

Feeding the Peasant

The Impacts of Economics on Modern Insurgencies

**A Monograph
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Abstract

FEEDING THE PEASANT by Major Mark D. Miller, U.S. Army, 41 pages.

Counterinsurgency operations and studies on insurgency aims and methods dominate current military discussions and writings. As the military continues to embrace “full spectrum operations”, discussions continue on the ability to link all elements of US National Power (Diplomatic, Informational, Military, and Economic) to facilitate a successful conclusion to operations in both Iraq and Afghanistan.

This paper examines the impact of economics on insurgencies and conflicts, primarily the impact it has on the affected populations involved in conflict. Through an examination of recent conflicts, the natures of insurgent aims are examined resulting in the proposal of a multiple insurgency model for conflict. With an emphasis on the insurgent’s means for garnering support, the impacts of economics will be examined to display the significant level of influence economics has on an insurgency and corresponding counterinsurgency operations, and the impact of failing to properly understand the impact of economy during and insurgency.

Historical studies show that 20th century insurgencies require the counterinsurgent to combat multiple sets of actors, all with potentially different objectives which drives them to conflict. Based on this methodology, which is addressed in the most recent U.S. Army counterinsurgency doctrine, the counterinsurgent must leverage multiple strategies to separate the population from the insurgent(s).

The counterinsurgent must have the capability to develop and synchronize all elements (Diplomatic, Informational, Economic, and Military) of National Power to defeat an insurgent, particularly when supported by the existence of a strong illicit economy which allows the insurgent to provide support and prosperity to the population that is not under the control of the counterinsurgent or affected government.

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“Feeding the Peasant”

INTRODUCTION

Whether caused by the support to a government fighting an active insurgency, or by the overthrow or reduction of a nation's government following a general war, the United States military has found itself conducting tasks normally described as "reconstruction" or "stability and reconstruction" operations.¹ Based on current US Army doctrine, this is simply "stability" operations. As defined by the current version of Field Manual 3-0, Stability operations are;

*An overarching term encompassing various military missions, tasks, and activities conducted outside the United States in coordination with other instruments of national power to maintain or reestablish a safe and secure environment, provide essential governmental services, emergency infrastructure reconstruction, and humanitarian relief.*²

Further defined by emerging U.S. Army doctrine, stability operations 'describe the role of military forces in supporting those broader efforts by leveraging the coercive and constructive capabilities of the force to establish a safe and secure environment; facilitate reconciliation among local or regional adversaries; establish political, legal, social, and economic institutions; and help transition responsibility to a legitimate civil authority operating under the rule of law.'³

This study proposes that the failure to properly understand the impact of economics on an affected population, and inability to control and/or rebuild the economy of the affected state during counterinsurgency or post major combat operations directly influences the conflict and can therefore provide the insurgent an almost unlimited population of potential recruits and support for his aims and objectives, or greatly hinder his ability to obtain his aims or objectives. This study will examine the role of economic influence in insurgencies and counterinsurgency operations.

¹ U.S. Department of Defense, Operations, Field Manual 3-0, (Washington, D.C.: U.S. Department of Defense, 27 February 2008), 2-2.

² Ibid, glossary-13.

³ U.S. Department of Defense, Stability Operations, (Washington, D.C.: Department of Defense, October 2008), vi-vii.

This study does not seek to prove that the stability and control of the economy of a nation involved in conflict (primarily insurgency) is the primary impetus for the defeat of an insurgency and return to stability for that nation. Instead, it will focus on the implications of the lack of understanding the impacts of economic motives and corresponding development of economic strategy at the strategic and operational levels during counterinsurgency or post major conflict operations, and will seek to provide insight and analysis into how the economic instrument of power and particularly a coherent economic strategy relates to the successful culmination of counterinsurgency operations and the return to stability of the affected nation. In doing so, this monograph will compare the impact of the economic instrument of national power with the impact of other variables, and provide analysis to show that at the strategy and operational level an understanding of the drive of economics in the insurgency and a coherent strategy dealing with it must be closely interconnected to be successful.

In discussing the instruments of national power, commonly referred to as the DIME (Diplomatic, Informational, Military, and Economic), the relation between the military instrument of national power with the others becomes blurred, as evidenced by the previous definition from Field Manual 3-0 (Operations). US military leaders particularly in ongoing operations in Afghanistan and Iraq, find themselves taking actions, particularly in the roles of governance and economic and infrastructure regeneration, that constitute “nation building”, and require that the military and political (remaining elements of national power) endstates be closely linked.

In defining the term **economics**, the focus of this thesis is the basic drive of multiple groups to increase its economic standing (wealth and prosperity), primarily the want of the lower or “peasant” class to simply follow the path that will most effectively allow for an increased standard of living.

The United States military in current operations in Iraq and Afghanistan is engaged in what is currently defined as irregular warfare, and more specifically, counterinsurgency operations.

Irregular warfare is unique in that it is defined by doctrine as a violent struggle among state and nonstate actors for legitimacy and influence over a population, while corresponding counterinsurgency operations are those military, paramilitary, political, economic, psychological, and civic actions taken to defeat an insurgency.⁴ In dealing with counterinsurgency operations, the key to success is often defined as possessing the influence or control of the population, therefore rendering the counterinsurgent (or guerilla) ineffective. As the insurgency is continually unable to influence and control the population, he is denied further recruitment, and his capability to continue the conflict is greatly reduced.

Based on past conflicts, particularly multiple civil wars and “insurgencies” throughout the past century, economic necessity or the promise of changing the socio-economic order of a society appears to draw many into conflict. This is particularly significant with regards to the working or “peasant” class of an affected population as the requirement to provide basic necessities for self and family can lead many to participate in armed conflict against government or occupying forces. As case studies will indicate, a significant amount of insurgencies in the 20th century consist of a disaffected population who see the legitimate government as lacking either the capability to provide for basic needs and the possibility of increased prosperity, or refusing to allow the lower class equal access to wealth and prosperity (authoritarian control). This exists primarily in the eyes of the population, primarily those of the lower or “peasant” class (“peasant” is used to define the lower, disenfranchised class by numerous authors).⁵ This is significant as a large majority of those agents recruited to take part in armed conflict simply do so initially to provide a basic livelihood that was removed due to pre-ceding warfare or government intervention, or the insurgent leadership “promises” to provide those basic needs or increase the

⁴ U.S. Department of Defense, Operations, Field Manual 3-0, 2-10,11.

⁵ Gberie, Lansana, *A Dirty War in West Africa*, (Bloomington, IN: Indiana University Press, 2005), 4-7.

livelihood of the individual and his family and this influences the individuals decision to support or resist the existing government and/or the insurgent.

The denial of this section of the population (the “hungry peasant”) to the insurgent leadership greatly reduces the insurgent capability to carry on conflict and potentially reduces potential safe havens due to corresponding lack of local support. As defined by Marc Sageman in his book *Understanding Terror Networks*,

‘Although relative deprivation is not specific to terrorism, it is probably a necessary condition. People who are satisfied with life are unlikely to join a religious revivalist terrorist movement. They will continue to do what they are doing and not subject themselves to upfront costs, social sanctions, and sacrifices involved in such a movement.’⁶

In order to understand the economic impacts on a population and the corresponding insurgency, the nature of the insurgency itself must be understood. In this examination of the nature of any insurgency, this study proposes, and will demonstrate through case studies of recent insurgencies, a single insurgency rarely exists but multiple “insurgencies” or types of actors or potential agents exist.

Based on the understanding that multiple insurgencies exist within conflict, the types of insurgencies will be defined, as the population the insurgent operates within will be described. Using historical case studies, this monograph will describe the lower or “peasant” class, and the insurgents’ use of this section of the population, particularly in impoverished and/or authoritarian nations, as the recruitment base to facilitate their aims and objectives.

Based on the “four insurgency” model proposed in the following section, case studies will demonstrate that those who participate to meet basic needs serve as a primary recruitment base

⁶ Sageman, Marc, *Understanding Terror Networks*, (Philadelphia, PA: University of Pennsylvania Press, 2004), 95.

for the multiple actors or insurgents active within the population. Research of past insurgencies display that they comprise the mass of most insurgencies, regardless of ideology.

Given that the “mass” of any insurgency can be reduced or minimized by providing or continuing to provide basic economic needs, the study will analyze economic strategy or lack thereof, and its impacts on counterinsurgency operations. This monograph will demonstrate that the studied economic strategies only widened the gap among the classes and created a larger population that were influenced by ideological insurgents to recruit additional agents.

