People’s War”.

Mao identified the importance of maintaining control of the population by the guerillas/insurgents. Mao famously stated that guerrillas had to swim as fish in a sea of the peasants. Insurgents have to rely on the people to survive, just as fish have to rely on the sea. So, as a reaction to the insurgent focus on the population,

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<sup>8</sup> Clausewitz (1943 [2000]) originally defined the concept of center of gravity analysis. The U.S. military defines the center of gravity (COG) as “the source of power that provides moral or physical strength, freedom of action, or will to act” (Joint Chiefs of Staff 2001 [2008], 142). This is the decisive element that determines the ability of a military to accomplish its mission.

counterinsurgents have also ostensibly directed their efforts toward the people. COIN theorists vary, though, in their assessments of how to approach the population. Even the enemy-centric coercion strategy that focuses on destroying the enemy accepts a central role for the population, which is why coercive means are used to separate the population from the insurgents. HAM, today's most famous and prevailing counterinsurgency theory, explicitly assumes that the population is the key to overcoming the insurgency, as the insurgents have to rely on the population for survival.

The supposedly quintessential case of HAM success is the British effort against a communist insurgency in Malaya (now Malaysia) at the end of WWII. The Malayan Emergency lasted from 1948-1960. The essence of the "hearts and minds" theory is that by the government providing public goods and services that improve the population's lot in life, the people will give their loyalty to the government. The ability to deliver goods and services increases the faith the population has in the ability of the government to continue delivering the goods and services to the population. As lives improve, the people have a greater stake in the stability of the government and see the insurgents as those who will destroy their increased prosperity.

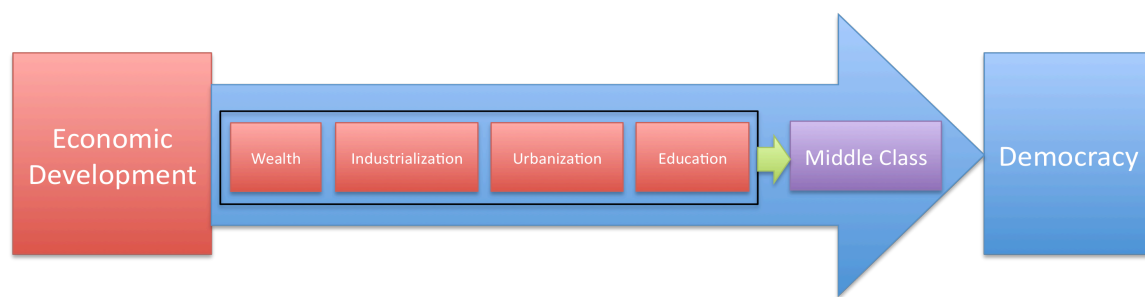
HAM relies on population-centric strategies and tactics to defeat the insurgents by winning the support and allegiance of the masses. These strategies and tactics include using minimal force to provide security for the population and cause the least amount of "collateral damage" possible. Further, HAM argues for the need to persuade the population, make political concessions to ameliorate grievances of the population, increase social provisions, and maintain unity of effort for

counterinsurgency operations under civilian control. A mantra of HAM proponents is that there is no military solution for defeating insurgents; the solution is political. If HAM works, the population does not have to make any cost-benefit calculations about each action they take, because with their faith in the government, the population can behave reflexively.

As counterinsurgency is a sub-component of state-building, in that COIN lays the security foundation for political, economic, and social development to take place, “hearts and minds” theory largely draws implicitly from state-building’s modernization and institutional capacity theories. Modernization was the predominant development theory following Lipset’s (1959) seminal article, “Some Social Requisites of Democracy”. Modernization theory was very influential at the time that COIN theory emerged during and after Malaya, Indochina, Algeria, and Vietnam, as well as other post-colonial conflicts. The crux of modernization theory was that economic growth would lead to democracy, although the argument is more nuanced than that simple statement.

Lipset provided a causal chain to explain the logic of modernization theory (see Figure 2.1). He defined economic development (modernization) as consisting of several components (wealth, industrialization, urbanization, and education). The independent variable of the argument is economic development, the dependent variable is democracy, and the causal logic is that modernization leads to the creation of a middle class, which demands political representation and participation. The process of modernization consists of the accumulation of wealth and the transition from agrarianism to industrialization, creating greater wealth for the society. With

industrialization, comes urbanization. As economies industrialize and urbanize, there is a greater need for a more educated, skilled population. Greater education combined with wealth leads to the development of a middle class. Ultimately, the middle class demands political representation and participation, leading to democracy.



**Figure 2.1: Causal Diagram of Modernization Theory**

COIN literature, around the time of Lipset's publication, co-opted modernization theory without using the term, yet described all of the components of Lipset's theory (Taber 1965 [2002], 187-189). It made sense for COIN proponents to incorporate modernization thinking, since during the Cold War many insurgencies were ideological proxies—at least rhetorically—over the type of government that should rule—democratic or communist regimes. Later COIN proponents, from the 1980s till today, have further combined the modernization argument with democratic peace theory. Democratic peace theory holds that democracies should be less likely to fight one another (Doyle 1986; O'Neal and Russett 1999), so this strengthened the belief that modernization would help end insurgent threats against Western interests.

The original HAM theorists, influenced by modernization theory and assuming that insurgents can only survive with the population's support, had a clear solution to defeating the insurgents. By modernizing societies to compete for and win the population's hearts and minds, the counterinsurgents would remove the population's

grievances by improving their life opportunities, thus taking away the insurgents' *raison d'être*. HAM theory has borrowed from modernization theory's emphasis on development, but has seen political institutionalization as the means to achieve development, and has ignored modernization theory's focus on development as the path to social change. This has contributed to HAM's view that development is a key prescription for winning COIN, because it improves standards of living, increases political rights, and reduces corruption and abuse of government power.

Some COIN research, however, has actually found that development may actually exacerbate the conditions for insurgency. Leites and Wolf (1970) argue that development makes the pain that accompanies inequalities in the distribution of wealth, income, education, and opportunity more acute since the masses can more clearly see the level of societal inequality that exists, and this can lead to greater resentment (30). Yet leading modern COIN proponents who have influenced the Obama administration's policy in Afghanistan continue to make the development argument to explain how the United States can win the hearts and minds of the Afghan population. Fick and Lockhart (2010) argue, "The [American COIN] strategy [in Afghanistan] depends on successful efforts to foster economic development in an impoverished and war-weary country with poor-infrastructure, low literacy rates, and little recent economic integration with the rest of the world" (1). Such a policy, according to Fick and Lockhart, will "demonstrate progress to U.S. voters, U.S. allies, the enemy, and—most importantly—the Afghan people" (8). This argument implies that such a policy will win the Afghans' hearts and minds.

Modern proponents of HAM theory have also incorporated elements of state building's political institutionalization theory. This variant of HAM theory, transformation, follows the development community's shifting focus on the need for good governance to reduce poverty. The transformation HAM proponents argue that governments will gain legitimacy and the support of the population through the development of good governance and institutions that can deliver public goods and services effectively to the people (Gompert and Gordon 2008; Department of Defense 2010, 26-30; Obama 2010a, 26-27).

Transformation deals directly with the legitimacy part of the insurgency and counterinsurgency definitions in Section 2.2.2 above. COIN theorists argue that governments lose legitimacy when they are not representative of the people. So, counterinsurgents have to make governments representative of the populace through liberal political institutionalization. The liberalism part of this argument, though, moves beyond political institutionalization's focus on the appropriate alignment of state scope and state strength. Through the incorporation of representation with improved governance that makes it possible to effectively deliver goods and services to the population, HAM proponents argue that the government will engender the population's loyalty. Earlier works on COIN implicitly incorporated the political institutionalization argument, sans the liberalism component (Galula 1964 [2006]; Thompson 1966). Contemporary iterations of HAM, however, explicitly argue for liberal political transformation (National Security Council 2005; Department of the Army 2006; Obama 2009).

The transformation variant of HAM remains a population-centric argument. In order to defeat insurgents by improving governance and social services, counterinsurgents should adopt several ambitious strategies. There are two interacting paths to political institutionalization: one that is internally driven by the host government, and the second that is driven by an external actor. The role of the external actor dominates the transformation argument since the government is already ineffective and the outsiders are supposed to be the experts.

Contemporary population-centric proponents argue, first, that counterinsurgents, especially external actors, need to adopt a long-term perspective given the historical length of insurgencies and the challenges in reforming governance institutions. Second, governance reform must develop fair and efficient rule of law systems (e.g., police, courts, judges, and prisons). Third, states should implement disarmament, demobilization, and reintegration (DDR) programs that include targeted job training and placement for ex-fighters that fit into the nation's economic development goals. Lastly, proponents argue for the expansion of primary-level educational capacity for the broader populace, which is also tied along with the DDR process to the host government's modernization process (Gompert and Gordon 2008).

To understand the transformation argument, it is necessary to turn back to the state-building literature. As an alternative to the modernization argument, Samuel Huntington (1965, 1968) developed an argument about the role of institutionalization leading to order in changing societies. He argued that in order to achieve stability in societies, the institutions of the state had to stay ahead of political mobilization. If



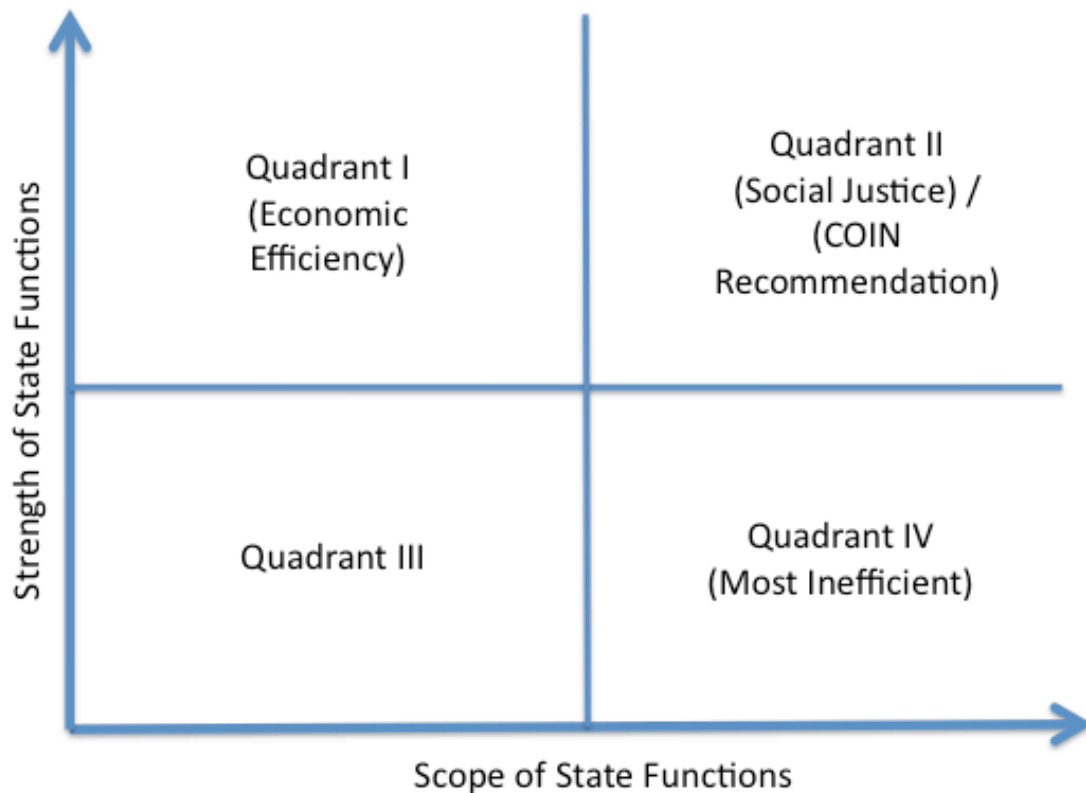
mobilization outpaced institutionalization, social disorder (i.e., rebellion or insurgencies) would occur.

Fukuyama (2004) updated Huntington's argument, but focused on the scope versus strength of state governance institutions. The argument has policy implications for COIN, because of the dominant role of external actors in the transformation theory of COIN thinking. Again, the basic transformation argument is that all the external actor and host government have to do to defeat the insurgents is build efficient government institutions capable of delivering public goods and services to the population. The U.S. Department of Defense has officially adopted this institutional capacity argument in the latest Quadrennial Defense Review (Department of Defense 2010) that has made strengthening partner institutions a key mission for the military.

Figure 2.2, adopted from Fukuyama (2004, 11), displays different outcomes based on varying relationships between the scope and strength of government. Quadrant I represents the economic efficiency argument where the state possesses great strength in executing its accepted functions, which keeps the scope to a minimum. Quadrant II represents a broad scope of government that takes on many of the intermediate as well as activist functions of a state, but also maintains a strong state that can continue to effectively execute these added functions. Quadrant IV is the location where most insurgencies take place. These states often lack legitimacy, and are the most inefficient nations. Developing nations often end up in Quadrant IV, because they try to have the scope of the states in Quadrant II, but do not have the strength to execute even the minimal functions of the state. In COIN, external actors try to improve the strength of the state to match the scope of state functions.

According to the transformation argument, external actors should help improve state strength to provide public goods provision, enabling the host government to achieve legitimacy. Yet, the transformation proponents try to move to Quadrant II from IV without first going through Quadrant III. By limiting the scope of the state to minimal functions, even with limited strength, these states will become more effective at providing the basic public goods and services necessary to overcome the grievances of the population and regain legitimacy. So, Quadrant III is place where the counterinsurgents can set the conditions to defeat insurgents and eventually try to move to Quadrant IV.

The learning organization variant of HAM furthers the externally-driven nature of the institutionalization argument made by the transformation variant. The organizational variant argues that to defeat insurgencies, adaptive, learning organizations must implement strategies with “hearts and minds” principles through doctrine and training by experts, as well as adopt unified command structures (Krepinevich 1986; Nagl 2005 [2002]; Krepinevich 2005). This argument was developed by examining the role of external actors as counterinsurgents and argues that host governments need outside experts to get on the right path to defeat the insurgents. Another variant focused on the role of outside experts argues that command of the civilian and military chains of command must reside with a single, focused, and enlightened individual who can lift the morale of the people and the government (Stubbs 1989; Ramakrishna 2001; Smith 2001).



**Figure 2.2. Political Institutionalization Outcomes**

The next section further illustrates the general logic of population-centric theory. The section first reveals the elements of the causal logic that explains how counterinsurgents defeat insurgencies. Then, Sections 2.5.2-2.5.5 develop a game theory model to draw out the expected outcomes of HAM based on the strategic preferences and choices that actors should have—and those they actually make—according to this population-centric theory.

## **2.5. Logic of “Hearts and Minds” Theory**

### **2.5.1. Causal Logic**

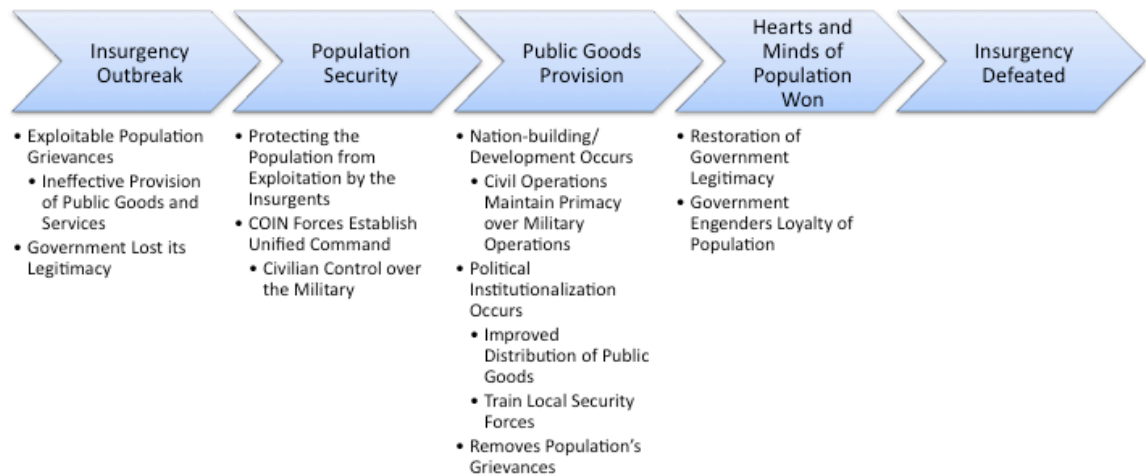
As explained above, “hearts and minds” theory implicitly draws from theories within state-building. Section 2.4 described a number of HAM variants, and this section intends to capture the core elements of this population-centric theory across the variants. First, the section diagrams the causal logic of HAM. Then, the section defines some of HAM’s propositions and assumptions. Finally, the section develops an extended-form game to illustrate the strategic choices facing the actors in an insurgency and the expected outcomes based on the different actors’ preferences.

The basic premise behind HAM theory is that the government has lost the support of the population, which is now given, at least tacitly, to the insurgents. To defeat the insurgency, the government must recapture the sympathy and support of the population. The essential elements of this approach, regardless of variant, are that counterinsurgents (an equal partnership between the government and external actor) must regain legitimacy, use minimal military force, provide goods and services to the population, and create institutions to support service provision. Figure 2.3 below illustrates the causal logic of the hearts and minds theory that has evolved from the 1960s through today.

The conditions exist for insurgency to take place once the government loses its legitimacy in the eyes of the population. Government legitimacy exists when the population recognizes and reflexively responds to government authority. The people do not have to think about their actions before they take them, because they know the outcome in advance. When the government lacks legitimacy, the insurgents can then

exploit the grievances of the population through material or ideological support. The insurgents require this popular support in order to conduct successful operations against the government (Leites and Wolf 1970, 8).

After the outbreak of the insurgency, government must separate the insurgents from the population in order to deny support obtained by the insurgents. Additionally, population security protects the population from exploitation by the insurgents, displays the strength of the government, and increases the ability of the government to gather information and intelligence about the insurgent organization. By establishing physical security—primarily through law and order, rather than military, operations to clear the area of insurgents—the government sets the conditions for follow-on civil operations (Galula 1964 [2006]; National Security Council 2005; Department of the Army 2006).



**Figure 2.3. “Hearts and Minds” Causal Logic**

The next part of the causal chain that leads to counterinsurgency success according to HAM theory is development. This is the building part of the HAM

process. In part, the government loses its legitimacy with the people because of its inability to provide public goods and services. The insurgents take advantage of the grievances among the population that arise from poverty and economic inequality within the society (Leites and Wolf 1970, 16). The counterinsurgents must conduct civil operations focused on reducing poverty and inequality, which include expanding economic development, education, and health care.

Additionally, to ensure the long-term ability of the government to continue delivering these public goods, external actors must help the host government establish non-corrupt, political institutions that represent the people. The factors that contribute to the insurgency primarily exist internally to the country (Leites and Wolf 1970, 21), but external assistance is required to overcome the internal challenges and to restore legitimacy. While enabling civil operations and development, the external actors should train the host nation's security forces. External actors can best train police and counterinsurgency forces who will gain the confidence of the people by establishing law and order while respecting human rights. The local security forces can then hold the areas cleared with the help of the external actors and further allow the building process to take place.

Expanding institutional capacity coupled with development restores the legitimacy of the government by overcoming the population's grievances and restoring a host government that can maintain the population's loyalty. Once the government has won the population's hearts and minds, the counterinsurgents will defeat the insurgency, because the insurgents will have lost the population's support, which is required for any insurgency to exist.

### 2.5.2. Extended Form Game Model of “Hearts and Minds” Theory

The extended form game developed in this section explains the underlying logic of HAM theory and the expected outcome from the strategic interaction between the primary actors involved in insurgencies. This model, as with all models, is a stylization intended to crudely represent a real situation. Real world insurgencies are too complex and contain too many variables to incorporate into a complete model, so the stylized version provides us with insights about the broader issues of counterinsurgency.

The extended form game in Figure 2.4 below represents a stylized model of the prevailing “hearts and minds” theory that has evolved over the past 50 years (Galula 1964 [2006]; Thompson 1966; Kitson 1971; Krepinevich 1986; Mockaitis 1990; Nagl 2005 [2002]; Department of the Army 2006; British Army 2009). The model includes three different actors: 1) counterinsurgent forces (C)—made up of the government and external actor supporting the government; 2) the opposition (O)—or, the insurgents; and 3) the population (P). Rather than single individuals, the strategic actors represent unified groups; this assumes everyone in the group has the same preferences.

This model combines the government and external actor into one unitary actor, the counterinsurgent force, because both have the same goal of defeating the insurgents and restoring the legitimacy of the government. While the government and external actor may have policy differences in the real world, the two must have the same overarching objective; otherwise, they would not work together. HAM theory does not discuss an exit strategy for the external actor. An implicit assumption is that

once C defeats the insurgents, then the external actor can leave. So, up until the defeat of the insurgents, the government (G) and external actor (EA) have aligned preferences, allowing for the treatment of G and EA as a single unitary actor, C.

While the opposition may have varying factions who compete with each other in reality, this stylized model treats all insurgent groups as a unified actor, O. Despite real-world differences between insurgent groups, all insurgent groups have the common desire to reduce the legitimacy of the government and establish control over state resources. By treating O as a unified actor, it allows the model to focus on the general strategic preferences and choices made by the different groups. The same holds for the population. Despite differences between segments of the population, HAM theory depends upon to whom the population provides its sympathy, loyalty, and support. So, treating the population as a unitary, rational actor allows us to better understand the strategic interaction between the different actors involved in an insurgency.

Further, the model contains several assumptions derived from the causal logic of HAM described in Section 2.4.1. First, the population is the determining factor that leads to the success or failure of an insurgency. Second, an insurgency cannot sustain itself without the support of the population. Third, grievances based on poverty and/or inequality, ineffective distribution of public goods and services, and lack of popular representation lead to the government's loss of legitimacy. Fourth, it is possible to regain the sympathy, loyalty, and support of the population after they have supported the insurgents.



Additionally, the probability of success for the insurgents against the counterinsurgent forces equals  $p$ . The population changes the probability of success by a factor of  $\beta$ —if they support the insurgents, the probability of insurgent success becomes  $p+\beta$ . Finally, C’s policy choice impacts the insurgent’s probability of success by a factor of  $\alpha$ . HAM proponents argue that C has a dichotomous choice between population-centric (e.g., HAM) and enemy-centric (e.g., a preponderance of military force) strategies to defeat an insurgency, and that dominating military power is counterproductive since COIN is primarily a political battle (Nagl and Burton 2009, 93). So,  $\alpha$  represents a change in probability that increases the insurgent’s probability of success,  $p+\alpha$ , when the government chooses overwhelming military force (violent coercion) as its policy to defeat the insurgents.  $\alpha$  represents the increase in population members who shift from passive and material support to more active support of the opposition due to the collateral damage from overwhelming military force by C. This captures the HAM assumption that policies based primarily on violent coercion create more insurgents than these operations kill or capture.

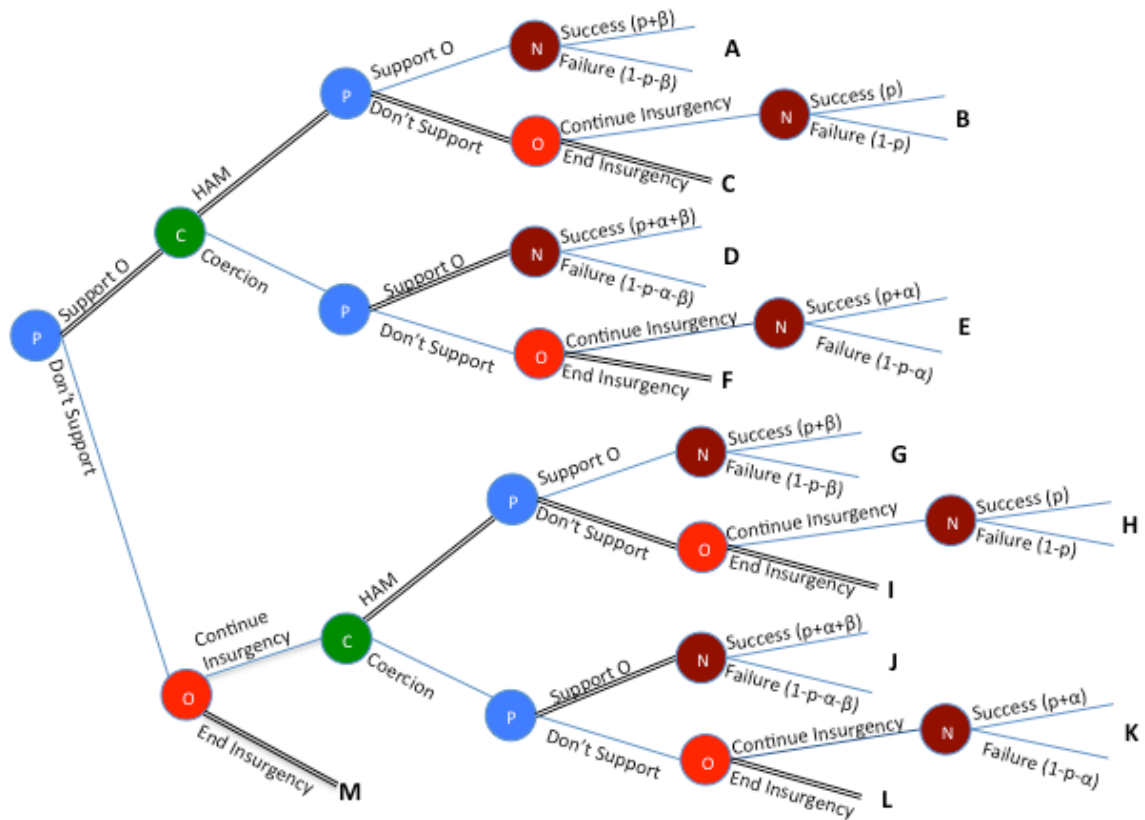
### 2.5.3. Order of the Game

In the game in Figure 2.4, the population is the first mover. The game starts with the assumption that an insurgency has just begun. In the first move, the population chooses either to support or not support the opposition. This choice initiates one of two sub-games where either C or O moves next.

In the sub-game in the upper half of Figure 2.4 the counterinsurgents moves next, choosing either to implement either a “hearts and minds” or “coercion” policy to

defeat the opposition. The HAM policy includes population security, modernization, and political institutionalization efforts, while coercion is ostensibly an enemy-centric policy that inflicts heavy collateral damage. Thus, coercion is a de-facto population centric strategy that is similar to the cost-benefit approach. The population moves in the next stage, regardless of the policy choice, choosing either to support or not support the opposition. If the population supports the opposition at this stage, nature will determine whether O or C prevails. If C implemented a HAM policy, then the insurgents have a probability of  $p+\beta$  of success, but if C implemented a coercion policy, the probability of success increases to  $p+\alpha+\beta$ . If the population does not support the opposition, then O must choose to either continue or end the insurgency. If O continues the insurgency, O's probability of success is  $p$  if C chooses HAM, or the probability of success is  $p+\alpha$  if C chooses coercion.

In the sub-game in the lower half of Figure 2.4, the opposition makes the next move following the population's initial choice not to support the insurgency. O can choose to either continue or end the insurgency. If O chooses to end the insurgency, the game ends. If O chooses to continue the insurgency, then this sub-game follows the sub-game in the upper half of Figure 2.4, where C chooses either a HAM or coercion policy. The rest of the moves follow in sequence as described above.



**Figure 2.4. Model of Population-Centric Theory**

2.5.4. Actor Preferences

The counterinsurgent forces first prefer that the insurgency come to a quick end. For this to happen, the counterinsurgents want the population not to support the opposition and for the opposition to choose to end the insurgency, M. Next, the counterinsurgents prefer to maintain the support of the population. The counterinsurgents will prefer to implement a HAM policy while maintaining population support, leading the opposition to end the insurgency, C or I. The next best preference for the counterinsurgents is maintaining popular support while using physical coercion to force the opposition to end the insurgency, F or L. The

counterinsurgents prefer to implement HAM versus coercion, because of the possibility that non-minimal violence may cause more members of the population to actively support the insurgents.

If nature will ultimately decide the outcome of the insurgency, the counterinsurgents prefer to implement HAM and for the population not to support the insurgent, B or H. This gives the counterinsurgents their greatest probability of defeating the insurgents,  $1-p$ . Next, the counterinsurgents prefer E or K, where the population does not support the opposition even after the implementation of a coercion policy. The counterinsurgents will then have a probability of  $1-p-\alpha$  of defeating the opposition. If the population continues to support the insurgents after the counterinsurgents choose a COIN policy, the counterinsurgents still prefer to implement a HAM policy, A or G, over a coercion policy, D or J. HAM will give the counterinsurgents the greater probability of defeating the opposition,  $1-p-\beta$ , compared to a probability of  $1-p-\alpha-\beta$  if the counterinsurgents use violent force.

The opposition maintains different preferences. Once the opposition chooses to start an insurgency they want to further undermine the legitimacy of the government, defeat the counterinsurgents, and take control of the national resources. So, the opposition prefers to shape the conditions that increase the opposition's probability of success when nature determines the outcome of the insurgency. The opposition's first preference is for the counterinsurgents to try to use overwhelming violent means, provoking the population into supporting the opposition, D or J, giving the opposition a success probability of  $p+\alpha+\beta$ . Next the opposition prefers A or G, continued population support after the counterinsurgents implement a HAM policy,

giving the opposition a  $p+\beta$  probability of success. Third, the opposition prefers E or K, no population support but a counterinsurgent policy of coercion, because the opposition's probability of success would be  $p+\alpha$ . Then, the opposition prefers  $p$ , the probability of success that comes with continuing the insurgency after losing popular support due to the counterinsurgents implementing a HAM policy, B or H.

Of the options where the opposition will choose to end the insurgency, they prefer to minimize the costs of the insurgency to the opposition members and organization. So, they would next prefer to end the insurgency after initially failing to receive popular support, M. Then, the opposition would prefer to end the insurgency after failing to garner public support once the counterinsurgents implement a policy of coercion, F or L. Finally, the opposition prefers C or I, where the opposition ends the insurgency following a lack of support from the population after the government implements a HAM policy.

The population also maintains different preferences from both the counterinsurgents and the opposition. Ultimately, under HAM theory, the population ranks its preferences based on who—counterinsurgents or opposition— can provide the population with public goods and services, security, and representation. First, the population prefers C or I, because the counterinsurgent's implementation of a HAM policy will solve the population's grievances, and ending the insurgency will minimize the costs inflicted upon the population of fighting. Next, the population prefers to maintain the status quo by not supporting the opposition and the opposition ending the insurgency, M, because this minimizes the losses and costs inflicted upon the population when they are caught between the two sides. The population's third

preference is for the counterinsurgents to defeat the opposition with probability  $1-p$  after the counterinsurgents implement a HAM policy and the population does not support the opposition, B or H. This outcome leads to the provision of some public goods and political institutionalization while maximizing the counterinsurgents probability of defeating the opposition. Fourth, the population prefers A or G, because while they prefer for the insurgents to win, they also want the counterinsurgents to implement a HAM policy to gain the benefits of development and institutionalization.

Preference	Counter-insurgents	Opposition	Population
1	M	D, J	C, I
2	C, I	A, G	M
3	F, L	E, K	B, H
4	B, H	B, H	A, G
5	E, K	M	D, J
6	A, G	F, L	F, L
7	D, J	C, I	E, K

**Table 2.1. Summary of Actors’ Preferences in “Hearts and Minds” Model**

A policy of coercion will push the population’s preference closer to the opposition’s due to the likelihood of collateral damage inflicted. So next, the population prefers to support the opposition, increasing the insurgency’s probability of success to  $p+\alpha+\beta$ , after the counterinsurgents choose a coercion policy, D or J. The population’s sixth preference is for the opposition to end the insurgency if the population withholds support of the opposition after the counterinsurgents implement a policy of coercion, F or L. This will minimize the cost of fighting inflicted upon the

population. Finally, the population prefers E or K, where the counterinsurgent's probability of defeating the insurgents is  $1-p-\alpha$  following the opposition's decision to continue the insurgency after the population withholds support following a counterinsurgent policy decision of coercion.

#### 2.5.5. Solving the Game

Solving the game in Figure 2.4 through backwards induction shows how, according to the population-centric theory, the counterinsurgent's decision to implement a HAM policy leads to a sub-game perfect Nash equilibrium (SPNE) whose outcome, C, is the end of the insurgency. In the last stage of each branch of the game, following a decision by the population not to support the opposition, the opposition must decide to continue or end the insurgency. According to HAM theory, the population is the critical factor in determining the success of an insurgency. Knowing that, the opposition will choose to end the insurgency since the opposition will have its lowest probabilities of success, either  $p$  or  $p+\alpha$ .

In the prior stage, the population must choose either to support the counterinsurgents or the population. In accordance with the population's preferences, the population's choice will depend upon which side has the greatest probability of success and will distribute the most public goods and services. When the insurgency's probability of success becomes  $p+\alpha+\beta$ , the population will support the opposition, but if the insurgency's probability of success remains below  $p+\alpha+\beta$  the population will support the counterinsurgents. The factor of  $\alpha+\beta$  becomes a tipping point that pushes the population into active support of the opposition.

Before the population has to choose to support or not support the opposition for the second time, the counterinsurgents have to choose between a policy of HAM or coercion. Knowing that the population will decide whether or not to support the opposition based on the likelihood of opposition success, the government will choose to implement a HAM policy. This policy will prevent  $\alpha$  from becoming a factor that can tip the odds in favor of the insurgency.

If the participants end up in the lower half of the game, continuing to work backwards, the opposition must choose to continue or end the insurgency. Knowing that the government will implement a HAM policy and that the population will not support the opposition, the opposition will choose to end the insurgency at this stage. This aligns with the opposition's preference to minimize its costs if nature will not determine the outcome.

This leads back to the first move of the game, which the population makes. The population has to decide to support the opposition or not after the initial outbreak of an insurgency. Under population-centric COIN theory, an insurgency occurs when the government of a nation has lost part or all of its legitimacy in the eyes of the population. The population wants improved public goods and services provision, as well as representation, to return legitimacy to the government. The population does not want to maintain the status quo, and the opposition serves as a mechanism for the population to force the government to recognize and rectify the population's grievances. The population will initially choose to support the opposition knowing that this is the only way to get the government to implement the development and political institutionalization programs that come with a HAM policy.



## 2.6. Empirical Critique of “Hearts and Minds”

Despite the population-centric theory’s logic described in the previous section, the theory has limited empirical support. This section first discusses the findings of two recent empirical studies of insurgencies. Finally, the section raises doubt about the conventional wisdom derived from two cases held up as HAM successes.

### 2.6.1. Recent Empirical Studies

With the ongoing wars in Iraq and Afghanistan, interest has grown in the field of political science to conduct empirical studies on insurgency. One such study looked at micro-level data in Iraq to test whether or not hearts and minds are won or bought. Another study examined macro-level data to explain why counterinsurgents routinely defeated insurgents in the 19<sup>th</sup> century, but have had less success in the 20<sup>th</sup> century.

