

# COMBATING TERRORISM WITH SOCIOECONOMICS

## *Leveraging the Private Sector*

BY MIEMIE WINN BYRD



U.S. Army (Robert Brogan)

**State Department representatives meet with Iraqi Ministry of Agriculture to discuss farming conditions in Salah Ad Din Province in Iraq**



**General Martin Robeson, USMC, speaks in Basilan about U.S.-Philippine humanitarian mission there**

Fleet Combat Camera (Troy Latham)

It is widely recognized that leaders of terrorist organizations come from the ranks of the educated and are mostly driven by extremist ideologies. The foot soldiers of terrorism, however, are often recruited from the deprived masses at the bottom of the socioeconomic and political pyramid. The leaders exploit impoverished and hopeless environments and circumstances to attract the large numbers of people needed to advance their agendas.<sup>1</sup>

Recently, the U.S. Army War College hosted a conference on the underlying conditions of terrorism and the military role in addressing these conditions. The participants agreed that the U.S. military has been successful in its efforts to attack and disrupt key terrorist organizations since 9/11; however, these organizations are able to replenish their ranks faster than we can reduce them because “poverty and inequality still prevail in many parts of the Muslim world with high illiteracy rates, lack of human development, and poor infrastructure.”<sup>2</sup> Moreover, the “center of gravity for war and terror are the populations that can provide sanctuaries, safe havens, and/or recruitment for terrorists.”<sup>3</sup> These conditions are pervasive throughout the Asia-Pacific region.

According to Asian Development Bank statistics, for example:<sup>4</sup>

- The Asia-Pacific region is home to two-thirds of the world’s poor.

- Nearly 1.9 billion people in the region live on less than US\$2 a day.

- At least 30 percent of the population in countries such as Cambodia, Laos, the Philippines, and Vietnam still live in extreme poverty.

- A conservative estimate of Asian unemployment is 500 million, and 245 million new workers are expected to enter the labor markets over the next decade.

Millions of Muslim boys in Asia are coming of age and creating a “youth bulge.” When governments are not able to deliver a vision of hope, mutual respect, and opportunity, these young men end up desperate, frustrated, and humiliated. These are ripe conditions for religious extremism, which can provide a perversely attractive escape from the grinding hopelessness and despair.<sup>5</sup>

According to Lieutenant General Wallace Gregson, former commander, U.S. Marine Forces Pacific, the decisive terrain of the war on terror is the vast majority of people not directly involved, but whose support, either willing or coerced, is necessary to insur-

gent operations around the world.<sup>6</sup> This populace is equivalent to American swing voters, whose ballots have contributed significantly to the outcome of many U.S. Presidential elections. As President Ronald Reagan said during the midst of the Cold War, we have to turn these potential enemies into friends.

Thus, it is crucial for U.S. Pacific Command (USPACOM) to develop a concept of operations to alleviate these conditions. Since the launch of Operation *Enduring Freedom-Philippines* in 2002, the island of Basilan, where a reign of terror had ruled since the early 1990s, has achieved a secure environment. However, as we have seen in Iraq, this success will be short-lived if the local, state, and central governments are unable to provide a sustained secured atmosphere and meet the expectation of the populace. In a recent interview, Lieutenant General Peter Chiarelli, USA, commander of Multinational Corps in Iraq, stated, “If we don’t follow up with a build phase, then I don’t think Baghdad can be secure.” The same article pointed out:

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*The imperative to provide economic benefits to ordinary Iraqis is not born out of some vague humanitarian impulse, U.S. military officials [in Iraq] emphasize, but one that directly affects the security of the country and the viability of the government.<sup>7</sup>*

Although Basilan has made great strides in achieving better economic conditions in recent years, poverty and lack of opportunity are still pervasive. Therefore, our long-term counterterrorism efforts by, through, and with the government of the Philippines must focus on creating sustainable socioeconomic conditions on Basilan island.

**Applying Principles of War**

To put this concept in terms of a principle of war, this is equivalent to conducting an exploitative offensive operation following a successful attack. Exploitation takes advantage of tactical opportunities gained by the initiative. It pressures the enemy and compounds his disorganization.<sup>8</sup>

Creating sustainable socioeconomic conditions should be viewed as an exploitative offensive operation. We conduct this type of operation by shaping, changing, and maintaining the popular support for the armed forces of the Philippines and its government on Basilan. How do we maintain long-term popular support for our cause—that is, how do we deny popular support for the terrorist organizations? We do so by encouraging socioeconomic development that creates jobs, opportunities, and alternatives to violent extremism.