In conclusion, this monograph will demonstrate the need for a coherent strategy for economic development or redevelopment as well as show that a coherent U.S. strategy for the implementation of the economic element of power must be developed to prevent a potential surge in personnel available to the insurgent leadership to influence purely due to reduction in capability of the population to sustain oneself within the system of the legitimate government.

DEFINING THE “FOUR INSURGENCY MODEL”

To understand the impact of economics and particularly the economic viability has on a population during counterinsurgency operations (and “nation building”), it is important to understand the *nature* of the insurgency that exists. The nature of an insurgency, according to Bard O’Neill’s *Insurgency and Terrorism*, and the U.S. Army’s recent Counterinsurgency

manual, FM 3-24, *Counterinsurgency*, can be broken into types based on the ultimate goals of the insurgent movement and the aspects of politics, or political change, that they focus on.⁷ Based on these definitions, and a study of recent and ongoing insurgencies, the “insurgency” that a counterinsurgent or government force opposes is often not a single entity but multiple insurgencies, each with its own goal and aspect, not all of which are trying to affect political change.

Based on studies of modern insurgencies (20th century and later) and comparison and examination of current operations in Iraq and Afghanistan, and although not always all inclusive, four predominant types of insurgencies or actors exist within conflicts. This is defined as the “four insurgency” model (hypothesis). Within certain insurgencies four main type of actors or potential “objectives” exist: those bounded ideologically, those seeking increased power and influence, those who simply resist any outside intervention attempting to affect change, reducing their benefit, and those who participate to meet basic needs, or who seek to improve their socio-economic standing for the betterment of themselves and family. Based on the “four insurgency” model, the last type, those who seek to affect socio-economic change, referred to in this study in most instances as synonymous with the “peasant” class; tend to serve as the “calling population”, or recruitment base, for the other types of insurgents who seek to meet their ultimate goals in the ongoing conflict.

In understanding the “types” of insurgent active within conflict, I will further define them according to the above mentioned work by Bard O’Neill, *Insurgency and Terrorism*, and compare his definitions with both the U.S. Army’s Counterinsurgency manual(FM 3-24).⁸

⁷ O’Neill, Bard, *Insurgency and Terrorism*, (Washington, D.C: Potomac Books, 2005), 19.

⁸ O’Neill, Bard, *Insurgency and Terrorism*, 20.

The first type to be defined is the “ideological” insurgent, defined in the O’Neill study as a *Traditionalist*. The traditionalist insurgent is defined by an emphasis on values and norms that legitimize a small ruling elite and holding a value set based on sacred or religious underpinnings.⁹ This type of insurgent can be further subcategorized as a *reactionary-traditionalist*, who seeks to establish an idealized political system based on their beliefs. This type of insurgent includes present day Islamic militants, particularly Al-Qaeda of note, who seeks to unite the Muslim world and the entire world at endstate under a single Islamic law, or Sharia.¹⁰ FM 3-24’s definition of this insurgent drive is most closely defined as Identity-Focused. By Army doctrine definition (FM 3-24) the identity-focused approach mobilizes support based on religious, clan, tribe, or ethnic group. Based on studies of both Marc Sageman (*Understanding Terror Networks*) and Mark Juergensmeyer’s *Terror in the Mind of God*, the “four-insurgency model” in this study classifies those who fight for religious zeal into this category, based primarily on those wishing to establish a religious type Caliphate government order. This type of insurgent or actor is therefore defined as a *Traditionalist / Zealot*.¹¹

The second type to be defined is the *Commercialist*, or those seeking increased power and influence. Many of these types of insurgent have a narrow tribal or clan basis and their main goal is defined as the acquisition of resources through seizure and control of political power. This political power is not necessarily at the national level, but at whichever level allows the commercialist insurgent to achieve their goals. This insurgent, regardless of his public message of ideology (for recruitment), seeks to use whichever approach allows for the increase of power and wealth. This type of insurgent is not specifically defined by FM 3-24. FM 3-24 does list

⁹ Ibid., 21.

¹⁰ Ibid., 22.

¹¹ Sageman, Marc, *Understanding Terror Networks*, (Philadelphia, PA: University of Pennsylvania Press, 2004) 93-94.

Composite and Coalitions, where contemporary insurgents will use different approaches, but not that power and economics (wealth) are their primary driving forces.¹² This study will retain O’Neill’s classification of *Commercialist* for this type of insurgent or actor.

Although closely linked to traditionalist, the *Preservationist* insurgent carries out illegal acts of violence against both ruling and non-ruling groups that are trying to effect change.¹³ These insurgents resist any outside intervention that could change the status quo with relation to society, depriving their privileges (real or imagined) in relation to political, economics, or social. Grouped into this category are those who resist all outsiders, such as the Calabrians during Napoleon’s Italy campaign, or those who can be categorized as the criminal element within any country, who resists any threat to their influence or resources. Unlike the FM 3-24 definition, this also includes tribal orders seeking to maintain the above mentioned status, as well as any holders of power and influence who seek through non-legitimate means to maintain their power and influence. The *Preservationist*, as defined by O’Neill, is similar to the *Commercialist*, with the distinct difference that wealth and power are not necessarily part of the driving force for the Preservationist insurgent. As example of this is a tribal insurgent who simply fights to maintain his status quo or way of life. This can also include those such as the Lebanese traders, who will be described later in a case study on Sierra Leone, who fight to prevent dissolution of illicit trading to maintain their political and economic viability. Unlike the FM 3-24 definition, this insurgent or actor is not necessarily driven by political power, but his existence and affect on the counterinsurgency is no less serious.

The final type of insurgent in the “four insurgency model” is defined by O’Neill as *Egalitarian*. The egalitarian by definition seeks to impose a new system based on distributional equality and

¹² U.S. Department of Defense, Counterinsurgency, Field Manual 3-24, (Washington, D.C.: U.S. Department of Defense, 15 December 2006), 1-5-1-8.

¹³ O’Neill, Bard, *Insurgency and Terrorism*, 27.

centrally controlled structures designed to mobilize the people and radically transform the social structure within an existing nation or political community. In short the egalitarian include those who seek redistribution of wealth and power, or socio-economic change, to provide an improved “quality of life” over what the current system offers.¹⁴ This type of insurgent includes the aforementioned “peasant class”, who seeks a change in the current socio-economic structure, or in simpler terms, the guarantee of the ability to meet basic needs.

The definition of the *Egalitarian* insurgent is almost a misnomer. The *egalitarian* model is more commonly a *stance* taken by one of the other three types of insurgency in the “four insurgency model” to facilitate a further attainment of their root goals and to ensure a calling population or recruitment base, namely the “hungry peasant” who simply wants a guarantee of increased standing for himself and family. It is in this “economic promise” that the traditionalist, commercialist, and preservationist is able to recruit the lower or “peasant” class to support their ideology. In a comparison of FM 3-24, it most closely defines this as the “Mass Base”, or supporting populace of an insurgency. This definition more closely fits the definition which will be used as part of the “Four Insurgency Model”, as this term fits those recruited by the other types of insurgency, although this insurgent need not necessarily fight for the same ideals. This insurgent, regularly classified as the “peasant” based on studies of the typical recruit, is therefore defined in the model as the *Opportunist*.¹⁵

During the Vietnam conflict, the Vietcong, under the guidance of Ho Chi Minh and the North Vietnamese, executed a large campaign to unify Vietnam based on the principle of appealing to the “Vietnamese Peasant”. Although the Vietcong, like many insurgencies, resorted to acts of violence and terror to control the population when required, they based much of their recruitment

¹⁴ O’Neill, Bard, *Insurgency and Terrorism*, 20.

¹⁵ U.S. Department of Defense, Counterinsurgency, Field Manual 3-24, 1-12.

on the promise of socio-economic change for the lower class in South Vietnam. Using issues such as land reform and a more equal division of wealth, the Vietcong at the least are able to ensure passive assistance from a large part of the local population of South Vietnam. This, coupled with the inability of the South Vietnamese government to actually institute reforms which could *effectively* bring about a better socio-economic standing for the “peasant class” allowed the Vietcong to render the effects of the US military and the South Vietnamese government almost ineffective in regards to influencing the local population. Following the unification of Vietnam, the government of Ho Chi Minh (North Vietnam) could be classified as commercialist, as the South Vietnamese peasant soon found that the promises made were only to elicit support, and that his standing, particularly economically, was worse than prior to the conflict.¹⁶

This example demonstrates that in many countries, particularly those classified as Third World countries, the impoverished or “peasant class” in most circumstances constitutes a substantial portion of the population, and is therefore the most conducive to outside influence. This posits the “peasant class” as the calling population of the “four insurgency model”, providing the goal driven insurgencies with an almost limitless resource of manpower to facilitate the attainment of their objectives. The lack of a strong economic standing or at least the hope thereof among the lower class allows the insurgent the ability to influence this resource, particularly when adopting an egalitarian stance and actually providing evidence of an increased economic standing to the “hungry peasant”, if only for the time period required for the insurgent to meet his objectives.

