

Applying the Principles of “A Guide to Economic Growth in Post-Conflict Countries”¹ to Mid-Conflict Situations and COIN Operations

James T. Smith, PhD²

Introduction

In early 2007, staff serving with the United States Agency for International Development (USAID), Office of Economic Growth collectively observed that the agency’s economists and private sector officers had a tendency to rely upon their prior professional experience in stable developing countries when designing economic growth interventions in post-conflict environments. They had no source of systematic guidance to help them identify and design the most appropriate programs for conflict-affected situations. To remedy this deficiency, the Agency’s Bureau for Economic Growth, Agriculture, and Trade produced “A Guide to Economic Growth in Post-Conflict Countries.” For the purposes of this paper, we will refer to it as “the guide” or sometimes as “the post-conflict guide.”

In 2007, given the absence of sufficient empirical data about economic activities in mid-conflict situations, the Office of Economic Growth decided to limit its guidance to the better understood post-conflict situation. As more experience with and information about mid-conflict and COIN efforts to stimulate local economic activity become available, we will know better how to apply or adapt the programming concepts for post-conflict operations to situations of ongoing conflict. The discussions in this paper are a modest early attempt to understand how these programming concepts might be translated to COIN operations. The systematic compilation of data and conduct of evaluations of on-the-ground experience should be a high priority to improve our currently limited understanding of which mid-conflict economic growth interventions best contribute to achieving and sustaining stability.

A critical observation regularly raised by participants in USAID’s on-going series of seminars on post-conflict economic growth is that the term “post-conflict” is not a useful operational term, since it implies a permanent cessation of conflict. A better term would be one that described how likely and how soon conflict might emerge again as a result of unresolved issues. As we stress in the seminar, conflict has re-emerged in nearly half of

¹ United States Agency for International Development, January, 2009. “A Guide to Economic Growth in Post-Conflict Countries,” http://pdf.usaid.gov/pdf_docs/PNADO408.pdf. The Guide is based on staff research and workshops organized by the Economic Growth Office of USAID’s Economic Growth, Agriculture, and Trade (EGAT) Bureau during 2007-2008, augmented with input from other USAID and field implementers, staff of other United States Government agencies (including the Department of Defense), the World Bank and International Finance Corporation, and several bilateral donors and think tanks.

² DISCLAIMER: The author’s views expressed in this paper do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

all post-conflict countries within a decade of the cessation of conflict. Thus, the potential for renewed violent conflict is generally quite high and the implied permanence of the term “post-conflict” can be very misleading. Nonetheless, for ease of language, we persist in talking about post-conflict, acknowledging that it is unlikely to be permanent unless we are successful at creating the conditions that discourage the re-emergence of violent conflict.

What must be done politically and economically to achieve a stable situation in which conflict is channeled into non-violent means of resolution? Some of the answer involves re-creating or strengthening institutions of governance, which provide for security and the administration of justice in ways that the population recognizes as legitimate. Another part of the answer is the provision of public goods that respond to the aspirations of the population. Yet another aspect of the answer is to enable and encourage economic activity that allows people to sustain themselves and their families in the immediate aftermath of conflict and then to aspire to an increasingly prosperous future. It is this last aspect of how to intervene in the economy to which the post-conflict guide is devoted and which will be explored in this paper with respect to mid-conflict situations.

I. The Principles of “A Guide to Economic Growth in Post-Conflict Countries”

As a country or region of a country emerges from conflict following a formal or informal agreement to cease violent conflict, it is still far from “business as usual.” In fact, the pre-conflict structure of the economy may have been a major contributor to the onset of conflict. Potential grievances, both real and perceived, might range from stagnant or declining incomes and lack of economic opportunity to unequal distribution of wealth and income stemming from cronyism, monopolies, unfair competition, discrimination against specific ethnic groups, outright theft of property, and other types of corruption. If these factors were significant to the conflict, it will not be appropriate to rebuild the economy without also making major changes in how the economy is managed.