**Network of Stakeholders**

The U.S. military alone does not have the skills or resources to create sustainable socioeconomic development. This type of operation requires an extensive network of stakeholders: the host-nation government (including the military), local populace, international organizations, nongovernmental organizations, private sector, academia, and the U.S. Government (including the military). To attract all the necessary stakeholders, we need to activate the interagency process because the core competency needed for this phase lies in other Federal agencies, such as the Department of Commerce, the Department of State’s Bureau of Economic and Business Affairs and Coordinator for Reconstruction and Stabilization, and the U.S. Agency for International Development (USAID).

*citizen-Soldiers can open doors to the business community as we develop the nontraditional network and partnerships*

However, the Department of Defense (DOD) should and could be a proactive member of this interagency team.

Building this nontraditional network of stakeholders with varying interests and organizational cultures will be an arduous task. Therefore, all interagency players, including the military, must think and act outside the box. The Quadrennial Defense Review Execution Roadmap published in May 2006 directed DOD to develop a long-term, focused approach to build and increase the capacity for the international partners to deny sanctuary to terrorists and to separate terrorists from populations by utilizing all instruments of national power. To do so, DOD was authorized to partner and cooperate with:

- other departments and agencies of the U.S. Government
- state and local governments
- allies, coalition members, host nations, and other nations
- multinational corporations
- nongovernmental organizations
- the private sector.

**Leveraging the Private Sector**

DOD does not have to look far to reach into the private sector. The U.S. military employs thousands of Reserve and Guard citizen-Soldiers, Sailors, Airmen, and Marines who work in the private sector. Many of them hold significant decisionmaking positions with multinational corporations and regional and small firms. Many have valuable skills in such fields as public relations, marketing, business development, supply-chain management, finance, economics, agribusiness, and investment banking. We need to tap into not only this wealth of skills from these citizen-Soldiers, but also their relationship with the business community. They can open many doors to the business community as we develop the nontraditional network and partnerships.

The story of Lieutenant Colonel Allen McCormick, USAR, demonstrates the power of our Reserve and Guard members as inval-

able assets already embedded inside the U.S. military. McCormick, an Army Reserve officer with Special Operations Command, Pacific (SOCAPAC), is a brand manager who leads marketing campaign developments for Procter & Gamble in Cincinnati. He holds a Masters of Business Administration from Webster University.

While participating in an exercise at Camp H.M. Smith, Hawaii, in September 2006, McCormick heard about the USPACOM initiative to partner with the private sector. He quickly put us in touch with the appropriate point of contact at Procter & Gamble, and we are communicating with the company to explore how it can collaborate with USPACOM in Indonesia. Procter & Gamble has been working on water purification products to be marketed in developing countries such as Indonesia and the Philippines. They also collaborated with USAID and the Centers for Disease Control during the relief efforts after the tsunami of late 2004. Lieutenant Colonel McCormick is teaching SOCAPAC to apply commercial marketing methods to trigger, diffuse, and measure the penetration of messages in “word-of-mouth” cultures to counter extremist messages.

Also, there is a remarkable phenomenon of new thinking gaining ground within the business community. The concept of eradicating poverty through profits involves ways that businesses can gain advantage in today’s highly competitive global environment by servicing the needs of those who are at the bottom of the socioeconomic pyramid. By doing so, they trigger sustainable economic growth in those areas. Peace through commerce enhances the powerful role that commerce plays in promoting peace. According to *The Wall Street Journal*, many U.S. business schools are adopting the new mission of promotion in this way.<sup>9</sup> The Association to Advance Collegiate Schools of Business (AACSB), which accredits business schools around the world, has assembled a program called Peace through Commerce, with the aim of raising awareness about what business schools can do to promote peace. Michael Porter, a professor at Harvard Business School and a leading authority on competitive corporate strategy, stated:

*it is becoming more and more apparent . . . that treating broader social issues and corporate strategy as separate and distinct has long been unwise [and] never more so than*



Meeting with members of International Red Cross in Baghdad

U.S. Air Force (Cherie Thurby)

today. . . . [W]e are learning that the most effective way to address many of the world's most pressing problems is to mobilize the corporate sector. . . . In modern competition, economic and social policy can and must be integrated. . . . Not only can corporate and social needs be integrated, but the success of the developing world in improving prosperity is of fundamental strategic importance to almost every company.<sup>10</sup>

We must tap into and harness this new thinking. A recent strategy paper published by the Department of State's Bureau of Economic and Business Affairs stated that it is trying to explore ways that the private sector can help eradicate the underlying conditions that terrorists exploit.<sup>11</sup> The bureau convened a meeting in September 2006 to discuss this initiative, and USPACOM was asked to participate as a member of the interagency community. This meeting demonstrates that the U.S. Government is beginning to accept the idea of engaging the private sector and recognizing the untapped resources and capabilities that the business community possesses.