¹⁶ Moss, George Donelson, *Vietnam, An American Ordeal*, (Englewood Cliffs, NJ: Prentice Hall, 1994), 401-404.

IMPACT OF ECONOMICS ON THE “FOUR INSURGENCY MODEL”

The preceding section defined the “four insurgency model”, which will serve as a basis for the description of the impact(s) of economics when dealing with a counterinsurgency, particularly one developed in the vacuum of post major conflict operations. Defined earlier as the “peasant” class, the primarily lower or impoverished class generally serves as the calling population or base of recruitment for the agenda or class driven insurgent. The insurgent, by providing for needs, whether in the promise of economic or social reform, is able to sway the support of the lower or previously defined “peasant” class. This is based on the premise that a predominant or driving force behind the lower class is that of opportunity, primarily the capability (perceived or actual) to increase standing and prosperity. This actor in a counterinsurgency can be defined as the “opportunistic” class, or he who seeks to increase social and/or economic standing, whether through the current legitimate government of the concerned country or one of the previous mentioned members of the “four insurgency model”. This does not suggest that the “poor peasant” is only a passive receptor who simply supports whoever provides needs, but posits that this capability when used by the insurgent carries significant sway among the “poorer masses” and is a key factor in eliciting support, even if only passive, for their cause. As stated above, this is significant as the lower or peasant class is most apt to allow the actions of the side which can provide the guarantee of subsistence and with it the hope of further prosperity.

According to a recent RAND study, *Understanding Proto-Insurgencies*, prepared for the Office of the Secretary of Defense, opportunity or the offer of opportunity is a key variable in determining whether an insurgency (civil violence in accordance with RAND study) will occur. This is due to the now defined “opportunistic” class, in which actors engage in civil violence or support ongoing insurgencies due to seeking opportunities for personal gain rather than political or ideological agendas. The term the RAND study uses, civil violence, is not synonymous with

the U.S. Army definition of insurgency. This is actually closer indicative of “gang” type violence, but the primary reasons for support from the lower class remains opportunity. Violence however, is an active participant during most insurgencies, regardless of methodology causing it, and must be dealt with by the counterinsurgent or government forces. This “labor market” according to the RAND study, offers access to young men (and women) who will work for the opportunity to pillage, smuggle, etc., as there are few other viable opportunities that pay well or allow an increase in social or economic standing.¹⁷ As an insurgency grows in power and influence, this becomes even more significant as the insurgent can provide legitimate jobs due to influences gained through local and regional governments and services. In some instances the possibility exists in war-torn countries for an insurgent group to provide through gained power and influence work (jobs) for the “opportunist” class within the legitimate economy of that country. Predominantly, however, the primary means for the economic livelihood and yielding of influence with the “opportunistic” class or those in need is through the development of an illegitimate economy which provides needed employment and in some instances welfare structures which allow those who are destitute to survive. In defining an economy as **illegitimate**, this is synonymous with a “parallel” or “shadow” economy, one that exists outside the legal control of the government, i.e. weapons and contraband smuggling networks. Thus study does not propose that all “parallel” economies exert negative influences on a country. On the contrary the existences of parallel or illegitimate economies are allowed to exist in some countries to prevent conflict, or at least prevent further dissolution with the current regime in power. This study does propose however, that illegitimate or shadow economies provide a key resource that will allow an insurgency success, which is ability to finance and recruit without legal government intervention. The following paragraphs provide a general, though not all

¹⁷ Byman, Daniel, *Understanding Proto-Insurgencies*, (Santa Monica, CA: RAND Corporation, 2007), 13-15.

encompassing, description of the development of an illegitimate economy, its influence on governmental and counterinsurgency operations, and its capability to influence the “opportunistic” (peasant) class to support an insurgency in a country due to the capability for economic gain.

As seen by the conflicts in both Afghanistan and Iraq, as well as elsewhere, an active insurgency in a country normally can exist only with a significant vacuum in government capability which allows them to grow and flourish. Specifically, Afghanistan following the fall of the Taliban and Iraq after the United States liberation in 2003 are good examples as the active governments, regardless of type (according to FM 3-24, occupying forces are considered an active government in power), ceased to be effective following major combat operations in those countries.¹⁸ As this governmental vacuum continues to exist, a parallel economy traditionally develops which runs alongside or completely independent of state regulation. This economy is normally defined as an “illegitimate” economy or a “black market”.¹⁹ In Michael Pugh and Neil Cooper’s book, *War Economies*, they further define this parallel economy as a “shadow” economy. The term “shadow” economy, as defined by Pugh and Cooper, refers to economic activities that are conducted outside state or government regulated frameworks and is not audited by state institutions.²⁰ This shadow economy continues to erode government control and particularly popular support of the legitimate government as it provides economic well-being that the current “legitimate” economy is unable to provide, particularly to the poor due to the lack of or removal of government capability, no longer possess a viable source of income.

The existence of this “shadow economy” is particularly important to the actors in the aforementioned “four insurgency model”. The ideal or agenda based actors use the existence of a

¹⁸ U.S. Department of Defense, Counterinsurgency, Field Manual 3-24, 1-2.

¹⁹ Pugh and Cooper, *War Economies*, (Boulder, CO: Rienner Publishers, 2004), 8-9.

shadow economy to fund their insurgencies, provide needed materials, and particularly serve as a recruitment base from those that the shadow economy supports. This includes the opportunistic class (poor included) as these agents may range from entrepreneurial elites who see the capability for expanded profit and economic stature to the poor who participate out of necessity and for economic survival.²¹ As the actors in this “shadow economy” increase, their investment into the continuance of the shadow economy also increases, serving to further undermine government and/or counterinsurgent capability to increase the capability of a legitimate state sponsored economy. This, coupled with the ability of the insurgency (or insurgencies) to regulate and control the shadow economy presents incredible problems for counterinsurgency operations. To understand the development and growth of a parallel “shadow economy”, which can create alternative systems of profit, power, and protection regulated or controlled by insurgent forces, the conflict in Sierra Leone is examined, as well as the conflict in Algeria beginning in 1988 with special regards to the influence of economics and greed as related to the conflict. The conflict in Sierra Leone provides unique insights into the changing nature of modern conflict, particularly in reference to the “Four Insurgency Model”, and the influence economic opportunity has on the “peasant” class and the support of an insurgency. Algeria provides another example of the impacts of economic opportunity on the lower (peasant) class support of insurgent objectives, as well as providing a unique description of the impact of a parallel economy and the growth of an insurgency within a state when large economic and societal rifts are allowed to increase without government intervention.

²⁰ Pugh and Cooper, *War Economies*, 9.

²¹ *Ibid.*, 10.

THE CONFLICT IN SIERRA LEONE, 1991-2002.

“War, like a virus, has worked its way into the very tissue of the Great Lakes region, part of West Africa...It is the major employer, the chief economic activity. All power comes from the barrel of an AK-47” Michael Ignatieff.²²

The conflict in Sierra Leone began in March 1991 when insurgents from Liberia (Revolutionary United Front or RUF) with the assistance of Charles Taylor’s National Patriotic Front (NPFL) crossed into Sierra Leone. The insurgency did not end until a joint declaration between the RUF and the Sierra Leone government in January, 2002.²³ RUF forces, under the leadership of Charles Taylor, reportedly *claimed* three motivations for supporting insurrection in Sierra Leone: First, force the withdrawal of peacekeeping forces from Liberia which used Sierra Leone as a staging base, Second, install RUF allies in power / control the Sierra Leone government, and third, capture revenues from Sierra Leone’s diamond industry.²⁴ As this case study will seek to indicate, the reasons that the insurgent leadership, under the support of Charles Taylor, gave for the invasion into Sierra Leone from Liberia and those which were demonstrated to bring about one of the most violent networks of terror to be documented in the 20th century are significantly different, with the exception of the economic revenues from fostering an illicit diamond trade.

This case study will describe the background leading to the insurgency in Sierra Leone, to include the leadership of the insurgency and their demonstrated drives to conduct it, and examine the impact of economics, predominantly through the use of a parallel or shadow economy, to drive and sustain the conflict. Of important note is the use of the poor, uneducated population of

²² Gberie, Lansana, *A Dirty War in West Africa*, (Bloomington, IN: Indiana University Press, 2005), 5.