Depending upon how long a conflict lasted and how destructive it was of physical and social capital, the country emerging from conflict may be close to starting from scratch. At the very least, there is a need to ensure security for ordinary commerce and provide a credible promise of future stability in order to restore confidence that businesses may replace damaged equipment and hire employees without more than the usual risk of engaging in business.

The post-conflict guide describes what types of economic growth programs to undertake and in what sequence in a post-conflict situation, how to decide among competing priority activities, and what trade-offs to consider in setting priorities. The guide also provides a sequence of possible interventions in each of several areas of economic activity – macroeconomic management, employment generation, infrastructure, private sector development, agriculture, banking and finance, and international trade and border management. This working paper provides several examples of trade-offs in selected areas of economic activity which may be applicable in mid-conflict situations. In this

brief paper, it is not possible to address all the areas of economic activity covered in the guide.

While the guide is intended to provide practical guidance for field practitioners, there is no simple check-list applicable to all post-conflict situations. Instead, the economist or private sector officer in USAID is called upon to exercise professional judgment based upon an understanding of the root causes of the conflict in question, the nature of the agreement that has brought about a cessation of conflict, and the principles for choosing appropriate economic growth programs. These principles include:

1. Paying immediate attention to economic growth does not mean doing the same thing that ordinarily is done in stable developing countries. Post-conflict environments demand a different approach. (This point is further developed below.)
2. Post-conflict economic growth programs must address as directly as possible the factors that led to the conflict, taking into account the fragility of the environment.
3. Post-conflict programs must be effective at opening up opportunities and increasing inclusiveness; they should be judged in part on the basis of whether or not they help mitigate political factors that increase the risk of a return to hostilities.

Each post-conflict situation is different, but in general, economic growth programs should aim to:

- reestablish essential economic governance functions and restore the government's legitimacy;
- boost employment and improve well-being as quickly as possible;
- address the root economic causes of the conflict; and,
- stabilize the economy and position it to grow rapidly.

In a stable developing economy, economic growth programs are principally focused on achieving greater efficiency, facilitating market processes and creating a level playing field for all potential participants in a market. In a stable situation, targeted reforms and investments are intended to reduce the costs of doing business, improve productivity, improve the quality of labor and capital goods generally available to business, increase competition in the economy, and improve the functioning of markets. Examples of programs in stable developing economies would include, among many possible examples, eliminating price controls, improving the quality of education in general and vocational education and skills training in particular, reducing import tariffs to reduce the cost of inputs and capital goods for businesses, investing in information systems to increase access to market information for all market participants, investing in infrastructure to reduce the cost of transport, and so forth. In a post-conflict economy, programs to improve the efficiency of an economy are important, but **programs to make immediate use of unemployed labor and underutilized capital stock take priority**. In contrast with development assistance focused on increasing long-term economic efficiency, the overriding objective in the post-conflict period is to immediately and

effectively **stimulate** short-term economic activity. This can mean providing start-up grants to existing businesses which have been idled by conflict. It can also mean directly employing labor in a variety of activities, rather than waiting for the labor market to gradually absorb the unemployed labor. Such interference in market processes is anathema to economic assistance programs in stable situations, but is recommended in post-conflict settings. This is the heart of the efficiency vs. effectiveness trade-off described in the post-conflict guide. The post-conflict program actively intervenes in an economy and may distort normal market development in the short term. The primary objective of post-conflict programs is to stimulate economic activity in the short-term with less concern for considerations of long-term economic efficiency.

How should it be done?

According to the post-conflict guide, moving from standard development theory to action in a post-conflict setting requires a careful balancing between competing demands. First and foremost, economic growth programming should ***focus on the basics of a functioning economy***, with early emphasis on short-term effectiveness in stimulating economic activity and creating jobs, rather than on longer-term economic efficiency. Immediate priorities should be set on the basis of what will most quickly and most ***effectively*** generate employment and stimulate the economy.