In the first study, Berman et al. (2008) developed a model to test the economics of counterinsurgency in Iraq. Their findings support a rational-choice explanation for counterinsurgency successes, undermining HAM’s argument about winning the allegiance of the population after restoring legitimacy. Berman et al. found that public goods provision has a violence-reducing effect. But, the effect arises with relatively high volumes of public goods provision, because the population makes a rational choice. The government and insurgents compete with each other for information from the population. Both sides use positive and negative inducements to extract information. Berman et al. found that the population only provided information to the government when the benefits outweighed the costs of sharing

information. This echoes Leites and Wolf's (1970) point about denunciation and information. This most likely occurs in areas with initially the poorest endogenous service conditions and the largest boosts in exogenously provide public goods.

Lyall and Wilson (2009) explored the puzzle of why counterinsurgents routinely defeated insurgents in the 19<sup>th</sup> century, but routinely lost in the 20<sup>th</sup> century. This raises a more puzzling question. If HAM dominated late 20<sup>th</sup> century COIN policy and counterinsurgents have routinely lost during this period, why does HAM maintain pride of place in COIN thinking? Lyall and Wilson found that the increased mechanization of counterinsurgents after World War I inhibited the collection of information from the population. During the 19<sup>th</sup> century, the counterinsurgents had to forage among the population for resources, so they got to know the population. Lyall and Wilson found that proximity to the population allowed counterinsurgents to sift through the population for insurgents and learn what rewards and punishments to selectively apply to gain information from the people. These findings undermine modern HAM proponents' argument that counterinsurgents win the loyalty and affection of the people by living among them. Rather, living amongst the population allows the counterinsurgents to glean information that allows the counterinsurgents to choose the most effective carrots and sticks. The resulting counterinsurgent policies will adjust the population's behavior cost/benefit analysis and change the population's behavior.

### 2.6.2. HAM Successes?

HAM proponents hold up the Malayan Emergency, 1948-1960, and the “Surge” in Iraq, 2006-2007, as quintessential successes for HAM theory. Yet, analysis of both cases shows the HAM logic described in Section 2.5 cannot explain the outcomes in either Malaya or Iraq. The literature on Malaya paints “hearts and minds” as the British way of conducting counterinsurgency. According to the conventional story, the British were losing the war against Chinese communist insurgents between 1948 and 1951. During this timeframe, the British employed a policy of coercion, marked by counter-terror tactics. According to the HAM story, these policies led to the alienation of the population and a stalemate between the British and the Chinese.

Then, at the end of 1951, the British reassessed their policy and appointed Lieutenant General Sir Gerard Templer to take over operations in Malaya, combining the civil and military efforts under his leadership. HAM proponents argue that Templer understood that victory lay with the support of the population. Templer provided the leadership to change the organizational behavior of the counterinsurgents, shifting focus to civil operations that would improve the lives of the Chinese and win their affection away from the communists (Short 1975; Stubbs 1989; Ramakrishna 2001, 2002b).

This narrative, however, masks the continuation of many of the earlier coercive British policies, such as the forced move of over half a million Chinese civilians from their homes into resettlement camps. This story also ignores the selective use of rewards and punishments by Templer to coerce desired behavior from the Chinese

people (Hack 1999; Smith 2001; Hack 2009; Dixon 2009). Chapter 4 provides a deeper analysis of the HAM story in Malaya and the chapter also describes an alternative explanation for the British counterinsurgency success in Malaya.

A conventional wisdom narrative has also developed about how HAM theory led to the success of the Iraq “Surge” in 2007. HAM proponents argue that the increase in American troops allowed the coalition forces to implement a “clear, hold, and build” strategy as described in Section 2.4.2. The story describes how the coalition was able to provide physical security for the Iraqi people by clearing population centers of insurgents. Then, American soldiers, along with newly American-trained Iraqi Security Forces moved in to hold the areas cleared of the insurgents. By living among the population, the population got to know and develop a relationship with the counterinsurgents. Once the Coalition and Iraqi Government began rebuilding the population centers and providing public goods and services the counterinsurgents earned the affection and loyalty of the Iraqi people. This led to decreased support for the insurgents and lower levels of violence (Packer 2006; Biddle et al. 2008; Boot and Simon 2008).

Just like the Malaya narrative, this story masks other things happening at the same time. As Berman et al. showed, the population in Iraq made cost-benefit choices in providing information, rather than choices based on affection for the counterinsurgents. Further, this HAM story of the “Surge” downplays the importance of the “Awakening Movement” that began in the summer of 2006, well before the start and implementation of the “Surge”. The “Awakening” began as a Sunni tribal revolt against Al-Qaeda in Iraq, but quickly spread around the country amongst both the

Shi'a and Sunni populations. Essentially, the Coalition co-opted local level elites by distributing rent-seeking opportunities and decentralizing violent means to these elites, strengthening each of the elite's local power bases. And, at the same time, Coalition and Iraqi Forces continued counter-terror operations that targeted the insurgents. Chapter 5 discusses the conventional wisdom about Iraq in greater depth, and also provides an alternative model and supporting analytical narrative that draws different lessons from counterinsurgency operations in Iraq than the HAM story.

## **2.7. Conclusion**

“Hearts and minds” may make sense from a public opinion perspective but it is less useful from a theoretical or policy implementation perspective. While HAM proponents may describe a list of the right actions for counterinsurgents to take, these proponents explain how these tactics work for the wrong reasons. This chapter has explained the causal logic of the “hearts and minds” theory and developed a game theoretic model to show the expected strategic behavior of the actors in the HAM story. Further, the chapter has highlighted some problems with HAM theory.

The COINdinistas (Ricks 2009a) have dominated the current debate about how to fight an insurgency. This dominance has limited debate, preventing the discovery of successful mechanisms for counterinsurgents to employ. HAM's public relations rhetoric about winning affection and loyalty has obscured the fact that defeating an insurgency does not happen merely through the provision of carrots to the people. Previous rational-choice research about cost-benefit choices and balancing the use of carrots and sticks has largely been dismissed till now.

The next chapter develops an alternative theory to explain what mechanisms external actors can use to limit the impact of internal conflict on state-building. The theory shifts from the prevailing population-centric focus in both the theoretical and empirical literature on counterinsurgency to an elite-centric perspective. Further, the proposed theory of self-enforcing stability in Chapter 3 fills the missing credible commitment gap from the prevailing theory and addresses how it is possible to win “minds”.

### Chapter 3: Towards a Theory of Self-Enforcing Stability

*“The only refuge left for those who prophesy the downfall of the State governments is the visionary supposition that the federal government may previously accumulate a military force for the projects of ambition. ... It [is] necessary now to disprove the reality of this danger. ... The United States [would not have] an army of more than twenty-five or thirty thousand men. To these would be opposed a militia amounting to nearly half a million of citizens with arms in their hands, officered by men chosen from among themselves, fighting for their common liberties, and united and conducted by governments possessing their affections and confidence. ... [This militia] forms a barrier against the enterprises of ambition, more insurmountable than any which a simple government of any form can admit of.”* – James Madison, “The Federalist No. 46” (Hamilton et al. 1788 [2000], 304-305)

#### **3.1. Introduction**

This chapter proposes a new theory to explain the conditions under which it is possible for an external actor to successfully help post-conflict societies get on the path towards self-enforcing stability. The previous chapter described logical and empirical flaws of the prevailing counterinsurgency theory, “hearts and minds (HAM),” that purportedly underlies the current United States’ and the North Atlantic Treaty Organization’s (NATO) strategies for state-building in Iraq and Afghanistan. The theory in this chapter provides an alternative that overcomes HAM’s flaws by building upon the rational-choice institutionalism framework in the nascent state-building literature.

HAM theory has two primary logical flaws. First is the theory’s failure to address the credible commitment problem that exists between the counterinsurgents and the opposition. Second, HAM’s population-centric focus identifies the wrong key actors necessary to end conflict. Hence, HAM fails to recognize the importance of aligning incentives between the appropriate key actors. This chapter provides an alternative theory that avoids HAM’s flaws.

To develop an alternative theory, this dissertation started with two broad research questions: What conditions lead to successful state-building, and what is the role of external actors in this process? This dissertation defines state-building as the construction of self-enforcing governance structures that establish stability in the state and allow for economic, political, and social development to take place. An institution is self-enforcing when all actors behave in a manner that enables, guides, and motivates others to follow the institutionalized norms that reproduce or continue the institutions that led to the initial behavior to begin with (Greif 2006, 15-16). This dissertation focuses on the toughest situations for state-building—those rebuilding after civil conflict. Thus, a narrower research question can be defined: how can external actors help societies torn by civil conflict get on the path towards self-enforcing stability?

Using a rational-choice framework to overcome the logical flaws of the “hearts and minds” theory, this chapter shifts from the population to the elites as the unit of analysis, and focuses on how to align the incentives of the elites to overcome credible commitment problems. The theory in this chapter incorporates the role of incentives to further address the above question by identifying the attainable social order in the host society, because of the dissertation’s focus on stability as the measure of successful state-building. I emphasize social order, rather than regime-type, in order to highlight the societal basis of governance structures. Therefore, this dissertation seeks to answer an even more focused question: what is the appropriate social order external actors should help host nations attain in order for successful state-building to



take place, and what incentives can external actors provide to get host nations on this path?

Four hypotheses underlie the theory of self-enforcing stability developed in this chapter and tested in Chapters 4 and 5 of this dissertation. First, the theory in this paper shifts from the prevailing population-centric focus of the counterinsurgency literature to an elite-focus. As the competing elites are the source of the credible commitment problem that prevents the failed or fragile state from achieving stability, external actors should focus on solving that problem. Rather than focusing on the initial incentive for the external actor to intervene, this dissertation focuses on the efficacy of the external actor's intervention, i.e., what makes the external actor's guarantees credible.

*H1: An elite-centric, rather than population-centric, strategy will lead to greater success in establishing stability in conflict-torn states.*

Second, external actors should focus on helping failed or fragile societies become limited access orders (LAOs), rather than on democratization. LAOs solve the problem of violence by limiting access to benefits by identifying privileges, creating rents, and providing credibility to personal relationships (North et al. 2009a, 38). Failed and fragile societies face credible commitment problems between competing factions that prevent these states from establishing stability. Consequently, it is an unrealistic objective for external actors to try building sustainable democracies in these states.

*H2: External actors contribute to the establishment of stability more successfully when they help nations establish limited access orders rather than open access order (liberal democracies).*

Third, external actors should work to help internal actors overcome these underlying credible commitment problems, and put the internal actors on the path towards self-enforcing stability. The external actor can use different credibility mechanisms to guarantee pacts between a dominant coalition of elites, such as the provision of resources in the form of personnel, money, equipment, and time, as well as holding elections, developing institutions, and public statements of intent and commitment. These mechanisms enable and support the offended party in punishing the transgressor of the agreement, and allowing time for the pact to become self-enforcing.

*H3: An external actor is usually needed for internal actors to overcome their underlying credible commitment problems in order to put them on the path towards self-enforcing stability.*

Finally, counter to the Weberian concept of the state maintaining a monopoly of force, the theory in this chapter argues that the diversification of power helps internal actors overcome the credible commitment problem, has the potential to reduce levels of violence, and helps set the conditions for self-enforcing stability.

Diversification of power is achieved in two ways: 1) enabling multiple elites to maintain violent means, and 2) sharing rent-seeking opportunities that allow elites to increase their wealth. These diversifications enable elites who join the pact to maximize their wealth and influence over the long-run while retaining protection from other elites who may seek to limit their power.

*H4: The oligopolization of violent means amongst competing elites allows stability to develop in conflict-torn societies.*

In summation, this chapter provides an alternative to the standard Weberian approach to ending conflict in failed states that seeks to have external actors solve the problem of violence by forcing the opposition to lay down its arms and grant the government a monopoly over violence. The theory will show that a Weberian approach typically leads the government to abuse the opposition, so the opposition has no incentive to stop fighting. The standard approaches fail to recognize this incentive problem and therefore both misdiagnose the problem and provide inadequate solutions. This chapter identifies the problem as the failure of the government and opposition to provide credible commitments, and argues the solution is the diversification of power amongst a dominant coalition of government and opposition elites. This is an elite-centric theory, as opposed to the population-centric theory discussed in Chapter 2.

This chapter proceeds as follows. First, the chapter describes elements in the reigning literatures that the theory in this chapter draws upon, as well as discusses some challenges in the literature that help motivate this dissertation. Second, the chapter builds progressive models that incorporate the role of external actors in the state-building process, and proposes a theory of self-enforcing stability. The chapter then discusses how this proposed theory contributes to the literature. Finally, the chapter concludes by explaining how this dissertation will test the implications of this theory in subsequent chapters.

### **3.2. Informing Literatures**

The international relations and comparative politics literatures provide some, but limited, insight into how external actors can contribute to the development of stability in conflict-ridden states. This section briefly addresses some insights and challenges that the civil war, international peacekeeping, state-building, and counterinsurgency literatures provide for this dissertation.

The civil war literature has yet to reach a consensus regarding the factor driving the outbreak of civil wars. The main debate is between those who say civil wars are caused by grievances (Gurr 1970; Kalyvas 2006) versus those who attribute their outbreak to greed (Collier and Hoeffler 2002, 2004; Weinstein 2006) or opportunity (Fearon and Laitin 2003; Collier et al. 2009). This literature generally provides little exploration about the role external actors can have, if any, in ending civil conflict. Further, the civil war literature, particularly Kalyvas's (2006) story focuses on a single interaction between the actors, or a one-shot game, rather than repeated interaction.

The international peacekeeping literature discusses the role of external actors in overcoming credible commitment problems during the implementation phase following a peace agreement (Walter 2002), and when the peacekeepers shape the choices of the former combatants to prevent post-treaty exploitation (Fortna 2008). This literature provides a foundation for introducing the role of external actors in helping prevent conflict from recurring, and discusses successful mechanisms used by external actors to help maintain stability in post-conflict states. Yet, this literature does not discuss how external actor presence and resources can adjust incentives and

overcome the commitment problems during the combat phase of conflict. Nor does the literature fully describe how the peace enforced by external actors becomes self-enforcing, ultimately allowing the external actors to leave the host-nations.

The state-building literature provides different theories to explain the state-building process; yet, no comprehensive explanation predicts the conditions under which an external actor can contribute to successful state-building. The three main approaches (Krasner 2009) to state-building are modernization theory (Lipset 1959, 1960; Przeworski et al. 2000), political institutionalization (Huntington 1965, 1968; Fukuyama 2004), and rational-choice institutionalism (North et al. 2009a; North and Weingast 1989; Weingast 1997; Greif 2006; Acemoglu and Robinson 2006). Chapter 2 explained the causal logic of both modernization theory and political institutionalization, and how those two theories provide an unstated foundation for counterinsurgency theory. The rational-choice institutionalism approach focuses on the alignment of incentives amongst key actors to enable state-building. Each of these theories has compelling elements, but the theories ultimately focus on the domestic processes that lead to state-building. The theories that do consider external actors treat them as exogenous shocks to the process, or uncontrollable structural phenomena that occur like events in nature. This leaves room to improve upon the literature by treating external actors as controllable, or manipulable, factors that affect governance systems of states in which they intervene. In other words, examining the endogenous role of the external actors can make a contribution.

In the rational choice tradition, North, Wallis, and Weingast (NWW) (2009) provide a conceptual framework for understanding violence and social orders by

describing two societies: limited access orders (LAOs), or natural states, and open access orders (OAOs). Natural states are defined by the creation and manipulation of interests to ensure social order. Everything in these states is personal and driven by elites through patron-client relationships. These personal relationships also tie elites into dominant coalitions that spread the benefits they receive across the coalition, creating more benefits for the members. These natural states limit access to benefits by identifying privileges, creating rents, and providing credibility to personal relationships (North et al. 2009a, 38).

Over time, some countries develop into open access orders, which are essentially highly developed and consolidated, liberal and market-based democracies. To move from limited to open access orders, states must achieve three doorstep conditions that establish impersonal relations amongst elites—1) rule of law for elites, 2) perpetually lived public and private elite organizations (i.e., organizations that survive beyond the existence of specific individuals or groups), and 3) the state's monopolization of force (North et al. 2009a, 26). Elites in these societies create pacts to develop a dominant coalition that allows the elites to limit access to certain benefits in society. The importance of elite pacts also serves as the basis of the dominant theory that explains the transitions from authoritarianism to democracy in the 1970s and 1980s (O'Donnell and Schmitter 1986; Huntington 1993).

Yet, because social order has broken down, weak or failed states, such as those undergoing civil strife, do not fit into NWW's framework or the transitology literature. Additionally, NWW do not explicitly address the role of external actors as a part of the process in helping establish these social orders. As such, a realistic goal is to help

those societies develop into limited access orders. The transitology literature also did not address the role of external actors in helping states establish democracies, but does provide another point for thinking about the role of sequencing in establishing stability in unstable states. Rustow (1970) described a model with national unity as a background condition for a sequence of struggle, compromise, and habituation leading to the establishment of democracy. The democratic rules that Rustow argued that needed to come into being during the compromise phase and their habituation supports the idea of the role of rules in limited access orders. Those rules according to NWW may eventually expand beyond the initial elite-pact members and ultimately reach the doorstep conditions necessary for a society to develop into an open access order.

Using NWW's framework, it appears that is more realistic for external actors to help build limited access orders than liberal democracies and markets, because the initial challenge in conflict torn states is to provide incentives for the conflicting parties to form a mutually benefiting pact. By limiting access, the elites are guaranteed that they will maintain their power and wealth, as well as protection from the possibility of losing those privileges, which helps stabilize the society since the elites collectively increase their wealth and power by suppressing violence.

When external actors focus on establishing democracies and free-markets, despite the good intention of spreading freedom across society, this may actually further destabilize the society, because the elites fear they will lose their wealth and power, making the costs outweigh the benefits of ending conflict. Democracy proponents distinguish between electoral and liberal democracies (Diamond 2008). Fearon (2006) discusses the importance of elections as a self-enforcement mechanism

in democracies that aggregates private information to signal to the population when to rebel against a ruler. Building upon this insight, this dissertation views the simple holding of elections not as the establishment of a limited form of a democracy or a signal to the population, but as a signaling mechanism between elites about their willingness to agree to and enforce a pact. Building upon NWW's theoretical framework, this chapter argues that external actors must enable the development of pacts between elites by serving as credible guarantors. The "Third Wave" literature also emphasizes the importance of elite pacts in transitional societies (O'Donnell and Schmitter 1986; Huntington 1993), but also does not explicitly consider how external actors can contribute to the development and enforcement of these stabilizing agreements. As credible guarantors, the external actors ensure that if either the government or opposition cheats on the pact, they are punished and that the costs from the punishment outweigh benefits gained from reneging. By enforcing against transgressions from either side, the external actor sets the conditions necessary for the pact to become self-enforcing over time. Self-enforcement means that the government and opposition abide by the pact without the need for third party enforcement. If external actors try to skip social order progression by trying to directly build a liberal democracy without first establishing the doorstep conditions, they are likely to fail in helping establish self-enforcing stability, and hence, effective state-building in these nations.

The problem with the COIN literature is that it focuses on the wrong unit of analysis, or the entity of interest that affects the outcome under study in the research. The HAM approach focuses on the population as a unified actor. This dissertation



argues instead that to reduce violence and achieve stability, external actors should focus on elites as the actors of concern. The reason elites are important is because the population turns to meso-level, or local, elites to provide security and to distribute rents. The people support leaders who provide these services and goods, and turn against the leaders who cannot provide for the population's safety and material needs (Christia 2008, Forthcoming). Further, recent empirical work shows how elites drive mass opinion and behavior (Zaller 1994; Berinsky 2007; Blaydes and Linzer 2010). Thus, to understand the incentives of the population, one must first identify the incentives of the elites who lead the population.

This dissertation does not argue against the importance of the population, since as COIN theorists argue, securing and controlling the population allows for information gathering from the population that is vital to marginalizing the insurgents (Trinquier 1961 [1964]; Galula 1964 [2006]; Thompson 1966; Kitson 1971; Department of the Army 2006). Rather, this dissertation argues that the "hearts and minds" paradigm alone is insufficient, but not irrelevant, for explaining how to achieve stability in conflict-torn societies, because the HAM approach ignores the credibility problem between the conflicting parties. The theory in this chapter views the population as another parameter, like resources contributed by the external actor, that elites can access to have an impact on the stability in the society and on the ultimate social order to emerge.

In moving from a failed state to a limited access order, the population initially helps maintain the dominant coalition's pact. It is in the interest of the elites to get the population's support, because maintaining the pact is how elites increase their power

and wealth. It is in the populace's interest to follow the elites, because when the elites increase their wealth and power, as this paper's model will show, the elites reduce violence, ultimately improving the security and livelihood of the mass population. This dissertation argues that after achieving a stable limited access order and solving the credible commitment problem between elites, winning over the population contributes to maintaining the stability equilibrium.

### **3.3. Developing a Theory of Self-Enforcing Stability**

#### **3.3.1. Basic State-building Model**

Following a rational-choice approach, the model begins with the understanding that “the rational [actor] is one who combines his or her beliefs about the external environment and preferences about things in that environment in a consistent manner” (Shepsle and Bonchek 1997, 19). For the theory, this chapter defines the actors as coalitions of elites. The basic theory consists of three actors: the government, the opposition, and the external actor. As there may be many different members within each of these coalitions, this model assumes for now that each overcomes its own collective action problem. The players, then, are representative members from each of these groups. The inability of the players to achieve an agreement exists because of a credible commitment problem. Thus, a cooperation problem remains between the government and the opposition.

Without the external actor, a game exists where two parties are in conflict with each other over governmental control: the government and the opposition. This conflict prevents state-building from occurring due to instability, which I define as the

existence of violence at a level which prevents political and economic development from taking place. In this game, the government (G) moves first, followed by the opposition (O), and then nature (N) or the government moves in the third stage.

### *3.3.1.1. Order of the Game*

In the first stage, the government chooses whether or not to include the opposition in the government (see Figure 3.1). In the second stage, the opposition either chooses to cooperate by laying down their arms and joining the government, or to subvert by continuing to fight. In the third stage, if the government includes the opposition and the opposition cooperates, the government chooses to either fulfill its part of the pact by allowing the opposition into the government, or it reneges by breaking the agreement and leaving the opposition out. If the opposition subverts after the government tries to include the opposition, nature determines if the opposition succeeds with probability  $p$  and fails with probability  $1-p$  in overthrowing the government. But, when the opposition subverts after the government tries to exclude the opposition, nature determines if the opposition succeeds with probability  $q$  and fails with probability  $1-q$  in overthrowing the government. Probability  $q$  of opposition success is greater than probability  $p$ , because if the government includes the opposition, negotiations take place between the government and opposition about how to include the opposition, giving the government time to strengthen itself against the opposition under the cover of negotiations. This follows the logic of Fearon's (1998) model about ethnic conflict.

This chapter makes several assumptions in the game displayed in Figure 3.1. First, the government and the opposition are each unified actors, overcoming their own collective action problems. Second, the government conditions opposition participation in the governance process on disarmament. Third, the opposition has a large enough base of support to continue resistance for the foreseeable future. If not, the government is typically strong enough to command the territory. Additionally, the balance of power between the government and the opposition is equal to  $p$  or  $q$  depending on the choice to include or exclude, respectively, meaning that in the case of subversion the opposition is successful with probability  $p$  or  $q$ .

### 3.3.1.2. Actor Preferences

In the game without an external actor (Figure 3.1), both the government and opposition have ranked preferences for the possible outcomes of their interaction. The government's ideal preference, D, excludes the opposition while obtaining the opposition's cooperation, because the government would pay no cost of conflict and receive all of the benefits from controlling the government. The government's second best preference, B, initially includes the opposition and gets the opposition's cooperation, and then the government reneges. With outcome B, the government again avoids the cost of conflict, since the opposition gave up its arms when the opposition chose to cooperate, and the government receives all of the benefits from retaining monopoly control of the government. The government includes the opposition, receives the opposition's cooperation, and the government fulfills the terms of the agreement to include the opposition in government rule as its third

preference, A, because despite the government having to share the benefits of government control with the opposition, the government avoids all of the costs of war. The government's fourth preference, C, is for the opposition to subvert after including the opposition, because the delay in fighting during the negotiation period allows the government to increase its strength vis-à-vis the opposition and decrease the cost to the government of fighting by a factor of  $q-p$ . The government prefers for the opposition to subvert after the government excluded the opposition least, E, because the government pays a higher cost for conflict, since probability that the government will lose is  $q$ , and correspondingly, the government's share of the benefit controlling the government may decrease depending upon the outcome of the conflict.

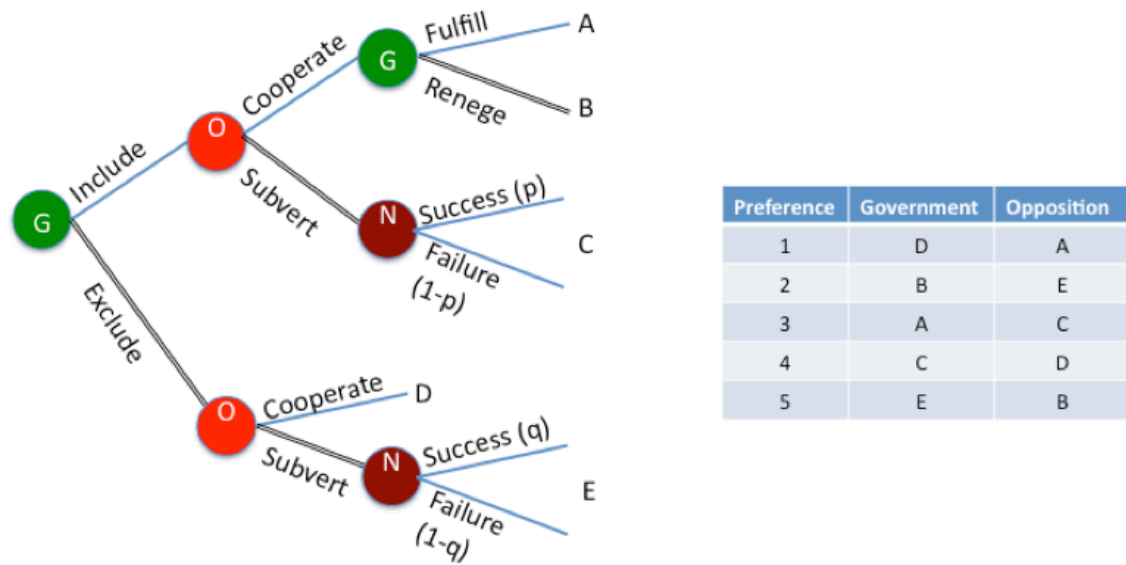
The opposition ranks its preferences of the outcomes from the game in Figure 3.1 differently than the government. The opposition's preferred outcome is A, because when the government includes the opposition, receives the opposition's cooperation, and the government fulfills the terms of the agreement, the opposition gets to share the benefits of government control with the government and avoid all of the costs of war. The opposition then prefers for the government to exclude the opposition and for the opposition to subvert, E, because the opposition retains its current strength compared to the government and has probability  $q$  of succeeding. The opposition's third preference is to subvert after inclusion, C, because despite the opposition's probability of success decreasing from  $q$  to  $p$  during the negotiation period that allows the government to strengthen itself relative to the opposition, the opposition still has a chance of achieving some of the benefits of government control. Cooperating with the government after exclusion, D, is the opposition's fourth

preference, because despite gaining no benefits from sharing government control, the opposition avoids all costs of conflict. The opposition's least preferred outcome, B, is for the government to include the opposition, for the opposition to choose to cooperate, and then for the government to renege. While avoiding the cost of conflict, the opposition pays the cost of giving up its ability to defend the opposition's interests, and the opposition again receives none of the anticipated benefits of sharing government control.

#### *3.3.1.3. Solving the Game*

Solving the game in Figure 3.1 through backwards induction, based on the preferences described above, reveals that a commitment problem exists between the government and the opposition. The problem is that the government is not credible in telling the opposition that if the opposition lays down its arms that it will not take advantage of them and renege on the agreement to incorporate the opposition into the governance process (Fearon 1995, 1998). Working backwards through the game tree in Figure 3.1, the government will choose to renege in stage three, since the government gains all of the benefits of governance with no cost of conflict. Thinking strategically, the opposition knows the government will renege, so in stage two the opposition will subvert. And if the opposition will subvert in stage two, implying the opposition will not lay down its arm during the negotiation process, the government will choose to exclude the opposition. When solving this game, despite the preference of the government for D and of the opposition for A, E is the game's sub-game perfect Nash equilibrium (SPNE). With this SPNE, the opposition fights, not because it wants

to win rather than negotiate, but because the government cannot credibly commit to honor any agreement with the opposition. The opposition would choose peace if the government would not renege. In other words, peace is not only about both sides' willingness to compromise; it is also about credibly implementing the agreement after the fact.



**Figure 3.1: State-building Game without External Actor**

Addressing this problem of credibly committing to agreements after the fact, Weingast (2005) defines four conditions for pacts to become self-enforcing, which I apply to the development of stability. First, pacts create structure and processes that provide rules of the game for participants in the pact. In the case of conflict-ridden state-building, pacts form limited access elite organizations. Second, the parties to the pact must believe they are better off with the agreement than without it. So, on average, the government and opposition achieves greater benefits, in terms of rent-

seeking opportunities and influence, under this pact. Third, the parties agree to change their behavior simultaneously. This is a challenge to achieve without external enforcement during ongoing civil conflict because of the lack of trust between the government and opposition. Not until after both parties have moved can the pact become self-enforcing. Fourth, the parties to the pact must defend the agreement against transgressions. In post-conflict state-building, the government and opposition elites have to be willing to police their own members who violate the pact.

### 3.3.2. Incorporating an External Actor into the State-building Game

The external actor enters the interaction here. Under certain conditions, the external actor provides the credible commitment that neither the government nor opposition can. This model assumes a benevolent external actor or one with benign intent, making the external actor unlikely to renege *ex-post*. As the government and opposition cannot overcome the above commitment problems on their own, the external actor can serve as a guarantor or arbitrator to hold both the government and opposition accountable to the terms of the pact between the parties.

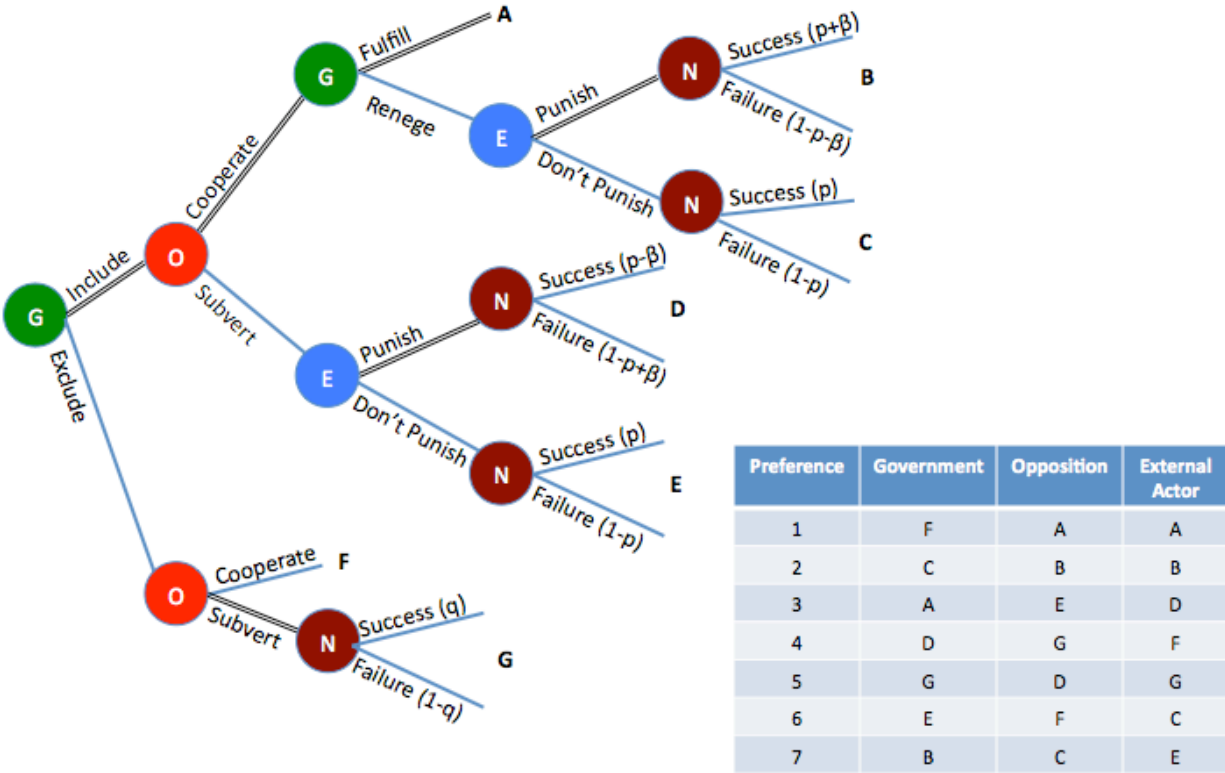
The provision of resources—personnel, money, equipment, time, elections, institutional development, and public statements of intent—are the mechanisms that the external actor can use to realign the incentives of the elites and make their agreements credible. Through personnel, the external actor is capable of helping both sides police the transgressions of their own coalitions, as well as policing the opposite side's defectors. And, personnel can help elites secure the portions of the population under the control of each of the elites, preventing one group from trying to reduce the



influence and power of another group, which would violate the pact. Money serves as a commitment mechanism, because the external actor provides rent-seeking opportunities for both the government and opposition, allowing both groups to extend their influence capabilities and limiting access to elite organizations. Equipment serves the purpose of enabling the diversification of force, which is necessary to attain social order in limited access orders, or natural states. Time serves as a credible commitment mechanism when the external actor's withdrawal timeline is ambiguous. While all parties know the external actor will eventually leave, it is important that there is not a clear departure date. The external actor is needed until a balance of power is achieved through the diversification of violent means and rent-seeking opportunities, which is what the provision of the three other resources helps accomplish. That is the point when stability becomes self-enforcing. Since the government and opposition recognize the need for an external actor, they each solicit the external actor's support.

The presence of an external actor changes the game described in Figure 3.1. The new game, displayed in Figure 3.2, relies on several new assumptions. First, the external actor engages only when the government is willing to include the opposition in the governance process, and when both parties see the external actor as a credible guarantor. Second, the external actor punishes any side that violates the terms of the pact. Third, the external actor can change the balance of power between the government and opposition by  $\beta$ . Finally, the external actor has certain preferences for the outcomes as well: it prefers B to C and D to E. The reason the external actor prefers to punish is because that is how the external actor maintains its credible

commitment and enables the pact over time to develop into one of self-enforcing stability.