²³ Pugh and Cooper, *War Economies*, 92.

²⁴ *Ibid.*, 94.

Sierra Leone, it's "peasants" to conduct the majority of the horrific acts of terror and facilitate the continuance of the insurgency, primarily given the possibility of increased prosperity given to the insurgents during the conflict in Sierra Leone. This case study does not propose that economics and the want for prosperity are the only reasons for the conflict in Sierra Leone, however, it will describe the level that economics and prosperity played in the overall sustainment of the conflict, regardless of the level of government security applied to it.

BACKGROUND

Diamonds were discovered by British geologist J.D. Pollett on the banks of the Gbobora River in Sierra Leone in 1930. Over the next forty years, this diamond deposit would yield an estimated 50 million carats of diamonds. The diamond field, estimated to cover almost 3000 miles, transformed the country of Sierra Leone from a tribal, unknown West African bush country into one of international commerce, both legal and illegal, and by the end of the century one of the most violent regions in the world.²⁵

The illicit diamond trade existed in Sierra Leone prior to the insurgency led by Charles Taylor in 1992. Sierra Leone had gradually increased its "shadow economy" diamond trade, fueled largely by opportunists both inside and outside the Sierra Leone government. Sierra Leone, being a British colony until after World War II, brought the diamond trade under a government influenced monopoly, which all but nationalized its most precious resource.²⁶ The Sierra Leone Selection Trust (SLST), which was only a branch of a larger London based company, were licensed exclusive rights to diamond mining in Sierra Leone. This worked effectively until after

²⁵ Campbell, Greg, *Blood Diamonds*, (Boulder, CO: Westview Press, 2002) 9.

²⁶ Gberie, Lansana, *A Dirty War in West Africa*, (Bloomington, IN: Indiana University Press, 2005), 22.

World War II, as local villagers were paid by the SLST to wash gravel and mine rivers. Following World War II, a number of Sierra Leone citizens, serving with the British in the Royal West African Frontier Force, returned from Burma with full knowledge of the potential worth of the little stones that they previously received a wage to mine.²⁷ Also following World War II, the countries of Western Africa, to include the neighboring countries of Liberia and New Guinea, saw the influx of thousands (according to one author) of foreigners, primarily Lebanese, who moved to West Africa to sell goods and merchandise. Today over 120,000 Lebanese are estimated to live throughout West Africa, most in the import-export business.²⁸ This established unique trade routes throughout West Africa, the majority legal intra-state routes, which were well suited to facilitate the movement of diamonds out of Sierra Leone. By the 1950's the illicit diamond trade and its corresponding parallel or "shadow" economy grew to the point that poor farmers abandoned their fields to participate in the illegal diamond trade. Sierra Leone, much like Afghanistan, was an agriculture economy that produced enough yield that its crops were exported annually. Following the boom of illicit diamond trade, financed even today by wealthy Lebanese businessmen who operate legal import/export businesses with Sierra Leone, thereby allowing the capability to utilize existing infrastructure for illegal activity, the country experienced a large food shortage, and was forced to import food, which it still does today, and the price of these goods naturally inflated due to the need to import.²⁹ The illicit diamond market grew so strong that the British supported Sierra Leone government attempted to control it by allowing the Lebanese merchants to sell their diamonds to the SLST legally, thereby at least controlling the overall market and harnessing the windfall profits from taxes and tariffs on the diamond trade. This was unsuccessful, partially due to the pre-existing trading / smuggling

²⁷ Campbell, Greg, *Blood Diamonds*, 17-18.

²⁸ *Ibid.*, 17.

²⁹ *Ibid.*, 19.

networks that transited into Liberia, specifically the city of Monrovia. This coupled with the fact that the value of the Liberian dollar was fixed to the value of the American dollar (until 1997), while the currency of Sierra Leone (Leon) was good only in Sierra Leone at about a 2000 to 1 dollar value, prevented the government from effectively controlling the illicit diamond trade.³⁰

Following the independence of Sierra Leone from Britain in 1960, the control of the diamond trade, and attempts to remove the illicit trade in order to support the growth of the Sierra Leone government were largely ineffective. The predominant reason was the rampant corruption of the Sierra Leonean government, many members of which profited from the diamond trade, both from the “shadow” economy and from tariffs in the legal economy of Sierra Leone. As described later in this study, government operations launched by the military to remove the illicit diamond traders were as much to consolidate power as to reestablish the legal economy and effective governance of Sierra Leone.³¹ Corruption stretched to the military as well, as military elites would run their own, secure independent mining operations for personal gain.

The neoliberal policies of the numerous international financial institutions (IFI), all of which had strong economic ties to the diamond industry, both licit and illicit, compounded the problems fostered by a corrupt Sierra Leone government and helped to set the conditions for a supported insurgency in Sierra Leone. According to Hugh and Cooper in *War Economies in a Regional Context*, “successive government leaders used IFI demands for reductions in state expenditure, privatization, and the use of foreign firms to weaken rivals and reward their own patrons, as IFI demands for cuts in state spending, in state employment, and in basic subsidies exacerbated social tensions, this inhibiting prospects for peace.”³²

³⁰ Campbell, Greg, *Blood Diamonds*, 22.

³¹ Pugh and Cooper, *War Economies*, 100-101.

³² *Ibid.*, 92.

It was into this Sierra Leone that Charles Taylor sponsored the insurgency that began in 1991. As mentioned in the beginning of this case study, the RUF and Charles Taylor are attributed with three motivations for supporting the insurgency in Sierra Leone. A closer look at Charles Taylor will demonstrate that, although one of the most violent insurgents in the 20th century (when attributed with the actions of the RUF), his motivations were predominantly economic. Charles Taylor was a formal Liberian government procurement officer who was accused of faulty financial transactions by the Liberian president Samuel Doe in the late 1980s, was the leader of an organization known as the National Patriotic Front of Liberia (NPFL), and had known ties to supporters in Burkino Faso and Libya, notably Gaddafi. Educated in the United States, Taylor had a degree in economics from Bentley College in Massachusetts and worked for a short time in Boston prior to returning to Liberia to lead the insurgency, in the form of a coup, against the government of Liberia, which he did in 1989.³³ Taylor conducted an extremely violent reign of terror in Liberia, so much that an extreme humanitarian crises erupted, prompting the Economic Community of West African States to send peace keeping forces into Liberia to quell the tide of Taylors NPFL. The troops were known as the Economic Community of West African States Cease-Fire Monitoring Group (ECOMOG). Comprised predominantly of Nigerian soldiers, Sierra Leone was the staging base for their movement into Liberia.

In 1991 the Taylor sponsored Revolutionary United Front (RUF), led by Foday Sankoh, invaded Sierra Leone, specifically the area surrounding the Kono diamond mines. The already weak government of Sierra Leone, suffered 3 military coups during the corresponding period of the insurgency from 1992-1999, of which at least one is attributed to the disaffection of junior officers excluded from the patronage system which had funneled profits from the diamond trade

³³ Gberie, Lansana, *A Dirty War in West Africa*, 53-55.

into the military elite for years.³⁴ Only in 1995, when RUF insurgents closed within 20 miles of the capital of Freetown, did the Sierra Leone government look to effective outside help. It hired the military “consulting” firm Executive Outcomes, which with host nation fighters, retook the Kono diamond mine region and nearly defeated the RUF military insurgency through direct military intervention.³⁵ International pressure removed Executive Outcomes in Sierra Leone and an explanation of which is beyond the scope of this case study.

ANALYSIS

By the mid 1990’s, the RUF, with Taylor’s NPFL, effectively controlled the “shadow” economy of Sierra Leone. The diamond trade, known by the popular author Greg Campbell’s book *Blood Diamonds*, is linked to funding numerous international terrorist organizations, not just the RUF and Charles Taylor, to include Al Qaeda and Hezbollah.³⁶ Taylor, who had already become rich conducting illicit trading in Liberia, further profited from the illicit diamond trade. The main transit point for illicit diamonds remained Liberia, further enhancing RUF control of the shadow economy.

The conflict moved between forces in support of the Sierra Leone government and the RUF until following the deployment of British troops as part of the United Nations Mission in Sierra Leone (UNAMSIL), the RUF accepted a peace accord in 2002.³⁷ Of special note, the RUF accepted the agreement based on amnesty for former fighters, even though they had executed one of the most vicious terrorist insurgencies in the 20th century, and the acceptance of Foday Sankoh, the leader of the RUF, as the vice president and chairman of the Strategic Mining Resource

³⁴ Pugh and Cooper, *War Economies*, 99-100.