Policy designers and implementers must also ***understand and account for the recurring trade-offs*** that they face. Substantial structural challenges and the ever-present risk of a return to conflict mean that decisions need to be made quickly, and on the basis of specific trade-offs that are much more acute than in stable developing countries. Four trade-offs occur again and again. These are:

1. The need for *effective* economic solutions in the short-term while moving toward more *efficient* ones over time;
2. The tension between the need to achieve tasks *urgently* and the effect such actions (if they bypass local institutions) might have on the government's perceived *legitimacy*;
3. The conflicts that can arise between *short-term* and *long-term* objectives; and,
4. The desire to use the *window of opportunity* to make dramatic economic reforms immediately after the conflict, contrasted with most governments' very limited *absorptive capacity* to manage change.

Finally, policy-makers must ***pay attention to sequencing***. The termination of conflict creates an immediate rebound of economic activity, though typically not to pre-conflict levels. Donor and government consumption of local goods and services stimulates broader economic activity. Job-creation programs generate a temporary upsurge in employment and consumption. Investments in physical and social infrastructure stimulate demand in the short run and support growth in the medium and long term. Regardless of the effectiveness of programs in the short run, however, it is the country's capacity to sustain economic growth that matters most for long-term success.

Rapid growth requires sound economic policies to be established from the beginning. In the longer term, programs must build the host country's capacity to elicit the self-sustaining growth of a healthy economy. As results are obtained in the immediate post-conflict period, initiatives should shift from an emphasis on effectiveness and short-term stimulus to a more traditional emphasis on economic efficiency and long-term growth. The types of short-term programs that are appropriate for creating jobs and improving well-being immediately following a conflict cannot and should not be funded in perpetuity. There must be the clear prospect of growth through sustainable, productive, private-sector employment to displace short-term programs.

II. Differing Characteristics of Mid-Conflict vs. Post-Conflict

Which of the principles described above are applicable in mid-conflict situations? How would their application differ? Does the history of other counter-insurgencies offer any clues about what types of activities to create jobs or provide public services could increase the chances of a successful counter-insurgency? To answer these questions, we need at a minimum to understand how mid-conflict differs from post-conflict.

The main characteristic of a mid-conflict situation is the obvious one, that no formal or informal agreement has been reached between the two sides to cease conflict. Both sides continue to fight in the expectation they will ultimately prevail. Consequently, the population's expectation is that there will continue to be a great deal of insecurity until one side or the other has demonstrated that it has the upper hand and is successfully protecting the population from theft, extortion, and destructive acts by the other side. Above all, this insecurity is a deterrent to private investment and – in turn – strongly limits the prospects for creation of jobs in the formal private sector.

On a national level, we know that conflict disrupts economic activity, destroys economic infrastructure, leads to flight of the most educated individuals, disrupts the provision of health care and education, discourages investment, and arrests productivity growth, resulting in unemployment and declining incomes. There is a shift toward underground, conflict-related activities and greater informal, unregistered, or unlicensed economic activity. These effects will be smaller if the conflict is short, but a sudden change in who is in charge, both nationally and locally, will also disrupt economic activity.

The mantra for counter-insurgency is “clear, hold, build.” While this is useful shorthand for the conduct of COIN, I would suggest adding “persuade.” If one is able to clear, hold, and build, this will go a long way towards persuading the population of the area of operations that it should consider siding with or even supporting the counter-insurgents. However, the population's perspective and their actions are generally guided by much longer-term considerations as well. They must be convinced that their long-term interest is to support the counter-insurgency; that the greater risk to their future well-being is to remain neutral or support the insurgents. The ability to persuade the population requires reducing the odds that the insurgents will ultimately prevail.

In Malaya in the 1950s, the British employed a number of methods to persuade the population to be actively on their side and not support the communist insurgency. This involved both sticks and carrots. They both practiced and/or threatened food deprivation for villages which withheld information about the communists in their area. They also constructed over 400 New Villages and forced relocation into them so as to better protect the population. These coercive measures appeared to work, but it also appears that attention to "...improvements to Malay kampong life, e.g., in water supplies, bridle paths, the provision of electric lights" and "land administration generally"³ were also important components of the successful British counterinsurgency in Malaya. How significant these economic incentives, both negative and positive, were in winning over the Chinese rural population in Malaya and ultimately defeating the insurgency is unclear. Greatly improved military tactics over the course of the counter-insurgency seemed to be more important, as was the cause of Malayan nationalism in providing the longer-term motivation for siding with the counter-insurgents.