**Figure 3.2: State-building with External Actor Support (“Podesta-type Model”)<sup>9</sup>**

3.3.2.1. Order of the Game

In the game in Figure 3.2, the government chooses to either exclude or include the opposition in the first stage. The subsequent moves are the same as those described in Figure 3.1 if the government excludes the opposition. If the government

<sup>9</sup> The use of the term *Podesta* to describe this model captures the general role of an outsider brought in to help build the Italian city-states, such as Genoa, in the late medieval period. While not an exact analogy of the role of outsiders today, this model assumes that modern external actors “promote political stability, curtail political violence, and foster economic prosperity” (Greif 2006, 217) as the *Podesta* did in Genoa between 1194 and 1339. The imperfect analogy exists because the *Podesta* garnered resources from the host-city-state, while external actors today, such as the United States, have their own resources and can dominate the host-nation in ways the *Podesta* could not.

includes the opposition, the opposition again chooses to either cooperate or subvert in the second stage. Now, the game changes from Figure 3.1 because of the role of the external actor. If the opposition cooperates then the government either fulfills or reneges on the agreement in stage three. If they fulfill, the opposition enters the government and the game ends, but if they renege, the external actor chooses to punish the government or not in the fourth stage. The external actor can use any combination of its credibility mechanisms— personnel, money, equipment, time, elections, institutional development, and public statements of intent —to punish the government, increasing the opposition’s probability of success by  $\beta$ . For example, the external actor can use its personnel to work with the opposition to fight and help overthrow the government, they can withdrawal financial support, they can withdrawal equipment and trainers, and they can either extend or shorten their stay in the host country. If the opposition subverts in the second stage, the external actor chooses to either punish them or not. If the external actor punishes the opposition it reduces the opposition’s probability of success by the amount  $\beta$ , which represents the external actor’s application of the credibility mechanisms.

#### *3.3.2.2. Actor Preferences*

As previously discussed, the external actor has preferences about the possible outcomes in the game. The external actor first prefers A. That is, the external actor wants conflict not to occur and lasting stability to form in the other nation. For this outcome to occur, the external actor must commit to the government and opposition to defend the elite pact, enabling the government to include a cooperative opposition and

for the government to fulfill its part of the pact. A fulfilled pact creates the conditions for self-enforcing stability to form. The external actor's second preference is to punish either side that transgresses from the pact, either if the government reneges after the opposition cooperates, B, or if the opposition subverts the government after the government chooses to include the opposition, D. The external actor prefers to punish the transgressor in order to maintain its credibility within the host nation, abiding by its commitment to the government and opposition, and to maintain its credibility within the international community in case other countries ask the external actor to intervene in the future in other locations. The external actor next prefers for the government to exclude the opposition and for the opposition to cooperate, F, because this avoids conflict and achieves short-term stability. But this is not self-enforcing, because the opposition will have no role in government and the opposition can only express future grievances through violence. Then, the external prefers for the government to exclude the opposition and the opposition to subvert the government, G, because this provides an opportunity for the opposition to create the conditions where the two groups have to come to an agreement that can potentially lead to short-term stability. The external actor least prefers for the government or opposition to break the pact and for the external actor to not punish the transgressor, either the government reneges, C, or the opposition subverts, E. This is the external actor's least preferred outcome, because it exposes the external actor's lack of credibility, which impedes the external actor's ability to help build self-enforcing stability in the host nation or in future interactions with other countries.

The credibility of the external actor leads the government and opposition to modify each of their preferences as shown in Figure 3.2. The government and opposition's primary preferences remain the same, but each of them prefer for the external actor to punish their counterparts for any transgressions over letting nature determine the outcome completely as in the game in Figure 3.1. Each prefers for the external actor to punish the transgressor, because that increases the transgressed share of the benefits and reduces its costs, and because the punishment maintains the pact, improving the conditions for both the government and opposition in the long-run.

#### 3.3.2.3. *Solving the Game*

The credibility of the external actor changes the conflictual sub-game perfect Nash equilibrium (SPNE) described in Figure 3.1 to a cooperative, reduced violence SPNE, A, in Figure 3.2. Backwards induction shows how the presence of the external actor ensures that a balance of power emerges between the government and the opposition, and shifts the SPNE. In the last stage of the top two branches of the game, the external actor faces the decision to punish the government or opposition's transgressions or not. In accordance with the preferences outlined above, the external actor punishes either the government or the opposition. Knowing the external actor will do this, the government chooses to fulfill rather than renege on its agreement, and in the stage prior to that, the opposition chooses to cooperate rather than subvert. The lower branch of the game is the same as in the first game because the external actor is not involved, so the opposition will choose to subvert knowing that they have a probability  $q$  of succeeding against the government. In the first stage, the government

strategically sees that it is less costly to include the opposition and the potential benefits are greater than to exclude the opposition, and this is consistent with the government preferences described earlier.

So, the presence of the external actor changes the outcome of the first game. The inability of the government and opposition to credibly commit to one another created the problem in the first game that led to the government's decision to exclude the opposition and for the opposition to choose to subvert, leading to a conflict decided by nature. With the external actor's presence and credibility to enforce the pact, the government and opposition determine that it is in each of their self-interests to receive the benefits provided by the external actor's presence and avoid the costs of conflict. The external actor's credible commitment mechanisms, which require a pact between the government and opposition, help reduce violence to a manageable level and allow stability to take hold because the government and opposition want to avoid the external actor's punishment.

The solution the external actor provides in the second game to the commitment problem from the first game leads to the conditions for self-enforcing stability to occur. The greater amount of resources provided enhances the external actor's ability to serve as a guarantor, and the resources also allow for the government and opposition elites to diversify their means of violence and rent-seeking opportunities. So, rather than the resources on their own improving stability (Dobbins et al. 2003; Dobbins et al. 2005; Dobbins et al. 2008), "more is better" to the point where the resources serve a credibility function. With the diversifications of violent means and rent-seeking opportunities, the government and opposition police violators within their

own groups, because the pact makes them better off on average over the long-run. Over time, as the government and opposition solidify the balance of power between them and internalize the self-interest of protecting the pact on their own, this allows the external actor to incrementally transfer enforcement responsibilities to the government and opposition. This implies the need for another game that describes the achievement of self-enforcing stability, meaning that the government and opposition no longer have a credible commitment problem between them, and an exit strategy for the external actor exists. Section 3.3.4 develops such a game, but before that, the next section builds a variation of the model just described by incorporating a non-benign external actor.

### 3.3.3. “Post-(Neo)Colonial Model” for a Theory of Self-enforcing Stability

The model in Figure 3.2 assumes benign or noble intent by the external actor. The framework of the broader theory in this chapter allows for changing that assumption, making the external actor a strategic player in the game. The behavior of a colonial power necessitates modifying the benign or benevolent assumption. Under these circumstances, the colonial power has a stake and interest in shaping the outcome of events between the government and opposition to favor the colonial power’s interests. The distinction between the colonial power as an external actor and colonial power as the government is blurred during periods of colonial rule. Yet, it is still possible to distinguish the external actor from the portion of the population favored by the colonial power.

This argument maintains several fundamental assumptions. First, the external actor wants to leave a stable state behind that supports the external actor's economic and national security interests. Second, favor from the external actor generally comes in the form of privileged positions in the government and the security forces given to the favored segment of the population; generally following colonial-style "divide and conquer" tactics. Third, the favored party supports the colonial-type rulers in governing the colony. Fourth, the favored segment of the population expects to assume governance from the colonial power upon independence. Fifth, the government and opposition both want the external actor to leave, allowing their group, respectively, to dominate the governance structures.

Based on these assumptions, this model treats the favored group as the government, the colonial power as the external actor, and those who challenge the government or external actor as the opposition. The theory throughout this chapter focuses on how external actors can help societies torn by civil conflict get on a path towards self-enforcing stability. This section explains how the external actor can help the government and opposition achieve lasting stability after the external actor departs from the territory and governance structures.

Since the external actor is a strategic actor, the external actor still has to support the four main arguments of the general theory to achieve the goal of self-enforcing stability. First, the external actor must help solve the commitment problems between the government and opposition. Second, rather than seeking the Weberian monopolization of force, the external actor should help decentralize violent means between the government and the opposition. Third, as competing elites are the source



of the credible commitment problem that creates instability, the external actor should initially have primarily an elite-centric focus for solving the commitment problems before shifting to population-centric strategies. Finally, the parties to the conflict should focus on transitioning to a limited access order rather than a liberal democracy. So, the overall argument of the general theory remains. The problem of conflict and instability comes from the failure of the government and opposition to provide credible commitments to one another. The solution to the problem is for the external actor to provide the initial credible commitment that enables the diversification of power amongst a dominant coalition of government and opposition elites.

As in the general model, described in Section 3.3.2, the external actor allows the government and opposition to credibly commit to honor their agreement, which they are unable to do in the absence of the external actor. Despite the non-benign strategic actor in this model, the external actor still has mechanisms that allow the external actor to have potential credibility—that is, to credibly threaten to punish any transgression. While the government and opposition may distrust the external actor, particularly following strategies of “divide and rule” to maintain power in a colony, distrust does not negate the potential credibility achieved through several mechanisms. As in the general model, the external actor can provide resources, such as personnel, money, equipment, and time, and hold elections, conduct institutional development, and make public statements of intent to prove its credibility.

As before, the personnel allow the external actor to help government and opposition elites police transgressors of their own coalitions, respectively, as well as the opposite side’s defectors. Personnel also help provide security for the population

under the control of each of the elite groups. Money still allows the external actor to provide rent-seeking opportunities to both government and opposition elites, allowing the elites to extend their influence and limit access to elite organizations. In this model, though, the external actor may distribute money raised within the host territory through taxation or natural resource revenues rather than contributing money directly from the external actor's treasury. Equipping the government and opposition still serves the purpose of decentralizing force, which allows for the creation of a balance of power, self-security, and the ability to attain social order within a natural state.

The ambiguity about a timeline for withdrawal remains an important credibility mechanism under this "Post-(Neo)Colonial Model," along with a couple of additional mechanisms accompany time. The external actor must take a few concrete steps to prove to the government and opposition that the external actor will actually leave due to the colonial legacy. The additional mechanisms that complement time includes: 1) elections, 2) institutional development, and 3) formal public statements of intent.

Most arguments about elections revolve around the role of elections in creating democracy. The theory presented here, however, views the elections mechanism differently. Elections serve the function of solidifying the pact between the government and opposition. They also signal that the external actor will ensure that the elites to the pact can run in and assume office after the elections. Instituting a series of elections over time, starting locally and moving upward nationally, allows the external actor to maintain stability during the transition and show its commitment to eventual transition to host rule.

Also, establishing similarly structured governance institutions at all levels of government, with members to the elite pact given bureaucratic and leadership positions in the institutions, further strengthens the external actor's credibility. It proves the external actor's intent to leave and that the external actor will maintain a balance of power between the government and opposition elites. Combined with time, this mechanism allows for the training of host nation civil servants who can effectively manage the nation's governance structure. Additionally, as elections take place, the winners assume positions previously held by government or external actor appointees.

The final additional mechanism that may complement time and the other resources is formal public statements of intent. Public pronouncements by the external actor declaring the intent to grant self-rule or independence helps solidify the external actor's credibility to the government and opposition elites. These public statements create international and domestic audience costs for the external actor, so the elites to the pact know that the external actor has to eventually follow through on its commitment to leave (Fearon 1994). By announcing a conditions-based, rather than set-date, timeline, the external actor can remain until the needed balance of power between the government and opposition elites is attained through the decentralization of violent means and rent-seeking opportunities. All of the above mechanisms work together to create the conditions needed for self-enforcing stability to take hold.

The new game for the "Post-(Neo)Colonial Model", displayed in Figure 3.3, modifies the game and some of the assumptions in Figure 3.2. Before explaining the order of this new game, it is necessary to state its assumptions. First, the external actor starts out in control of the host nation's governance structures, maintaining final

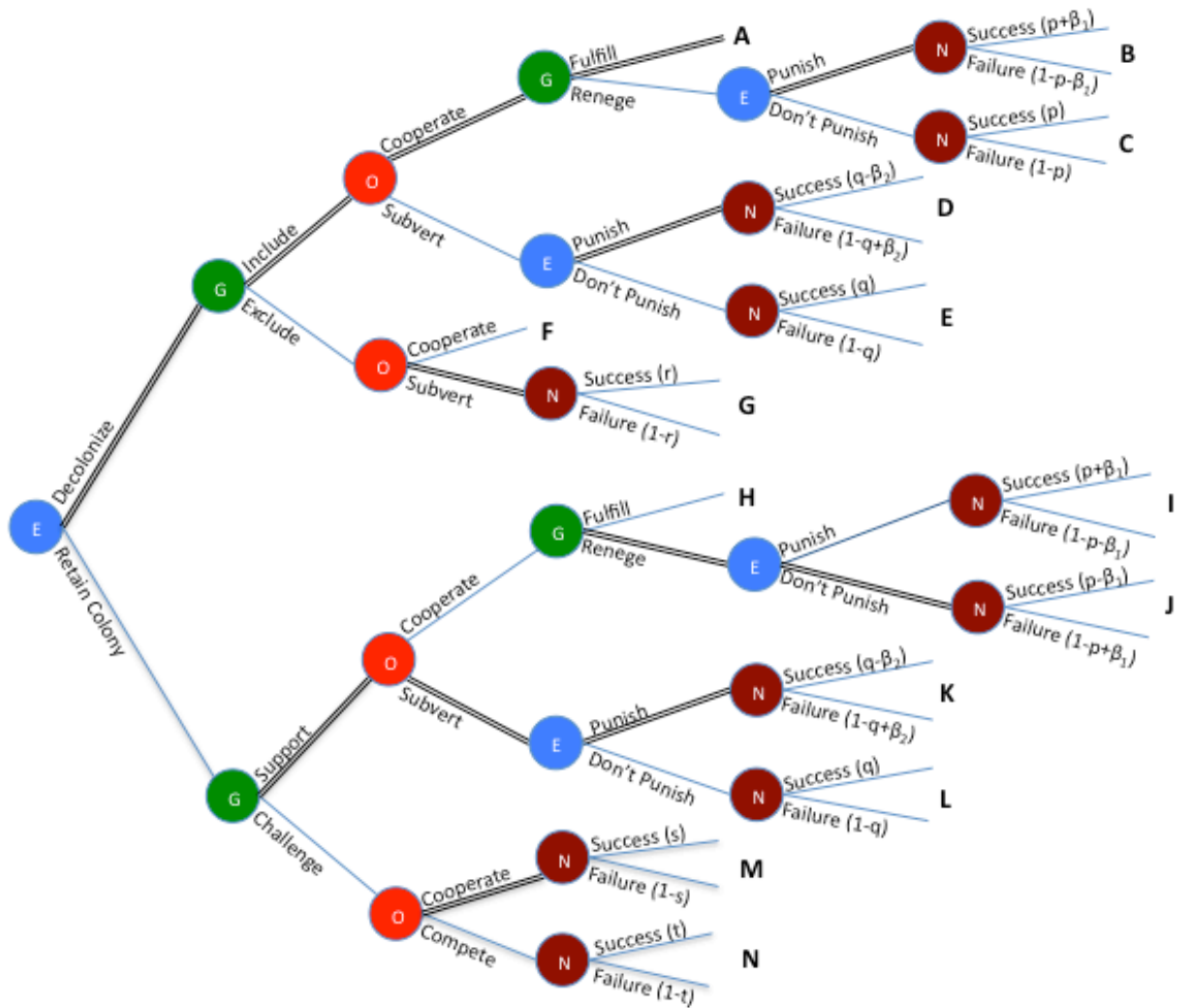
decision-making authority, even with local elites in leadership positions. Second, the government and opposition see the external actor as a credible guarantor. Third, the external actor will punish any side that violates the terms of the pact. Fourth, the balance of power between the government and opposition is equal to  $p$ ,  $q$ , or  $r$ . If the government includes the opposition and the opposition cooperates, the opposition's probability of success is  $p$ . If the government includes the opposition, but the opposition subverts after some negotiations, the opposition's probability of success is  $q$ . The opposition's greatest probability of success,  $r$ , exists when the opposition subverts after the government excludes them. The probabilities vary based on the time the government has to strengthen its forces vis-à-vis the opposition, so  $r > q > p$ . Fifth, the external actor can change the balance of power between the government and opposition by  $\beta_1$  or  $\beta_2$ . Finally, the external actor desires a stable state that will support the external actor's economic and national security interests.

#### *3.3.3.1. Order of the Game*

In the game in Figure 3.3, the external actor is the first mover, making it different from the general model in Figure 3.2 where the government moves first. In the first move, the external actor chooses either to decolonize or retain the colony. The subsequent sub-game in the upper half of Figure 3.3 is the same as described in Figure 3.2, starting with the government decision to include or exclude the opposition, if the external actor decolonizes. Next, the opposition chooses to cooperate or subvert. The government then either fulfills or reneges on cooperation. Then, the external

actor punishes or fails to punish the transgressing actor, and nature determines the victor between the opposition and the government.

The game changes more significantly than just the external actor moving first, if the external actor retains the colony. The lower half of Figure 3.3 then begins a sub-game with the government as the next mover. The government either supports or challenges the external actor. Support means the government wants to continue its status quo relationship with the external actor. Challenge means that the government wants to change the status quo and desires the departure of the external actor from the state's governance structures. If the government supports, then the opposition cooperates or subverts. The rest of the sub-game follows the same pattern of moves following government inclusion in the upper part of Figure 3.3. The external actor can use the combination of any of the credibility mechanisms discussed earlier— personnel, money, equipment, time, elections, institutional development, and public statements of intent—to punish the transgressor, either the government or opposition. If the external actor punishes the government, the opposition's probability of success,  $p$  or  $q$ , increases by  $\beta_1$ , while punishing the opposition decreases the opposition's probability of success by  $\beta_2$ .



**Figure 3.3: Transitional State-building: Towards Self-Rule (“Post-(Neo)Colonial Model”)**

If the government challenges the external actor in the second move, the subgame follows a new path. The opposition then chooses to cooperate or compete with the government. Cooperate means that the opposition combines forces with the government to challenge the external actor. Compete means that the opposition works against the government in challenging the external actor. If the opposition and government cooperate, their probability of successfully defeating the external actor is  $s$ . If the opposition and government compete, their probability of success is  $t$ . The

paper assumes that  $s > t$ , because if both the government and opposition desire the defeat of the external actor, the probability of doing so is greater when they fight the external actor together. The government and opposition fighting together against the external actor is possible when the benefit of decolonization minus the cost of decolonization ( $B_D - C_D$ ) is greater than the benefit of maintaining colonization minus the cost of maintaining colonization ( $B_M - C_M$ ):  $(B_D - C_D) > (B_M - C_M)$  for the government and the opposition.

#### 3.3.3.2. *Actor Preferences*

The external actor first prefers for conflict not to occur, and lasting stability to form at minimal cost to the external actor. So, the external actor commits to decolonization and defense of an elite pact, enabling the government to include a cooperative opposition and for the government to fulfill its obligations, A. As shown in Figure 3.4 below, the fulfilled pact creates the conditions for self-enforcing stability. The external actor's second preference is to punish the pact's transgressor. This is when either the government reneges following opposition cooperation, B, or the opposition subverting after government inclusion, D. Punishing transgression allows the external actor to maintain its credibility to the parties of the elite pact, as well as internationally. The third preference for the external actor is to retain the colony while maintaining government support, opposition cooperation, and government fulfillment of the pact, H. The external actor prefers B or D over H, because while the short-run cost of punishing transgressors may be high for the external actor, the long-run cost of maintaining colonial rule is greater. The external

actor also prefers the above outcomes to the following, because all of the above can lead to self-enforcing outcomes, meaning stability endures.

The external actor next prefers for the government to exclude the opposition and for the opposition to cooperate, F. While this avoids conflict and achieves short-term stability, the exclusion of the opposition in government leaves the opposition only with the option of violence to express future grievances; hence, it is not self-enforcing. The opposition would never cooperate after exclusion, so this outcome is off the equilibrium path—Section 3.3.3.3 discusses the outcome equilibria of this game. Then, the external actor prefers either to not punish the government for renegeing on opposition cooperation, J, or to punish the opposition after opposition subversion following government support for the external actor retaining the colony, K. The external actor rewards the government for its support of continued colonization by punishing the opposition's, but not the government's, transgression because the external actor's primary concern is maintaining its own economic and national security interests. This may enable short-term stability by strengthening the government, but will inhibit a self-enforcing pact and external actor credibility. The next preference, punishing the government for renegeing, I, creates the potential for a self-enforcing pact by showing the opposition that the external actor can serve as an honest broker. However, the costs to the external actor for following the sub-game to I are greater than for J and K, because of the greater uncertainty about instability to follow that will hurt the external actor's interests.

The external actor's seventh preference, G, costs the external actor less than J, K, or I, but adds even greater uncertainty about possible instability with a direct



conflict between the government and opposition in the immediate aftermath of decolonization. The third to last preference for the external actor is to not punish the transgressor of the pact—the government, C or L, or the opposition, E—because it will affect the external actor’s utility gained from enforcing the agreement and will limit the likelihood of self-enforcing stability. The penultimate preference is for the government to challenge the external actor and the opposition to compete against the government, N. Fighting to maintain the colony is very costly to the external actor, but the division between the government and opposition provides an opportunity for the external actor to exploit and employ “divide and rule” tactics. This may lead to short-term stability, but not a self-enforcing mechanism. The external actor’s least preferred outcome is to face a unified government and opposition that challenge the decision of the external actor to retain the colony, M. This outcome creates the maximum cost to the external actor with the least likelihood of a stable state that will support the external actor’s economic and national security interests.

The role of the external actor as the first mover in this game leads to some changes in the government and opposition preferences in the general model described with Figure 3.2. The model in Figure 3.3 assumes that while their preferences diverge, the government and opposition both ultimately prefer stable self-rule rather than remaining under the yoke of an external actor. But, while wanting stability, each side prefers to maximize its own rent-seeking opportunities and share of power.

The government’s top preferences follow the decolonization path. Decolonization provides the government the opportunity to gain more power in the country as the external actor departs. The first preference remains where the

government excludes a cooperative opposition, F, reaping all of the benefits of government control without any costs of conflict. But, this will only happen if the opposition is very weak and unable to resist. Next, the government prefers to renege on a cooperative opposition without punishment by the external actor, C, since the opposition will have given up its arms, giving the opposition its lowest probability of success,  $p$ . Next, the government prefers to fulfill its agreement with a cooperative opposition following decolonization, A, because the government avoids the costs of war and, even by including the opposition, increase its power and rent-seeking because the external actor is gone. Fourth, the government prefers outcome D, because the external actor punishes the opposition, increasing the benefits to the government while decreasing the costs of fighting the opposition alone. This also reduces the opposition's probability of success by  $\beta_2$ .

The government then prefers to support the maintenance of the colony and renege on a cooperative opposition without punishment from the external actor, J, because this decreases the opposition's probability of success by  $\beta_1$ . The government expects greater benefits at a lower cost. The sixth preference is to avoid all costs of conflict and share power with the opposition under colonial rule, H. Next, the government prefers to challenge the external actor with a cooperative opposition, M. This gives the government the greatest probability of success in defeating the external actor,  $s$ , and allows the government to share the costs of fighting the external actor. Eighth, the government prefers that the external actor punish the subverting opposition after the government supports the maintenance of the colony, K. Then, the government prefers to face an excluded, subverted opposition after decolonization, G.

The government's tenth preference is for the external actor to not punish the opposition after subverting government efforts to either include after decolonization, E, or government efforts to support the external actor's maintenance of the colony, L. These outcomes reduce the external actor's credibility and increase the opposition's probability of success to  $q$ . The government's penultimate preference is to fight a two-front war, N, when the government challenges the external actor and the opposition competes with the government. The least preferred outcome is when the external actor punishes the government for renegeing on agreements made by the government to include a cooperative opposition following decolonization, B, or when the opposition cooperates with the government that supports the maintenance of the colony, I. The punishment by the external actor increases the opposition's probability of defeating the government by  $\beta_1$ .

The opposition's preferences remain largely at odds with the government's preferences in this game as they did in the "*Podesta Model*" in Figure 3.2. The opposition's preferred outcome remains A, because it allows the opposition to share the benefits of power with the government while avoiding the costs of war. For the same reasons, the next preference is H, even though the benefits of government control are now split three ways with the external actor. The opposition then prefers to cooperate with the government as it challenges the external actor, M. Even with uncertainty about the long-term distribution of power, this increases the chances of success in removing the external actor. Next, the opposition prefers that the external actor punish the government for renegeing on deals the government makes with the

opposition. The opposition prefers B to I, because of only having to distribute power between two rather than three actors, respectively.

Preference	Government	Opposition	External Actor
1	F	A	A
2	C	H	B, D
3	A	M	H
4	D	B	F
5	J	I	J, K
6	H	G	I
7	M	E, L	G
8	K	N	C, E, L
9	G	D, K	N
10	E, L	F	M
11	N	C	
12	B, I	J	

**Table 3.1: Summary of Actors' Preferences in Transitional State-building Model**

When the opposition subverts, it prefers outcome G, because if the opposition subverts following government exclusion, the opposition retains its current strength and has its highest probability of success,  $r$ , against the government. The opposition then prefers that the external actor not punish the opposition for subversion after inclusion or support from the government, E or L, because the opposition can face the government without interference even with the probability of success decreased to  $q$ . Next, the opposition prefers to compete with the government while it is challenging the external actor, N, because this requires the government and external actor to split their conflict efforts, improving the opposition's probability of success. Then, the opposition prefers to subvert after inclusion or support by the government knowing the

external actor will punish the opposition, D and K, because the opposition retains probability  $q-\beta_2$  of success.

Cooperating with the government after exclusion, F, is the opposition's next preference because the opposition avoids all the costs of war even though it gains no benefits from sharing government. The second to last preference for the opposition is for the government to include, the opposition to cooperate, the government to renege, and the external actor to not punish the government, C. The opposition's probability of success decreases to  $p$  because the opposition has given up its ability to defend its own interests. But, the least preferred option, J, is worse because with the external actor remaining as a colonizer, the external actor provides tacit and possibly direct support by not punishing the government, further decreasing the opposition's probability of success to  $p-\beta_1$ .

#### 3.3.3.3. *Solving the Game*

Solving the game in Figure 3.3 through backwards induction shows how the credibility of the external actor prevents the possibility of a conflictual sub-game perfect Nash equilibrium (SPNE) and leads to a cooperative, reduced violence SPNE, whose outcome is A. This builds upon the understanding gained from the game in Figure 3.2 about the external actor ensuring the emergence of a balance of power between the government and the opposition. In the last stages of each branch of the game, the external actor must decide to punish the transgressor or not. In accordance with the described preferences, the external actor punishes both the government and opposition when the external actor decolonizes, but will only punish the opposition if

the government chooses to maintain the colony. Therefore, the external actor solves the credibility problem between the government and opposition during decolonization, but contributes to the problem under colonial maintenance. Knowing what the external actor will do, in the upper branch of the game, the government will fulfill its agreement, and in the stage prior to that, the opposition will cooperate. Without the external actor's presence, the opposition will subvert since the opposition has a greater probability of success,  $q$ ; therefore, the government will include the opposition in the prior stage.

In the lower half of the game, the external actor exacerbates the credible commitment problem, since the opposition knows that the external actor will favor the government at the expense of the opposition. So, in the stage prior to the external actor's decision to punish, the government will choose to renege on its deal with the opposition. This will lead the opposition to choose to subvert in the stage prior, because their probability of success in defeating the government,  $q-\beta_2$ , is greater even when punished by the external actor, than if the external actor does not punish and tacitly supports the government for renegeing,  $p-\beta_1$ . When the choice is cooperating or competing with the government, the opposition will choose to cooperate since that has the greatest probability for defeating the external actor,  $s$ . But, in the stage prior, the government will choose to support the external actor because of the long-term uncertainty about the future despite the opposition's short-term cooperation. The government and opposition fail to credibly commit to each other. This leads to the external actor choosing to decolonize in the first stage of the game.

Despite changing the first mover in the above game compared to the general game in Figure 3.2, the external actor still must provide the credible commitment that the government and opposition cannot give to each other. This enables self-enforcing stability to take hold during the transition from colonial rule. Yet, the possibility of a self-enforcing agreement between the government and opposition elites that protects the external actor's economic and national security interests only exists in the upper half of the game—transitioning from colonial-type rule. The external actor's credible commitment mechanisms in this game—personnel, money, equipment, time, elections, institutional development, and formal public statements of intent—enable the government and opposition elites to recognize that an elite pact is in each of their self-interest. The external actor's credible threat of punishment helps reduce violence to a manageable level and allows stability to take hold since the government and opposition recognize the benefits of maintaining the pact exceed the costs of breaking it.

As the elite pact solidifies during the external actor's transition away from (neo)colonial rule, a stable balance of power develops between the government and opposition. The balance of power stabilizes through the diversification of violent means, rent-seeking, and power in governance institutions. As this balancing occurs, initially with the assistance of the external actor's credible commitments, the self-enforcing nature of the pact emerges. The government and the opposition begin to develop their own ability to provide credible commitments to one another through the period of balancing and stabilization. As the external actor transitions out of governance control, the government and opposition take on greater shares of the

burden of making their promises to each other credible. Ultimately, self-enforcement may take hold once the external actor exits and gives self-rule to the government and opposition elites.

#### 3.3.4. Model of Post-Transition Self-Enforcement

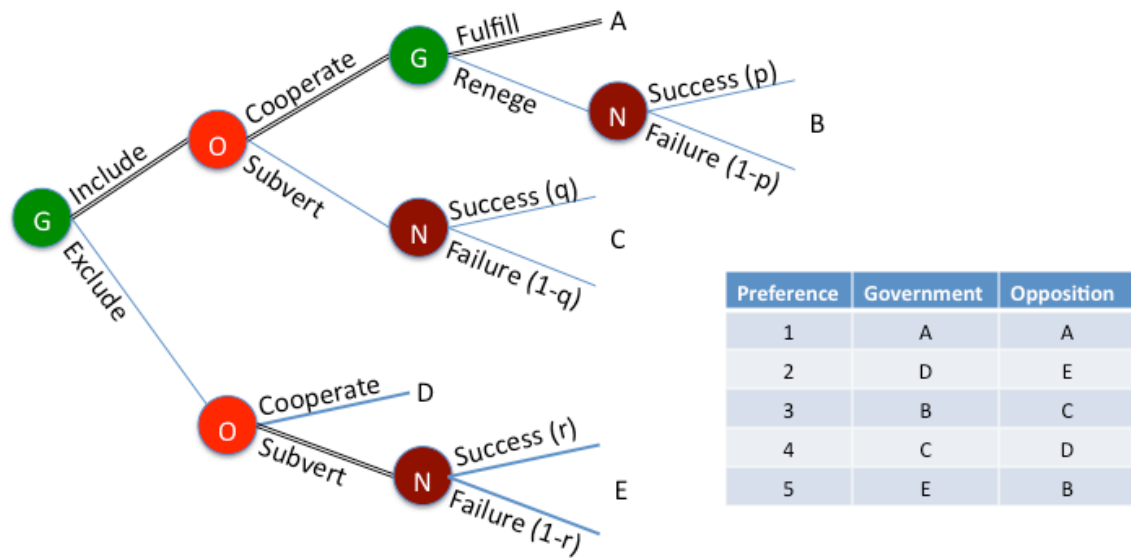
Figure 3.4 shows a model for how the elite pacts described above lead to self-enforcing stability. The below figure looks similar to Figure 3.1 (State-building Game without External Actor), but the transition process described above alters the government's preferences and the government's and opposition's expected behavior, leading to a change in the SPNE. The game in Figure 3.1 described a conflictual SPNE because neither the government nor opposition could credibly commit to implementing an agreement after the fact. The new game describes how the government and opposition can maintain the cooperative, reduced violence SPNE established in the games of Figures 3.2 and 3.3.

Several assumptions exist for the game in Figure 3.4. First, the external actor established stability and a power-sharing pact between the government and opposition before exiting. Second, the power-sharing arrangement achieved through the diversification of violent means and rent-seeking opportunities changed the cost and benefit values of decisions in the game. Third, the ability of the government and opposition to guarantee their own security and protect their material interests allows both sides to credibly commit to one another if they choose.

The government now prefers to maintain the elite pact, following path A: government inclusion, opposition cooperation, and government fulfillment. The



government recognizes the long-term benefit of fulfilling the elite pact is greater than the short-term gain from renege. Next, the government prefers exclusion followed by opposition cooperation, D, since the government will receive all the benefits of power without any costs of conflict. The government prefers A over D because it recognizes that by choosing to share with the opposition the government will have greater overall benefits in the long-term by avoiding the cost of future conflicts with the opposition. Then the government prefers to renege on the pact, B, over the opposition subverting after inclusion, C, or exclusion, E. The opposition's probability of success increases from B to C to E, since  $p > q > r$ . The opposition's preferences remain the same as in the game from Figure 3.1, but now the government and opposition both have the same first preference, A.



**Figure 3.4: Self-enforcing Stability without an External Actor**

The elite pact that formed before the external actor's exit, because of the external actor's credible commitment mechanisms, adjusted the costs and benefits of

each of the paths in the upper half of the game in Figure 3.4. Solving the game through backwards induction clarifies the cost and benefit adjustments enabled by the balance of power and stability achieved from the games in Figures 3.2 and 3.3. In the last stage of the game in Figure 3.4, where the government chooses to fulfill or renege, the government fulfills due to the long-term gains from the existing elite pact. This means the benefit minus the cost of fulfillment ( $B_F - C_F$ ) is greater than the benefit minus the cost of renegeing ( $B_R - C_R$ ). In the preceding stage of the upper half, the opposition chooses to cooperate knowing that the government fulfills its part of the agreement. Here, the benefit minus the cost of cooperation ( $B_C - C_C$ ) exceeds that of subversion ( $B_S - C_S$ ). In the lower half of the game, however,  $B_S - C_S > B_C - C_C$  since the opposition fails to receive any of the benefits of cooperation, so the opposition subverts. Understanding this, the government chooses to include the opposition in the first stage since the benefits minus the costs of inclusion exceed those of exclusion ( $B_I - C_I > B_E - C_E$ ). This makes path A the sub-game perfect Nash equilibrium of the game. Backwards induction shows that the SPNE is the one in which the government and opposition maintain the cooperative, reduced violence SPNE established in the games from Figures 3.2 and 3.3.

### **3.4. Conclusion**

This chapter developed a theory of self-enforcing stability to explain how external actors can help bring about stability and social order in conflict-torn societies. The theory's four main arguments run counter to the conventional wisdom of the counterinsurgency literature and build upon theories within the state-building literature

by explaining under what conditions an external actor may help end civil conflict. This chapter showed how a credible commitment problem lies at the heart of civil conflict. The two different extended form models (Figures 3.2 and 3.3) in this chapter, based on rational choice institutionalism, theorize how external actors can enable the competing government and opposition to overcome this credible commitment challenge.

The theory needs these two different models based on how the external actor enters the role of enabler in the state-building process. The model in Figure 3.2 describes how an external actor enters the interaction between the government and opposition from abroad after civil conflict has erupted. The model in Figure 3.3 describes the role an external actor has in enabling stability when the external actor is already involved in the host nation's internal affairs prior to the eruption of civil conflict.