³⁵ *Ibid.*, 94.

³⁶ Gberie, Lansana, *A Dirty War in West Africa*, 191.

Commission of Sierra Leone.³⁸ The RUF effectively retained control of the country's diamond resources.³⁹ Various experts described the conflict in Sierra Leone and the reasons for it as a typical pre-modern state which included ancient ethnic hatreds and “new barbarism”. Robert Kaplan in his article “The Coming Anarchy” described the Sierra Leone situation as such: “what is occurring in West Africa and much of the underdeveloped world: the withering away of central governments, the rise of tribal and regional domains, the unchecked spread of disease, and the growing pervasiveness of war.”⁴⁰ What was not described, however, was the economic implications of the conflict in Sierra Leone, particularly the mismanagement and corruption of the economy by government officials, disaffection of junior officers in the Sierra Leone military (led to numerous coups from 1992-98), and the growth of a “shadow economy” which served to restructure the livelihood of a large population of Sierra Leone. As described by Pugh and Cooper in *War Economies in a Regional Context*,

“Unlike the conflict in Southwest Europe and, to a degree, in Afghanistan, the narrative of conflict developed by commentators on Sierra Leone has given particular prominence to the role of economic agendas in both inciting and prolonging war. Sierra Leone does not, therefore, stand as a war in which narratives of “ancient ethnic hatreds” obscured other agendas.”⁴¹

The RUF effectively took control of this “shadow economy” and by doing so was able to undermine the Sierra Leone government’s control of the economy (specifically diamond trading), remove a major source of funding for a counterinsurgency effort, and reduce populace support for the elected government. An example of the influence of the shadow economy on the populace of Sierra Leone is the government “eviction” of illicit diamond miners from the Sierra Leone

³⁷ Pugh and Cooper, *War Economies*, 96.

³⁸ *Ibid.*, 95.

³⁹ *Ibid.*, 96.

⁴⁰ Kaplan, Robert, *The Coming Anarchy*, (Atlantic Monthly, 1994), 48.

diamond mines. The government in effect forced approximately 30,000 miners out of the area and also out of their source of income. This served not only to alienate the population as no alternative source of income was available but allowed corruption to grow as others sought to control more of the “shadow economy” of Sierra Leone.⁴² As the RUF under Taylor took control of the diamond mines in Sierra Leone, and controlled the clandestine cross-border trade in diamonds, supplying not only the needs of the local populace to an extent but in some cases allowing them to keep a share of the diamonds for themselves, thereby increasing control over the local populace. This control of the “shadow economy” fueled by the diamond trade allowed the RUF to support further control as the cross-border diamond smuggling also allowed the movement of arms and supplies to support an insurgency.

How does this study fit the “four insurgency model?” Taylor and the RUF can clearly be defined as *commercialist*, seeking increased power and influence. With regards to the *leadership* of the RUF, the driving force became control of the defined “blood diamonds”. This, coupled with those who can be defined as *preservationist* insurgents, although for economic reasons, would include the Lebanese trading communities and associated protection and smuggling networks, which literally got rich as the war continued. An end to conflict would signal an end to their economic boom. Of note, following the final cease fire in 2002, the RUF fighters, the majority of which were poor peasants from Sierra Leone and some from Liberia, were again just poor peasants. The RUF leadership effectively used the economic disparity of the peasants for recruitment and facilitated the conduct of incredibly violent acts, and following the end of the insurgency left them as poor peasants again as those such as Charles Taylor retired with untold wealth accumulated.

⁴¹ Pugh and Cooper, *War Economies*, 96.

⁴² *Ibid.*, 100-101.

In conclusion, the insurgency in Sierra Leone demonstrates the economic motivations of some insurgent groups, and particularly demonstrates how the control of the “shadow economy” or ability to supply the local populace allows the insurgent to increase influence and control, while removing an asset from the counterinsurgent or government forces; the ability to control or support the populace. Of note, the “shadow economy” in Sierra Leone still exists with a criminal element which supports it through the use of coercion and racketeering, otherwise known as the “preservationist” agent in the four insurgency model. This can be attributed to the continued disparity among those who, according to the “four insurgency model”, seek to continue to maintain wealth and prosperity that is not supported by the legitimate government of Sierra Leone.

THE CONFLICT IN ALGERIA: ECONOMICS AND CIVIL WAR

In September, 1988, riots broke out in the industrial regions and the capital city of the country of Algeria. Fueled by labor unrests (which had called for a general strike to begin on October 5), thousands of unemployed youth, joined and possibly coerced by fundamentalist (Islamic militant) organizers, began a reign of organized violence that spread across the entire country of Algeria.⁴³ Two days following the riots, the government used military forces to violently end the riots, and in what became known as “Black October”, reportedly killed over 200 rioters and wounded thousands more.⁴⁴ Three years later, following the results of Algerian democratic elections, officials in the Algerian military staged a coup and assumed control of the Algerian government, which led to an active insurgency in Algeria and plunged the country into civil war which lasted until 1998. An active (albeit small) insurgency still exists in Algeria today.

What caused the insurgency and Civil War in Algeria? Although a number of author’s provide answers to this question, the following case study will examine the role of economics in the Civil War in Algeria, and apply the “Four Insurgency Model” to demonstrate that the insurgency in Algeria consisted of multiple belligerents simultaneously, many using economic capability and strategy to undermine a legitimate government in Algeria.

BACKGROUND OF ALGERIA: FRENCH RULE TO INDEPENDENCE, AND LOSS OF IT.

The country of Algeria existed primarily as a tribal area of North Africa, settled and/or ruled by multiple Mediterranean powers until the conquest by the French in 1830. France conquered

⁴³ Ciment, James, *Algeria, The Fundamentalist Challenge*, (New York, NY: Facts on File, 1997), 52.

⁴⁴ *Ibid.*, 52-53.

Algeria under the guise of suppressing Algerian piracy, however the actions of France with reference to Algeria displayed that colonial economics was the driving force behind the French invasion.⁴⁵ The French, according to historian John Entelis, “took...the most productive lands around the coastal cities, leaving the Muslims with the less fruitful areas inland.”⁴⁶ This rush for economic gain by France resulted in the seizure of as much as 1.4 million acres of land and the second order effect of the loss of economic and social standing by the predominantly Muslim society. This led to the growth of Algerian Nationalism during the early part of the 20th century, and the emergence of the Algerian National Liberation Front (FLN) and its corresponding National Liberation Army (ALN) which waged the Algerian War of Independence (active insurgency against French rule) from 1954-1962, driving out the French in 1962. Although only a historical background for the period of study of Algeria, from 1990 until 1998, an examination of the French occupation and the growth of the Algerian National Liberation Front (FLN) reveal that unlike some French reasons for the growth of the insurgency, primarily the rise of Islamic extremism (Reactionary-Traditionalist in the 4 insurgency model), other factors guided a majority of those who were part of or supported the FLN. The predominantly Muslim population was economically destitute during French rule, with the exception being those who assimilated into the French government system, although only allowed by the French when in their self interest. As will be described later in this study, the majority of the population supportive of the FLN could better be classified as *Preservationist* and to a lesser degree *Commercialist* by the “Four Insurgency model,” as they sought a return of economic stability and quality of life that existed before the French rule.

Following the end of French rule in 1962, the actions of the Algerian population can be compared to Iraq following the end of the Bath Party Regime in 2003. France during its

⁴⁵ Ciment, James, *Algeria, The Fundamentalist Challenge*, 30-33.

occupation of Algeria replaced the majority of the pre-existing political, social, and economic structures, and during the Algerian War of Independence, the fleeing *colons* (French settlers who constituted the majority of the technical and professional personnel of the country) destroyed or looted the majority of the Algerian infrastructure to include hospitals, schools, factories, etc.⁴⁷ This, like modern day Iraq, created an almost insurmountable task of reconstruction. This coupled with the infighting of the FLN, which consisted of multiple groups (Four Insurgency model) united only in the struggle against French occupation, resulted in almost 15,000 dead until the former FLN leader Ben Bella assumed control of the government in late 1962.⁴⁸

The Ben Bella regime consisted of a one party FLN state, consisting of a bureaucratic military hierarchy that sought to socialize the economy and political and social structures of the country. Ben Bella, being “peasant born” himself, instituted the first Algerian constitution and was “officially” elected president in 1963.⁴⁹ Although claiming reform, the FLN backed Ben Bella and corresponding bureaucracy worked to take control of the economic and political structures of Algeria. It is important to note that following the French occupation a unique phenomenon occurred in Algeria; labeled *autogestion*, the local populace, primarily agricultural laborers, who lost land in the French occupation, reclaimed traditional land and set of a system of self-management at the local level.⁵⁰ This included not only agriculture but existing industrial and commercial enterprises within Algeria. The country of Algeria, through autogestion (self applied management), had arguably created the beginning of its own free market economy, only to be overtaken by the socialist and statist (meaning high level of state/government intervention and control) Ben Bella bureaucracy. This led to unrest and with an increase in authoritarianism, and

⁴⁶ Ciment, James, *Algeria, The Fundamentalist Challenge*, 31.