The absence of clear cause and effect from (a) programs which provide stronger economic incentives to side with the counter-insurgency to (b) greater stability is not surprising given all the other factors in play. Paul Collier's research suggests that the odds of a return to violent conflict within a decade are reduced from about 40% of the time on average to only 25% of the time where there is robust economic growth.⁴ This small but significant reduction in the odds of a return to violent conflict tell us that economic growth alone is not a panacea for stability, only a contributing factor. It seems obvious from Collier's research therefore that evaluations of economic programs' contribution to stability are unlikely to be able to show clear cause and effect. Economic programs are just one of the ingredients in a recipe for the success of COIN operations, an ingredient which had been relatively neglected until recently. While more emphasis is now being accorded to economic factors, it is still not well understood what the right mix of interventions is to achieve stability. What can be said, however, is that programs to improve economic well-being appear to be an important part of the mix.

A recent evaluation of USAID's \$675 million Community Stabilization Program (CSP) in Iraq attempted to understand the relationship between this program to improve economic well-being and the achievement of stability. The evaluation asked, "Does the model work? Did CSP's approach to create employment and employment opportunities reduce the incentives of individuals to support and/or participate in violent acts?" Its basic conclusion was that "...causation between program initiatives and a reduction in violence cannot be definitively established due to confounding variables and impossibility of isolating specific variables of interest."⁵ However, the evaluation also reported that,

³ See page 101, Learning to Eat Soup with a Knife, Counterinsurgency Lessons from Malaya and Vietnam, John A. Nagl, 2002.

⁴ Paul Collier, Anke Hoeffler, and Måns Söderbom. 2007. Post-Conflict Risks. Centre for the Study of African Economies, Department of Economics, University of Oxford.

⁵ See page 18, "Evaluation of USAID'S Community Stabilization Program (CSP) In Iraq: Effectiveness of the CSP Model as a Non-Lethal Tool for Counterinsurgency", July 22, 2009, Glenn, Holland, Mackie, Oppermann, Prindle and Speelmans, http://pdf.usaid.gov/pdf_docs/PDACN461.pdf.

“CSP experienced considerable success where program-internal coordination and broader integration took place. This not only directly benefited Iraqi communities in areas most “at risk” but also supported USG counterinsurgency efforts in the country. Jobs were created and income has been generated for families; efforts were made to rebuild infrastructure; youth programs created a sense of “normalcy” among those who participated and the population at large. Evidence supports a conclusion that these efforts likely contributed to program objectives; however, the presence of numerous additional variables makes a definitive conclusion in this regard unfeasible.”⁶

While the evaluation cannot draw robust conclusions about the impact of economic growth programming on stability, it does highlight a tension between short-term and long-term objectives. For example, the CSP in Baghdad in 2006 involved USAID and the U.S. Army collaborating in a neighborhood by neighborhood program to provide employment and grants to small businesses. Whenever a neighborhood became sufficiently secure for the Army and USAID contractor personnel to enter, it became in effect a mini post-conflict zone. The most frequent paid employment activity was clearing garbage from the sides of streets, an activity which was a high priority for the U.S. Army since it reduced the ability of insurgents to hide IED’s that could be used against patrols.

It is hard to argue for troop safety receiving a lower priority, but it is legitimate to ask whether the objective of sustaining security for the long term was best served by devoting such a high percentage of the resources to clearing garbage. Would the impact on employment and business development from devoting a greater share of resources to small grants to rebuild shops, bakeries and other businesses have contributed more to the achievement of stability? The end-of-project evaluation of CSP (p. 9) found that *“Business Development Program grants help to attain COIN objectives and appear to be the most sustainable of the four CSP components.”* An independent Business Development Program grants survey found that 98% of grantee businesses were still operational one year after receiving their grants. It is important to understand whether the short-term programming decisions were being made with the long-term stabilization objective of the counter-insurgency as the focus or whether these decisions were being made primarily with the objective of increasing short-term security.