Military partnership with the private sector is not a new concept. Close cooperation at both the political and technological level gave the United States an advantage during World War II in aviation, communication, and radar developments.<sup>12</sup> Civilian-military collaboration was a critical ingredient for innovations necessary for America to gain an advantage over the enemy. Specific circumstances for including the private sector may be different today, but the concept is the same. The private sector has the capabilities, skills, resources, and innovations to solve the underlying socioeconomic conditions that foster terrorism.

### Beyond Economics

While this article focuses primarily on the sustainable economic development and partnering with the private sector, it is not suggesting that this approach is a universal solution. The purpose is to bring attention to the importance of the economic element in shaping and changing the environment as we prosecute the war on terror. Other strategic elements—diplomatic, informational, and military—cannot be dismissed. An economic development can begin to occur only when basic security and physical needs are met. Efforts toward improved infrastructure (such as transportation systems, power, water, and telecommunications), developed human/social capital (health care and education), and good governance (to include sound macroeconomic policies) are the prerequisites for a continuous and sustained economic development. Enduring development strategies require equity, populace participation, and ecological preservation.<sup>13</sup> Therefore, the capabilities and interests of other stakeholders, in addition to the military and the private sector, are still needed to develop and maintain the foundation for sustainable economic development.

To initiate this process of engagement with the various stakeholders, a series of meetings may be warranted. These gatherings should facilitate an environment for these diverse organizations to explore and understand each other's organizational goals, capabilities, and requirements. By holding them, we hope to overcome organization-level cultural biases, build trust, and develop working relationships to generate synergy among the participating organizations. The military role within the network would be to facilitate the gatherings, point out the areas that are most vulnerable to terrorist recruitment, and provide assessments of the security situation in

specific locations, such as the island of Basilan. A unified vision and situational awareness among the participants would be the expected outcome from these gatherings.

In addition to sponsoring the meetings, we need to attend private sector roundtables, such as AACSB annual meetings, Business Executives for National Security board meetings, conferences sponsored by the Institute for Defense and Business, FLOW (a grass-roots global network of entrepreneurs practicing conscientious capitalism for sustainable peace) networking events, and the Global Microcredit Summit. We need to let the private sector know that the U.S. Government and international community need their business expertise in creating products, services, and jobs for those who are at the bottom of the socioeconomic pyramid. By doing so, they can create hope and opportunities for the populace as well as additional markets for their products and services. The byproduct is creating environments inhospitable to violence and terrorism.

### Beyond the Basilan Model

The success of Operation *Enduring Freedom-Philippines* has been attributed to the Basilan model, which built host-nation capacity, met basic physical needs of the local populace, enhanced Filipino government legitimacy and control, and disrupted insurgent safe havens. The emphasis on civil-military operations resulted in improved infrastructure, increased availability of water, and secured mobility for commerce. Therefore, this model was extremely effective in winning back public support and improving security in Basilan by reducing terrorist strongholds. It also laid the cornerstone for the beginning of social and economic prog-

ress in Basilan, but more work is needed for sustainable socioeconomic development.

Since 2002, the U.S. military, USAID, local and international nongovernmental organizations, and the government of the Philippines have been working together. We need to expand this network to include additional stakeholders, such as private businesses, multinational corporations, local and international investment firms, local and international financial institutions, and academe to build the capacity of the local populace and of the host-nation government.

For example, the Asian Development Bank initiated a process to cultivate a strategy for the Philippines to achieve long-term sustainable economic growth. In March 2005, the bank hosted the Philippines Development

resources toward creating sustainable social and economic progress in Basilan. That island and the Philippines in general could be the next success story in the same line as Ireland, which was one of the poorest countries in Europe 15 years ago. Evidence shows that the unprecedented economic growth there had significant impact on reducing violence in Northern Ireland, which was considered the most violent region of northern Europe for the previous 40 years. In 20 years (1986 to 2006), unemployment declined from 17.6 percent to 4.5 percent.<sup>14</sup> Ireland's steady economic growth was led by private sector businesses.

It is crucial that we expose a critical mass of international business sector players to Basilan. As always with new startup investments and companies, the risk is extremely high, so the failure rate could be high also. Therefore, attracting a critical mass of private sector players, maintaining the network, and preserving their interests are the keys to netting a handful of successful new ventures and a steady stream of new investments.