⁴⁷ *Ibid.*, 38.

⁴⁸ *Ibid.*, 39.

⁴⁹ *Ibid.*.

its corresponding reduction of independence for the populace, Ben Bella was overthrown by FLN backed military leaders in a June, 1965 military coup.

The Ben Bella regime was replaced by Houari Boumedienne, who was much like his predecessor. Boumedienne was also of lower class origin and embraced statist economics (a holdover from French rule), autocratic political structure and social modernization. The Boumedienne regime completed the socialization of the Algerian economy and social structure, fueling uprisings by workers and students in 1967, which supported a return to self-regulation.⁵¹ The Boumedienne regime, through the use of the FLN, stabilized Algeria through force and embarked on a process of industrialization of Algeria. Oil and gas were discovered in Algeria by the French in 1956, and the profits from this resource funded the attempted industrialization of Algeria. In 1971 the Boumedienne regime nationalized the hydrocarbon industry and continued to invest the profits in further industrialization of Algeria. This industrialization however, came at the price of less investment in the agriculture and market goods sector, so much that by the early 1980s Algeria, which previously exported agricultural products, notably grain, produced only 40 percent of the products required for its own consumption. This change in production, coupled with a decrease in jobs due to industrialization instead of the promised increase, led to internal economic stagnation and, were it not for the revenues from oil and gas, would possibly have collapsed the Algerian economy.⁵²

The Algerian economy and corresponding social structure appeared to grow rapidly during the Boumedienne regime (1965-78) and into the presidency of Chadli Bendjedid (1979-92) when examined from an outside lens. As described by author Marc Cote:

⁵⁰ Ciment, James, *Algeria, The Fundamentalist Challenge*, 39.

⁵¹ *Ibid.*, 149-151.

⁵² *Ibid.*, 41.

“The big growth period corresponds strikingly with the regime of Houari Boumediene. In continued under the regime of C. Bendjedid until about 1986....at the end of the 1970s, the country was one vast construction site. Everywhere roads, factories, and schools were being built. Unemployment figures were going down, the standard of living was improving, and diets now included meat every day. GDP (Gross Domestic Product) per inhabitant was twice as much as in Morocco or Tunisia.”⁵³

Although from this view Algeria appeared to be on the road to prosperity and development as a modern industrial nation, a closer examination reveals that the rapid industrial growth came at the price of further alienation of the lower working class and the “peasantry” of Algeria. To fund the price of rapid industrialization, funds that previously returned as investments for the agriculture and consumption industries were diverted for further industrial development. This greatly strengthens the growth of skilled workers in a country, but in the case of Algeria, came at the expense of the “peasantry” and lower working class. Examining Algeria’s actual investment and GDP during the 1960s through the 1980s reveals that Algeria, due to the increase in price of hydrocarbons, had one of the highest per capita rates of capital accumulation in the developed world at the time.⁵⁴ Forty percent of its output was reinvested to expand production, however, although its GDP surpassed Morocco and Tunisia, the actual per capita GDP of Algeria rose by only two percent annually during this time period.⁵⁵ During the same period, the gross national product (GNP) more than doubled, due predominantly to the increase in oil and gas prices, with the Algerian hydrocarbon industry remaining mostly nationalized, at least based on the uneven distribution of wealth. Algeria at this time can be classified as a “Rentier” state or as having a **rentier** economy.⁵⁶ Distinct to a rentier state are the uneven distribution of wealth and normally

⁵³ Martinez, Luis, *The Algerian Civil War 1990-1998*, (New York, NY: Columbia University Press, 2000), 4.

⁵⁴ Ciment, James, *Algeria, The Fundamentalist Challenge*, (New York, NY: Facts on File, 1997), 42-43.

⁵⁵ *Ibid.*, 42.

⁵⁶ This means that the income of Algeria is predominantly based on external rents of a resource (Hydrocarbons for Algeria) for the majority of its national income.

the lack of a corresponding gross domestic product proportional to the gross national product based on exports of resources. Also distinctive for a “rentier” economy such as Algeria’s is the dependence upon outside sources for both consumption of its product (hydrocarbons) and a corresponding dependence of Algeria on outside sources for required resources not produced within the country, such as foodstuffs and manufactured goods. Algeria is comparable to modern day Iraq in that both countries experienced a large decline of the agricultural and service sectors as revenues from hydrocarbon “rents” increased. This coupled with explosive population growth in Algeria (3% per year) facilitated a widening gap between the “haves” and “have nots” in Algeria.

The widening economic gap in Algeria began to have a corresponding effect on the social structure as well. Algeria, after 20 years of existence as a rentier state, with a socialist style government and strong control of its economic markets, increased the gaps in social structure that existed during the French colonization of Algeria. As the economy shifted toward industry, large cities attracted thousands of peasants or lower class agricultural citizens who searched for work and a more supportive infrastructure. This in turn overloaded the infrastructures of the urbanized areas of Algeria, which had not been significantly improved due to the use of national profits for heavy industrialization, and services and utilities in the urban areas became overtaxed, increasing the rift between lower and upper classes. The socialist nature of the Algerian government and corresponding authoritarian control of the economy exasperated the “administrative bourgeoisie”, to include those in positions of power in the military, thus increasing the inequalities among the Algerian social classes.⁵⁷ Although the economy continued to run on the revenues of hydrocarbon rents, other aspects of the Algerian social structure improved dramatically, particularly under the Boumedienne regime. The infant mortality rate fell by almost thirty

⁵⁷ Martinez, Luis, *The Algerian Civil War 1990-1998*, 3-4.

percent while life expectancy rose almost 10 years during the period from 1965 through 1984.⁵⁸ The educational standard of Algeria, which at the university level did not exist following French rule, jumped remarkably. By 1980 the literacy rates jumped 100 percent while secondary education tripled, and by 1980 ten universities functioned in Algeria.⁵⁹ The decline in mortality and increase in education levels, coupled with the social economy which supported the government elites, arguably increased the societal rift in Algeria, helping to set the conditions for the revolt and insurgency which occurred in 1990. In essence, the “peasant population” found itself with more mouths to feed but no opportunity to increase the capability to provide more. As described by J. Minces in *The Algerian Civil War*, “a sharpening of inequality was noticed. This was reflected in the strengthening and enrichment of some urban classes, especially the administrative bourgeoisie (civilian and military), which derived its power and privileges from sharing state power, and the non-state bourgeoisie, often linked to leading circles of the army and administration. At the other extreme of the social scale the great mass of the population, consisting of landless peasants, poor peasants and the urban sub-proletariat, saw its standard of living stagnate or deteriorate and become dependent on money remitted by emigrant workers in Europe.”⁶⁰ Of note is the continual control of the Algerian government by a single party, namely that supported by the FLN. The Algerian government was by constitution an Islamic state; however the FLN mixed this with a functionally secular government. This was particularly true in economic control and social control, as the FLN sought to increase women’s rights to a level not in holding with the *sharia* (Islamic law), significantly different from other Arab nations.⁶¹

⁵⁸ Ciment, James, *Algeria, The Fundamentalist Challenge*, 43.

⁵⁹ *Ibid.*, 43.

⁶⁰ Martinez, Luis, *The Algerian Civil War 1990-1998*, 3.

⁶¹ Ciment, James, *Algeria, The Fundamentalist Challenge*, 47.