Economics is not generally cited in the literature as central to the success of counter-insurgency. This is not surprising given the significant, but still only marginally better outcomes in preventing a return to conflict in post-conflict countries where there is robust economic growth. A similar consideration would seem to apply to mid-conflict counter-insurgencies. However, what does appear over and over in discussions of counter-insurgency is that ***the integration of all aspects of counter-insurgency is key to its success***. The British success in Malaya subordinated all activities – including economic activities – to the goal of defeating the communist insurgency. That organizational lesson

⁶ Ibid., p. 14.

learned is not being applied where civilian and military forces pursue their own objectives in an uncoordinated approach.

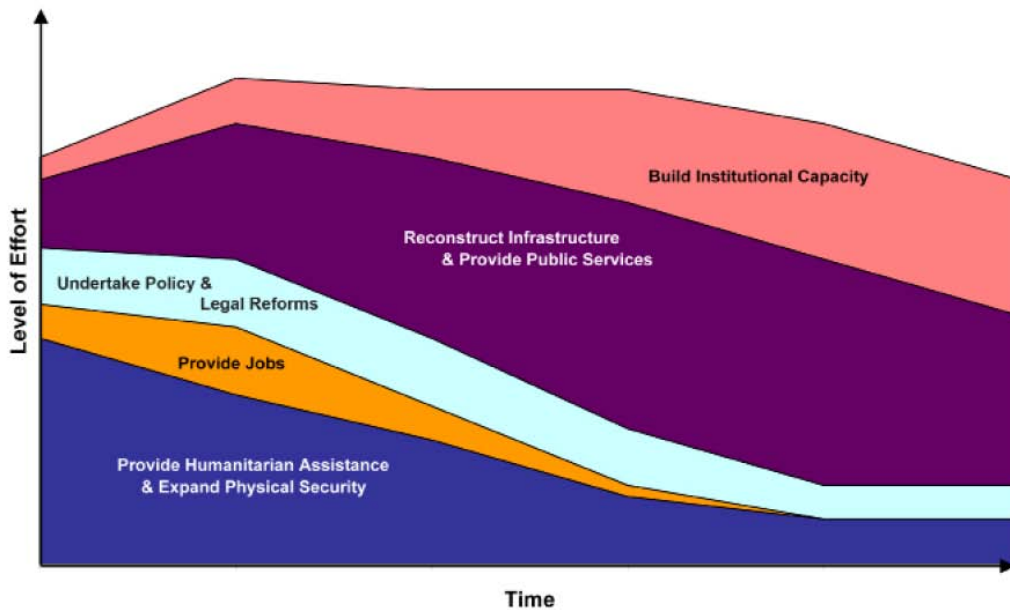
III. Which Principles of “A Guide to Economic Growth in Post-Conflict Countries” Apply in Mid-Conflict Situations and COIN Operations?

Fundamentally, all the principles of the post-conflict guide appear to apply to mid-conflict situations. However, what one does in practice will depend upon the degree of stability and the geographic scope of the operation. The farther away one is from a sustainably secure situation, the more difficult it will be in practice to carry out a typical post-conflict program for economic growth. Adjustments to the guidance for post-conflict will be discussed point by point below, but a simple summary would be to place the highest immediate priority on security and humanitarian assistance, the next highest priority on the direct provision of jobs and grants or vouchers to restart businesses, and then to adjust the relative level of effort on infrastructure, public services, policy and legal reforms, and building of institutional capacity in response to (a) the priorities expressed by the population of the area of operation and (b) the feasibility of successfully intervening.