### A Horizontal World

A big challenge for the U.S. military would be to overcome its need for control. It is embedded in our organizational DNA to want to run things because military organizations are traditionally hierarchical and have a top-down structure. We must recognize that the military will be unable to exercise any control over the actions of its nonmilitary partners. We have to inspire them into collaborating with us. Hierarchical relationships are dissolving and more horizontal and collaborative ones are emerging within businesses, governments, and many organizations across the spectrum.<sup>15</sup> Therefore, success depends on how well we are able to influence and persuade them to help us. This can only be accomplished if we truly take the time and effort to understand their requirements, interests, and concerns. This is where we could leverage our Reserve and Guard members of the Armed Forces. **JFQ**

### economic development can begin to occur only when basic security and physical needs are met

Forum, which was a meeting of the Philippines Consultative Group and other stakeholders. The forum addressed development issues and other factors, such as instability, weak infrastructure, an inefficient financial sector, corruption, large bureaucracy, and extensive national debt. The group recognized that the private sector accounted for 86 percent of gross domestic product and is responsible for the majority of job creation. Accordingly, it is the key to sustainable economic development.

We should leverage the Asian Development Bank's ongoing efforts and synchronize our plans, programs, and activities with them and facilitate the further expansion of the stakeholders' network. We should also leverage its expertise, interests, goals, and

<sup>1</sup> Jesus Felipe and Rana Hasan, *The Challenge of Job Creation in Asia*, ERD Policy Brief Series No. 44 (Manila, The Philippines: Asian World Development Bank, April 2006), available at <www.adb.org/Documents/EDRC/Policy\_Briefs/PB044.pdf>.

<sup>2</sup> Statement by Datuk Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia.

<sup>3</sup> Kent H. Butts, Terry Klapakis, and Art Bradshaw, *The Military's Role in Addressing the Underlying Conditions of Terrorism*, Issue Paper (Carlisle Barracks, PA: U.S. Army War College, June 2006), 2, available at <http://www.carlisle.army.mil/usacsl/Publications/IP05-06.pdf>.

<sup>4</sup> Felipe and Hasan.

<sup>5</sup> Stuart Hart, *Capitalism at the Crossroads: The Unlimited Business Opportunities in Solving the World's Most Difficult Problems* (Philadelphia: Wharton School Publishing, 2005), 215.

<sup>6</sup> Wallace C. Gregson, "Ideological Support: Attacking the Critical Linkage," in *The Struggle Against Extremist Ideology: Addressing the Conditions That Foster Terrorism* (Carlisle Barracks, PA: U.S. Army War College, 2005), 22.

<sup>7</sup> Linda Robinson, "The Battle for Baghdad," *U.S. News and World Report*, September 5, 2006, 56.

<sup>8</sup> Field Manual 3-0, *Operations* (Washington, DC: Department of the Army, June 2001), 7-22.

<sup>9</sup> Rhea Wessel, "Business School's New Mission: Promoting Peace," *The Wall Street Journal*, June 2, 2006.

<sup>10</sup> World Resource Institute, *Tomorrow's Markets: Global Trends and Their Implications for Business* (Baltimore: World Resource Institute, 2002).

<sup>11</sup> Department of State's Bureau of Economic and Business Affairs, *Using Economic Power to Combat Terrorism* (Washington, DC: Department of State, September 2006).

<sup>12</sup> Allan R. Millett, "Pattern of Military Innovation," in *Military Innovation in the Interwar Period*, ed. Williamson R. Murray and Allan R. Millett (Cambridge: Cambridge University Press, 1998), 365.

<sup>13</sup> Robin Broad, John Cavanagh, and Walden Bello, "Development: The Market Is Not Enough," in *International Political Economy: Perspectives on Global Power and Wealth*, ed. Jeffrey A. Frieden and David A. Lake, 3<sup>rd</sup> ed. (New York: St. Martin's, 1995), 397.

<sup>14</sup> Michael Strong, "Understanding the Power of Economic Freedom to Create Peace," available at <www.flowproject.org/Downloads/Economic-Freedom-and-Peace.pdf>.

<sup>15</sup> Thomas L. Friedman, *The World Is Flat: A Brief History of the Twenty-first Century* (New York: Farrar, Straus and Giroux, 2005), 45.

Representatives of the United Nations, USAID, and other agencies meet onboard the USS Abraham Lincoln to coordinate aid to Aceh, Indonesia, after tsunami disaster



U.S. Navy (Elizabeth Edwards)