Following the untimely death of President Boumedienne, the new Algerian president, Chadli Bendjedid, worked to bring about economic and social reform within Algeria. The Bendjedid regime worked to break up the large monopolistic state owned firms of Algeria, known as *intifah* (perestroika) in Arabic, to increase the economic efficiency of the country. This reform, under the politically correct guise of streamlining and removing corruption from the economy, actually allowed the FLN backed Bendjedid to increase FLN control of political and economic structure as administrations of the former regime were purged based on “corruption”.⁶² This move to privatize the economy did not have the intended consequences, as it only increased the size of the bureaucratic elites, who continued to profit from the rentier economy of Algeria. This can be attributed to the military-bureaucratic oligarchy style government of Algeria, where the principle objective of most members is to increase access to resources and power. Based on this system, any attempt at true reform is highly resisted. An example of Algerian business is the initially nationalized oil and gas company Sonotrach. Due to the rentier economy of Algeria, Sonotrach formed the backbone of Algerian governmental income, and therefore power. It to this day has been referred to as a “state within a state” and information regarding its methods of distribution and recipients remains unavailable.⁶³

This social and primarily economic deprivation of the lower class, coupled with the significant falling price of oil in the early 1980s, led to further cuts from the support of the lower or “peasant” class. Much like Sierra Leone and arguably modern day Iraq and Afghanistan, from this destitution a parallel or “shadow” economy developed. The increase of rents in Algeria with the falling economy created opportunities for the lower class to engage in contraband activities to facilitate a livelihood, particularly as inflation increased and the local peasants became less able

⁶² Ibid., 49.

⁶³ Binder, Leonard, *Rebuilding Devastated Economies in the Middle East*, (New York, NY: Palgrave Macmillan, 2007), 134-135.

to purchase goods and increasingly unemployed. This effectively “opened the door” for the lower class to be easily influenced by the actors described in the “four insurgency model”. As described by Lowi in *Rebuilding Devastated Economies in the Middle East*, “contraband activity seduced the unemployed, disillusionist, and marginalized of Algerian society”.⁶⁴ This shadow economy continued to increase in importance and power through the late 1980s until the outbreak of insurgency and civil war in 1990. This activity was the “last hope” for economic livelihood for those who were not in some way connected to the bureaucracy, comparable to those in Iraq or Afghanistan. These smugglers became known as *trabendistes*, and over time increasingly linked to the small private trading sector which served to increase the shadow economy, so much that by 1991, a year after the start of revolt in Algeria, it is believed to account for over 30 percent of the GDP of Algeria.⁶⁵ As will be discussed, the existence of the shadow or parallel economy, consisting of *commercialist* and *preservationist* based on the four insurgency model, help to set the conditions for a successful insurgency against the government of Algeria.

ANALYSIS

What makes the Algerian conflict relevant to understanding the impact of economics in modern insurgencies? The Algerian conflict began due to the sudden *democratization* of the government by President Bendjedid in 1988 and the resulting fallout from the results of the election in 1990, which would have potentially changed the social and economic structure of Algeria completely. President Bendjedid, yielding to social pressure following the Black October riots in 1988, allowed for the creation of a new constitution which was approved in late 1988.⁶⁶ This new constitution ushered in democratization and a multiparty system in Algeria, and in 1991 prior to

⁶⁴ Binder, Leonard, *Rebuilding Devastated Economies in the Middle East*, 135.

⁶⁵ *Ibid.*, 135-6.

the first elections, over fifty political parties had obtained official recognition. The largest party was the Islamic Salvation Front (FIS), and was allowed although the law explicitly prohibited parties based on religious or ethnic affiliation. According to Hugh Roberts, the FLN allowed this following a tradition of using fundamentalist groups to prevent radical left-wing parties, i.e. to serve as a buffer to retain FLN predominance of power in government.⁶⁷ This in effect backfired on the FLN due to: 1) the common dissolution with the FLN control of the government, 2) the state of the Algerian economy, and 3) the fact that the country of Algeria remained a predominantly Islamic state. The FIS won the majority of the municipal and provincial elections in 1992, so much that they won enough majority to allow for changing the new constitution of Algeria, able to effectively bring about an Islamic state, and end the predominant rule of the westernized elites who had ruled Algeria (FLN) since its independence.⁶⁸ The FLN, fearing the loss of power executed a coup to remove Bendjedid and proclaimed an end to democratic elections. The FLN based government removed the FIS as a viable opponent, announcing the end of the FIS as a political party and soon after beginning military operations to arrest militants and intimidate the young, educated sympathizers to accept the current government of Algeria.⁶⁹

The government by late 1993 found itself in the grips of an active insurgency. The FIS was not in itself an insurgency group, but three Islamic factions emerged following the removal of the FIS as a political party, the Movement Islamic Army (MIA), Group Islamic Army (GIA), and Movement for Islam (MEI).⁷⁰ Although all of these groups engaged in terrorist activities (as did the FLN government), the existence of the shadow economy and the long running ties with it

⁶⁶ Ciment, James, *Algeria, The Fundamentalist Challenge*, 83.

⁶⁷ *Ibid.*, 53-54.

⁶⁸ *Ibid.*, 57-58.

⁶⁹ Martinez, Luis, *The Algerian Civil War 1990-1998*, 48-49.

allowed these factions to operate under a unique process for both recruitment and resource support that is described by the “four insurgency model”. Given the poverty level of the majority of the Islamic population, to include those disaffected with the FLN government (Berbers), the insurgent or guerilla groups, which are defined as the *reactionary-traditionalist* insurgent by the four insurgency model, recruited peasants labeled “temporary workers in crime” by Martinez, to carry out violence as a paying job.⁷¹ Those who were members of the shadow economy fueled by the socialist economic practices of the FLN, categorized as the *commercialist* insurgent, continued to conduct smuggling and illicit business, using the needs of the traditionalist insurgent to fuel their economic gain and increase the reach (outside Algeria) of their illicit business. The inability of the FLN government to curtail this shadow economy, which still exists in some forms today, seriously hampered the government’s efforts to end the Algerian civil war.⁷² Over time the *trabendo* networks (black market trade), attracted not only the hard line Islamic insurgency groups, but parts of the state sponsored private sector seeking higher levels of economic gain. The insurgency which to the *traditionalist* insurgent consisted of seeking to install government based on Islamic law, had drifted into a civil war / insurgency sponsored as much by those who wished to maintain the economic gain that the war provided. As described by Miriam Lowi in *Rebuilding Devastated Economies in the Middle East*, “Indeed, the three sets of actors—the state sponsored (and implicated) private sector, *trabendo* networks, and insurgents—have been living vicariously off each other in their dealings with the parallel economy, and off the climate of fear and uncertainty that reigned in the country until very recently (2000). There had been a conjoining of interests between those who practiced violence initially for political motives

⁷⁰ Martinez, Luis, *The Algerian Civil War 1990-1998*, 60-73.

⁷¹ *Ibid.*, 141.

⁷² *Ibid.*, 141-143.

(insurgents) and those who were well placed for engaging in violence (public-private sector mafia). Because of this conjoining of interests, with state actors themselves deeply implicated, and because of the high stakes involved, it has been exceedingly difficult to end the violence once and for all, undermine the parallel economy and the corruption that is associated with it, and fortify a—still incipient—market economy.⁷³

⁷³ Binder, Leonard, *Rebuilding Devastated Economies in the Middle East*, 135.

CONCLUSION AND RECOMMENDATIONS

As the Second decade of the twenty-first century approaches, there are still a few old-fashioned insurgencies trying to militarily defeat established governments, triumphantly enter the capital city, and form their own regime. The more common pattern, though, is insurgencies satisfied with domination of all or part of the power market in their particular environment.⁷⁴

The preceding case studies provide brief examples of the role of economic influence in insurgencies, and demonstrate that the failure to understand the impacts of economic influence, particularly with regards to the “peasant” or lower class population, significantly hinders the effort made by the affected government and counterinsurgent force and provides the insurgent with a larger population of potential recruits. As described by the above quote by Dr. Steven Metz, modern insurgencies today rarely consists of a single “insurgent” actor, but are more accurately defined as a conglomeration of multiple “insurgencies,” each with its own objectives and goals. It is with this understanding that the “four-insurgency model”, is applied to the case studies and proposed for application to modern insurgencies.