Expand Physical Security and Provide Humanitarian Assistance

Security comes first because economic activity depends upon security in property and the ability to conduct transactions securely. The guide’s illustrative diagram for relative magnitude and timing of economic interventions (in broad categories) puts security first, even though the provision of security is not an economic intervention. Economic activity requires all sizes of enterprises to invest money in inventory, including goods, and the acquisition and maintenance of equipment used to produce those goods. If these investments are at risk of being stolen or damaged, or if customers are discouraged from coming to the point of sale due to insecurity, business activity will be on a smaller than desirable scale. Here’s the diagram from the post-conflict guide:

Post-Conflict: Economic Growth Program Emphases



The level of effort in this diagram is shown in relative, not absolute, magnitudes and neither the scale nor the time dimensions are defined. The beginning of the post-conflict program at the far left side of the phase diagram can be taken as the beginning of the “build” phase of “clear, hold, build.” The greatest initial level of effort will be to provide emergency humanitarian assistance, probably by military forces given the threat environment, and the expansion of physical security by military means. These efforts will continue on a large scale, relative to other efforts, while other means of winning the support of the local population are put in place and scaled up.

Provide Jobs

Given the initially low level of economic activity in the area of operations, jobs should be provided both to meet military objectives (e.g., clearing streets of rubble that can hide IEDs) and the economic objective of providing short-term jobs to provide earned income, which in turn will increase the demand for the output of local enterprises. This is the guide’s principle of emphasizing effectiveness over efficiency in the initial phase of building the local economy. Jobs can be provided directly through contracts with local employers, through directly supervised labor paid on a daily or weekly basis, or through grants to local organizations proposing to employ people for a variety of purposes. There are many ways in which jobs can be provided. These directly provided jobs may or may not become sustained sources of employment that are incorporated into private sector enterprises. In most cases, they will be short-lived and will not be sustained. However, as shown in the diagram, the private sector will rebound over time in response to the improved security and the injection of demand. Thereafter, a growing private sector can be expected to gradually increase its own demand for labor, thus permitting the externally-funded temporary jobs programs to be phased out as intended.

The direct provision of jobs should be clearly presented as a temporary program to local leaders and participants alike. The stated goal must be the emergence of a dynamic private sector driving economic growth and the phasing out of externally financed jobs programs. Care should also be taken not to set the hourly or daily wage rates too high so as to avoid creating expectations of high wages into the future and in order not to discourage the creation of sustainable employment in the local private sector. This guidance applies at all geographic levels, from villages on up to the national level.

Restart Businesses and Encourage Business Activity

At the same time, grants or vouchers should be provided to restart businesses. Although it is not good development practice to “pick winners,”⁷ it is a good post-conflict practice to do so in order to stimulate local economic activity and encourage local investment in enterprise. Some of these grants will not result in successful enterprises, but there is not time in the midst of conflict to engage in normal banking practices to assess the profitability of different businesses. These are grants, not loans, intended to bring about a rapid recovery of the local economy. If this practice results in a higher than normal business failure rate, it should not be interpreted as a sign of program failure. The program implementers should make clear to selected businesses that these are **one-time grants** and that businesses should in future plan on normal borrowing practices. In no case should the military or USAID set up a direct loan program for this purpose. When they resume, lending activities should occur through local banking or micro-finance organizations with a strong emphasis on repayment. Grant programs can be carried out in mid-conflict situations provided that there is a strong overall effort to improve security, as discussed above.

Undertake Policy and Legal Reforms

Moving up to the diagram’s category of “Undertake Policy and Legal Reforms,” the guide is applicable at the national level in terms of putting in place basic economic policies and institutions. For most economic policies, it would not be desirable to have sub-national governments putting in place any policies regulating commerce with other parts of the country or setting policies that contradict or work at cross purposes with national policies. However, there are many administrative aspects affecting economic activity that can be addressed directly at sub-national and local levels. So while there will probably be less scope for policy and legal reform work, there are always a host of administrative requirements, such as licensing of businesses, which can be reformed (or eliminated) to make them as simple and business-friendly as possible, with low fees so as not to discourage private enterprise, even while complying with national requirements and regulations.

⁷ In a stable developing economy, development programs are designed to provide broadly-based benefits available to all potential market participants. It is up to the market to “pick” the winners in the competition for profitability. This principle of non-interference in market processes is violated in immediate post-conflict development programs.