In the first model (Figure 3.2), the external actor performs a function similar to the *Podesteria* of the late Middle Ages. During this time, the republics of the Italian city-state sent outsiders, *Podestas*, to dependent cities, or city-states hired their own *Podesta*, to administer the city and avert conflict between competing local elites. *Podestas* enabled credible commitments between these parties by treating each side equally and protecting the defenders against the defectors of the pact (Greif 1998, 2006). The external actor functions as a colonial, imperial, or trustee power in the second model (Figure 3.3). This model assumes that the external actor intends to transition away from external actor to host nation independent rule, enabling the actor to facilitate a credible pact between the conflicting parties in the host nation.

The next two chapters will test these two models and the four main hypotheses of the theory of self-enforcing stability presented in this chapter through case study analysis. Again, these four hypotheses are:

*H1: An elite-centric, rather than population-centric, strategy will lead to greater success in establishing stability in conflict-torn states.*

*H2: External actors contribute to the establishment of stability more successfully when they help nations establish limited access orders rather than open access order (liberal democracies).*

*H3: An external actor is usually needed for internal actors to overcome their underlying credible commitment problems in order to put them on the path towards self-enforcing stability.*

*H4: The oligopolization of violent means amongst competing elites allows stability to develop in conflict-torn societies.*

The case study chapters reanalyze two quintessential cases of supposed success according to proponents of population-centric theory. Chapter 4 focuses on the Malayan Emergency from 1948-1960 as this is the case where most of the lessons of “hearts and minds” theory, as well as the rhetorical use of the phrase, come from. The chapter will recount the conventional interpretation of the British success in Malaya, and then scrutinize the story to see if the outcome in Malaya follows the logic of the “hearts and minds” model presented in Chapter 2. Chapter 4 proceeds with a reinterpretation of the Malaya story and further tests that story to see if the outcome in Malaya more closely follows the logic of the “Post-(Neo)Colonial model” (Figure 3.3) of the theory of self-enforcing stability.

Chapter 5 examines the story of the “Awakening Movements” in Iraq between 2006-2008 in the same manner. The chapter first provides the conventional interpretation for the reduction of violence in Iraq that came with the shift in tribal

support away from Al-Qaeda in Iraq towards the Iraqi government and coalition forces. Chapter 5 then analyzes if the outcome based on that story follows the logic the “hearts and minds” model in Chapter 2. Then, the chapter provides an alternative narrative of the “Awakening” story and examines the outcome against the logic of the “*Podesta* model” (Figure 3.2).

## **Chapter 4: Reexamining the Lessons of the Malayan Emergency, 1948-1960**

*“The answer [to the terrorists] lies not in pouring more soldiers into the jungle, but rests in the hearts and minds of the Malayan people.”* – General Sir Gerard Templer  
(Mills 1958, 63)

### **4.1. Introduction**

The above quote by General Sir Gerard Templer has contributed to the nearly sacrosanct belief that counterinsurgencies are principally won by winning over the “hearts and minds” of a targeted population and separating the populace from the insurgents. The general idea is, using Mao’s analogy of insurgents as fish swimming in the sea of the peasantry (Mao 1961 [2000], 8, 92-93), to shift the currents of the waters so that the insurgents are separated from the pools of fish that make up the population. The Malayan Emergency has become the quintessential example of how to conduct successful counterinsurgency operations and for how to build a state during civil conflict. Many lessons that shape today’s views about the role of external actors in contributing to the end of civil conflict come from this case.

This chapter argues that the general narratives about the Malayan Emergency do not provide the best explanations for why the British succeeded in defeating the communist insurgency. The conventional and revisionist narratives focus on changing the behavior of the population through persuasion or coercion, respectively. The conventional wisdom that focuses on the role of the population in an insurgency fails to acknowledge how the government and opposition elites influence the population. So, these narratives fail to capture how the external actor influences the interaction of the competing elites. This chapter argues that an elite-centric strategy to adjust the

incentives of the government and opposition elites served as the underlying mechanism driving British success in Malaya.

This chapter re-examines the lessons learned from the Malayan Emergency based on the formalization of “hearts and minds” (HAM) theory in Chapter 2 and the theory of self-enforcing stability presented in Chapter 3. This chapter begins by discussing the prevailing conventional wisdom about how the British and Malayan government defeated the communist insurgency. Then, the chapter analyzes these generally accepted lessons learned from the Malayan experience to determine if they follow the expected logic of the HAM model. This is followed by an explanation of the revisionist narrative, as well as a critique of those lessons learned. Finally, this chapter applies the “Post-(Neo)Colonial” model of self-enforcing stability and explains the underlying factors and dynamics that most contributed to stability in Malaya, which the conventional lessons learned have masked. Appendix A of this chapter describes a brief history of Malaya before and after World War II, providing context, if needed by the reader, of the conditions that led to the Malayan Emergency.

#### **4.2. Conventional Explanations for Ending the Malayan Emergency**

“Hearts and minds” (HAM) dominates the conventional narrative about how the British successfully defeated the communist insurgency in Malaya and established a newly independent and stable post-colonial nation-state. The tendency to combine the population-centric HAM theory with organizational learning and unified command lessons, as discussed in Chapter 2, arose in recent interpretations of COIN in Malaya. Organizational learning and unified command under dynamic leadership, in this

interpretation, serve as the means to implementing an effective HAM policy. This conventional story of the Malayan Emergency has led to the development of modern counterinsurgency theory (see Chapter 2) and doctrine (Department of the Army 2006; British Army 2009; Sepp 2005) that explains, according to the narrative's proselytizers, how to defeat insurgencies and build stable nation-states. The rest of this section describes the conventional Malayan HAM narrative, which this chapter critiques in the proceeding section (4.2.1).

Richard Stubbs explains how three factors allowed the British colonial and Malayan governments to shift from a policy of coercion and enforcement during the early emergency years to a policy based on winning "hearts and minds". First, the demand generated for rubber and tin by the Korean War created an economic boom for the government, allowing it to achieve full employment and increase government revenues to pay for HAM policies. Second, the newly elected Conservative government in Britain took advantage of High Commissioner Sir Henry Gurney's assassination by the Malayan Communist Party (MCP) to install General Sir Gerard Templer as the new leader in Malaya—with unified military and civilian authority—to change senior personnel in the colonial government and to implement a HAM approach. Third, the MCP revised its policies in October 1951 to reduce military activity and increase political organization, creating space for the government to implement HAM policies (Stubbs 1989, 6).

The HAM story, following the presumption that these above factors generated a change in British strategy, unfolds in 1951. Proponents argue the British recognized that their policies of coercion and enforcement in place between 1948 and 1951 were



counterproductive and the cause of a stalemate between the government and insurgents in Malaya. The government and insurgents recognized this stalemate in 1951 and both shifted strategies from trying to directly defeat the other side to trying to win over and gain the allegiance of the population, particularly the Chinese. The MCP shifted focus with the October Resolutions of 1951, trying to balance military and political strategies in order to limit violence against the population (Stubbs 1989, 133-151). This stalemate set the conditions for a battle for the Malayan population's "hearts and minds".

With High Commissioner Gurney's assassination on 6 October 1951, Oliver Lyttelton, the new Secretary of State for the Colonies, led a review of the British strategy of coercion and enforcement in Malaya. Lyttelton concluded that the government in Malaya needed a new strategy to improve the lives of the Malayan population and that the government needed a single leader to unify the government's civilian and military efforts to put in place the new strategy. Prime Minister Churchill followed this advice and appointed Lieutenant General Sir Gerard Templer to take this post in February 1952. HAM proponents credit Templer as the right person to see through the changes necessary to implement and shepherd this new strategy to win the "hearts and minds" of the population (Stubbs 1989, 133-151).

The population-centric "hearts and minds" strategy consisted of the British colonial government's use of minimum force, persuasion, political concessions, and social provisions to prove the legitimacy of the Malayan government and undermine the Chinese population's support for the communists. The overall HAM strategy that

emerged in Malaya, based on the ostensible desire to gain the “enthusiastic support” of the Chinese (Stubbs fn 1, 250), consisted of eight key components.

First, the government improved the existing resettlement centers by calling them “New Villages” and improving the quality of services, such as clean water, medical care, education, farmland, and community center provision. Second, the government incrementally introduced elections in some villages and over time incorporated state and federal elections. Third, the government retrained the Malayan security forces to focus on helping rather than abusing the population, and the government established locally recruited Home Guards to protect local villages and kampongs. Fourth, very strict food control measures augmented severe population control measures already in place to deprive the insurgents of supplies and base support. Fifth, the government imposed severe penalties, such as collective punishment on villages, life imprisonment, and the death penalty, for violating or suspicion of violating the control measures to prevent aid to the communists. Sixth, the government gave “white area” status to communities with no guerilla activity, which meant a reduction in Emergency regulated population control measures. Seventh, the British released offensive propaganda denouncing the communists and praising the government. Finally, the security forces used improved intelligence sources to take more directed offensive action against the insurgents and their supporters (Stubbs 1989, 250-1).

Tied to this HAM argument is the role of Templer in enabling and pushing the HAM policy that broke the stalemate that emerged in 1951 between the government and insurgents. Templer played two decisive roles according to HAM proponents.

First, Templer psychologically impacted the campaign through deliberate words and deeds that instilled confidence in the government and the Malayan population that the government would defeat the communists (Ramakrishna 2001, 79). He helped “lift ... morale throughout the Federation and imbue the Security Forces and civil administration with a new spirit and a will to win” (Stubbs fn 120, 190)(Stubbs 1989, 190). Instilling confidence is necessary to win “hearts and minds”; the population must believe in the government, so the government also has to believe in itself.

HAM proponents argue that before Templer’s arrival, the British maintained an anti-Chinese bias based on perceptions that the Chinese only understood intimidation. So, government policies had to make the Chinese “fear Government more than they fear the Communists” (Ramakrishna fn 24, 82). This anti-Chinese bias led to the coercion and enforcement policies of individual and mass detentions and deportations, as well as other forms of collective punishment. Templer countered this bias by trying to cultivate relationships with the Chinese, particularly the Malayan Chinese Association (MCA) (Ramakrishna 2001, 80-82; Smith 2001, 65-67). Templer’s dynamic leadership style and ability instilled confidence in the population, including the Chinese.

Further, HAM proponents argue that Templer instilled similar confidence in the Malayan government. He provided moral inspiration by visiting the field regularly, and speaking to the troops in plain speech rather than through written conveyances. Through such behavior, Templer provided an “infectious and confident determination to win” to the government and the population (Ramakrishna fn 58, 85).

Additionally, Templer inserted urgency into the implementation of the Briggs Plan, which had languished in slow progress under Gurney (Smith 2001, 63-64).

Templer's second decisive role, according to HAM proponents, was to build an organizational structure optimized for implementing a HAM policy, including revised elements of the Briggs Plan. Templer established a unified command, serving as both the civilian High Commissioner and military Director of Operations; the decisive factor in implementing the HAM strategy that defeated the insurgents in Malaya. Using this absolute command authority in Malaya, Templer had the necessary skill to overcome the previous inertia and energize the campaign against the communists (Short 1975, 12-13; Hack 1999, 100). For example, before Templer arrived, the resettlement program instituted under the previous Director of Operations, Lieutenant General Harold Briggs, amounted to "the mere fact of herding [mostly Chinese] squatters behind barbed wire" (Ramakrishna fn 20, 81) to contain the insurgents' base of support.

Templer overcame these problems in several ways, and was essential to implementing his "hearts and minds" strategy to win over the Chinese population. First, he revitalized the Information Services's "project[ion] to the Chinese that the government was provider" (Ramakrishna 2001, 86), boosting Chinese confidence to support the government over the MCP (Smith 2001, 73-74). Second, Templer further projected the government-as-provider idea by reframing Briggs's "Resettlement Areas" as "New Villages". He created the belief that New Villages would improve the quality of life for its residents. While Templer still used collective punishment against the New Village residents, HAM proponents argue that Templer used those techniques

in a calculated manner to show that the government “was prepared to do something” (Ramakrishna fn 87, 88). Third, Templer introduced the “White Areas” plan, where districts that no longer fell under MCP control had Emergency restrictions lifted so they could return to “normal life”. Templer further used the “White Areas” as part of his Information Services campaign to “amplify the psychological effect” of this return to “normal life” to other districts to motivate the others to get the reward of normalcy (Ramakrishna 2001, 85-89). Fourth, Templer tried to introduce a belief in local responsibility for the security and governance of the New Villages through the creation of Home Guards and Local Councils, respectively (Ramakrishna 2001, 91). Fifth, Templer conducted patient diplomacy amongst the Malays to integrate Malayan Chinese into government service that had previously been the exclusive domain of the Malay population (Smith 2001, 67).

HAM proponents further argue that Templer optimized his unified command to implement a HAM strategy by encouraging organizational learning. According to the HAM narrative, this was another necessary condition for ending the stalemate between the government and the MCP in Malaya. British colonial experiences developed a culture of using limited war or minimum force to achieve limited goals at minimal costs. To achieve these ends in defeating the Malayan insurgency, the British had to develop tight civil-military cooperation and eschew tight adherence to doctrine in favor of embracing decentralized operations and decision-making by small units and junior leaders (Mockaitis 1990, 110-113; Nagl 2005 [2002], 42-43). This part of the HAM argument assumes that the addition of revolutionary politics at the end of the 18<sup>th</sup> century made guerilla warfare, relatively unchanged since the Romans and

Persians, a more potent means for achieving political change (Nagl 2005 [2002], 15-17). According to HAM proponents, the ability of states faced by insurgencies to understand the power of “People’s Wars” and adopt strategies with “hearts and minds” principles and unified command structures determines if a state can successfully defeat an insurgency (Nagl 2005 [2002], 28-30).

Despite Briggs’s efforts to develop a plan to address the problem of the MCP and to improve implementation of the new policy, the organizational resistance to pursuing this new course required the intervention of Templer to see them through. Templer’s first organizational innovation was the establishment of unity of command—all civilian and military authority now existed under the control of one person. Second, Templer improved organizational processes by putting all intelligence analysis under the control of a Director of Intelligence and keeping that effort separate from the collection efforts of the Special Branch, with collection seen as primarily a police rather than military function. Third, the Information Services developed coherent propaganda and psychological warfare efforts directed at the population to win “HAM” and at the insurgents to demoralize them, respectively. Fourth, Templer improved innovative thinking in the military through a couple of organizational process changes. Templer established the Combined Emergency Planning Staff “CEPS,” a small personal staff representing the different civil-military efforts who made unannounced field visits, as his eyes and ears from military, airman, police, and civil servant perspectives. Additionally, Templer added to his staff an Operational Research team as his own “think-tank” to analyze everything going on to establish applicable lessons for future operations (Nagl 2005 [2002], 91-97). All of

these efforts by Templer aided the British in rapidly developing, implementing, and assessing the effectiveness of HAM strategies and tactics in Malaya.

Templer's focus on the importance of lessons learned led to the fifth organizational change that contributed to the British success in Malaya: the establishment of doctrine that pooled tactical knowledge. From these lessons came the focus on policing New Villages and expanding of "oil spots" of security. "Oil spot" tactics call for the concentration of counterinsurgency forces in expanding secure zones of operations to win hearts and minds (Taber 1965 [2002], 50- 61; Krepinevich 2005). The government did this in part by infiltrating the Min Yuen organization, enacting strict food rations, and finally masquerading as insurgents to draw the real ones out. From these lessons learned, Templer saw the need not just for organizational changes in the British military, but also amongst the Malayan security forces. He worked to train an ethnically representative national military, and placed even greater importance on the creation of effective Home Guards as local popular militias responsible for securing themselves. Finally, Templer stressed the organizational use of the chain of command established through the Federal Executive Council and the subordinate Councils at the State and District level for coordinating social, political, economic, police, and military efforts. These institutions created the initial multiracial institutions to support a Malayan independent government (Nagl 2005 [2002], 97-102). Such institutions improved, according to the HAM narrative, the legitimacy of the government in the eyes of the people.

#### 4.2.1. Critique of the Conventional Explanation for Ending the Malayan Emergency

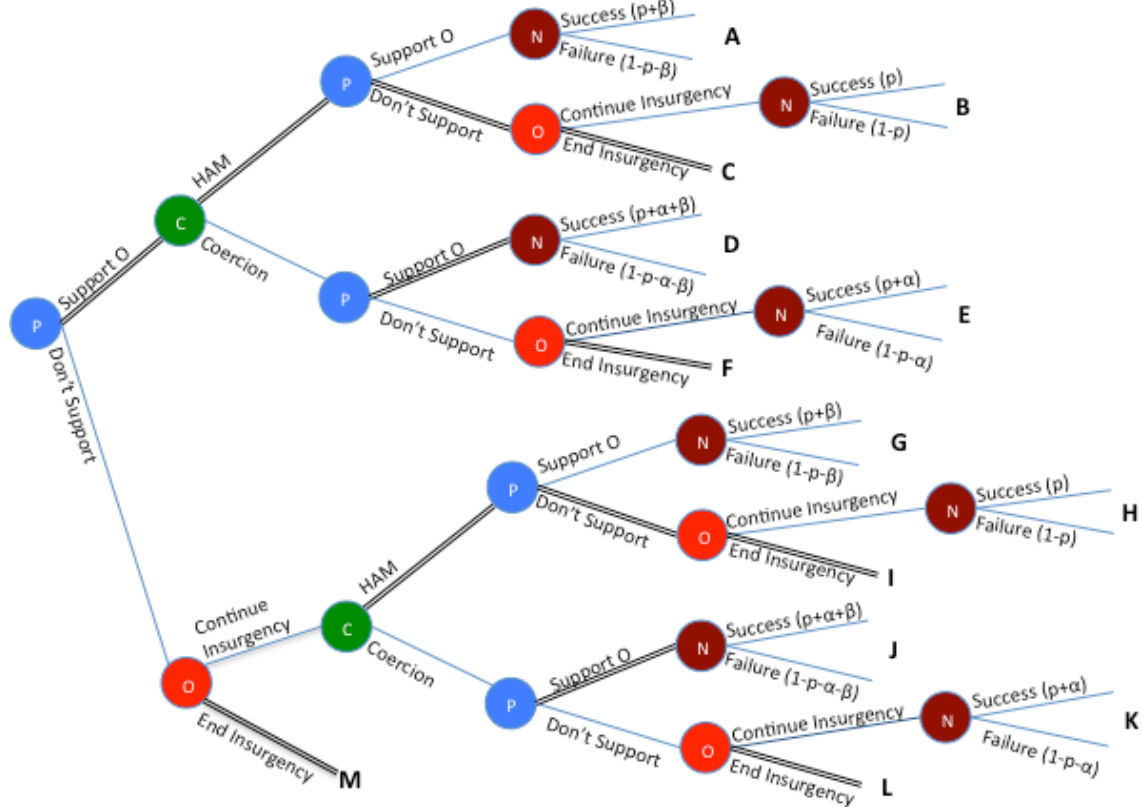
The preceding section provided an idealized HAM narrative that explains the success of the British in defeating the Malayan Emergency from 1948 to 1960. The HAM narrative argues that a dynamic leader who can establish a unified command structure and learning organization enables counterinsurgents to implement an effective strategy based on “hearts and minds” principles to defeat insurgents. This section critiques that argument both logically and empirically.

##### *4.2.1.1. Logical Critique*

The population-centric theory model presented in Chapter 2 provides the basis for critically analyzing the logic of the conventional explanation of the British success in Malaya. Section 2.5 explained the logic of the extended game tree model illustrated in Figure 2.4. According to the model, one should expect that the population would support the opposition at the outbreak of an insurgency. In the case of Malaya, the population was divided ethnically in choosing to support the insurgents. Support came almost exclusively from the Chinese and aborigines, 39% and less than 1% of the population, respectively. As the HAM model is based on popular support for the insurgents, this raises a logical puzzle. With the clear ethnic divisions in Malaya, did the Chinese insurgents really think they could win over the “hearts and minds” of the Malay and Indian portions (48% and 11%, respectively) of the population? If not, then the British did not face a general insurgency; they merely faced a civil unrest from an aggrieved minority of the population. As the general population did not support the insurgency, according to the model in Figure 2.4 the insurgency should



have come to an end. HAM theory and the model fail to provide criteria for a minimum percentage level of popular support needed to sustain an insurgency.



**Figure 2.4. Model of Population-Centric Theory**

To continue with the logical critique, it is necessary to assume that any popular support, no matter from how small of a percentage of the population, can sustain an insurgency. Following that assumption, the next move in the model is for the counterinsurgents to choose between a counterinsurgency policy of HAM or coercion. According to the conventional narrative of Malaya, the British chose a HAM policy. So, in the next move according to the model, the population should have chosen to end their support of the insurgency. Yet, even after the supposed implementation of the HAM policy by Templer in 1952, the Chinese continued to support the insurgents for

several years. The population's continued support of the insurgents implies, according to the model, that the British must have implemented a policy of coercion, despite Templer's "hearts and minds" rhetoric. The revisionist narrative in Section 4.3 below argues exactly that point.

Assuming the revisionist narrative is correct and that the British implemented a policy to coerce the insurgents, the conventional narrative of Malaya continues to fail to follow the logic of the HAM model. Through coercive population control measures implemented by the British, the Chinese ultimately ended their support of the insurgents, which counters the expected move of the population according to the HAM model. Further, the communist insurgents did not end their fight after losing the population's support, as the model predicts. While the Emergency ended in 1960, the communists continued a low-level insurgency against the Malaysian government until 1989.

What happened on the ground in Malaya actually follows a logic almost opposite of the one depicted in the HAM model at each stage of the game. With Chinese popular support for the communist insurgents, the British implemented a coercive policy of population control to separate the population from and destroy the insurgents. The harsh measures of collective punishment directed at the Chinese people cut the insurgents off physically and materially from the population. After breaking the population down, then the British implemented a policy to improve the condition of the people as long as they continued to not support the insurgents. While the British carrot and stick measures may have changed the population's behavior, they unlikely won the "hearts" or affection of the people.

#### *4.2.1.2. Empirical Critique*

In addition to the logical limitations of the conventional narrative of the Malayan Emergency when evaluated against HAM theory, the conventional story also suffers from empirical challenges. Even as proponents discuss the eight key components of the idealized version of the “hearts and minds” strategy in Malaya (see Section 4.2), they concede that this approach did not win over the population. As Richard Stubbs, one of the leading proponents of HAM, states, “Rather, the result was more to neutralize the key sectors of the population—the rural Chinese and especially the New Villages—and to make it impossible for the guerillas to rely on them for recruits and supplies” (Stubbs 1989, 251). If the outcome of the above strategy was neutralization, the wrong lessons are learned from this case due to the focus on the rhetoric of winning “hearts and minds”. In implementing the strategy, the promised provision of services and quality did not materialize in many of the New Villages (Stubbs 1989, 251). The government got villages to behave by coercing them through deprivation rather than by persuading the villagers and earning their affection and loyalty as the HAM story argues happened in Malaya, as well as one expects from the logic of HAM theory.

The conventional story also argues that Templer was the key individual in enacting the winning strategy for the British, emphasizing his role as instiller of confidence and morale. Yet, that interpretation to put Templer in a morally positive light obfuscates Templer’s greatest contributions to the counterinsurgency effort. Templer’s efforts to be “feared and respected” (Ramakrishna 2001, 90) and control a strategy of carrots and sticks enabled him to coercively change the behavior of the

population, particularly the Chinese. Templer supporters concede that Templer initially had to energize the government by “cracking the whip” and adopting more authoritarian methods to achieve his objectives (Ramakrishna 2001, 84). “Templer’s violence of language was a fact” (Short 1975, 382), as were the deeds of the policies he continued to pursue, such as resettlement operations, collective punishments, and offensive sweep operations.

Further, the chorus of praise for Templer leadership in the conventional narrative implies that effective counterinsurgency is largely actor dependent. The counterfactual to this story is that if not for Templer, the Malayan Emergency would have remained in the stalemate situation that arrived by 1951 for many years to come (Smith 2001, 63). By arguing that an effective HAM policy is actor dependent, the conventional narrative undermines the HAM logic explained in Chapter 2 that relies on the population to defeat an insurgency.

Tied to the importance of leadership, the conventional narrative also argued that organizational learning was a key enabler of the British ability to implement a successful HAM strategy. Yet, the romanticized view of the British organizational culture of limited goals achieved through limited force at minimal cost actually leads to improper lessons learned. Rather than seeking to win population support, as this apologetic narrative claims, the British applied extremely harsh measures to control the population from which these operational and organizational lessons came (Elkins 2005). Following acquiescence by the population, Templer introduced the “White Areas” plan, where districts that no longer fell under MCP control had Emergency restrictions lifted so they could return to “normal life”. But, what was “normal life” in

the “New Villages”, because the population had no roots in these locations. The government forcibly moved the Chinese population to these resettlement locations in which they were previously interned.

The US Army has adopted the lessons derived from this conventional story in its most recent counterinsurgency manual, explaining that the training of a well-disciplined police force in Malaya provided a solid foundation for the defeat of the insurgents and only took 15 months to accomplish (Department of the Army 2006, 6-21-6-22). But, as Karl Hack explains, the lesson that training host nation’s security force before transferring control makes the host security forces more effective “is unexceptional, and almost tautologous.” The Emergency did not actually turn because of the retraining of the police. Gurney and Briggs delayed police training in 1950 in order to expand the size of the security forces rapidly to enable the massive resettlement of the Chinese population. Population control measures improved security, allowing the time and space to conduct police retraining (Hack 2009, 395-396). Additionally, the lessons learned incorporated into current US doctrine ignore the role of the Home Guards in providing local security.

Another complementary element of the conventional narrative is that the unified command structure established by Templer allowed for this organizational learning to take place, and for the effective implementation of the HAM policies. However, according to the conventional story proponents, the Briggs Plan laid the foundation for Templer’s future efforts by recognizing the political nature of the war in Malaya. Briggs also provided the framework to coordinate all aspects of the war—civil, police, and military—through the creation of the Federal War Council and future

District and State War Executive Committees (Nagl 2005 [2002], 71-77). These changes in processes and strategic direction created the shift in focus from defeating the communists to winning the support of the population. Though, this raises a question, if Briggs had it all right, and the British had an ingrained learning culture due to their colonial experiences, then why would you have to have Templer to turn things around? The organization should have been able to adapt based on this argument. The British organizational structure should not have been so personality dependent. This actor-based component to the conventional story provides no insight into the type of person who is needed, when during the conflict, and under what conditions to implement a successful HAM policy against an insurgency.

The conventional narrative argued about the importance of the counterinsurgents' use of minimum force, persuasion, political concessions, and social provisions to win the "hearts and minds" of the population. Yet, these terms have different meanings in terms of the ideal or mythical usage and the usage that matches implementation. Most people interpret HAM to mean a soft approach to deal with and persuade the population to support the government. But, changing the mindset of the population is not that simple, and tough measures and hard approaches continued after 1952 to achieve that change (Rigden 2008, 12). In Malaya, this included the continuation of policies of mass deportations, mass population resettlement, martial law, and direct military action.

While HAM proponents exclaim the British use of minimum force, implying a soft approach, they gloss over the reality that minimal force determined tactically or strategically just means the minimum force to achieve the objectives, not necessarily

the lowest force option (Rigden 2008, 12). Additionally, political concessions and social provision do not necessarily occur out of the benevolence of the government as implied in, and often interpreted from, the phrase “hearts and minds.” In Malaya, the provision of support and concessions followed a carrot and stick method that utilized extensive population control and coercion.

### **4.3. Conventional Revisionist Narrative**

Alternative narratives to explain the British success in Malaya have existed since the time of the Emergency. This section presents the overall argument made by proponents of a revisionist narrative of Malaya. This narrative provides an alternative to the conventional HAM story in the previous section. Following the presentation of the revisionist story, this section will discuss some challenges with this narrative.

Victor Purcell, one of the original critics of the conventional narrative, argued that the “the main success against the Communists was, in fact, won before General Templer’s arrival” (Purcell 1954, 6). Additionally, Purcell only credits Templer, in the words of Sir Cheng-lock Tan, founder of the MCA, with enabling a police state to form in Malaya during Templer’s tenure (Purcell 1954, 5-19; Ramakrishna 2001, 80). After the Emergency, revisionism mostly laid dormant as the conventional narrative took center stage. Yet, contemporary revisionist narratives have reemerged, and have taken a more analytical approach than Purcell’s more polemical critiques of Templer.

Public relations in part explain the dormancy of revisionist narratives. Since the end of British colonialism, the British have worked to build their image as a gentler fighting force. The association of General Templer and the “hearts and minds”

approach with the successful defeat of the communists in Malaya contributes to this mythology. According to the revisionists, while the British have more generally adopted HAM principles since the end of the Cold War, the lessons derived from Malaya do not match reality. The British conducted highly coercive operations in Malaya, which involved high, rather than minimal, levels of force, and was fought above the law, rather than within existing law as HAM theorists argue. Malaya, compared to Vietnam, is an apparently successful external actor-led counterinsurgency during the Cold War, making HAM proponents want to clearly distinguish HAM from conventional warfare (Dixon 2009).

Definitionally, “hearts and minds” consists of two components. The “hearts” part focuses on “winning the emotional support of the people,” while the “minds” element centers on the “people as pursuing their own ‘rational self-interest’” (Dixon 2009, 363). The overall term itself implies that the approach seeks the active support, consent, and trust, rather than just acquiescence, of the population (Stubbs 1989). British COIN doctrine since at least 1970 has emphasized this (Ministry of Defence 1970, 4; Dixon 2009, 364), with the most recent British COIN manual replacing the term “hearts and minds” with “gain and maintain popular support” (British Army 2009, 3). The current definition states, “Gaining and maintaining popular support is an essential objective for successful counterinsurgency. It gives authority to the campaign and helps establish legitimacy. Unless the government gains its people’s trust and confidence, the chances of success are greatly reduced. The degree to which it is achieved is in effect the measure of campaign success” (British Army 2009, 3-11).



Revisionists argue that despite the clear doctrinal meaning and usage of “hearts and minds”, some proponents of HAM reinterpret the definition and use the term simply for public relations purposes because of its gentle connotation despite acknowledging harsh treatment of the population. In reference to lessons from Malaya, Hew Strachan states, “When we speak about ‘Hearts and minds’, we are not talking about being nice to the natives, but about giving them the firm smack of government. ‘Hearts and minds’ denoted authority, not appeasement” (Strachan 2007, 8). People who use such arguments abuse the term HAM in order to disguise their belief in the centrality of coercion to change behavior to make such an argument less offensive.

Such statements align with the revisionist argument that identifies the use of coercion in the form of a series of harsh population control measures led to success in Malaya. The revisionists argue that what HAM proponents call the “coercion and enforcement” stage before 1952 (Stubbs 1989, 66-93), actually led to the British success in defeating the communists in Malaya and set the stage for the formation of a stable independent state. The revisionists do not completely dismiss “hearts and minds”. Rather, they argue the role of HAM varied during different phases of the Malayan campaign and ultimately HAM supported a coercion strategy (Hack 1999, 124; Dixon 2009, 369).

Contemporary revisionists focus on the lessons gained from different phases of the campaign in Malaya. They define three main periods, and argue that the government broke the insurgency when population control, rather than “hearts and minds” was at the fore (Bennett 2009, 416-417; Hack 2009, 384). The first period,

from 1948-1949, primarily consisted of lethal counter-terror tactics and mass punishment sweep operations. Part of the justifications for the use of harsh tactics by the security forces to coerce the population came from the belief that the Chinese only understood intimidation, so the security forces had to instill fear in order to gain cooperation (Harper 1999, 151; Ramakrishna 2002a, 336)(Bennett 2009 fn 94). Additionally, the British had a colonial history of using harsh treatment to punish recalcitrant populations and nip problems in the bud (Elkins 2005). Gurney created the conditions for a permissive environment to use lethal force (Bennett 2009, 421-432). He stated, “It is paradoxical though none the less true that in order to maintain law and order it is necessary for the Government itself to break it for a time. ... At the present time, the Police and Army are breaking the law every day” (Bennett 2009 fn 107, 432). Recognizing the limits of wanton destruction and poor intelligence collection, the British changed course and developed a cohesive strategy.

The second phase occurred between 1950 and 1952. The focus shifted towards population control through a clear and hold strategy based on the Briggs Plan, which concentrated resources to improve security. The Briggs Plan was highly coercive, with five key elements: 1) shifting massive portions of the population—resettlement of over 500,000 rural Chinese and the regroupment of up to 600,000 estate laborers; 2) the government asserting administrative control over the “New Villages”; 3) forming civil-military committees to bring together the army, police, civil administration, and Special Branch intelligence down to the district level to coordinate efforts; 4) assigning individual military units specific areas to patrol in order to build up intelligence and provide security, freeing up the police for other duties; and 5)

remaining military units operating conventionally to destroy communist forces state-by-state. The MCP actively resisted these efforts in 1950, but by 1951 decided to take a political tact to counter the British. The MCP issued their “October Resolutions,” which ordered its members to scale back military activity and focus on regaining mass support and conducting subversive activities (Hack 1999, 104-108; 2009, 386-390).

The third period of the campaign ran from mid-1952 to 1960. During this time, Templer initiated an effort to optimize the turn around that had already taken place, and ensured maximum efficiency in the government efforts. The revisionist argument concurs with elements of the conventional narratives about Templer. Revisionists agree that Templer improved the functioning of the government bureaucracy, reorganized intelligence collection, analysis, and dissemination, codified lessons learned and doctrine, and tried to improve the lives of the lower classes and win their “hearts” (Hack 2009, 402-404). However, the revisionists argue that the conventionalists derived the wrong lessons from these actions.

For revisionists, the conventional proponent’s argument about a stalemate in 1951 that Templer ended with his arrival in 1952 is incorrect. Rather, the tide had already turned by the end of 1951 due to the efforts of Gurney and Briggs. The policies of coercion implemented by Gurney and Briggs had forced the MCP to change its behavior, ultimately opening the door for Templer to optimize Gurney and Briggs’s gains. The coercive period between 1950 and 1951 set the conditions that allowed Templer and his successors to ease restrictions over time, continue with elections, win the hearts and minds, and transition to Malayan independence in 1957. The real lesson about Templer, from the revisionist perspective, is that he did things to

improve the efficiency of existing policies and plans. Ultimately, success during the Emergency came from population and spatial control, with components of the conventional narrative supporting that effort (Hack 1999, 2009; Bennett 2009).