The counterinsurgent’s requirement to understand the nature of the insurgent and to understand the root cause or issue which fuels the insurgent’s opposition to the ruling authority has not changed. This monograph demonstrates that the counterinsurgent must understand that modern insurgencies are not singular with the single corresponding goal of the political / military overthrow of the ruling authority. As proposed by the “four-insurgency model”, the ability to recognize the impacts of the different actors on the population, particularly the “peasant” or lower class is a key ingredient to the development of an effective solution to combat an insurgency. This is particularly true with regards to the impact of economics, as this factor, evidenced by the preceding case studies and further research on insurgencies, provides one of the most

predominant motives that the insurgent uses to influence the population, particularly the “peasant”, to support his objectives, both actively and passively. In understanding the impact of economics, this is particularly important as the possibilities of increased wealth and resources influence multiple actors who, although not initially or at all aligned with the goals of the “classic” insurgent (who seeks the overthrow of the ruling power or government), will support the insurgency to facilitate the byproduct of increased prosperity, whether it be real or perceived. This perceived prosperity, directly linked to economics (particularly illicit), naturally draws the peasant class to the side of the insurgent, whether that be the “insurgent” who seeks the classic government overthrow and assumption of power or the “opportunistic” insurgent, who uses the vacuum of government influence and legitimacy to facilitate his specific objectives, if only limited to increased wealth and power. The identification of these multiple insurgents, with differing objectives, provides the impetus for the “four insurgency model”, and requires that the government and/or counterinsurgent force identifies and understands the multiple groups that are active in a modern insurgency.

AFGHANISTAN – AN ECONOMIC PERSPECTIVE

Although beyond the scope of this monograph to provide a “plan for success” for the current operations in Iraq and Afghanistan, a short analysis of the current situation in Afghanistan provides a current, active description of the impact of economics, particularly the illicit “shadow” economy, on the efforts of the counterinsurgent. Current news programs regularly report the increasing security situation in Afghanistan, and a recent RAND report by Seth G. Jones titled *Counterinsurgency in Afghanistan* describes the “resurgence” of the Taliban and the increased

⁷⁴ Metz, Steven, *New Challenges and Old Concepts: Understanding 21st Century Insurgency*, (Parameters, Winter 2007-08), 26.

violence in Afghanistan.⁷⁵ Of note in the RAND report is the discussion of the growth of the drug trade in Afghanistan. The author describes the growth of the drug trade, and the actors involved, particularly the Taliban, criminal organizations, and warlords, and the historic use of profits from this trade to fund military or insurgent campaigns.⁷⁶ Of interest in the RAND report is that only four pages describe the illicit economy (drug trade) and its impacts on the insurgency in Afghanistan. The report does describe, in detail, the three key variables deemed key for the success of the counterinsurgent effort: 1) capability of indigenous security forces, 2) local governance, and 3) removal of **external** support for the insurgents, particularly sanctuary.⁷⁷ While these are arguably important keys to success, and mention is made of “providing essential services” for the populace, the report makes little mention of what actually drives the populace to support the insurgent, and in defining the current insurgency in Afghanistan, mentions the “return of the Taliban and other forces” as the active insurgent group(s) in Afghanistan.

A further examination of the situation in Afghanistan indicates a key variable only briefly mentioned in the RAND report; the illicit or shadow economy (drug trade and black market) and its impacts on the populace and government of Afghanistan. The illicit economy of Afghanistan, regardless of the product, which is predominantly opium at this time, provides significant support in both resources and wealth to the Taliban, Warlords, external actors, and numerous tribal networks. Not only does the illicit economy provide a source of income for insurgent groups (as defined by four insurgency model and FM 3-24) and a pre-existing illicit transit network capable of supporting movement of other forms of contraband in addition to the opium product, it provides a large employment network for the populace of Afghanistan, primarily peasant farmers

⁷⁵ Jones, Seth G, *Counterinsurgency in Afghanistan*, (Santa Monica, CA: RAND Corporation, 2008).

⁷⁶ *Ibid.*, 80-83.

⁷⁷ Jones, Seth G, *Counterinsurgency in Afghanistan*, Summary IX.

who grow the opium poppy and tribal networks who facilitate its transit. Due to this source of income for a large portion of the populace, to include the lower income peasant, the illicit economy of Afghanistan naturally resists reform by the government and counterinsurgent forces. This can be compared to the Algerian case study described previously, as the illicit economy in effect “feeds more mouths” than the licit, government supported economy. As described by the case studies in this monograph, the inability of the government or ruling authority to provide a viable option for economic prosperity or even subsistence to the populace, particularly the poor “peasant” class, provides the insurgents’ with an easily exploitable population, who at the very least will offer passive support to the insurgency given that it can provide or allow for the provision of basic needs which the ruling or legitimate government cannot.

RECOMMENDATIONS.

“Counterinsurgency cannot succeed unless it finds alternate sources of power and worth”⁷⁸Dr. Steven Metz

Although beyond the scope of this monograph to provide a recommendation for a “solution” for current operations in Iraq and Afghanistan, the increasing impact of economics and the corresponding illicit economy on modern insurgencies as demonstrated by the preceding case studies and analysis, does require action to further enable the United States and its’ allies to conduct counterinsurgency and/or reconstruction operations utilizing all elements of national power. The impact of the economics, primarily the ability for the government to provide “income capability” for the populace is a key variable in the ability of the counterinsurgent to deny the insurgents access to the population an potential recruits to support the insurgents’ aims and objectives. Based on this understanding, the ability to conduct synchronized operations fully

⁷⁸ Metz, Steven, New Challenges and Old Concepts: Understanding 21st Century Insurgency, 29.

capable of all facets of governance (security, economic, political, Informational) must exist for the counterinsurgent to be successful. The following are recommendations, while not seeking to solve the problem of economic influence in all insurgencies, will provide the primary executor of counterinsurgency operations, primarily the United States military, the capability required to reduce the economic influence of the insurgent on the affected population, while increasing the capability to build effective governance.

Recommendation 1.

Develop a coherent plan to reduce / remove the influence of the “shadow economy” on the population of Iraq and Afghanistan. This is particularly pertinent for the conflict in Afghanistan, as the shadow economy and corresponding illicit drug trade works to undermine coalition efforts to foster the building of a government and economy that is sustainable for the country. This is not simply another recommendation to “implement more interagency cooperation”, but the understanding that like any operation, requires a dedicated command and control structure possessing the capability to implement actions throughout all “actors” in the economic realm, and a corresponding capability to ensure that this is fully combined with the rest of the strategic and operational plans for counterinsurgency. Although this does not propose that the military should necessarily control all facets of government (DIME) during counterinsurgency operations, the command and control structure of the military is the part of government that is capable of synchronizing the implementation of all strategies, to include economic and arguably political at lower levels, to facilitate the successful conduct of counterinsurgency or “nation building” operations. A review of military operations, in particular post combat operations in World War II, show that overall military command and control of all governance operations is not only not

new to the United States Military, but successfully conducted on numerous occasions.⁷⁹ Given that the United States military possesses a structure to control and synchronize all facets of government during counterinsurgency and/or post combat operations, the military should again specifically train personnel to facilitate governance operations, beyond (in the U.S. Army's case) putting it under the purview of the Civil Affairs branch with no provided authority to specifically implement governance operations.

*'Although other agencies are preparing themselves for the work that must be done in connection with relief and rehabilitation of liberated areas, it is quite apparent that if prompt results are to be obtained the Army will have to assume the initial burden' President Franklin Roosevelt.*⁸⁰

Recommendation 2.

Reopen the School of Military Governance. The United States Army published Field Manual 27-5, *Military Government*, in July 1940 and in April, 1942 established the US Army School of Military Government at the University of Virginia.⁸¹ This school, modeled after a similar school established by the British military, taught a curriculum specialized in rebuilding governmental institutions and infrastructure following the disintegration of adversary governments or "regime change". This school trained officers to facilitate post combat governance operations, and the successes in rebuilding Germany and Japan following World War II can arguably be greatly attributed to the capabilities this school created in the military.

Today as there is much talk about other elements of government to contribute to operations in Iraq and Afghanistan, this expertise gleaned from another School of Military Government would

⁷⁹ Bankus, Brent C. and Kievit, James O, *Reopen a joint school of military government and administration?*, (Small Wars and Insurgencies, Routledge, 2008), 137-140.

⁸⁰ Ziemke, Earl F., *The US Army in the Occupation of Germany*, (Washington DC: US Army Center for Military History), 22.

⁸¹ Bankus and Kievit, *Reopen a joint school of military government and administration?*, 140-141.

increase the ability to fully synchronize and C2 (command and control) all facets of government in the struggle to rebuild Iraq and Afghanistan, and as evidenced by the state of Japan and Germany after World War II to today, increase the chances of long term success. This does not propose that the military should have greater power over other parts of the government such as the Department of State or the numerous economic entities, only that the US military and US Army in particular remains uniquely able due to its inherent ability to rapidly deploy the needed amounts of personnel with a preexisting or easily created command structure that is suited to the control and synchronization of multiple entities toward long term objectives. Much as President Roosevelt, who favored civilian control for post combat operations, realized, only the military possessed the inherent capability to assume the actual burden of these operations.