Reconstruct Infrastructure and Provide Public Services

The next major category of externally-financed investments to win over support of the local population is the reconstruction of infrastructure and the provision of public services. This should also be started up as soon as possible following consultations with the relevant local leaders and people. Infrastructure that supports private activity should be one of the top priorities. At the same time, however, these investments (roads, communications towers, electricity distribution grids, etc.) are subject to attack, sometimes frequent attacks, by insurgents wishing to discredit their opponents and slow down progress.⁸ This can make it very costly to bring about the desired revival of private sector activity. Consultations with local entrepreneurs are critical to understanding what constraints they face in conducting business and making judgments about which investments to make to reduce their costs of doing business and mitigate risks.

Public services are also subject to risk from attacks on physical infrastructure (schools and clinics and police stations), on personnel (teachers, health care workers, and police) and on people attempting to use these services. The importance of sustained security is evident and, in contrast to the typical post-conflict situation, this might require a substantial diversion of military resources to securing investments in infrastructure to the detriment of the other critical task of seeking out the insurgents and reducing their capacity to disrupt society and economic activity. This creates a different dynamic for decision making. Will stability be served best by protecting the restoration of infrastructure and the provision of public services, or by continuing to expand the area which has been cleared and held? Both are critically important in this context, but resources may be inadequate to pursue both objectives as aggressively as desired.

Build Institutional Capacity

Finally, institutions of economic governance must be restored if the economy is to function normally and grow. These are enumerated in the guide for post-conflict countries for the national level. They include:

- ensuring that the country has a viable currency and a functioning banking system
- ensuring that the government can make payments and collect revenues
- eliminating administrative barriers to both formal and informal economic activity
- encouraging the development of markets
- establishing procedures for handling business disputes
- privatizing state-owned enterprises where possible
- encouraging local investors to invest
- collecting basic economic data

⁸ It is interesting to note that this is not always the case. In Nepal, the Marxists allowed free access to the areas they controlled by USAID contractors working with poor Nepali farmers to install drip irrigation systems and assist them in marketing fruits and vegetables to increase the incomes of these small farmers.

All these basic functions, at a minimum, need to be addressed nationally so as to get the economy up and running. The guide provides suggested sequencing from the basics to the more complex. In some instances, countries will already have basic institutions in place and functioning, but there have been a large number of post-conflict countries where central, fundamental institutions needed to be reformed or recreated. In all these cases, the sequencing tables in the guide provide guidance for establishing priorities.

With the exceptions of the national currency, the national banking system, the establishment of national laws and regulations, and the privatization of state-owned enterprises, all of the actions listed above can also be initiated at sub-national and local levels. Furthermore, whether or not there are national programs or systems, initiative can and should be taken at local levels to encourage private economic activity. There is no need to wait for action at the national level to stimulate the local economy, improve the way rules and regulations governing business are administered, encourage local enterprises to invest and grow, eliminate unnecessary administrative steps for the conduct of business, repair local infrastructure and do everything possible to create a business-friendly environment.

Concluding Remark

Much remains to be learned about the relative importance of economic interventions for achieving the stabilization objective of counter-insurgency campaigns. In post-conflict countries, robust economic growth reduces the odds of a return to conflict. In mid-conflict situations, participants in programs to provide employment and stimulate local economic activity (such as the CSP in Iraq) believe that the programs contributed to making their neighborhoods safer. However, evaluations of these kinds of programs invariably face the difficulty of isolating the effect of economic interventions from many other factors that are also changing. A large body of evidence would have to be assembled and analyzed, as has been done for post-conflict countries, in order to draw sharper conclusions about the impact of the economic component of an integrated counter-insurgency operation. Without such analyses, we find ourselves relying upon anecdotal information which shapes the current conventional wisdom that economic interventions do in fact contribute to the stabilization objective. If economic interventions matter for stabilization, as I believe they do, then applying the principles of “A Guide to Economic Growth in Post-Conflict Countries” is appropriate, provided the actions are tailored to suit the mid-conflict circumstances, as the British did in Malaya.