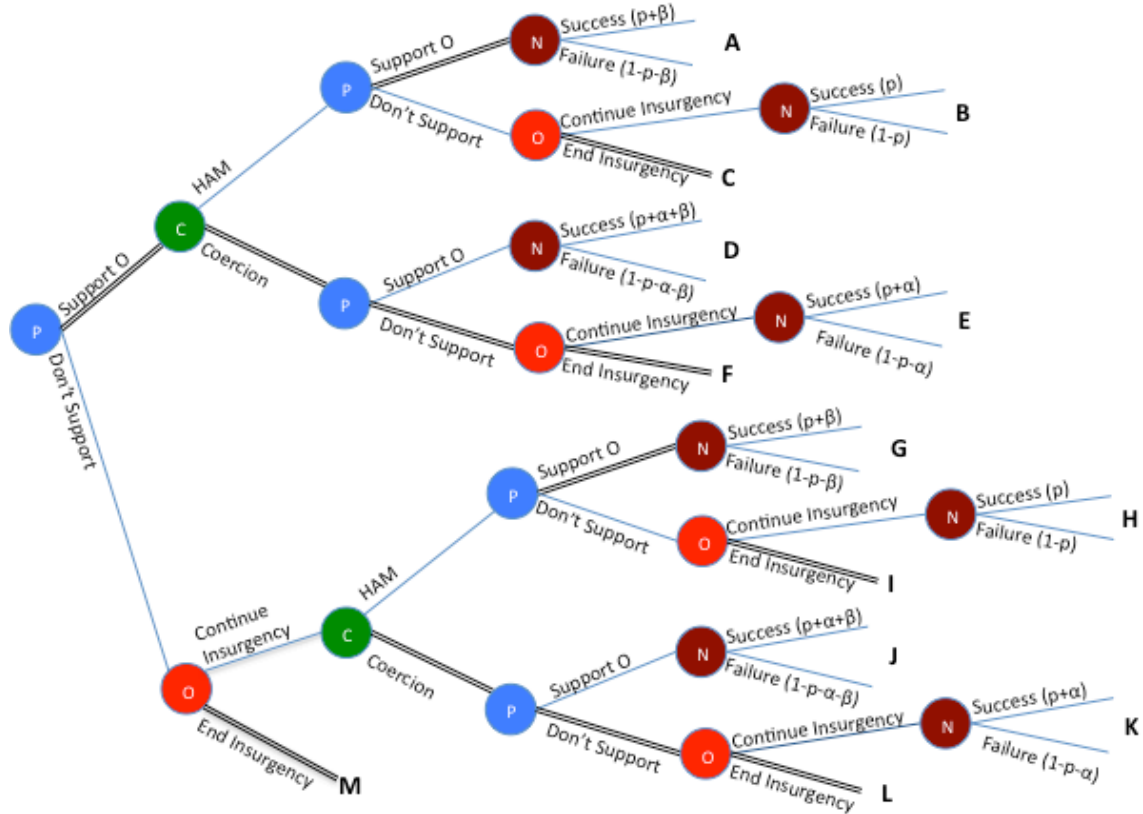
The revisionists developed their alternative narrative by using British and Chinese sources, rather than relying solely on British sources like most of the conventional narratives. Incorporating the Chinese perspective allowed the revisionists to see the important impact that the population control and security approach had on changing Chinese behavior, allowing eventually for “hearts and minds” tactics and dynamic leadership to improve organizational efficiency.

#### 4.3.1. Critique of the Revisionist Narrative of the Malayan Emergency

The revisionist argument implies that population control merely coerced a desired behavior. The revisionist’s lesson underemphasizes the role of the British in appealing to the rational self-interest of the Chinese to obtain enduring security and material gain. Just like the conventional proponents, the revisionists focus on the population as the center of gravity for the counterinsurgents to be able to defeat the insurgents. But rather than emphasize the importance of positive persuasion in changing the population’s behavior, as do the proponents of HAM, the revisionists argue that punitive coercion changes the population’s behavior.

A model of the revisionist argument would consist of an extended game tree with the same decision nodes as the model of population-centric theory (see Figure 2.4), except the preferences of the actors would change, leading to different expected outcomes at each stage of the game. Figure 4.1 displays the new expected outcomes at

each stage based on backwards induction. According to this model, the population should initially support the insurgents. Then, the counterinsurgents should then implement a coercive COIN policy that places emphasis on counter-terror and population control operations. This policy in turn should lead to the population no longer supporting the insurgents. Ultimately, leading to the end of the insurgency.



**Figure 4.1. Model of Revisionist Narrative**

While the revisionist story of Malaya appears to validate this model, this model relies on several assumptions that obscure other dynamics taking place amongst the different actors that may account for why coercion worked in Malaya. The most challenging assumption is the role of the population as the center of gravity. The causal logic linking population control directly to the population misses the

intervening variable of local elites. Second, the narrative treats the Malayan government as mere lemmings of the British. The local and foreign counterinsurgents do not necessarily have the same interests, nor do the population necessarily have the same perceptions about the legitimacy of both. Finally, the revisionist narrative does not capture why the MCA began to support the Malayan government, but the MCP continued the insurgency campaign.

#### **4.4. Ending the Malayan Emergency through a Self-enforcing Stability Narrative**

The problem with the conventional and revisionist accounts of the Malayan Emergency are that they both focus on adjusting the behavior of the population. Each argues for achieving behavior adjustment through either persuasion or coercion, respectively. Both fail to fully appreciate the importance of understanding and aligning the interests of the government and opposition elites who will ensure that the sub-populations under the influence of different elites see the benefit from supporting their leaders. Adjusting the incentives of the elites and later the masses served as the underlying mechanism that led to the government's success over the insurgents in Malaya. The conventional narrative misses this point, because of its focus on Templer instituting a policy based on winning hearts and minds, his ability to instill confidence, or his encouragement of organizational learning. The revisionist narrative misses the mechanism of incentives, because of its focus on coercion. The population control strategies instituted under Gurney and Briggs, and continued with important modifications by Templer, set the conditions for the British to serve as a credible

guarantor of a self-enforcing pact between Malay and Chinese elites, ultimately, leading to stability in Malaya and the end of the insurgency.

Where the conventional narrative of the Malayan Emergency attributes the successful defeat of the insurgency to a dynamic leader who adapts policy and organizations to win the hearts and minds of the population and the revisionist narrative explains success through the use of coercion and enforcement to provide material carrots and sticks to the population, a theory of self-enforcing stability explains the end of the insurgency and establishment of stability based on interests and the alignment of incentives of elites. This section applies the “Post-(Neo)Colonial Model” of the theory of self-enforcing stability, explained in Chapter 3, to the Malayan Emergency, providing an alternative narrative to explain how the British (the external actor) contributed to establishing an enduring, stable limited access order (LAO) in Malaya.

The application shows how the external actor has to have the flexibility to shift between the tactics described in the HAM and coercion approaches to counterinsurgency. The use of these different tactics can persuade the population, through the intervening variable of government and opposition elites, that it is in the population’s long-term self-interest to stop supporting the insurgency and participate in the government. Ultimately though, the combination of these tactics cannot win over the hearts or affection of the population. But, they can win over the minds as the elites and population pursue their rational self-interest—security and material benefits. Winning over the elites, and ultimately the population, comes not simply through coercion, which is a tactic, but by creating incentives and aligning interests between

the government and opposition. This dissertation has theorized that credible external actor commitments and decentralization of violent means and rent-seeking opportunities allows for the alignment of interests and the creation of an elite pact that can lead to self-enforcing stability.

Following the general theoretical framework outlined in Chapter 3, this chapter breaks the key actors in the Malayan Emergency into three main categories: the government, the opposition, and the external actor. To remain parsimonious and in keeping with the model, this application assumes that each of the groups form their own elite coalitions, solving internal collective action problems.

#### 4.4.1. Key Actors

The government refers to the Malays, but more specifically, the Malay members of the civil administration of the Malayan government, the Malay sultans who serve as nominal heads of the Federated and Unfederated States of Malaya, and the United Malays National Organization (UMNO) political party. The Malay population initially was the only ethnic group to serve in the government and national security forces. The Malays supported British rule, because they gained the most politically under colonial rule, and had the most to gain during a transition to independence due to their monopoly on positions in government. Very few Malays ever joined or supported the insurgency. While initially on the sidelines, due to their limited influence and power, this paper considers the Indian population part of the government, but due to the Indian's limited role does not discuss them further.



Defining the opposition is a bit more complicated than defining the government. Two main groups existed within the Chinese community: the communists and the nationalists. Initially, a tenuous elite pact existed between these two groups in opposing the government and the external actor. The communists consisted of the Malayan Communist Party (MCP), led by Lai Tek before WWII—a triple agent of the British, Japanese, and traitor of the MCP—whom Chin Peng replaced in 1947. The MCP controlled the Pan-Malayan Federation of Trade Unions (PMFTU) until the government disbanded it in 1948. Additionally, the MCP consisted of its militant wing, the Malayan National Liberation Army (MNLA), and its civilian and logistic support group, the Min Chung Yuen Tung (Min Yuen) or “People’s Movement.” Some refer to the MNLA as the Malayan Races Liberation Army (MRLA), which formed out of its predecessors, the Malayan People’s Anti-Japanese Army (MPAJA) and the successor Malayan People’s Anti-British Army (MPABA).

The nationalist side primarily consisted of the business-dominated Malayan Chinese Association (MCA) led by Tan Cheng Lock. The MCA wanted to ensure the maintenance of the privileged position held by the Chinese population in the plantations, shipping, banks, and import and export companies in Malaya. The MCA and MCP represented the urban and rural divide amongst the Chinese population. The MCA and MCP put aside differences to challenge the Japanese occupation, and initially in opposing the Malay maintenance of dominance following the British return, developing an internal elite pact. Over time, however, internal contestation developed between the MCA and MCP in representing the Chinese population.

An internal contestation approach shows how internal pressures, within an elite bloc, “that render some leaders ready to make peace can drive their opponents to disrupt it. In addition, ... [internal elites’] relative power shapes their antagonism toward a peace process” (Pearlman 2008/09, 106). This internal balance of power struggle contributed to the MCA desire to work as peacemakers with the government and the external actor, while the MCP preferred to act as a spoiler. Once the MCA and MCP tacked in these directions, the MCA and other business and nationalist Chinese elites became the unitary opposition actor. The Chinese-manned units of the Home Guards that began to form in 1950 fall under the opposition in this model. Eventually, the MCA worked with the government, leaving the MCP as the sole irreconcilables, and decreasing the support structure of the opposition.

Lastly, this section treats all foreign elites, composed mainly of members of the British colonial government and the European mine and plantation owners, as a unified external actor. Even when High Commissioner Gurney and Director of Operations Briggs maintained separate chains of command, which Templer eventually unified, the actions of the military, civil administration, and police were closely coordinated to achieve Britain’s interests. Again, within the rational-choice framework of this theory of self-enforcing stability, the rest of this section assumes that each of the elites within the government, opposition, and external actor coalitions support a dominant elite pact despite some differences, because they are each on average better off through cooperation.

#### 4.4.2. Commitment Problems

After World War II, Malaya had to recover from the experience of the British defeat and the Japanese occupation. The population now saw the weakness of what they previously thought was a benign colonial protector. The Malayan population had to fend for themselves under the Japanese, with part of the population fighting the occupier and the other part collaborating. These different actions by the population during the occupation created great resentment and further divided the ethnic groups that previously lived in relative harmony. The resentment from the occupation combined with unequal representation in Malaya's government, national security, and business sectors contributed to immense distrust between the government (the Malays) and the opposition (the Chinese). Ultimately, it took the British (an external actor) to provide credible commitments to both sides that enabled an elite pact to form with the exclusion of the communists.

The government could not provide credible commitments to the opposition because of the fresh memories of Japanese imperialism. The animosity over Malay collaboration with the Japanese to suppress the Chinese was particularly strong. The Malay members of the police under the Japanese treated the Chinese quite harshly, creating persistent fear amongst the Chinese of Malay intent to do further harm to the Chinese population. Additionally, the Malays displayed to the Chinese the desire to keep the Chinese as second-class citizens when the Malays organized mass demonstrations and civil disobedience to protest the formation of the Malayan Union. The Malayan Union would have granted citizenship to the Chinese population, allowing the Chinese greater access to political power.

The opposition also could not credibly commit to not attempting to overthrow the government. In the aftermath of World War II, the Chinese exacted revenge upon the Malays for their collaboration with the Japanese. The MPAJA's "people's trials" contributed to cycles of violence between the Chinese and the Malays, as well as racial clashes between the MPAJA and the Malay police force. Further, Chinese control of commercial interests as well as over the labor unions contributed to the sense of fear amongst the Malays that the Chinese desired to dominate the Malay population economically, which granted the Chinese population Malayan citizenship and participation in government would exacerbate. Both groups' concerns about the actions of the other and belief in each trying to dispossess the other of power contributed to the development of a rationality of fear between the government and the opposition.

The MCA Chinese elites who took part in the initial opposition coalition had the incentive to work with the government to defeat the MCP, because the MCP threatened the MCA's political and economic interests as much as they did the government's interests. The MCP wanted to dominate control of the Chinese population, not just the government, and redistribute the wealth of the Chinese who supported the MCA. Amongst the Chinese community, this is a story of an internal power struggle. The opposition's MCA elites were essentially satisfied with the status quo pre-WWII, because of the rent-seeking opportunities and their maintenance of traditional power structures. The MCA feared the younger Chinese more than the Malays since the MCP sought to tear down those traditional structures and establish modern political structures based on the Communist system (Wang 1992, 188-190).

Despite the incentives for some opposition elites to work with the government, the two actors could not credibly commit to one another without a credible external actor, in keeping with Fearon's (1995) rationalist explanation of war described in Chapter 3. Understanding that the government had an incentive to renege, as shown by their protests against the Malayan Union, the Chinese attacked preemptively through labor strikes and insurgent warfare. Additionally, without a credible British presence, the opposition could not credibly commit to the government that the Chinese would share power economically or politically if the government helped the nationalists defeat the communists. This led to the need for the British to establish their role as a credible guarantor of a pact between the government and the reconcilable part of the opposition.

The British had initial difficulties in establishing their credibility. The revisionist narrative's definition of three main periods of the Malayan Emergency helps identify the shifts in British credibility, but this paper adds an additional period before those three phases. During Phase Zero, 1945-1948, the British mishandled their return to Malaya following WWII. The ineptitude of the British Military Administration (BMA) from 1945-1946 allowed the resentment, exacerbated by WWII, between the Malays and Chinese to fester. British favoritism towards the Malays, through provision of government positions and arrests of key Chinese leaders despite Chinese support to the Allies, contributed to general distrust of the British. Then, the British decision to establish the Malayan Union without serious consultation with the different groups of the Malayan population created greater distrust of the British. But, the British decision to abandon the Malayan Union and its promise of

Chinese citizenship in favor of the Federation of Malaya to meet Malay demands, and again without Chinese consultation, further undermined British credibility with the Chinese. This contributed to the Chinese decision to seek “peaceful agitation” against the British and the Malayan government, whom the Chinese saw as one in the same at that time.

In response to the labor strikes and the murder of three British planters, the British entered Phase One, 1948-1949, of the Emergency. During this period, the British used indiscriminate counter-terror tactics and mass punishment sweeps against the entire Chinese population. Neither the British nor the government differentiated the Chinese based on the nationalist and communist split. This lack of differentiation further aggravated the lack of credibility of the external actor in the eyes of the opposition. Yet, the British began to overcome that problem during Phase Two, 1950-1952.

Phase Two was the period of the Briggs Plan, which shifted strategy to the use of population control to clear and hold areas, improving security and appealing to the self-interest of the elites to have confidence in the government. Gurney and Briggs recognized the split in the Chinese community and worked to adjust the incentives for the Chinese elites and population. The British simultaneously reached out to the MCA, while they implemented coercive strategies in the form of resettlement areas, or “New Villages”, to separate the Chinese community from the communists. The MCA appreciated these moves, and also recalled the British history of letting Chinese business interests prosper prior to WWII, improving the ability of the British to serve as a credible guarantor of a pact between the government and the opposition.

The external actor solidified its ability to make credible commitments during Phase Three, mid-1952-1960, which began with the arrival of Templer. Templer optimized the Briggs Plan and the government's efficiency in implementing the Plan. Additionally, Templer made clear to the opposition that they could have a stake in the future of an independent Malaya. He held out the carrot of citizenship and participation in government for Chinese cooperation. Those promises along with the decentralization of violent means—through the rapid expansion of the Home Guards—and rent-seeking opportunities, by protecting Chinese business interests, ultimately allowed the external actor to serve as the credible guarantor of an elite pact between the government and the reconcilable part of the opposition. Further, Britain's public commitment to self-rule solidified the external actor's credibility with the government.

#### 4.4.3. Mechanisms Moving Malaya Towards Self-Enforcing Stability

With the external actor now able to give credible commitments to the government and reconcilable opposition, Malaya could follow the post-(neo)colonial transitional model in Figure 3.3 to move towards self-enforcing stability. The external actor used a variety of credibility mechanisms to help the internal actors get on a path towards self-enforcing stability by guaranteeing the pact between the dominant coalition of Malay and Chinese elites. The mechanisms at British disposal were personnel, money, equipment, time, public statements of intent, elections, and institutional development. In terms of personnel, the British had ten Commonwealth battalions on the ground in 1948 for military operations and 9,000 Malayan police at

its disposal. By 1951, the British doubled the number of battalions to 20 and increased the police, largely composed of Malays, to nearly 50,000 (Clutterbuck 1966, 42-44). Additionally, the British reorganized the functions of the personnel to make them more effective, as described in the organizational learning narrative earlier in this chapter.

While the British government had limited money to provide directly, due to the costs from World War II, the Korean War boom in tin and rubber revenues allowed for locally generated revenue streams. The money from the largely European-owned mines and estates paid for most of the external actor and government's population control measure of resettlement. The Korean War boom also helped pay for the provision of goods and services at the local level that helped gain local elite support. The British also used these revenues to acquire equipment for the Malayan security forces, as well as the local security forces—the Home Guards.

The British used the time mechanism ambiguously. They said early on that they planned to transition Malaya to self-rule, but the British did not provide a date for independence till much later. Yet, time tied in with the credible commitment mechanism of public statements of intent. Despite lacking a specific date for transferring sovereignty, the British took public actions of intent starting with the Malayan Union declaration in 1946. While the Malayan Union would have a British governor, the intent was to grant equal treatment to all races, and develop leaders through appointments to legislative and executive councils. Despite the political ineptness of the British in creating the Malayan Union and transitioning to the Federation of Malaya in 1948, the goal of the Union and the Agreement was to set the



conditions for an independent Malaya with leaders who could take over governance upon independence (Sarkesian 1993, 56-59).

The ambiguous timeline worked to get the Malays and MCA to work together and solidify an elite pact, culminating in the creation of the Alliance Party, merging the UMNO and MCA, in 1952. The Malayan Indian Congress party joined in 1954. They formed an alliance in order to contest elections, another external actor credibility mechanism, that the British established first at the local level. The joint party gave the MCA a pathway to express its political views, as well as positions of power in government as the junior partner with the UMNO. Following victories in local and state elections, the Alliance Party dominated the 1955 national elections. The Alliance Party victory provided the framework for establishing an independent stable state, in the form of a limited access order. Setting up the Alliance Party to take over an independent Malaya helped assuage British concerns about their economic and national security interests, which enabled the British exit strategy of an independent Malaya with the creation of the Merdeka Constitution in 1957 (Short 1975, 345; Sarkesian 1993, 59).

Besides elections serving as a mechanism for the external actor to prove its credible commitment to the government and opposition, elections can also help diversify power. The series of elections started by Templer in 1952 helped solidify the elite pact between the Malays and the nationalist Chinese by balancing political power between the two sides. Templer's Citizenship Bill in May 1952 allowed the Chinese to become citizens and take part in these elections (Smith 2001, 66). Decentralization of power helps the internal actors overcome their own credible commitment problems

by creating a balance that prevents one side from cheating on the pact and taking advantage of the other side.

In addition to the decentralization of political power, the British enabled the decentralization of economic and military power. The government and external actor established agreements with the MCA that allowed the Chinese to maintain their business interests, while sharing some economic power with the Malay elites, to spread the benefits of rent-seeking. The MCA supported the tight control of the unions, which helped the members of the elite pact, while excluding those outside the pact, particularly the MCP. The MCA saw the MCP as a bigger threat to the MCA's rent-seeking opportunities than the British or the Malays, because the UMNO had aligned interests, where the MCP wanted to destroy the current system.

The British helped establish a security balance of power and overcome each side's rational fear of and incentives to renege by decentralizing violent means. The British did this in part by recruiting Chinese into the Malayan police, but were more effective in decentralizing violent means by creating the Home Guards—village militias responsible for self-security (Smith 2001, 67-68). By 1953, there were over 350,000 Home Guards compared to 40,000 British, Commonwealth, and Malayan military forces and 45,000 regular and special police forces (Tilman 1966, 417). The Home Guards protected their own villages and policed transgressors of the pact (i.e., the Chinese Home Guards fought against the MCP). Surprisingly, the armed Chinese rarely lost their weapons to the communists or turned their weapons against the Malayan or British forces—only three cases of treachery were reported in 1954, the peak year of transitioning security responsibility to the Home Guards (Coates 1992,

121). As the Home Guards stood up and took over greater responsibility between 1952 and 1954, the level of insurgent incidents and government and external actor deaths declined (Coates 1992, Appendix A).

While decentralizing power between the government and opposition, the external actor helped the elites punish and police their own transgressors of the pact so the pact would become self-enforcing without the British. The Chinese nationalists helped to keep their communist ethnic kin in check. By keeping the self-rule date undefined, retaining ultimate decision-making in government despite the elections, and maintaining superior forces to the local and Malayan security forces, the British could use sticks in different ways against transgressors. But, the decentralization of economic, political, and security power helped strengthen the position of the elite members of the pact.

Despite the use of the term “hearts and minds,” with its population-centric connotation, in Malay and its association with Templer, the real focus of Briggs’s and Templer’s efforts was on the elites. While winning the support of the population was important, the British had to win the support of the elites first. The British recognized the importance of the split amongst the Chinese, and that the MCA elites were the part of the opposition that could work with the UMNO and government elites. The British concern was that a communist Malaya would work against British interests, so giving special privilege to the MCA, uniting the MCA and UMNO, and providing a path to independence took away the MCP’s argument for establishing an independent government with Chinese participation. The Chinese community was vulnerable to communism not because of ideology per se, but due to Chinese immigration patterns.

The Chinese arrived as members of groups, or with close personal connections, rather than as individuals. Most Chinese belonged to secret societies, clans, guilds, or other associations, which provided protection and helped new arrivals assimilate. So, the Chinese found security from highly personal relationship, relying on individual leaders. They brought this reliance on leaders and a distrust of government with them from China, recreating that pattern in Malaya. The local Chinese elites had great control over the Chinese population. During the Great Depression and the Japanese occupation, the MCP promised material support and security that the business elites could no longer provide (Pye 1956, 52-56).

After World War II, the MCA and MCP competed for control over the population. Fotini Christia (2008) has shown that intra-group violence depends largely on local elites and micro-level economic incentives. She shows that when economic incentives are high, local elites who can guarantee survival while distributing access to these rents will gain the support of the population. Through its elite pact with the government, guaranteed by the British, the MCA proved to the Chinese population that the UMNO-MCA alliance would deliver material benefits, while securing the population. The ability of the MCA to deliver this undermined Chinese support for the MCP.

The MCA appealed to the rational self-interest of the Chinese population by improving security and material benefits. The harsh population control measures implemented by the British under the Briggs Plan set the conditions for this to happen. By the British creating resettlement areas, the MCA elites assumed the leadership positions in the New Villages, and the MCP had to survive in isolation. Chin Peng,

the leader of the MCP, has stated that the resettlement areas greatly constrained the MCP's activity and access to the population (Chin and Hack 2004, 150-160). MCA leader Tan Cheng Lock confirmed that Gurney provide strong support for the MCA (Hack 2009, 393), which Templer continued. Templer's granting of citizenship and holding elections at the local level, allowed the MCA to take control of the village councils inside the Chinese New Villages. Through the village councils, the MCA elites delivered goods and services provided by the British and the government to the population. Additionally, the establishment of the Home Guards gave the MCA local leaders the tool to provide security for their population. Once the MCA provided security and delivered material benefits to the New Villages, they won over the population—or at least, their rational self-interest.

While the nationalist Chinese elites initially brought along the population, the elites and population developed a mutually supporting relationship based on rational self-interest. The opposition elites and population gained greater security and material benefit through adherence to the pact with the government elites. Support of the Chinese population increased the power of the MCA elites in the pact till it reached a balance with the Malays. The Malay elites also saw the rational self-interest in strengthening the pact because they wanted to maintain their advantaged position at independence. The Malay population had supported the Malay elites before the Emergency based on their ethnic and religious traditions of supporting traditional leaders. Although the initial operational tactics during the Emergency were directed at the Chinese population, Chinese elites, particularly the MCA, were the strategic focus of those tactics. Winning over the elites and giving them power over the population,

gave the opposition elites the incentive to join and maintain an elite pact with the Malay elites in government. This led to the establishment of a limited access order (LAO). As the LAO matured, winning over the population contributed to the maintenance of a self-enforcing equilibrium.

The sharing of power between the government and opposition through the UMNO-MCA alliance solidified the limited access order's elite pact in Malaya as exemplified by the Alliance Party's domination of local through national elections. As discussed in Chapter 3, the general theory of this dissertation explains that external actors help stabilize conflict-torn societies by focusing on developing limited access orders rather than liberal democracies, or open access orders. Limiting access guarantees that elites maintain power and wealth, as well as protection from possibly losing that privilege, by working collectively to increase elite pact members' wealth and power by suppressing violence.

In Malaya, the British worked to bring together the UMNO and MCA to form the Alliance Party. The British used the mechanisms described above to achieve credible commitments and diversify power in order to set the conditions for the transition to self-rule. The Malayan elections, local through national, were not about democracy per se. They were a signaling mechanism of British credibility to depart Malaya, and to solidify the pact between the government and opposition elites—the Alliance Party won 51 of 52 elected seats (Clutterbuck 1973, 101-102). These elites used the Alliance Party as a mechanism to divide representation in the government based on the alliance and number of seats won in the election. To ensure the outcome of the balance of power and to protect access to government, the British established 52

elected and 46 nominative seats in the parliament (Mills 1958, 84-87). The same logic underlay the local and state elections that preceded the national elections.

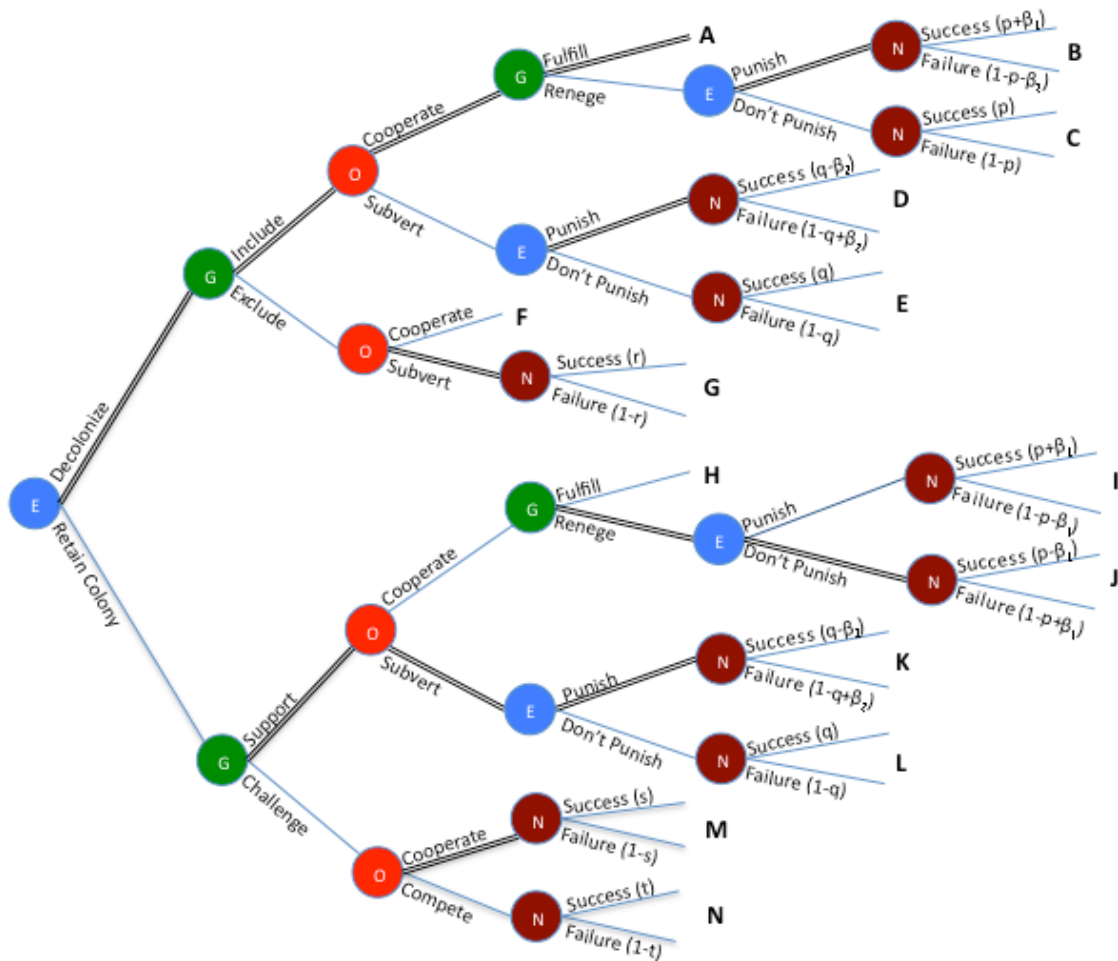
Similarly, the purpose of establishing village and district councils before and after the elections was to prepare and teach members of the elite pact to govern upon independence. So, democratic mechanisms were used in Malaya for the purpose of establishing an LAO rather than a democratic regime and solidifying the elite pact. Britain's continual moves towards independence, through citizenship, elections, and institution building, served as credible commitments that the Chinese would not be dispossessed and provided the opportunity for the UMNO and MCA to establish a limited access elite pact that would lead to self-enforcing stability upon independence.

This narrative affirms the logic of the "Post-(Neo)Colonial Model" of self-enforcing stability described in Chapter 3. Based on the model in Figure 3.3, one expects that the government will attempt to include the opposition after the external actor decides to decolonize. Given the overtures for cooperation by the government and credible commitment by the external actor the opposition will join an elite pact that maintains their security and rent-seeking opportunities. The government will abide by the pact knowing that the external actor has credibly committed to protecting the pact and punishing any transgressor of the pact. This establishes a self-enforcing limited access order amongst the elite coalition members.

The self-enforcing narrative of the Malayan Emergency follows these expected outcomes from the model. Once the British made overtures the decision to eventually grant self-rule to Malaya with the announcements of the Malayan Union and the Federation of Malaya, the Malays eventually agreed to cooperate and try to bring the

Chinese opposition into a ruling elite pact. The British proved their credibility to the Chinese by pushing forward the extension of Malayan citizenship to the Chinese, and including them in the civil service. The British made a credible commitment to the Malays by beginning the process of elections to transition to self-rule and keeping the Malays in privileged governance positions. The nationalist Chinese elites agreed to join the pact once the Chinese were granted Malayan citizenship and allowed in the civil service. The MCA also maintained their privileged position in the business community as part of the pact, which allowed the MCA to regain their rent-seeking opportunities that had diminished while the Chinese supported the insurgency against the British and the Malays.





**Figure 3.3: Transitional State-building: Towards Self-Rule (“Post-(Neo)Colonial Model”)**

To further strengthen the pact, the British armed the nationalist Chinese, as members of the Home Guards, to allow the nationalists to protect themselves from the Malays. The establishment of the Home Guards also allowed the Chinese to police their own transgressors to the pact, the communists. While the nationalist Chinese participated in the government with the Malays, in terms of the elite pact that formed an LAO in Malaya, the Chinese were still collectively the opposition. The nationalists had to help marginalize the irreconcilable part of the Chinese community, the MCP.

In marginalizing the MCP, the MCA had to fight the communists, but also act as a peaceful opposition. Acting as a peaceful opposition within the rules of the elite pact, allowed the MCA elites to take influence over the Chinese population away from the MCP elites. The MCA did this by taking on local leadership roles in the Chinese villages and using those positions to provide security for the population and distributing rents to the people. Once the Chinese people began to follow the MCA elites, the MCP were marginalized, which led many MCP leaders to defect and seek to join the rent-seeking opportunities enjoyed by the MCA elites.

#### **4.5. Conclusion**

This reinterpretation of the Malayan Emergency narrative shows how an elite-centric, rather than population-centric strategy primarily enabled the British to help defeat the communist insurgency and establish a stable independent state. The British aligned incentives by appealing to elite rational self-interest, rather than by winning the population's "hearts and minds" or merely coercing behavior through population control and material deprivation. This case analysis of Malaya supports the main arguments of the theory of self-enforcing stability presented in this dissertation. In Malaya, the government and opposition required credible commitments from an external actor before they could see the long-term benefits of cooperation. The British provided these commitments through the mechanisms of personnel, money, equipment, time, elections, institutional development, and public statements of intent. Additionally, the British facilitated the decentralization of violent means and rent-seeking opportunities in order to establish a balance of power between the Malays and

the Chinese. Over time, as the ruling elite pact solidified and the government and opposition could make credible commitments to one another without the external actor, the Malayan government recentralized violent means.

In order to provide these credible commitments and the diversification of power, the British adopted an elite-centric approach. While the British adopted tactics that improved the security and well-being of the population, the strategy focused on strengthening the Malay and nationalist Chinese elites. By empowering the elites, the government and opposition developed a collective pact that appealed to the elites' long-term rational self-interest over their short-term gains from non-cooperation. Both the Malay and Chinese populations in Malaya deferred to their leaders due to structures, customs, and traditions within each society. Increasing elite power by allowing the leaders to provide their own security and distribute rents strengthened the elite pact between the government and opposition. The British focus on establishing stability through the pact rather than trying to build a liberal democracy led to the formation of a self-enforcing limited access order in Malaya.

Malaya shows how decentralizing violent means by employing significant manpower from indigenous groups with the limited purpose of self-protection can have a major impact on defeating an insurgency. The police reached a peak total of 45,000 personnel, while the Home Guards numbered over 350,000. The Home Guards accepted responsibility for ensuring the security of the Chinese population in the New Villages and protecting the village populace from the MCP. While the trained police did help gather intelligence against the MCP, the Malayan Police had difficulties recruiting Chinese members, which is why Templer pushed for the

expansion of the Home Guards (Smith 2001, 67-68). So, a more nuanced balance between manpower and trained forces appears necessary to defeat an insurgency.

Following the decentralization of violent means, Malaysia ultimately recentralized force as the elite pact solidified and became self-enforcing. This was possible as Malaya transitioned from a basic to mature LAO. The Alliance Party helped solidify an enduring elite pact as Malay elites shared power with Chinese elites. With greater voice and shared political and economic benefits, it was possible for the Malays and Chinese to overcome the rationality of fear, since the elites saw the short- and long-term benefits of cooperation. Once the rationality of fear dissipated, the Home Guards went through what today would be called Disarmament, Demobilization, and Reintegration (DDR) as they were incorporated into the police, military, or society, and the state gained greater civilian control over all security forces around the country.

While this chapter analyzed the role of an external actor in helping establish self-enforcing stability following conflict in a nation where the external actor was a colonizer, the next chapter looks at the role of an outside external actor. Chapter 5 analyzes the role of the United States and Coalition Forces had in helping establish the elite pact between the Iraqi government and the Sunni opposition during the “Awakening Movement” in Iraq between 2006-2008. The chapter will explain and test both the conventional narrative and an alternative narrative against their respective theoretical models.

## Chapter 4, Appendix A: A Brief History of Malaya and its Key Actors

### 4.A.1. Pre-World War II

Malaya is a peninsula of just over 50,000 square miles, sharing a single land border (Nagl 2005 [2002], 60). Thailand and Malaya share approximately 300-miles of contiguous land along Malaya's northern boundary. Two main mountain ranges divide Malaya, with the majority of the land to the east, but the majority of the population along the western coast (Sarkesian 1993, 63-5; Tilman 1966, 413). Mountain ranges and jungles cover 80% of Malaya, while the remaining 20% consists of rubber plantations, tin mines, towns or urban centers, and native villages (*kampongs*) (Pye 1956, 12). Anybody who lives in Malaya is termed Malayan, while Malays, Chinese, and Indians make up the three primary races of Malaya. The Malay population, considered the native inhabitants, besides the small aborigine population, largely immigrated to the coastal plains from Melanesia (Clutterbuck 1973, 32-33). The Malays follow traditional customs and largely practice Islam. The Chinese and Indian immigrants mostly came to Malaya seeking economic opportunity.

The British interest in Malaya arose from trade, with Malaya occupying a strategically important position between several trade routes. The British leased the island of Penang in 1786, and Sir Stamford Raffles purchased Singapore in 1819 from Sultan Hussein Shah (Mills 1958, 3). During the Napoleonic Wars, Britain occupied the Dutch parts of Malaya to prevent France from claiming rights to the Dutch colonies. After the war, the British and Dutch signed the Anglo-Dutch Treaty of 1824, which divided the territories into British-controlled Malaya and Dutch-controlled

Indonesia (Webster 1998, 83-105). Under the Treaty, Britain obtained the decayed seaport of Malacca (Mills 1958, 3). Additionally, the Treaty established most-favored nation trade status between these territories, as well as Raj India and Ceylon (Webster 1998, 102-105).

The British established their colony through a patchwork of authorities to maintain governance and political rule over Malaya. They created a disparate grouping of states based on three different agreements. The Straits Settlements, consisting of Singapore, Malacca, and Penang, maintained crown colony status with rule coming from Singapore based on the acquisitions described above. The Federated Malay States, made up of Selangor, Perak, Pahang, and Negri Sembilan, each had their own legal sovereign sultans as de-jure rulers, but de-facto rule remained in the hands of British administrators based in Kuala Lumpur. The remaining five states—Johore, Perlis, Kedah, Kelantan, and Trengganu—formed the Unfederated Malay States. While these states had British administrators embedded in each of their governments, they were under much less overt British control than the Straits Settlements and the Federated Malay States (Stubbs 1989, 22).

By the 1900s, Malaya had an essential part in 20<sup>th</sup> century globalization as the country moved beyond its position as a trade transit point to an essential global tin and rubber producer. During this time, the Malays maintained their traditional roles as rice farmers and fisherman, while Chinese and Indian immigrants flooded the country to work on plantations, in mines, and as urban laborers. The Malays chose to continue rice farming in part due to their adherence to traditions, as well as because Malays wanted to control their own lives rather than work as wage labor for others. The

Chinese and Indians filled this labor vacuum. The Indian population primarily came to work the rubber plantations and consisted mainly of Tamils from Madras. Initially, the Chinese primarily worked the tin mines and as urban laborers, but then moved into the rubber plantations as well (Mills 1958, 4-6, 10-12; Pye 1956, 12).



**Figure 4.A.1. Map of Malaya ("Malayan Emergency Map" 2000)**

Much of Chinese immigration was from southern China to western Malaya—the location of the bulk of tin mines and rubber plantations. Chinese laborers established separate communities in these areas and maintained their traditional way of life. The Chinese population increased from over forty thousand during the 1800s to over two and a half million by 1947. The British encouraged this immigration since the Malays would not work in the mines or on the plantations. The Chinese became very successful in Malaya. They obtained control of almost one-third of the tin mines, with Europeans controlling the rest, as well as providing substantial investments in plantations, shipping, banks, and import and export companies. The Chinese came to dominate retail trade, produce buying, and money lending in Malaya. The prosperity of the Chinese, large-scale immigration, and indebtedness of the Malays to the Chinese became a major source of resentment amongst the Malay population. To tame that resentment, the British gave the Malays privileged positions in the Malayan government, which they excluded the Chinese from, and further, the British refused to grant citizenship to most of the Chinese population. (Mills 1958, 4-6, 12-20; Sarkesian 1993, 59)

Tin dominated Malaya's export trade till the interwar period. At that time, rubber supplanted tin as Malaya's primary export, but tin still remained important to the Malayan economy. Both were volatile exports, but became more so as world prices plummeted before fluctuating greatly during this period. The Great Depression caused the rubber industry to learn to operate more efficiently, reducing labor demand and the number of plantation owners as estates consolidated. Despite the changes in the global market, Malaya remained dependent on rubber and tin trade till the outbreak



of World War II (Mills 1958, 20-28). Rubber and tin played a vital role later during the Emergency period; the outbreak of the Korean War created a demand for these commodities that funded the Malayan government's efforts to fight the communist insurgency (Komer 1972, 14; White 1998, 165, 174-175; Stubbs 1989, 108-114; Mills 1958, 155-158).

The communist insurgency did not overtly begin till 1948, but the communist movement in Malaya began in the early 20<sup>th</sup> century. Communism in Malaya was mostly a Chinese phenomenon. Mirroring the split in the Chinese nationalist movement on Mainland China, the Kuomintang in Malaya expelled the communists in 1927. Shortly after, the Comintern helped establish a group in Malaya that would eventually become the Malayan Communist Party (MCP) in 1930. The MCP struggled, going through several reorganizations throughout the thirties, but they did have a major achievement that would become important after the war: the establishment of ties with labor unions. In the late thirties, the MCP gained momentum from Chinese nationalism arising in 1937 because of the war between Japan and China, as well as from labor frustration with the British. Despite the increased MCP activity, the MCP did not seem at the time more than a nuisance to the British. This changed when the Japanese invaded on 8 December 1941. The British then saw the MCP as an important ally to serve as "stay behind" forces to conduct guerilla operations against the Japanese. The British even helped train the Chinese guerillas (Stubbs 1989, 42-43; Pye 1956, 51-62; Short 1975, 19-21).

#### **4.A.2. Post-World War II**

After the outbreak of World War II and Britain's ignominious departure in 1942 that allowed the Japanese to occupy Malaya, the status of the British changed in the eyes of the Malayan people. Malays termed the period between 1942 and 1945, when the British returned, as "the time the white men ran" (Allen 1983, 254 in Stubbs, 10). The Malayans initially had high expectations that the British would rapidly restore order and prosperity to pre-war, colonial rule levels, but the British quickly dashed those hopes. It took the British four weeks after the Japanese surrender to reach Kuala Lumpur and over six weeks to reach the East Coast despite not having to retake Malaya in battle (Stubbs 1989, 10). These factors further deteriorated Britain's credibility, already hurt amongst the various Malayan populations by the British defeat at the hands of the Japanese in 1942.

Besides the problems the British faced directed at them, the British returned to increased antipathy and dissension between the different ethnic groups in Malaya. The Japanese occupiers sowed animosity between the groups through divide and conquer policies that privileged some at the expense of others. During the occupation, the Japanese co-opted the Malay population while targeting the non-Malay minorities, particularly the Chinese, with the support of the Malays. Demographically, the population did not change much during the war. Out of a population of around five million people, the Malays, including aborigines, accounted for 49% of the population, while the Chinese and Indians made up 39% and 11%, respectively, with the remaining "others" including Europeans (Federation of Malaya 1952, in Hack and

Chin, 380). Additionally, few of the non-Malay minorities enjoyed Malayan citizenship, including many born in Malaya.

During the occupation, the Japanese incorporated the Malays into the Japanese administration of Malaya, and the Malays took part in the harsh treatment of the Chinese. Malays served on the police force that the Japanese used to harass the Chinese (Stubbs 1989, 35). The Chinese came to view the Malays as corrupt collaborators whom they distrusted and sought justice from. The Chinese, on the other hand, worked with the Allies during the war to fight the Japanese, seeing themselves as the defenders of Malaya and victors of the war. At the time, the Chinese were divided between communists and nationalists, but the MCP and the Kuomintang in Malaya put aside differences to fight the Japanese. The MCP established the Malayan People's Anti-Japanese Army (MPAJA), who the British trained in guerilla warfare, to fight the occupation (Stubbs 1989, 42-43).

While the MPAJA was open to all races of the Malayan population, 90 percent of the fighters were Chinese. Additionally, the MCP established a parallel political organization, the Malayan People's Anti-Japanese Union (MPAJU) to provide support for the MPAJA from local communities (Stubbs 1989, 44). The MPAJA served as the pre-cursor to the Malayan People's Anti-British Army (MPABA), which ultimately became the Malayan National Liberation Army (MNLA)—also known to some as the Malayan Races Liberation Army (MRLA)—that became the insurgent wing of the MCP fighting the Malayan Government during the Emergency. Furthermore, the MPAJU evolved into the Min Yuen, the population supporters of the MNLA. The

number of MPAJA totaled between 7,000-8,000 by 1945 with thousands of more supporters in the MPAJU (Purcell 1965, in Stubbs, 45).

After the fall of the Japanese, the MPAJA, with popular support from the non-Malay population, sought retribution against those they saw as traitors and collaborators during the occupation. Racial clashes broke out between the MPAJA and the Malay police force that suppressed the Chinese for the Japanese occupiers. The MPAJA conducted “people’s trials” to exact retribution, creating cycles of violence between the Chinese and Malays (Cheah 1983, in Stubbs, 45). These clashes further cemented the antipathy between the races in Malaya, broadening the lack of trust and credibility between the parties.

Once the British reentered Malaya, seeing themselves as victors returning to take back their position as colonial rulers, they further exacerbated the tensions between the different Malayan population groups. From the British return in September 1945 till April 1946, they ruled through the British Military Administration (BMA). The BMA was a military organization with civilian advisors, but the majority lacked government administration or Malayan experience. The BMA operated in a manner that quickly soured the population on the British return. First, the Army received many complaints that they acted as victors who took the spoils of war and went unpunished for misconduct. Second, the BMA demonetized the Japanese currency, wiping out the value of money kept by the general population, forcing people to give away and barter goods. Third, the BMA did little to dismantle the corruption that grew rampant under the Japanese occupation. Fourth, British authorities circumvented its own rationing policies forced upon the population to favor

European estate and mine owners at the expense of local entrepreneurs, mainly Malayan Chinese. Fifth, the BMA ignored calls to mediate justice for the behavior of different groups of the population during the occupation. Many Malays who worked for the Japanese were allowed to stay in their positions or given other favorable treatment, as they were seen by the BMA as indispensable to governing. Yet, at the same time, those who fought for the Allies were mostly excluded, feeding resentment amongst the Chinese. Sixth, the BMA tried to limit MCP activity by closing newspapers and arresting key officials, further arousing Chinese antipathy and the feeling of betrayal after supporting the Allies. These factors contributed to general distrust of the British return to colonial rule when the BMA turned over power to civilian government in April 1946 (Stubbs 1989, 11-16).

The formation of the Malayan Union without consultation of the Malayan population under the rule of Sir Edward Gent generated even further distrust. Before the BMA's transition to civilian government, the British established the Malayan Planning Unit in London to develop a unitary, modern secular state in Malaya to replace the pre-war disparate groupings of the Settlement Straits colony minus Singapore, the Federated Malay States, and the Unfederated Malay States. In January 1946, the British Government published its first public White Paper on the Malayan Union (Stubbs 1989, 22-26). The Malayan Union plan called for the sultans, ethnic Malays, to surrender their sovereignty to a new central government and to confer citizenship and equal political rights upon all Malays and non-Malays in Malaya.

The proposal quickly received sharp criticisms from the Malays and former British members of the Malayan civil service. The Malays had three primary

concerns. First, removing sovereignty from the sultans threatened the social, political, and religious authorities of Malay traditions and the Malay way of life. Related, centralization would undermine the power of local and state elites. Second, granting citizenship to non-Malays would undermine the pre-eminence of Malays in Malaya and undermine their special position and privileges in society. The Malays did not want the others to enter the civil service or government, because the Malays controlled that source of power. Malays already resented the prominent role of the Chinese in Malayan business and feared a redistribution of political power. Third, the Malays felt the British bullied the sultans into agreeing to the creation of the Malayan Union, undermining previous arrangements between the Malays and British to maintain the Malay's privileged status (Stubbs 1989, 22-26).

The primary group to organize against the Malayan Union was the Pan-Malayan Malay Congress, which was replaced by the United Malays National Organization (UNMO) in May 1946. UNMO organized mass demonstrations against the Malayan Union across the country. In wake of the unexpected, well-organized Malay civil disobedience, the Colonial Office established the Constitutional Working Committee, consisting of representatives of the Malayan government, the sultans, and UNMO, to draft a successor to the Malayan Union. Non-Malays were excluded from this committee, and were disappointed with the new constitutional proposals made in December 1946. The draft combined the British desire for greater centralization with the Malay demands to impose strict limitations on citizenship for non-Malays and returning sovereignty to the sultans. To overcome non-Malay objections, the British formed a Consultative Committee to solicit non-Malay views, but ultimately, they

ignored all of those recommendations and signed the Federation Agreement, creating the Federation of Malaya on 1 February 1948 (Stubbs 1989, 26-27).

The British vacillation between the Malayan Union and the Federation of Malaya created distrust between the Malays and the British. Simultaneously, the British lost any remaining credibility they had with the Chinese. The Chinese accepted the Malayan Union plan, but were completely angered by the Federation Agreement. The British already betrayed the allegiance the Chinese had shown fighting for the Allies against the Japanese during BMA rule after the war, but undoing the Malayan Union signaled to the Chinese they would remain politically powerless.

While the Malays distrusted the British because of the initial push for the Malayan Union, they were satisfied with the outcome of the Federation Agreement. The Malays knew they had more to gain in the long-run by supporting the British than possible short-term gains from opposing the British. The British rewarded Malay patience and strengthened British credibility in the eyes of the Malays when the British made clear their intention to grant independence to Malaya and end colonial rule. The Colonial Secretary made a statement in late 1954 to the House of Commons promising Malayan independence at the conclusion of the Emergency. The first national elections to the Federal Legislative Council followed in 1955, strengthening British credibility amongst the Malays (Short 1975, 13-14; Pye 1956, 13). Eventually, with the promise of self-rule and elections that included Chinese participation, the British strengthened their credibility amongst large portions of the Chinese population; particularly those associated with the Malayan Chinese Association (MCA).

The MCP saw the opportunity to challenge the British through “peaceful agitation” by organizing labor through unions. As described in Section 2.A.1, the Chinese comprised a large portion of the labor force in Malaya’s important economic sectors (rubber plantation workers, tin miners, and service sector employees), providing a strong base for the MCP to influence. After the war, unemployment was high and labor disorganized due to the effects of the Japanese occupation. The MCP re-established the General Labor Union (GLU), which provided a source of revenue for the MCP through dues of its members. The GLU could also influence members to find employment only at unionized workplaces. With the establishment of the Malayan Union and the separation of Singapore, the GLU split into two different groups and registered each with the respective governments to maintain legal status: the Pan-Malayan Federation of Trade Unions (PMFTU) and the Singapore Federation of Trade Unions (SFTU) (Pye 1956, 75-82; Clutterbuck 1973, 51-57).

Upon consolidating control, to demonstrate the PMFTU’s power, the unions turned 1947 into ‘The Year of Strikes.’ Of the 289 registered unions in Malaya, 203 were under the direct control or influence of the PMFTU (Gamba 1962, 155; Federation of Malaya 1949, 2 in Clutterbuck, 54). There were over 300 major strikes, resulting in 696,036 lost work-days in 1947 (Miller 1954, 74 in Clutterbuck, 54). By 1948, these strikes had turned violent. As a result of the increasing power and associated violence with the unions, the Malayan Government in June 1948 passed very restrictive legislation to curb the MCP control of the unions. The three main elements of the law were: 1) union office holders had to have at least three years of the specific industry or trade experience; 2) convicts of extortion, intimidation, or similar



crimes could not hold office; and 3) only industry- or occupation-based unions could exist, meaning federations of unions could not (Clutterbuck 1973, 56-57; Sarkesian 1993, 67). These restrictions threatened a large portion of the MCP's political and economic power bases, and forced union leaders into covert MCP roles.

Shortly after the passage of the laws, the murder of three British rubber planters in Perak sparked the beginning of the Malayan Emergency. On June 16, 1948, High Commissioner Sir Edward Gent declared a state of emergency for the states of Perak and Johore, and extended the order to the rest of the Federation on June 18 (Sarkesian 1993, 67). The declaration of the Emergency and the banning of the Malayan Communist Party signified the start of the communist insurgency against the British and Malayan Federation. The Malayan Emergency has become the quintessential example used by counterinsurgency theorists in explaining how external actors can help nations succeed in defeating insurgents, ending civil conflict, and establishing stable states and governments.

## **Chapter 5: Reexamining the Lessons of Stabilization in Iraq, 2006-2008**

*“[Operation Iraqi Freedom] is a war that’s going to be won by not just combat effectiveness, but by winning hearts and minds and getting people to cooperate with us.”* – Deputy Secretary of Defense Paul Wolfowitz, May 4, 2004 (Department of Defense 2004)

### **5.1. Introduction**

The lessons drawn from the conventional “hearts and minds” narrative of the Malayan Emergency described in Chapter 4 have had a major impact on the thinking of how to end the current civil conflicts in Iraq and Afghanistan. By mid-2006, the media, punditry, and think-tank analysts reached a near-consensus that Iraq was in the midst of a sectarian civil war between the Shi’a and Sunni communities. The public debate at the time revolved around the options of withdrawing American troops and letting the Iraqis fight it out or increasing American involvement to stabilize the country. On January 10, 2007, President Bush announced that the United States would increase its troop strength in Iraq by over 21,000 soldiers—known as the “Surge”—and essentially adopt a classic population-centric counterinsurgency strategy (i.e., a “hearts and minds” approach).

This chapter argues that the conventional wisdom about how Iraq achieved stabilization between 2006 and 2008 does not capture the underlying dynamics in Iraq that led to the major reduction in sectarian violence and diminishment of the insurgency. The conventional narrative argues the “hearts and minds” approach adopted with the “Surge” increased the legitimacy of the Iraqi government in the eyes of the Iraqi people. Like the Malaya case, this narrative focuses on how improvements in development and institutional capacity won over the “hearts and

minds” of the population. This conventional narrative fails to capture how the external actor influenced competing elites to stabilize the conflict. This chapter shows how the United States helped adjust the incentives of the government and opposition elites in Iraq to bring about stability.

This chapter uses the formalization of population-centric theory (Chapter 2) and the elite-centric theory of self-enforcing stability (Chapter 3) to re-examine the lessons learned from Iraq’s stabilization between 2006 and 2008. First, the chapter describes the prevailing conventional narrative about how the “Awakening Movement” and “Surge” helped stabilize Iraq. Then, the chapter analyzes the lessons learned from each of these components of the conventional narrative through the population-centric model from Chapter 2 to assess if the narrative follows the model’s logic. Next, the chapter applies the “*Podesta Model*” of self-enforcing stability from Chapter 3. This demonstrates how an elite-focused strategy in which an external actor helped internal actors overcome commitment problems by enabling a limited access order through the oligopolization of violent means and distribution of rents brought about stability in Iraq.

### **5.2. Conventional Explanation of Stabilization in Iraq**

The conventional explanation for how stability arose in Iraq by 2008, following a spiral of sectarian violence that began with the February 2006 bombing of the Askariya Mosque in Samarra, revolves around two main components. The first is the “Awakening Movement”; the second is the “Surge”, which enjoys greater credit of the two components in the popular lore of how the United States snatched victory

from the jaws of defeat in Iraq. The rest of this section provides a quick description of the main actors in the conventional narrative before discussing the “Awakening” and the “Surge”.

Shortly after the coalition invasion of Iraq in 2003, an insurgency began to form. Several players, or actors, exist in this story. Initially, the insurgents were members of a religious-based alliance, although the different participants had different objectives. One group to the insurgent alliance, the Iraqi Sunni tribes, consisted of Iraqi tribes who felt dispossessed of their power upon the removal of the Saddam regime and who wanted a return to the pre-invasion status quo. The other main opposition group, Al-Qaeda in Iraq (AQI), consisted mostly of foreign fighters and terrorists trying to force the U.S. to leave as ignominiously from Iraq as the U.S. did from Somalia, and to establish an Islamist government in Iraq.

The insurgents directed their actions against several groups. First, they targeted the coalition forces that invaded Iraq and whom the United Nations Security Council later authorized to operate as the Multi-National Force-Iraq (MNF-I). Second, the insurgents targeted the progression of Iraqi governments following the invasion—the Iraqi Interim Government (IIG) appointed by coalition forces after the invasion, the Iraqi Transitional Government (ITG) elected mostly by the Shi’a and Kurdish populations due to a Sunni boycott on January 30, 2005, and finally, the permanent Government of Iraq (GoI) elected by the Iraqi people on December 15, 2005. Third, the insurgents also targeted the Shi’a political parties, their corresponding armed militias, and the Shi’a civilian population due to the rise of Shi’a power in Iraq at the expense of the formerly ruling, although minority, Sunnis. The

first part of the story that explains the reduction of violence is the “Awakening” narrative.

#### 5.2.1. Conventional Explanation of the Iraqi “Awakening Movement”

While the “Surge” maintains pride of place in the conventional narrative about how stability emerged in Iraq by 2008, some “Surge” proponents acknowledge the importance of the “Awakening Movement” in setting the conditions for the “Surge” to succeed, while others argue that the “Awakening” alone brought about stability. Sunni tribes began the “Awakening Movement” in the summer of 2006 in Anbar Province. This “Movement” is also known as the “Sons of Iraq” or “Concerned Local Citizens” efforts. The “Awakening” arose when Sunni tribal leaders chose to stop fighting and began cooperating with American and Iraqi forces in Anbar Province. These tribes cooperated by not targeting American or Iraqi forces and by turning against Al-Qaeda in Iraq, their previous allies. With American financial support, the “Movement” spread across the country with Sunnis protecting themselves locally, and it eventually grew to include some Shi’a members as well (New York Times 2010).

The “Awakening” narrative argues that the Sunnis started the “Awakening” in response to internal disputes and indiscriminate violence employed by Al-Qaeda in Iraq (AQI). AQI is a foreign-led, radically religious organization intent upon establishing a caliphate beyond Iraq. The local tribes felt that AQI threatened their way of life, and that the violence against fellow Sunnis pushed them out of the Sunni tribes’ original alliance with AQI. The conventional story is that AQI lost the hearts and minds of the Sunni population who had provided support to AQI, and the Sunni

tribal insurgents felt that in the short-term they would be better off cooperating with, rather than fighting, the coalition forces and the Iraqi government to preserve the power of the tribes and to get help in removing AQI from their tribal areas (Bruno 2009).

“Awakening”-alone proponents further argue that the Iraqi government and coalition were slowly defeating the insurgents, which caused the Sunnis to flip sides away from AQI. The Sunnis made a cost-benefit choice between the coalition and AQI at this point, seeing greater possible long-term benefits from allying with the U.S. Those who see it from this perspective argue that by bringing the Sunnis back into the fold, during the “Awakening”, coalition forces stoked Sunni revanchist hopes and have ultimately undermined the central government of Iraq. By siding with the coalition, the Sunnis could get the coalition to protect them from the Shi’a militias and Iraqi government, provide them with money, and give them weapons (or at least not disarm the Sunnis) and training to help them prepare for a future civil or ethnic conflict when the coalition departs. This strategy will provide short-term stability at the expense of long-term “tribalism, warlordism, and sectarianism” (Simon 2008).

The story continues that by giving credibility to tribal leaders, the coalition actually undermined the democratic institutions they touted by enabling alternative power structures to grow (Kukis 2006). So, according to the “Awakening”-alone narrative, the coalition has not necessarily gained the hearts and minds of the population, it is just that AQI lost them, and the coalition are the best alternative to help the Sunnis rid themselves of the AQI threat while preparing for an eventual conflict with the other parties that they see as long-term threats. Additionally, as the

more cynical critics describe it, “The Americans think they have purchased Sunni loyalty, but in fact it is the Sunnis who have bought the Americans” (Rosen 2008). Therefore, the conventional “Awakening”-alone proponents hold that the agreement, or what they call temporary cease-fires, of the “Movement” and the transitioning of the Sunnis into the Iraqi government are not sustainable (Biddle et al. 2008) and that as soon as the “U.S. paymasters” are of no more use to the Sunnis, the coalition and Iraqi government “will once again be their targets” (Simon 2008).

The conventional “Awakening”-alone wisdom concludes that the “Awakening Movement” is a series of temporary agreements that has helped bring short-term security, but that it will not last in the long-run—hence it is not self-enforcing. Additionally, the coalition’s support of this effort will actually weaken the Iraqi state, leading to an eventual return to instability and bloodshed.

#### *5.2.1.1. Critique of Conventional Explanation of the “Awakening Movement”*

The problem with the conventional “Awakening” argument is that it attributes short-term stability to the wrong actors—the populace—for the wrong reasons—winning hearts and minds. The reason this is wrong in Anbar is because the population followed the leadership of the most powerful elites. Traditionally, the tribal leaders have controlled power in Anbar. For a short-time period, AQI leaders displaced the tribal leaders as the dominant elite by controlling greater means of violence and appropriating rent-seeking and distribution avenues. During that time, the populace acquiesced to the AQI elite demands. Once the tribal leaders restored

their elite position through the control of coercion and rent distribution, the population returned to following the commands of the tribal elites.

Therefore, the conventional wisdom establishes the wrong causal logic for the achievement of stability in the short-term, missing the actual dynamics taking place between the proper actors. Even if the long-term predictions of the conventional “Awakening” argument come true, the lessons drawn will be invalid because the argument’s faulty causal logic will lead to incorrect explanations and policy prescriptions. Section 5.3 provides an alternative narrative based on the same events that took place during the “Awakening”, but grounded in the theory explained in Chapter 3. Section 5.3 will show how the “Awakening” may have led to self-enforcing stability by decentralizing force and expanding the dominant elite coalition to give more actors a stake in the future of Iraq and incentives to sustain the agreement. Before examining this alternative theory, the next section describes and critiques the conventional explanation of the “Surge” story.

#### 5.2.2. Conventional Explanation of the “Surge”

Most “Surge” proponents accept the view that the “Awakening” brought about short-term security. Yet, the conventional “Surge” narrative views the impact of the “Awakening” somewhat differently. Proponents of the conventional “Surge” narrative argue that the “Awakening” set the conditions for the “Surge” to spread stability across Iraq and make it sustainable. “Surge” proponents argue that earlier efforts by U.S. forces to gain Sunni tribal support, such as outreach to the Abu Mahal tribe in 2005 (Semple 2005; West 2008, 101-102), helped to eventually bring the Sunnis



over—implying that some Sunni “hearts and minds” were won—to the Coalition (Robinson et al. 2008). The “Surge” enabled the implementation of a full-scale “hearts and minds” strategy to consolidate and spread the gains from the “Awakening”.

While the “Awakening” began in the summer of 2006, the “Surge” did not begin till January 2007 and was not completed until the summer of 2007. At the heart of the “Surge” was a belief by the strategy’s proponents for the need to shift to a classic counterinsurgency strategy—a euphemism for the population-centric “hearts and minds” approach. President Bush announced the “Surge” in an address to the nation about “The New Way Forward in Iraq” (Bush 2007b). This announcement shifted the U.S. from an enemy-centric to a population-centric strategy to improve the legitimacy of the Iraqi government.

The six fundamental elements of “The New Way Forward in Iraq” strategy were: “1) let Iraqis lead; 2) help Iraqis protect the population; 3) isolate extremists; 4) create space for political progress; 5) diversify political and economic efforts; and 6) situate the strategy in a regional approach” (Bush 2007a). To achieve these objectives, the President committed over 20,000 additional U.S. combat troops (Bush 2007b) plus supporting units, eventually increasing total U.S. forces from 132,000 in January 2007 to 171,000 by October 2007 (O’Hanlon and Livingston 2010, 19). The six fundamental elements of the strategy follow closely to the HAM principles, outlined in Chapter 2, of population control, use of minimal military force, improved public goods and service provision through development efforts, and building and strengthening institutional capacity.

Operationally, the increase in American force levels in Iraq helped protect the population from insurgents by working with Iraq Security Forces (ISF) to clear and secure neighborhoods. Coalition and Iraq forces used minimal force to gain the confidence of the people and to prove that the forces would protect the population. To support the goal of setting the conditions for the ISF to take over security responsibility, the U.S. continued efforts to increase the size and effectiveness of the ISF through training, equipping, mentoring, and embedding programs. The ISF support efforts, as well as a focus on rule of law institutions and service providing ministries, made up the institutional capacity component of the “Surge” strategy. The development component articulated in the “Surge”, following HAM theory, consisted of delivering essential services to all communities and creating jobs (Bush 2007a, 2007b).

The goal for the main elements of the “Surge” was to gain legitimacy for the Iraqi government in the eyes of the people—in other words, win their “hearts and minds”. In order to implement this new strategy, General David Petraeus took command of Multi-national Force-Iraq (MNF-I) two weeks after President Bush’s address. General Petraeus had just officially released the Army’s new counterinsurgency manual in December 2006. He led the authorship of this “radical field manual” that brought together stakeholders from the military, government, academic, and NGO communities to set a new strategic direction for the military (Sewall 2007). The “Surge” was the culmination of a doctrine that General Petraeus spearheaded.

“Hearts and minds” proponents of the “Surge” narrative have created a hagiography about General David Petraeus that is similar to the one created about General Sir Gerard Templer during and after the Malayan Emergency. These advocates of the “Surge” success, defined tactically or strategically, argue that General Petraeus turned things around because he understood and implemented a classic population-centric counterinsurgency strategy (O’Hanlon and Pollack 2007; Robinson 2008; Ricks 2009b).

Petraeus implemented a series of directives across MNF-I that were not solely concerned with tactical operations, but focused more on the strategic effects generated by the tactics. These measures included securing the population by walling off neighborhoods, creating entry and exit checkpoints, and having coalition and Iraqi forces live among the population. Further, the strategy according to HAM proponents included political institutionalization by empowering provincial and local councils. The conventional narrative also argues that stability arose through the centralization of force as the Government of Iraq (GoI) incorporated former insurgents into the military and police. Finally, the strategy focused on development efforts by pushing large amounts of reconstruction and Commander’s Emergency Response Program (CERP) funds out to the provinces (Robinson et al. 2008).

According to the conventional narrative, the “Surge” of personnel and resources enabled the combination of population security measures, improvements in political institutional capacity, development efforts that spread the provision of public goods and services, and the centralization of violent means that brought Iraq back from the brink of civil war. The joint efforts of the coalition and Iraqi forces during

the “Surge” to engage in community-specific operations enabled the provision of basic services to the people and created new local level political and economic arrangements that stabilized Iraq (O’Hanlon and Pollack 2007). Political institutionalization at the local level and the strengthening of the GoI ministries centrally displayed to the Sunni and Shi’a that they each had a stake in the future of Iraq and could resolve conflict peacefully through the government. The coalition and GoI no longer treated the Sunni population as the enemy (Robinson et al. 2008).

Proponents of this narrative cite the massive reduction in violence in Iraq as evidence of the “Surge’s” effectiveness in winning the “hearts and minds” of the population and improving the legitimacy of the coalition and Iraqi government (Biddle 2008; Exum 2010). Through the implementation of a cohesive COIN strategy, civilian deaths declined 48% across Iraq and 74% in Baghdad from December 2006 to September 2007 (Boot 2007). “Surge” supporters further cite that the Sunni uprising against AQI and in support of the coalition and GoI had affected over 40% of the country by September 2007 (Boot 2007), in effect giving credit for the “Awakening’s” success to the “Surge”. Economically, the improved provision of public goods and services to the Sunni areas took away popular support for Al-Qaeda in Iraq. Previously, the population had turned to AQI for goods and services, since the GoI had not been providing them.

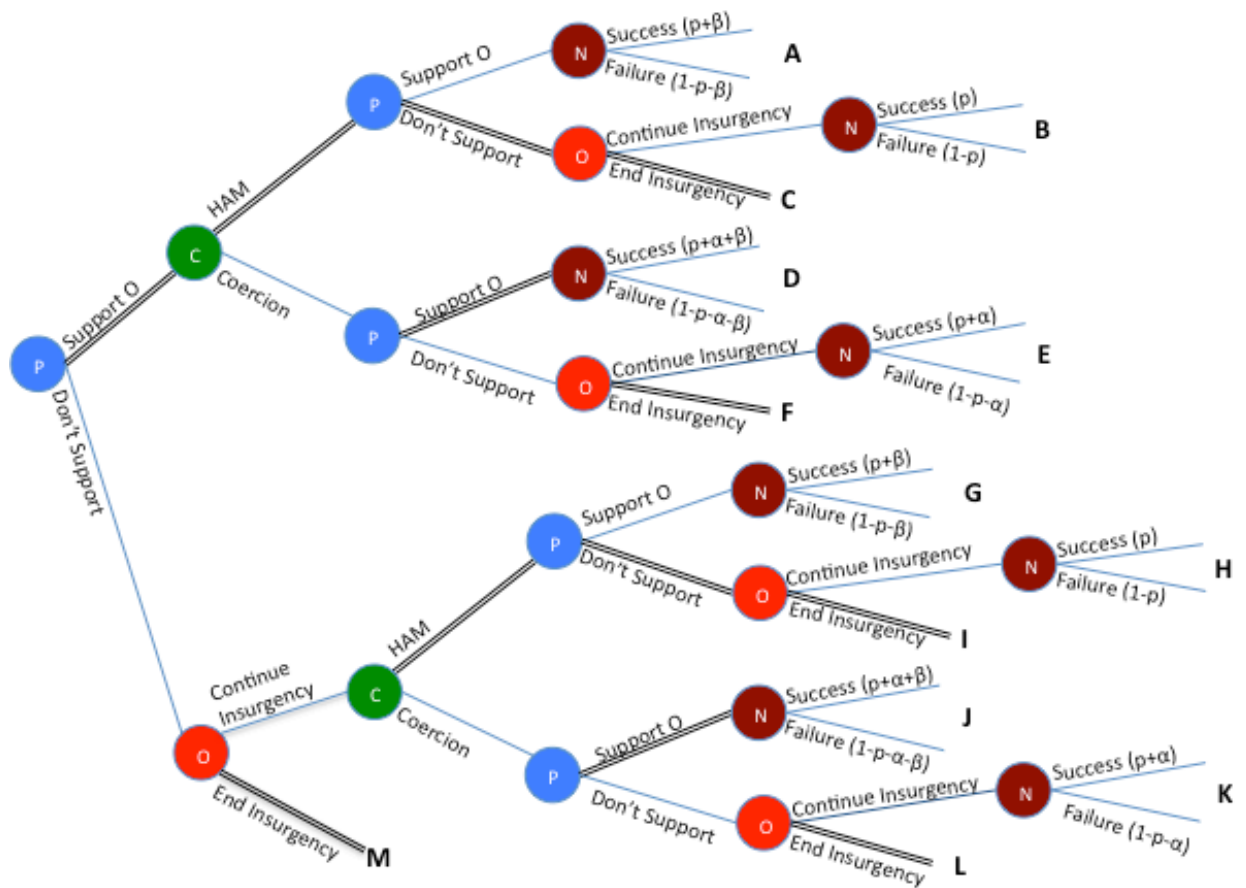
#### *5.2.2.1. Logical Critique of Conventional Explanation of the “Surge”*

Chapter 2 provides the basis for critically analyzing the logic of the conventional explanation for the success of the “Surge” in Iraq. The extended game

tree model in Figure 2.4 illustrates the logic of the population-centric theory. The “Surge” is held up as the implementation of classic COIN strategy, meaning that it should follow the logic of the HAM model. According to the model, the population should support the insurgency due to the lack of government legitimacy. In Iraq, the population was divided ethno-religiously, which determined who among the population supported the insurgency. Support for the insurgency was a Sunni Arab phenomenon. Shi’a Arabs account for approximately 60% of the Iraqi population, Sunni Arabs make up approximately 18-20% of the population, the Kurds approximately 15-20% of the population, and other ethno-religious groups make up approximately 5% of the population (Central Intelligence Agency 2010). Just as in Malaya, the Sunni dominance of the insurgency raises a logical puzzle about the population-centric model. If the insurgents require popular support, did the Sunnis really think they could win the “hearts and minds” of the Shi’a and Kurdish populations? Did the Sunnis ever try to win “hearts and minds”, or did they just try to regain power through coercion? Since HAM is about a competition for legitimacy in the eyes of the population, would wanton killing of the other groups by the Sunnis gain the legitimacy that would allow the Sunnis to recapture control of the country? If not, Iraq faced a civil war rather than an insurgency since neither group would capitulate to the other. If it was an insurgency without general popular support, the insurgency should have ended according to the model in Figure 2.4.

This analysis shows, again as with the Malaya case, the inability of the population-centric model to provide criteria for a minimal level of popular support to sustain an insurgency. To continue with the logical critique, this section assumes that

as little as 20% of the population (assuming unanimous Sunni support) can sustain an insurgency. This leads to the next move in the population-centric model, which is the choice of the counterinsurgents to pursue a HAM or coercion policy. The “Surge” narrative argues that the counterinsurgents, the coalition and Iraqi forces, chose a HAM policy. The HAM policy should have led the population to end their support of the insurgency. While the Sunnis did end support for the insurgency, it is not clear that the “Surge’s” implementation of HAM led to the end of that support. The Sunnis had previously ended support for the insurgency with the “Awakening”. Depending on how one views the “Awakening”, as discussed in Section 5.2.1, either the previous coercion of the counterinsurgents led to the end of popular support before the “Surge”, or AQI lost the population’s “hearts and minds”. In either case, the counterinsurgents never won the population’s “hearts and minds” due to a deliberate HAM policy choice. The empirical critique of the “Surge” explanation in Section 5.2.2.2 will support the point that the Sunnis stopped supporting the insurgency before the counterinsurgents implemented a comprehensive HAM strategy.



**Figure 2.4. Population-Centric Theory Model**

The model also treats the counterinsurgents as a unified actor, assuming that the government and external actor have the same ultimate goal—defeating the insurgents. This assumption fails to capture differences in policy choices, however. Even if the coalition forces implemented a HAM strategy, the government pursued a policy of coercion to change the behavior of the Sunni population. Following the outbreak of the insurgency, the GoI and Shi’a population showed restraint in terms of violence towards the Sunnis in hope of establishing national reconciliation. That restraint, however, ended with the Samarra bombing in February 2006 (Morales and Alexander 2006). At that point, the government pursued a policy of coercion by

unleashing the Shi'a militia linked to the governing political parties to target the Sunni population directly (Worth 2006). The coalition forces at this time already relied heavily on coercion, with the use of "cordon and search" operations and mass arrests of younger male Sunnis (Filkins 2005). This use of coercion showed the Sunnis that the counterinsurgents, particularly the government, were more powerful than the Sunnis believed. The government made little effort at this time to improve public goods provision to the Sunnis; the government relied on sticks rather than carrots to change the Sunni population's behavior.

Following the Sunni change in behavior, through these coercive measures, it became possible for the counterinsurgents to shift to the provision of carrots to the Sunnis. The split in the opposition between the tribes and AQI occurred before the implementation of the HAM strategy. The HAM strategy may have consolidated gains made through the coercion strategy, but HAM was not the cause of the population ending support for the insurgency as predicted by the HAM model. With the population control measures of the "Surge" to further separate the population from the insurgents, it became possible to improve public goods provision, development, and political institutionalization. As in Malaya, the counterinsurgent's use of these policies may have appealed to the rational self-interest of the population, but they unlikely won the affection of the people.

#### *5.2.2.2. Empirical Critique of Conventional Explanation of the "Surge"*

Empirically, proponents of the "Surge" rely primarily on two pieces of evidence that the "Surge" worked. The first is that the HAM strategies of the "Surge"

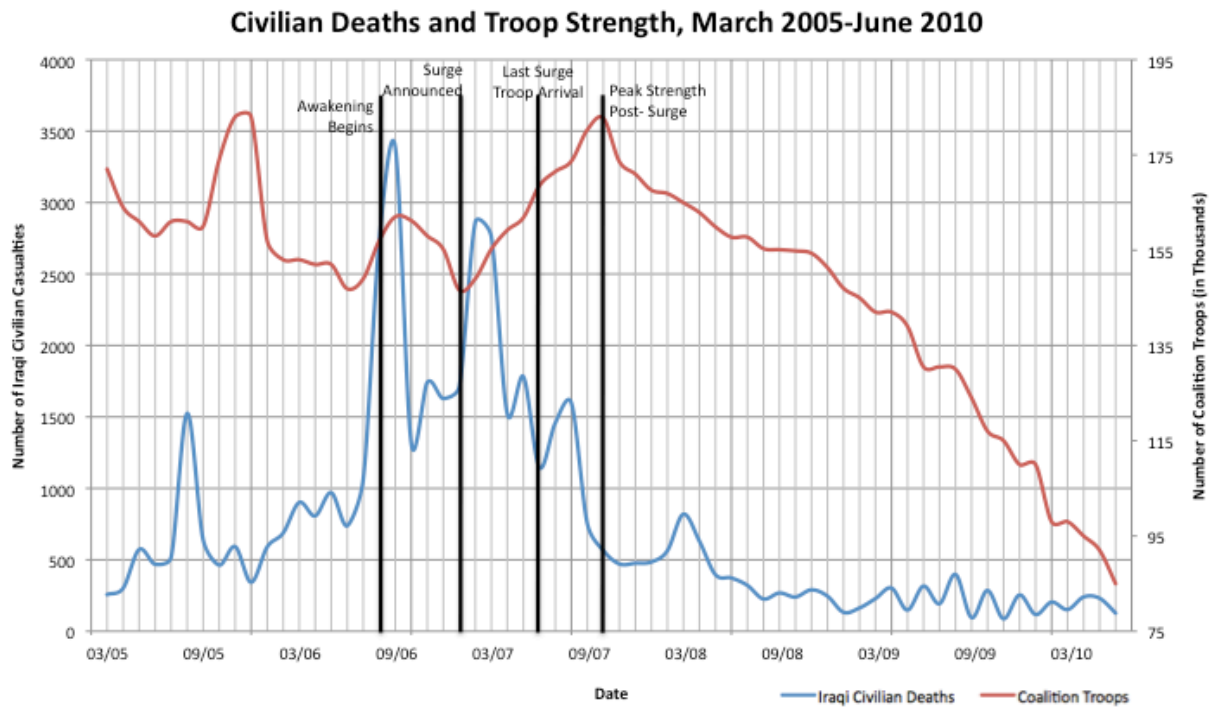


proved the coalition's and Iraqi government's legitimacy to the Sunnis, which enabled the Sunni uprising against AQI. The problem with the framing of the Sunni uprising by "Surge" proponents is that they smuggle in the "Awakening" as a component of the "Surge" even though the "Awakening" pre-dated the surge and was initiated by the Sunnis, not the coalition or GoI. Some proponents acknowledge that the "Awakening" started first, but they still argue that the "Surge" is what made it succeed (Boot 2007; Biddle 2008; Exum 2010). The "Awakening" began six months before the announcement of the "Surge" and over a year before the completion of the "Surge". This conventional HAM argument however suffers from an endogeneity problem. Did the "Surge" enable the "Awakening" as argued, or did the "Awakening" set the conditions for the "Surge" to work? Would the flood of resources—personnel, money, and material—have made a difference without the "Awakening"? Combining the logical and empirical critiques of the conventional narrative show that the "Awakening" likely set the conditions for the resources of the "Surge" to serve as effective mechanisms for the external actor to help the government and opposition elites overcome credible commitment problems.

Second, the conventional narrative relies heavily on the data showing a reduction of violence in Iraq as evidence that the "Surge" worked. The problem is that supporters of the "Surge" either misread or misuse the data. "Surge" supporters choose the near peak of violence in Iraq when describing the drop in violence. The 48% decline in civilian deaths across Iraq by September 2007 value in Section 5.2.2 is compared to December 2006 (Boot 2007). This data value obscures the fact that President Bush did not announce the surge until January 2007, however, and that the

full complement of surge forces did not arrive till the summer of 2007. Further, U.S. and coalition troop strength did not peak till October 2007 (O'Hanlon and Livingston 2010).

Figure 5.1 displays the number of Iraqi civilian deaths and the number of coalition forces in Iraq between March 2005 and June 2010. The left-side vertical axis provides the value for the number of Iraqi civilian deaths. The blue line (initially the lower line) plots the deaths by month. The right-side vertical axis provides the value for the number (in thousands) of coalition forces in Iraq. The red line (initially the upper line) plots the number of troops by month. The horizontal axis represents time (in months).



**Figure 5.1. Iraqi Civilian Deaths and Coalition Troop Strength, March 2005-June 2010** (O'Hanlon and Livingston 2010; icasualties.org 2010)

The graph shows that the number of Iraqi civilian deaths peaked just after the start of the “Awakening Movement”, but then declined sharply. Deaths then increased just after the announcement of the “Surge” strategy, but then continued the major downward trend that started after the “Awakening” began. During this time, the “Awakening” spread beyond Anbar and included Shi’a as well as Sunni populations. The chart also shows that the declining death trend preceded the increase in troop levels. While increased troops may have enabled the trend to continue by supporting the “Awakening,” the data presented on the chart raise questions about the “Surge” argument that increases in troops led causally to the decline in civilian deaths. Further, a likely lag exists between the time of troop arrival and their impact, because it takes time for troops to reach and become familiar with their areas of responsibility (AORs). Since HAM theory relies on gaining the confidence of the population, it is hard to accept that COIN forces could have instantaneously changed the conditions on the ground immediately upon their arrival.

### **5.3. Applying a New Theory of Self-Enforcing Stability to the “Awakening Movement”**

The problem with the conventional explanations of the stabilization of Iraq between 2006 and 2008, both the “Awakening” and “Surge” arguments, is that they focus on the change in the behavior of the population. The “Awakening” argument describes how the opposition lost the “hearts and minds” of the population, while the “Surge” explains how the counterinsurgents won the population’s “hearts and minds”. Both fail to recognize the importance of the role of elites as an intervening variable

that impacts the behavior of the population. Neither of these narratives explains the role of incentives, positive or negative, in aligning the interests of elites. The conventional narratives miss how aligned interests led to the development of an elite pact between the Sunnis and the Shi'a in Iraq. The interests of these two groups became aligned when AQI threatened the security and rent-seeking opportunities of elites from both the opposition and the government.

This section will now link the theory of self-enforcing stability presented in Chapter 3 to provide an alternative narrative of the stabilization that took place in Iraq between 2006 and 2008, showing that the theory is plausible and potentially generalizable. The “Awakening” set the conditions for the mechanisms employed during the “Surge” to solidify an elite pact between the government and opposition. This section applies the “*Podesta Model*” from Chapter 3 to Iraq. This application shows how a de-facto elite-centric strategy that supported the oligopolization of violent means and rent-seeking helped the coalition resolve commitment problems between the Sunni and Shi'a, contributing to the establishment of a potentially self-enforcing limited access order (LAO) in Iraq by 2008. Once the elites were able to provide security and rent provision locally, they won the support and allegiance, but not necessarily the affection, of the population.

### 5.3.1. Key Actors

The three actors in this self-enforcing narrative are the government (made up of the Government of Iraq (GoI) and the Shi'a parties and militias), the opposition (the Sunni tribes), and the external actor (the Multi-national Force-Iraq (MNF-I)).

This narrative assumes that each of these groups has worked out their own internal collective action problems, forming their own elite coalitions. The Government of Iraqi (GoI) and the Shi'a groups are treated as a unified actor, the government, because each of the primary militia groups is an armed element of the major political parties. For example, "ISCI [the Islamic Supreme Council of Iraq] and Fadhila ... meld[ed] nearly all of their own independent militia units into the Iraqi security forces... Their approach has ... largely removed the ... problem that these militias employed systematic violence to advance their political agendas beyond, and at the expense of, government control" (Biddle et al. 2008, 39). Additionally, the GoI and Shi'a elites who headed the Shi'a political parties and militias aligned closely and generally acted in concert with one another, except for the spoiler group—the Sadr militia. However, the GoI and the Shi'a groups ultimately worked together to check the power of the Sadr militia when the Sadrists threatened the pact, discussed below, between the government, the external actor, and the opposition.

For the opposition, this narrative treats all of the Iraqi-led Sunni tribes as a unitary actor. The Sunni tribes are elite organizations that permeate Iraqi society, as Sheik Abdul Sittar, the original leader of the "Awakening," states, "Tribes aren't what you're imagining, these people who make up tribes are doctors, engineers, intellectuals, farmers, and mechanics" (Kukis 2006). These tribal leaders actually maintain parallel extra-state governance structures to the formal state ones as well as political allegiances (Kilcullen 2007). AQI is excluded from the opposition, because they are an irreconcilable, foreign-led, spoiler group with different goals from those of Iraq's Sunni population.

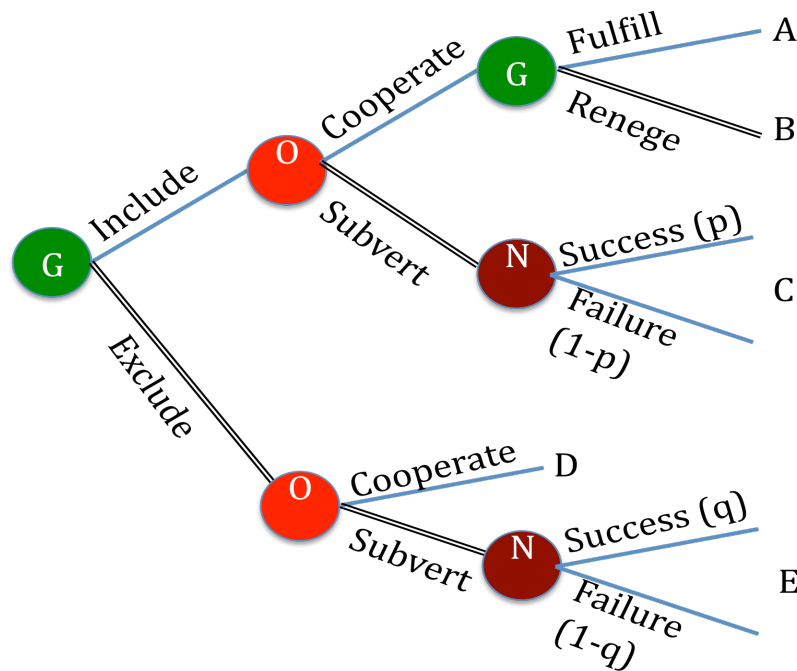
Lastly, the narrative treats all the elites within MNF-I and their corresponding diplomatic missions as a unitary external actor as there is a single chain of command among all military forces, and because of the close coordination between the military and civilian policymakers. Each of the elites within the government, opposition, and external actor coalitions may have their own interests, but this rational-choice framework assumes that the elites support the dominant coalition despite some differences since they all become better off on average by working together.

### 5.3.2. Commitment Problems

As the tribal revolt began in the summer of 2006 in Anbar province, and because informal tribal structures pervade Iraqi society, the “Awakening” turned out to be “a major social movement that could significantly influence most Iraqis” (Kilcullen 2007). And, although not mentioned much in the conventional story that credits the “Surge” with the “Awakening,” “...the Iraqi government was in on it from the start ... with tribal leaders turning toward the government and away from the extremists” (Kilcullen 2007). The reason that the government and opposition had to turn to an external actor to finalize the deal was that both sides needed an external actor to provide a credible commitment mechanism.

The government could not provide a credible commitment to the Sunnis because of the sectarian violence since the collapse of the Saddam regime. With much of the Iraqi Security Forces consisting of former Shi’a militia members, the opposition could not believe that the government would not renege on any agreement; especially one in which the opposition would lay down their arms to join the government. Once

the Sunnis laid down their weapons, it would be relatively costless for the government to renege and crush the opposition or continue excluding them from the government, as explained in the game in Figure 3.1. Fearon (1998) helps us understand this commitment problem in terms of ethnic conflict, and when he (1995) describes that war is rational when there are incentives to misrepresent private information and when commitment problems provide incentives to renege. In Anbar, the government and opposition both had incentives to misrepresent their strength, because they each wanted the other side to think fighting was futile. The government had an additional incentive to renege; they wanted to guarantee that the Sunnis who had tyrannized the Shi'a for decades would never take over the government again.



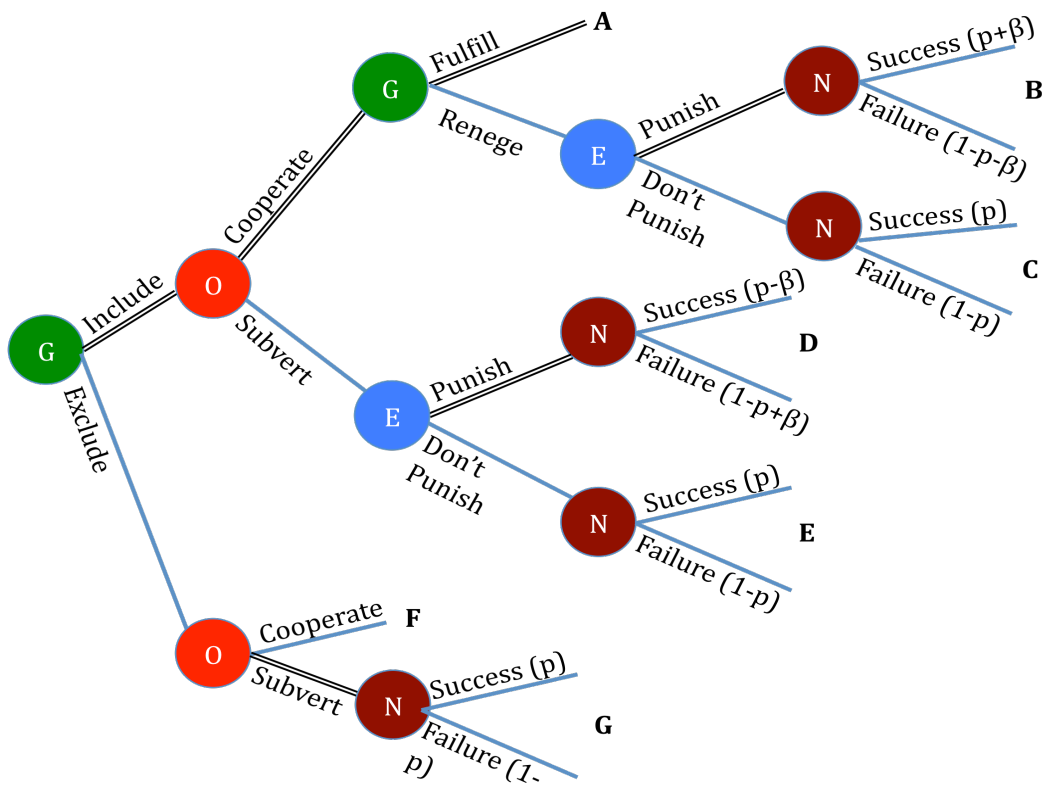
**Figure 3.1. State-building Game without an External Actor**

On the opposition side, the members of the coalition had the incentive to work together and with the government to defeat AQI because the foreign-born leaders of AQI were attempting to overthrow the supremacy of the Sunni tribal leaders, threatening their political interests. Additionally, AQI threatened the Sunni sheiks' economic interests as "the tribes run smuggling, import/export, and construction businesses which AQI shut down, took over, or disrupted through violent disturbances that 'were bad for business'" (Kilcullen 2007). Without the external actor, however, the opposition could not credibly commit to the government either as explained by Fearon's rationalist explanation of war described above. The game in Figure 3.1 described this problem. Understanding that the government had an incentive to renege, the Sunnis rationally attacked the government preemptively. This follows the backwards induction of the game described in Chapter 3; if the opposition waited to fight after the government consolidated and strengthened its power, the costs to the opposition would have been much greater. Additionally, without MNF-I, the opposition could not credibly commit to the government. The Sunnis had to overcome the government's rational fear that the Sunnis would try to restore what they saw as their rightful position as the leaders of Iraq after the Iraqi Security Forces helped the Sunnis defeat AQI. This problem again follows from the game in Figure 3.1, because the government would also understand that the opposition would subvert when the opposition had its greatest strength vis-à-vis the government.

The inability of either the government or the opposition to credibly commit to one another led both sides to turn to the external actor to serve as the guarantor of the agreement (see Figure 3.2). With the "Awakening," MNF-I became responsible for



preventing the disarmament of and providing payment to the “Sons of Iraq” (SOI) or “Concerned Local Citizens” who volunteered to police their own neighborhoods. By the end of 2008, there were more than 100,000 SOI members operating across most of the country (Weinstein 2008), contributing to the reduction in violence. “The role of American forces has shifted from crushing sectarian groups intent on causing violence to essentially policing cease-fires among the groups and reassuring ordinary Iraqis that the violence will not be allowed to resume” (Biddle et al. 2008, 31). This description follows the role of the *Podesteria* in Italian city-states during the late Middle Ages, discussed in Chapter 3. The republics sent an outsider, a *Podesta*, to dependent cities or city-states, such as Genoa, or hired its own *Podesta* to administer the city and prevent strife between competing local elites. The *Podesta* treated each side equally and sided with the defenders against the defectors of the pact (Greif 1998, 2006). During the “Awakening Movement” and “Surge”, the external actor provided the necessary credible commitment for the agreement to hold, similar to the actions of the *Podesta*.



**Figure 3.2. State-building with External Actor Support (“Podesta Model”)**

5.3.3. Moving Towards Self-Enforcement

Coalition forces used the mechanisms of personnel, equipment, money, and time to make their commitment credible. The “Surge” enabled the coalition to utilize these mechanisms. The diversification of violence potential between government and opposition forces formed a balance of interests between the government and opposition, which is indicated by the sharp decline in violence (see Figure 5.1) since the “Awakening” (Berman et al. 2008). The coalition helped diversify violent means by partially training the SOI, as they had done with the ISF, and by indirectly equipping the SOI through money transfers—or at least not disarming them—

establishing a defined balance of power between the government and the opposition. The increase in personnel during the “Surge” also solidified this balancing, because coalition forces operated with both opposition and government forces, helping to maintain the pact by identifying and punishing violations by either side, similar to a *Podesta*. The personnel also helped to protect the populace, which strengthened the influence and power of the elites over their supporters.

With the decrease in violence, both the opposition and government have been able to increase economic activity, providing the elites on both sides with the rent-seeking opportunities they desire, showing the mutually supporting relationship that exists between balanced violence potential and prosperity. Greater rents help create an incentive to establish peace. The coalition also enabled diversified rent-seeking opportunities through the use of the Commander’s Emergency Response Program (CERP), which allowed local elites to deliver local public goods (Berman et al. 2008), while providing other reconstruction funding to government elites. Along with the personnel, equipment, and money, MNF-I’s ambiguous withdrawal timetable extended the shadow of their future involvement, adding to the credibility of their commitment in the eyes of the government and the opposition and strengthening the pact. As the government and opposition reaped benefits from the agreement, this created a focal point for both sides to defend.

Each side determined that they were better off policing their own members who violated the agreement in order to maintain the long-run benefits. The government, led by Prime Minister Maliki, confronted the Sadr militia, the Jaysh-al-Medhi (JAM), in Basra and Sadr City in late March 2008 (Ghosh 2008; Hider 2008).

Following this action, “Sunni groups in Anbar began to speak positively about Maliki (Biddle et al. 2008, 40),” whom they had distrusted before. Similarly, the Sunni tribes’ actions against AQI, reduced attacks against the Shi’a, and participation in the political process has shown the government that the opposition is serious about maintaining the agreement with the government (Kilcullen 2007). The actions of both the government and the opposition helped to build the credibility of each party in the eyes of the other. Those signals mattered, particularly since responsibility for 76% of the SOI program was turned over to the Iraqi government on 1 January 2009 (Weinstein 2008).

As coalition forces disengage, the Iraqi government and the Sunni tribes will have to make credible commitments to one another to achieve a self-enforcing stability mechanism. A credible commitment problem arises, in part, because of what Di Figueredo and Weingast (1999) call the “rationality of fear.” This problem arises because of economic and political puzzles about accepting the high costs of conflict rather than higher benefits from gains through cooperation, and understanding the link between leader’s intentions and citizens’ fears. The coalition helped overcome this “rationality of fear” by lowering the stakes between the government and opposition through the diversification of violent means and rent-seeking opportunities.

The preliminary shift away from MNF-I as the guarantor shows that under certain conditions, such as during civil conflict, an external actor can contribute to the development of a self-enforcing stability mechanism that reduces violence. This mechanism requires that coalitions of elites within the government and opposition come to an agreement initially enforced by an external actor to overcome credible

commitment problems. As discussed above, MNF-I's several resource-based mechanisms allowed it, as an external actor, to credibly commit to the government and the opposition that MNF-I supported their pact. These mechanisms were: 1) personnel—"Surge" to monitor and punish transgression; 2) equipment—materiel and training used to diversify violent means; 3) money—decentralizing the distribution of rents amongst elites; and 4) time—strategic ambiguity about external actor mission length enables extension of time horizon. During the course of the agreement, both the government and opposition have to prove to one another that they are willing to defend their pact against any party, including members of their own coalition, who threatens the endurance of the agreement. The agreements create focal points that all parties know to defend, because they are better off with the whole thing even if they lose with some parts of the pact.

The 2006 to 2008 Iraq narrative supports the theory that an important part of the elite agreement that makes the pact self-enforcing is the diversification of means of violence and rent-generation, creating an internal balance of interests between government and the opposition elites, so both sides know that it costs more to fight the other side than to cooperate with them. This recognizes, counter to the conventional wisdom, that monopolization of force and rent-seeking opportunities by the state to distribute through a population-centric strategy can actually further destabilize a failed or fragile state.

#### **5.4. Conclusion**

This chapter has shown that the conventional narrative about how stabilization in Iraq between 2006 and 2008 occurred due to winning the “hearts and minds” of the population is faulty both logically and empirically. The alternative presentation of the evidence in this chapter supports the main arguments of the theory of self-enforcing stability developed in this dissertation.

The data suggests that the coalition pursued an elite-centric strategy, rather than a population-centric strategy, to reduce violence between the Sunni insurgents and the Shi’a-dominated government in Iraq. The pursuit of an elite-centric strategy allowed the external actor to overcome the credible commitment problem that existed between the government and opposition. This strategy included Sunni engagement during the “Awakening Movement,” and the provision of credibility-establishing mechanisms—personnel, money, equipment, and time—with the “Surge”. The coalition’s ability to provide credible commitments to both sides allowed time for the Sunnis and Shi’a to see the potential long-term benefits of cooperation.

The provision of resources during the “Surge” enabled the external actor to facilitate the oligopolization of violent means and rent-seeking opportunities that began during the “Awakening”. This diversification of power gave both Sunni and Shi’a elites the ability to protect themselves while increasing the elites’ prosperity. Through the establishment of self-protection means, levels of violence declined across Iraq, increasing the rent-seeking opportunities for the elites and showing each side that they had a stake in the future of a stable Iraq.

Further, the pact established between the government and opposition, which the external actor helped guarantee to overcome the initial credible commitment problem, focused on establishing a limited access order. The coalition limited the provision of resources during the “Surge” to cooperative elites from the government and the opposition. Those outside of the pact, such as the Sadr Militia and Al-Qaeda in Iraq, were isolated and policed by all members of the pact. While different contemporary factors may derail the progress made between 2006 and 2008, the coalition had helped place the government and opposition in Iraq on a path towards self-enforcing stability. As the Iraq case analysis has shown, getting on the path is one challenge, but staying on the path is also another. Moving towards self-enforcing stability in conflict-torn states likely requires a major commitment of time and resources from an external actor hoping for the possibility of success: this is when “more is better”.

## Chapter 6: Conclusion

*“[The new constitution] would give Iraq the political framework to build a peaceful, democratic country... From the outset, the Coalition ... judged that we had a special obligation to help Iraqis design a political and legal structure to guide Iraq’s journey from tyranny to democracy.” – L. Paul Bremer (2005)*

### **6.1. Introduction**

Since the end of the Cold War, the international community has taken on a more prominent role in state-building efforts. The goal of these efforts has been to end internal conflict in other countries and to change their domestic authority structures to reduce the threat that failed states pose to intervening nations, as well as the international system. Such unilateral and multilateral state-building interventions have taken place across the globe, and even pre-date the end of the Cold War. Since the Cold War, however, state-building in weak and failed states has largely consisted of counterinsurgency efforts combined with the promotion of democratic and liberal economic institutions. L. Paul Bremer’s quote above captures the belief by many external interveners that outsiders possess the expertise to transform and impose democracy upon other societies.

This dissertation has explored the prevailing literature and theories about how external actors can help establish stability in conflict-torn states. As state-building is such a broad topic, this dissertation focused on external actors helping establish the minimal level of stability necessary for other state-building processes—political, economic, and social development—to take place. The driving research question was: what is the appropriate social order external actors should help nations attain in order



for successful state-building to take place, and what incentives can external actors provide to set host nations on this path?

To explore this question, the dissertation adopted a rational-choice perspective and used game theory to explain the logic of the prevailing population-centric theory about how external actors help establish enduring security amidst internal conflict. Next, the dissertation provided an alternative elite-centric theory—again using a simple game to show the logic of the argument. The dissertation then tested the population-centric and elite-centric theories through case analysis of the Malayan Emergency from 1948 to 1960 and the stabilization of Iraq from 2006 to 2008. Evidence from both cases provided support for the elite-centric theory proposed in this dissertation and exposed logical and empirical flaws in the population-centric theory. The rest of this concluding chapter discusses the contributions made by this dissertation to the academic literature, explores the implications of the case study findings for policy makers, and recommends some paths for further research.

## **6.2. Contribution to the Literature**

This dissertation's theory of self-enforcing stability counters the prevailing Weberian-based ideas in the state-building and COIN literatures that the state government must monopolize the legitimate control and use of force (Weber 1978, 314). Rather, the theory of self-enforcing stability presented in this dissertation argues that diversifying violence helps achieve security and stability. Diversification of violence balances power amongst elites by distributing violent means, ensuring that competing elite groups can protect themselves from one another without threatening

each other with overwhelming force. Additionally, the conceptual framework laid out by North, Wallis, and Weingast (2009a) implies that the diversification of force is more likely to lead to a reduction of violence in failed or fragile states than is the consolidation of force. Failing to balance power suggests the state will abuse the opposition if the state maintains a monopoly of force, so the opposition will never stop fighting.

Also, amongst the reigning views about state-building is the underlying belief that external actors can or should help develop institutions based on those in modern, liberal democracies (Carothers 1999; McFaul 2004). In addition to theorists who make the case for the importance of democracy promotion in state-building, some policymakers also strongly believe in it. President Bush stated during his second inaugural address, “it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world” (Bush 2005). While staying away from democracy promotion rhetoric at the start of his administration, President Obama has since affirmed his support for promoting democracy abroad. But, President Obama wants to promote democracy through multilateral institutions rather than having the U.S. lead the effort. He reflected that sentiment while addressing the U.N. General Assembly in arguing that “It’s time to reinvigorate U.N. peacekeeping, so that missions have the resources necessary to succeed, ... because neither dignity nor democracy can thrive without basic security” (Obama 2010b).

Yet, the stability-through-democracy approach focuses on the wrong type of social order. Again following North, Wallis, and Weingast’s framework, the theory

developed in this dissertation focuses on the two social orders, rather than multiple regime types, that exist today: *limited access orders* (LAOs) and *open access orders* (OAOs). In LAOs, or natural states, “Personal relationships among the elite form the basis for political organization and constitute the grounds for individual interaction... People outside the [ruling dominant] coalition have only limited access to organizations, privileges, and valuable resources and activities” (North et al. 2009b, 56). OAOs develop “impersonal categories of individuals...[that] allow people to interact... where no one needs to know the individual identities of their partners. The ability to form organizations that the larger society supports is open to everyone who meets a set of minimal and impersonal criteria” (North et al. 2009b, 56).

The theory in this dissertation departs from NWW’s explanation of the social orders in two primary respects. First, while NWW start with the existence of social order, the theory in this dissertation starts where no social order exists, which is the case in failed or collapsed states. Second, NWW’s framework implicitly describes the process of social order development as something that occurs internally amongst actors within the state, but this dissertation’s theory incorporates an explicit role for an external actor to facilitate the development of social order in failed, collapsed, or weak states. Using NWW’s distinction of social orders clarifies how this theory of self-enforcing stability challenges the prevailing Weberian monopoly of force and population-centric focuses in the reigning literature.

Open access orders did not emerge until the 19<sup>th</sup> century. People in only about 25 countries today, accounting for 15 percent of the world’s population, live in open access societies. The remaining 85 percent of the world’s population live under

natural states or no social order at all (North et al. 2009a, xii). So, an implication of NWW's framework is that external actors need to approach security development in war-torn countries, where social order has broken down, with the objective of helping the government and opposition achieve a limited access order rather than an open access order.

The theory in this dissertation, developed in part from the NWW framework, contributes to the literature in several ways. First, the theory removes the focus on democratic institutional development in favor of focusing on establishing institutions that support self-enforcing, stable societies that may develop over time into open access orders rather than having democratic institutions imposed by outsiders. It is necessary to recognize the appropriate social order to encourage in conflict-ridden states. Failed states first need to become a fragile natural state in which incentives are embedded in organizations that “produce a *double balance*: a correspondence between the distribution and organization of violence potential and political power on one hand, and the distribution and organization of economic power on the other hand” (North et al. 2009a, 20). A dominant coalition based on personal relationships determines the distribution of these factors.

While some theorists (Zakaria 1997; Collier and Levitsky 1997; Diamond 2008) may describe these regimes as pseudo-, proto-, or illiberal democracies or even electoral democracies if the elites use the mechanism of elections to solidify the pact, such a designation does little to explain how stability will form in the society. That is one reason why this dissertation focuses on social order rather than regime-type. Over time, the state will hopefully develop expanded opportunities and broaden the

coalition, as well as centralize violent potential, through impersonal relationships, achieving an open access order. However, that is not an immediately achievable goal in conflict-ridden societies since the coalition members cannot credibly commit to not trying to dominate one another. If a state ultimately becomes an OAO, then it will achieve the status of liberal democracy, but again that designation primarily focuses on the regime-type rather than the stability of the society.

Second, the theory of self-enforcing stability presented in this dissertation recognizes that the diversification of force has the potential to reduce violence, rather than expand violence, when the diversification conditions make the benefits for those controlling force exceed the costs from conflict. The prevailing focus on Weberian centralization of force fails to recognize the disincentives that exist for elites in the society to give up violent means and the complexity of the institutions required to maintain the monopoly of force.

Third, this theory of self-enforcing stability shows how an external actor can help put failed, collapsed, or weak states on the path toward the development of a stable social order. As NWW explain, elites must form a dominant coalition and respect each other's privileges to build a limited access order. They do not, however, show how to enable the necessary credible commitments among elites. The theory in this dissertation demonstrates that the external actor initially provides the credible commitment mechanism that is absent amongst the elites in these societies, allowing for each society's elites to develop their own credible commitment mechanisms.

Finally, the theory in this dissertation contributes to the literature, particularly the COIN literature, by shifting from a population-centric focus to an elite-centric

focus. As NWW (2009) describe, as well as the “Third Wave” democracy literature (O'Donnell and Schmitter 1986; Huntington 1993), the elites in the society need to form the pact that guarantees and protects the privileges granted to each member of the dominant coalition. This theory argues that elites have their own followers—members of the populace—that will follow the elites’ lead or directions (North et al. 2009a; Berinsky 2007; Christia 2008, Forthcoming; Blaydes and Linzer 2010). The populace will follow the elites for various sociological, cultural, economic, or political reasons, but explaining those is beyond the scope of this dissertation. While the populace’s behavior does matter, the dissertation assumes that the elites drive the populace’s behavior. So, for an external actor to maximize its use of limited resources while state-building, the theory of self-enforcing stability presented in this dissertation argues that the external actor should focus on distributing its resources, or credible commitment mechanisms, towards the elites rather than the populace. Again, this theory argues that distributing resources through local elites appeals to the rational self-interest of the elite and enables, strengthens, and supports the elite pact, rather than winning the affection and mass support of the population for the regime in power. For example, the external actor may supply personnel to protect the populace, but the primary purpose of resource provision is to strengthen the elites in the dominant coalition at the expense of those outside of the coalition.

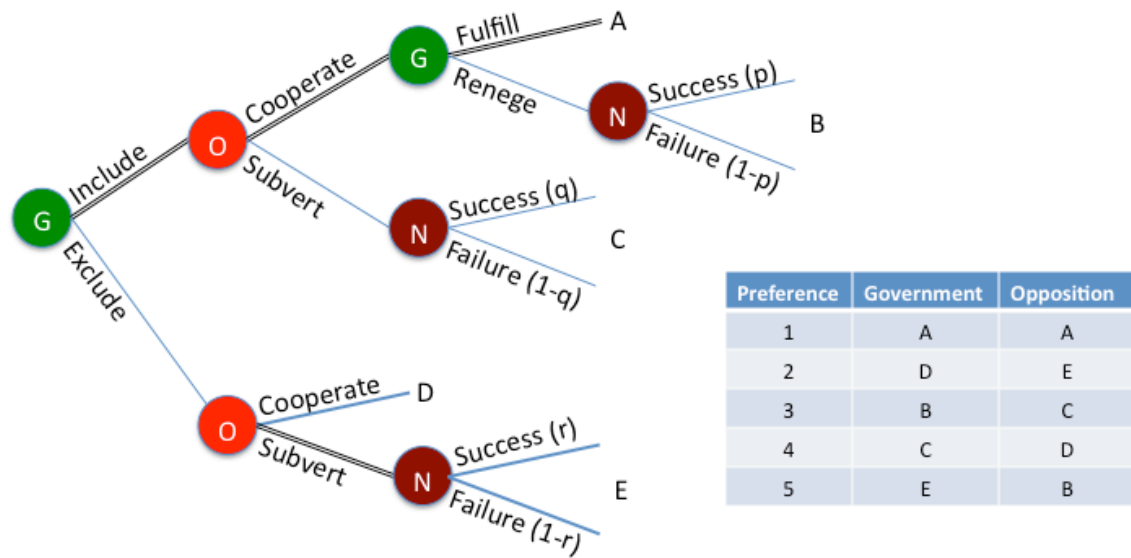
### **6.3. Implications for Policy Making**

The case studies presented in this dissertation test the logic of the population-centric “hearts and minds” theory in Chapter 2 against the alternative logic of elite-

centric theory of self-enforcing stability in Chapter 3. The findings from the analysis of the Malayan Emergency in Chapter 4 and Iraq stabilization in Chapter 5 show that the theory of self-enforcing stability better explains how external actors contributed to the stabilization of these two countries during the examined time frames. However, the analysis in those chapters did not address the question of how the actions of the external actors in both states facilitated long-term stability. This section begins to explore the endurance of the stability achieved by the external actors in Malaya and Iraq, and explains why the stability is self-enforcing in Malaysia, but that it is unlikely to become self-enforcing in Iraq. These implications provide new lessons for policy makers to consider while making decisions about future state-building ventures.

### 6.3.1. Implications of Self-Enforcing Stability Established in Malaya following the Emergency

The elite pact between the Malayan government and opposition formed in 1952 endured after independence in 1957. The Alliance Party, which became the Barisan Nasional (“National Front”) in 1973, has dominated Malayan (now Malaysian) politics. They held at least two-thirds majorities in Parliament until the 2008 election. This shows that the external actor’s exit strategy of establishing a stable state through an elite pact led to self-enforcing stability even in the absence of the external actor, as was hypothesized and shown in Figure 3.4. The opposition and government elites recognized that they were each better off in the long run through cooperation.



**Figure 3.4: Self-enforcing Stability without an External Actor**

While decentralization of violent means helped establish credible commitments between the government and opposition and form a basic limited access order, the state consolidated control over these forces over time. Not long after, the Emergency the Home Guards disbanded. Yet, the Malaysian government maintained diversified violent means amongst the population, but under greater state control. Malaysia created *RELA*, “People’s Volunteer Corp,” in 1972, an over half-a-million strong armed force that is used by the elites to protect their pact. It does so today by helping maintain “public order” through crackdowns on illegal immigration that undermine the Malaysian work force (Human Rights Watch 2007; Mydans 2007); in other words, *RELA* protects elite control of rent-seeking opportunities.

The enduring elite pact, which the British helped form, and its self-enforcing equilibrium allowed Malaya to transition quickly from a fragile to basic limited access order after the Emergency. Malaysia then transformed to a mature limited access



order<sup>10</sup> and even came close to establishing the “doorstep conditions” for moving to an open access order (OAO) before slipping away from the doorstep in recent years.

Malaysia became a mature LAO, because the state supports many organizations outside the government while the state sanctions each organization. This sanctioning allows the government, run through a hegemonic party in Malaysia, to limit competition and create rents that perpetuate the ruling elite coalition. The Alliance Party and its successor, the National Front, continued to expand access to elites in Malaysia, which increased the size of rent-seeking opportunities.

Despite the recent crisis within the National Front, which contributed to it losing its two-thirds majority in government in 2008, Malaysia’s public institutions have survived changes within the ruling coalition. Until the late 1990s, Malaysia appeared to have reached the “doorstep conditions” where Malaysia could have moved from an LAO to an OAO. Malaysia’s self-enforcing equilibrium that emerged after the Emergency evolved as an LAO capable of impersonal exchange among elites, which maintained: 1) rule of law for elites; 2) support for perpetually lived elite organizations; and 3) centralized and consolidated control of violence (North et al. 2009a). Yet, Malaysia has moved away from the “doorstep conditions” as rule of law for elites has slipped away, most clearly evidenced by the treatment of Anwar Ibrahim, and as the state has again diversified violent means to local elites through *RELA*.

Anwar Ibrahim, the deputy prime minister and finance minister of Malaysia from 1993 to 1998, was one of Prime Minister Mahathir’s protégés. During Ibrahim’s

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<sup>10</sup> See North, Wallis, and Weingast (2009a, 2009b) for a deeper explanation of the distinction between fragile, basic, and mature limited access orders.

rise, he was part of the elite pact that guaranteed self-enforcing stability in Malaysia. Following the Asian Financial Crisis, Ibrahim became an internal critic of the regime and developed popular support for his opposition. As he moved himself outside of the elite pact, the mechanisms of the mature LAO in Malaysia organized against Ibrahim. “Malaysia’s potent party-state organizations were ... deployed to ensure that the opposition would have no chance of removing Mahathir from office through Malaysia’s [LAO] institutions” (Slater 2003, 95-96). Lee Kuan Yew, who carefully maintained a mature LAO in Singapore, insightfully commented on the maintenance of Malaysia’s elite pact when he stated, “I am not saying Anwar Ibrahim has not got a following. What I am saying is that there are institutional checks and balances and systems that will not allow civil order to be upset” (Ranawana and Oorjitham 1998). Checks and balances do not exist only in democracies; mature LAOs contain strong institutional mechanisms to maintain self-enforcing elite pacts.

Despite moving away from the OAO doorstep, Malaysia remains a mature LAO because of its self-enforcing institutions that maintain the country’s elite pact. The actions of the British as an external actor to provide credible commitments to the government and opposition during the Malayan Emergency enabled the development of an elite pact that set Malaysia on this self-enforcing path. The British did not try to create a democracy, but rather a stable society that would support Britain’s economic and national security interests. This stable society developed into a mature LAO. Additionally, the diversification of violent means and rent-seeking opportunities set the conditions for the government and opposition to develop their own credible commitments that endured after Britain’s departure and Malayan independence. As

the elite pact solidified through reduced violence and power sharing, it was possible for the Malayan government to recentralize violent means. The recentralization of the security apparatus helped maintain the elite pact in Malaysia's mature LAO in the late 1990s. "The Malaysian police's institutionalized loyalty ... helped ensure its coherence and effectiveness in suppressing both the elite defection and popular dissent that ... arose when [Ibrahim] was ... dismissed" (Slater 2003, 95). The recentralization of power, along with expanding the base of elites in the dominant coalition through public and private institutions, contributed to Malaya moving from a basic to mature LAO.

The lessons from Malaya have been misinterpreted, and, as a result, their impact on current policy formation has been somewhat misguided. The conventional Malaya narrative lacks an understanding of the underlying causal logic of overcoming elite credible commitment problems that led to the defeat of the communists and establishment of stability. Current COIN doctrine has adopted the conventional lessons from Malaya, potentially misdirecting policy development and implementation in Iraq and Afghanistan. The Army's COIN manual discusses the retraining of the Malayan police force, stating, "Manpower is not enough [in combating insurgency]; well-trained and well-disciplined [host-nation] forces are required. The Malayan example also illustrates the central role that police play in counterinsurgency operations" (Department of the Army 2006, 6-21-6-22). The lesson from this statement implies that trained host-nation forces must stand up before the external actor's COIN forces can stand down. Yet, the COIN manual ignores the role of the Home Guards, the manual teaches centralization of force, when the real lesson is that

initially decentralizing violent means may set the conditions for stability and future centralization of force.

### 6.3.2. Implications of Self-Enforcing Stability Established in Iraq between 2006-2008

While the British helped establish enduring, self-enforcing stability in Malaya, the endurance of the U.S.-led effort to stabilize Iraq is tenuous. The goal of rapid centralization in Iraq is likely to fail because the institutional structures being built do not match the social order. The transition of the SOI to the Iraqi government and the disengagement of the external actor have just begun, so it is too soon to say if the agreement is self-enforcing without the external actor. But, it is possible to extrapolate possible outcomes. If the Iraqi government quickly replaces a disarmament, demobilization, and reintegration (DDR) program for the SOI members (Kilcullen 2007) or if the coalition keeps pushing the GoI to transition 20% of the SOI into the Iraqi Army and Police and move the other 80% into public or private jobs (Weinstein 2008), the potential for destabilization is high. While the Weberian-based conventional wisdom argues for centralizing force and disarming different factions, the “Awakening” has shown that the oligopolization of force between elites actually reduces violence under the current conditions.

It will take time before Iraq moves from a fragile natural state to a mature natural state in which centralization can occur. An examination of the earlier efforts by the Iraqi government and MNF-I to disarm the Sunni tribes showed that violence increased during that time, and that the Sunnis rationally resisted the government’s efforts. The model in Figure 3.2 showed that to get to a self-enforcing agreement, it

will now be up to the Sunnis and Iraqi government to recognize the benefits that each side has gained from the elite pact that developed out of the “Awakening” and the “Surge”. As both sides have begun building trust and showing that they all currently have incentives to defend the pact, the government and opposition should work to maintain the pact in its current form.

If the pact is changed, this will change the internal balance of interests, which would likely lead to a collapse of the stability mechanism. For example, the Iraqi government recently arrested Anbar tribal leaders for insurgent activity they had committed prior to the “Awakening,” despite the fact that amnesty for past activity is part of the pact between the government and opposition (Rasheed and Sly 2009). If violations such as this continue, the stability gained from the pact will not be self-enforcing. Further, the inability to form a government within eight months of the March 2010 Iraqi elections poses a threat to self-enforcing stability in Iraq. If the Iraqis fail to form a new government based on the existing elite pact, this will undermine the progress made in developing credibility mechanisms between the Shi’a and Sunnis. The failure to form a new government can partially be attributed to the loss of U.S. credibility following the signing of the Strategic Agreed Framework and Status of Forces Agreement between the U.S. and Iraq in 2007 and 2008, respectively, which set specific restriction on and withdraw deadlines for U.S. involvement in Iraq.

This dissertation’s main research question—“what is the appropriate social order external actors should help host nations attain in order for successful state-building to take place, and what incentives can external actors provide to get host nations on this path?”—is important because policy choice answers have been

wanting. Within the international community, a prevailing belief exists that it is possible for external actors to build other states. Some argue that state-building and democratization in Iraq have failed because of U.S. unilateralism. However, this criticism does not address how external actors need to have appropriate expectations for the type of social order that failed states can actually attain. The critics also generally focus on winning the “hearts and minds” of the population, which is a strategy that focuses on the wrong actors.

By focusing primarily on the populace instead of elites, policy makers provide inappropriate incentives to solve conflict. Again, the population is not irrelevant to the effort to create stability, but the initial focus must be on solving the credible commitment problem between elites. The direct importance of the population increases after solving this credible commitment problem, because expansion of the limited access order towards an open access order requires addressing the concerns of the broader population. So, focusing on the population before solving the credible commitment problem leads to pacts with the wrong focal points between incorrect actors, preventing these stability agreements from becoming self-enforcing with the help of the external actor. The supporters of multilateral and “hearts and minds” strategies have difficulty explaining or predicting the conditions needed for successful external actor involvement, and do not provide answers to the above question. With the likelihood of the continued challenge of weak and failed states leading to more external actor interventions, it is important to understand the circumstances under which external actor involvement can help, hurt, or have no effect in other countries’ state-building processes.

#### **6.4. Paths for Future Research**

The insights gained from the alternative narratives of the Malayan Emergency and Iraq stabilization in this dissertation provided initial answers to this dissertation's main research question and validation of the theory of self-enforcing stability. Yet, more research will provide further testing of the theory and greater insight into the role of external actors during state-building in other countries. This section describes several different paths for future research that will further develop and test the logic of the elite-centric theory presented in this dissertation. These recommended paths include examining the impact of the external actor's nature on state-building, developing a typology of state-building outcomes based on multiple equilibria that may form between elites, and exploring how external actors identify internal elites.

##### **6.4.1. Exploring How the Nature of the External Actor Matters**

The models in this dissertation are necessarily simplified representations of theories that describe state-building processes. As discussed in Chapters 2 and 3, the use of simplified, extended-form games allows for the exploration and testing of the primary logic underlying the conventional population-centric theory and the proposed elite-centric theory. While numerous variables exist in the real-world that impact state-building processes, trying to incorporate all, or many, of those variables would render the model useless for explaining or testing the logic of the theories. For this dissertation, the scope conditions limited the exploration of the nature of the external actor to simply having benign or strategic intent. This section presents potential extensions of the theory presented in Chapter 3.

Two important factors to consider when determining the nature of the external actor are the capacity and the preferences of the external actor. Capacity is important, because as described in Chapter 3, “more is better” when it helps the external actor prove its ability to credibly commit to the government and the opposition that the external actor will enforce the elite pact. But, different types of actors inherently have different capacities to provide the resources or take actions to prove their credibility (e.g., money, personnel, equipment, time, conducting elections, developing institutions, and making formal statements of intent).

Further, varying types of external actors may value preferences differently that will impact the credibility of the external actor. Variances in preferences are related to the external actor’s commitment level. Is the external actor really committed to helping the government and opposition achieve stability for the long haul? Does the external actor actually prefer one side to the other? If so, will the external actor really punish transgressions by its preferred group? The initial intentions of external actors may be the same, such as stability in the host-nation, but their state-building efforts may end up with different outcomes based on resources available and the commitment level of different types of external actors.

One extension of the model, then, is to consider comparative statics relating to external actor capacity and preferences. Doing so will allow the models to provide more insights into the strategic role of external actors in state-building and the potential outcomes of the state-building process based on the external actor type. Some possible comparative statics to incorporate to vary the external actor’s capacity and preferences are: type of intervention (unilateral or multilateral), deployable force



strength, national GDP, GDP-to-debt ratios, regime-type, size of defense industry, rules of engagement, and intervention history.

A second extension is to allow the type of intervention to vary. The type of intervention will impact the decision-making and implementation ability of the external actor. Unilateral actors should have greater credibility than multilateral external actors, especially IGOs, since there are less veto points and reduced collective action problems for the external actor. The number and readiness of deployable security forces and civilian bureaucratic personnel is an indication of the state-building capacity of the external actor. The national GDP and GDP-to-debt ratio are indicators of the financial resources available to the external actor to pay for the deployment of personnel and to provide foreign assistance to the host nation. The regime-type identifies possible time limitations that may exist for the external actor as democracies face more acute audience costs than non-democracies for decisions to intervene internationally (Fearon 1994; Tomz 2007). The size of the defense industry of the external actor impacts the ability of the external actor to equip security forces in the host nation. Rules of engagement serve as indicators of the credibility of the external actor. Highly restrictive rules of engagement indicate that the external actor is less likely to police transgressions and enforce the pact made by the host nation elites. Finally, the external actor's history of interventions in other states establishes a reputation about the credibility of the external actor's commitment to the state-building process, as well as the external actor's capacity for such activities. Refining and formalizing these and other possible comparative statics is one path for future research.

One possible avenue for future research is to, based on variations in these comparative statics, develop a typology of external actors that will strengthen the leverage of the models presented in this dissertation to improve policy analysis before external actors undertake state-building interventions. Based on the possible comparative statics described above, five possible external actor types emerge (see Table 6.1). Future research can explore this proposed typology more systematically, and potentially reclassify these or identify other external actor types. The first major category to separate the capacity and preferences of external actors in this proposed typology is state-led or international governmental organization (IGO)-led state-building efforts. The proposed typology then further distinguishes the external actors based on the resources available to the external actor and the flexibility the external actor has in utilizing those resources.

Type	Capacity	Preferences/Credibility
<b>Great Power (State)</b>	High	Credible
<b>Regional Power (State)</b>	Mixed	Mixed
<b>Weak Power (State)</b>	Low	Not Credible
<b>Global IGO</b>	Mixed	Partially Credible
<b>Regional IGO</b>	Mixed	Mixed

**Table 6.1. Nature of External Actor Typology**

The typology categorizes the different external actors based on their capacity and the credibility. An external actor will have high, mixed, or low capacity. And, the external actor will be credible, partially credible, or not credible. Mixed indicates that the capacity or credibility varies depending on specific actors within the group. For example, the European Union and the African Union have different capacities and credibility levels as Regional IGOs. Future research will test these hypothesized categorizations, and identify outlier cases.

#### 6.4.2. Developing a Typology of State-building Outcomes

As with the development of a typology of the nature of external actors involved in state-building, further formalization of the theory of self-enforcing stability can lead to the development of a typology of state-building outcomes. This typology will help identify why and when some state-building efforts will probably succeed, while others will probably fail. Deriving comparative statics will allow for deeper analysis of the theory of self-enforcing stability by focusing on the interests and preferences of the different actors involved in the process (government, opposition, and external actor) rather than just the external actor's committed resources.

This future research may explain why multiple equilibria arise under different conditions. This dissertation has followed a rational-choice perspective, and one of its findings is that, for an external actor to contribute to successful state-building, the conditions have to exist for the external actor to serve as the guarantor of a pact between the government and opposition. The external actor must be able to make a credible commitment to both sides that neither side can make on its own regardless of either's intention. If this condition does not exist, external actors will fail to contribute to successful state-building processes. The development of a state-building typology based on variations in comparative statics about the intent and preferences of the different actors will help identify when the conditions exist for an external actor to probably succeed, as well as the commitment level necessary to achieve success.

The strength of the theoretical framework provided in this dissertation is its versatility. The derivation of comparative statics will provide a means for building

greater leverage into the theory and its models. This dissertation identified two types of state-building process that involve external actors: the “*Podesta-Model*” and the “Post-(Neo)Colonial Model”. Chapters 4 and 5 provide single case studies to test each of these models, respectively. Further research should include more cases to test the underlying theory and potential outcomes. Other potential cases to research that may illuminate the theory and help clarify the “*Podesta-Model*” include Bosnia-Herzegovina, East Timor, Kosovo, and the NATO-led Afghanistan mission. Each of these cases includes a different type of external actor as described in Section 6.4.1. above, so the research may find that different outcomes occur in this model based on the nature of the external actor. Additionally, through further formalization and examination of these cases, it may be possible to adjust the model to better understand how the external actor can disengage and further the development of self-enforcing stability between the internal actors.

The “Post-(Neo)Colonial Model” captured the effort of one-type of strategic external actor trying to disengage while leaving in place self-enforcing stability in the host-nation. The rules and assumptions of this model treated the external actor and government as having the same interests as the colonizer tries to transition authority to internal actors before independence. The population became the third actor in this model. Examining other colonial transitions will help further develop this model by exploring successes and failures in leaving behind self-enforcing stability after colonial rule. Possible cases include the British Raj, Kenya, and Algeria. The model may also apply to modern state-building efforts that possibly resemble neo-colonialism.

While examining additional “*Podesta-Model*” cases, future research should also test those cases against the “Post-(Neo)Colonial Model”. The model in Chapter 3 discussed an external actor’s choice to maintain a colony or decolonize, but the lessons from the Malayan application of the model in Chapter 5 may apply under other circumstances. To avoid becoming a neo-colonizer, the *Podesta*-type external actor must keep transitioning authority to the internal actors as the ultimate goal. In the post-Cold War era, neo-trusteeship (Fearon and Laitin 2004) and shared sovereignty (Krasner 2004) have become potential forms of neo-colonialism, so it is necessary to examine how external actors remain credible in these circumstances and can facilitate self-enforcing elite pacts in the host-nation.

The apparent early successes of external actor interventions to help establish self-enforcing stability in Bosnia-Herzegovina and East Timor have soured in recent years. The Office of the High Representative (OHR) in Bosnia, established to oversee the Dayton Peace Accords, remains the supreme authority in Bosnia despite the goal of closing the OHR and transitioning sovereignty in 2008 (OHR 2010). The external actor, as neo-trustee, has helped keep the peace in Bosnia, but has yet to achieve a self-enforcing equilibrium between the government and opposition that is likely to endure after the external actor departs. The international community focused on establishing a liberal democracy with mass participation and centralizing violence upon assumption of the OHR (“The Dayton Peace Accords” 1995; Clinton 1995; Carpenter 2000) rather than trying to build a limited access order and controlling the diversification of violent means and rent-seeking to establish an elite pact. The international community also pushed for quick elections and the establishment of

democracy and centralized force in East Timor ("Agreement Between the Republic of Indonesia and the Portuguese Republic on the Question of East Timor" 1999; United Nations 2002; United Nations 2005). Yet, East Timor faced a coup in 2006 (O'Brien 2006; BBC News 2010b), as well as another in 2008 with simultaneous assassination attempts on the president and prime minister (Ansley 2008; MacKinnon 2008).

Applying both elite-centric models in this dissertation to these cases may help explain why despite enormous external actor involvement, Bosnia and East Timor have failed to achieve self-enforcing stability.

Adjusting the rules and assumptions of the theoretical framework in this dissertation will make it possible to understand different types of cases within the context of a unified theory. One additional type occurs by shifting the external actor from a *Podesta*-type who defends all sides of the pact against the transgressor to a non-*Podesta*-type who fails to defend the pact. This set of rules and assumptions may fall in line with the belief that U.N. forces "run when others shoot". Possible cases for examining this "U.N.- Model" include Somalia, Rwanda, and Srebrenica. Comparing this "U.N.-Model" with the other model-types may provide additional insight into the appropriate resources—credible commitment mechanisms—that external actors can provide under varying conditions, and if the external actor's credible commitment really does matter for establishing stability in failed or fragile states.

While the "*Podesta*" and "U.N." types assume benign or noble intent by the external actor, the theoretical framework also allows for changing that assumption and making the external actor another strategic player in the game, as in the "Post-(Neo)Colonial Model". Under this paradigm, another type of state-building process

may take place. During the Cold War, the two superpowers intervened in the internal affairs of many states, but did not necessarily care about establishing stable peace in failed or fragile states. Under a “Cold War Model,” the external actor may provide its resources to get one side to win or to foment violence and actually create instability in the society. Some cases to explore include Nicaragua where the U.S. supported the opposition, El Salvador where the U.S. supported the government, and Afghanistan where the Soviets supported the government while the U.S. supported the opposition. The above possible paths for future research display the richness of the framework provided in this dissertation. More broadly though, this framework provides a possible methodology for studying policy problems that involve the rules governing how external actors should act with respect to other states.

#### 6.4.3. Identifying Who Are the Internal “Elites”

Another path for future research is exploring how to identify who the elites are within the host nation. To the external actor’s agents on the ground, it is often challenging to identify the elites in a foreign land. Most soldiers and civilians operating in Iraq and Afghanistan have interacted with sheiks, tribal elders, imams, councilmen, and governors. So, how is it possible for aliens to another society or culture to differentiate the few elites from the thousands of people with important sounding titles who are seeking to exploit the naïveté of the external actor’s agents for personal gain? The cliché of “take me to your leader” often becomes reality for elite identification.

Adding more actors to the models in this dissertation would weaken the parsimony of the theory, reducing its leverage. To overcome this, it is possible to explore different types of actors within each category and their impact on the state-building outcome—as described with the nature of external actors in Section 6.4.1. It may be useful to develop typologies of different government and opposition elites that exist. Besides these typologies, it is important for external actors to understand how elites are identified in foreign cultures.

One method to understand this identification problem is by surveying on-the-ground participants in recent state-building efforts. A starting point would be to survey Army commanders and State Department personnel who have had direct interaction with Iraqis at the local, provincial, and national level to determine how they identified the elites with whom to work. The survey would help provide insight into how identification actually takes place and how personnel correct misidentification. Some questions the survey would seek to answer are: How did these personnel define elites? Were the personnel told which Iraqis to work with, or did they have to identify the elites themselves? What procedures did they use to identify an elite? What procedures did the personnel use to validate that a person was an elite after identifying the person as such? What did these personnel do once they determined an individual turned out not to be an elite?

Surveying company and battalion commanders, as well as State Department personnel operating in local field offices will help explain how external actors identified elites at the local level. Surveying brigade and division commanders, as well as Provincial Reconstruction Team (PRT) leaders will provide insight into



identifying elites at the provincial or regional level. And, surveying corps and force commanders, as well as country team members will generate an understanding of how to identify national elites. Surveying commanders and personnel at these three levels will identify if the process of identifying elites is similar or different based on the level of analysis. Further, surveying military commanders and State officials who operated in Iraq at different times will show if elites become “sticky”. After the initial identification of elites, do personnel reexamine the identification of an elite by the previous personnel or do they just continue following previously established relationships? Is the initial identification of elites the most important time period? If so, is there a systematic way for external actors to identify the true elites at the start of state-building efforts?

While this section has recommended initially surveying military commanders and State Department officials who served in Iraq, the survey could be conducted with military commanders and foreign affairs officials who have taken part in other state-building efforts. Some of these other efforts include: Somalia, Haiti, Bosnia-Herzegovina, the Democratic Republic of Congo, East Timor, Sierra Leone, and Afghanistan. And, surveying personnel from multiple efforts may provide greater insight into the development of the typology of state-building outcomes described in Section 6.4.2.

### **6.5. Conclusion**

The theory of self-enforcing stability presented in this dissertation contributes to our understanding of the role of external actors in helping to stabilize or destabilize

failed or fragile states. The results of the case analysis in this dissertation and the proposed future research should have an impact on future policy deliberations and decisions related to state-building efforts. Particularly useful are the findings that external actors can promote self-enforcing stability by focusing on 1) helping the development of limited access orders rather than democracies in host nations, 2) promoting the oligopolization of force rather than following the Weberian belief in monopolization of force, 3) the external actors helping solve commitment problems, and 4) shifting from a population- to an elite-centric focus until after solving the credible commitment problems.

Policymakers have followed the prescriptions of the population-centric lessons learned from the conventional wisdom about the Malayan Emergency and the Iraq “Surge” in Afghanistan. Yet, this dissertation has shown that the incorrect lessons were learned from Malaya and Iraq, which may explain why NATO is unlikely to set the conditions for self-enforcing stability in Afghanistan despite the latest “Surge” in that country. Putting the population-centric rhetoric about the strategy in Afghanistan aside, NATO forces have increased conventional operations (Gall 2010) and have made major efforts to cut a deal with the Taliban (Cooper and Shanker 2010). NATO has even secured passage for and secretly flown Taliban leaders in from the Afghanistan-Pakistan border to Kabul for peace negotiations (Filkins 2010b; Shanker et al. 2010).

The talks with the Taliban leadership indicate that NATO leadership understands the importance of developing elite pacts. But, the question remains, whom is NATO helping form an elite pact between? Is the pact between NATO and

the Taliban, or is the NATO helping establish one between the government in Kabul and the Taliban? While the assumption is that the U.S. is helping broker a peace deal between the government (Kabul) and the opposition (the Taliban), it is not clear that the two parties are interested in an elite pact, and that NATO may be just negotiating with the Taliban for NATO's own exit from Afghanistan. In addition to NATO negotiations between the Taliban and the Government of Afghanistan (GoA), Iran has maintained ties with both the Taliban and the GoA.

Although Iran may have supported the Taliban with military equipment and expertise early on (Bruno and Beehner 2009; Setrakian 2009), Iran likely supported the Taliban as a counter to the U.S. more than as a counter to the Afghan government. Iran never recognized the Taliban regime when they controlled power in Kabul (Kaplan 2009) and the two states actually had tense relations at the time (Burke 1998; Rashid 1999; 2000 [2010], 74-75), so it would not be surprising if Iran continued to support Karzai over the Taliban after NATO's departure. Recently, the Iranian regime has become a major behind the scenes backer of the Karzai government (Filkins 2010a). Further, with tensions increasing between the Afghanistan and U.S. governments (Filkins and Rubin 2010; Ajami 2010), as well as the withdrawal deadlines made public by NATO members (Obama 2009; Murphy 2010; Traynor 2010), it is not even clear that the primary external actor can provide the credible commitment mechanisms necessary for the government and opposition to agree to an elite pact. With this view of elite relations in Afghanistan, the ability of the external actor to help establish a limited access order between the government and opposition

and to solve the credible commitment problems between the government and opposition is limited.

So, of the four conditions necessary to achieve self-enforcing stability presented in this dissertation, the external actor has marginally met one of the criteria. While following a de-jure population-centric strategy, NATO has implemented a de-facto elite-centric policy in Afghanistan. The other three criteria for possibly achieving self-enforcing stability have not been met in Afghanistan. First, despite the outreach to elites, NATO has failed, to date, to provide credible commitments to both the government and opposition that would allow the two internal actors to form an elite pact. Second, the absence of an elite pact, along with NATO's focus on democratic institutional development and anti-corruption efforts, has prevented the external actor from facilitating the formation of a limited access order. Finally, NATO has emphasized creating a Weberian monopolization of force under the control of the central government. NATO sees developing the Afghan Security Forces, especially the Afghan National Army, as a key element of its exit strategy (Simpson 2010). Yet, it is unlikely that the Afghan Army will be combat ready to take over from NATO forces upon their withdrawal (Chivers 2010; Motlagh 2010), and the loyalty of the Afghan Security Forces to the central government is equally questionable (BBC News 2010a; International Crisis Group 2010). While the British supported the decentralization of violent means through the Home Guard in Malaya and the U.S. encouraged the "Awakening Movements" in Iraq, NATO has yet to do the same in Afghanistan. This approach is counter to this dissertation's finding that initially oligopolizing violent means helps establish stability by creating balance of power.

Amongst recent policy recommendations being made for what the U.S. should do in Afghanistan, decentralization has started to come to the fore. The latest issue of *Foreign Affairs* has an article that argues for the need to decentralize democracy in Afghanistan. Biddle et al. (2010) contend that this will facilitate power sharing between competing factions in Afghanistan and help restore confidence amongst the Afghan people who distrust central rule emanating from Kabul. While Biddle et al. cling to the use of the word democracy in describing their effort to broker an elite pact through decentralization that would balance power between competing elites, their recommendation is similar to the federalism proposal made by then-Senator Biden and Leslie Gelb (2007) for Iraq.

These recommendations start to overcome the problems of conventional COIN theory discussed in Chapter 2 and NATO's current Afghan policy focus on centralization and institutionalization. Particularly important is the recognition of the need to decentralize rent-seeking opportunities. Yet, while the recommendation mentions the importance of local elites, the advice still fails to recognize the underlying credible commitment problems between internal elites and how the external actor's assistance in oligopolizing force can help overcome that challenge. The recommenders still argue for the need to centralize the control of violent means, missing an important way to overcome the commitment problem. The theory of self-enforcing stability presented in this dissertation identified four components that may provide the greatest chance for developing enduring stability in Afghanistan, as well as during other state-building efforts in states torn by internal conflict: 1) follow an elite-centric strategy; 2) external actors must provide mechanisms to overcome

credible commitment problems between internal elites; 3) oligopolize violent means and rent-seeking; and 4) focus on establishing limited access orders rather than democracies.

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