



CASE STUDY NO. 6
COMPLEX OPERATIONS CASE STUDIES SERIES

A Penny for Your Thoughts, a Nickel for Your Heart: Buying Popular Support for Counterinsurgency

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COMPLEX OPERATIONS CASE STUDIES SERIES

Complex operations encompass stability, security, transition and reconstruction, and counterinsurgency operations and operations consisting of irregular warfare (United States Public Law No 417, 2008). Stability operations frameworks engage many disciplines to achieve their goals, including establishment of safe and secure environments, the rule of law, social well-being, stable governance, and sustainable economy. A comprehensive approach to complex operations involves many elements—governmental and nongovernmental, public and private—of the international community or a “whole of community” effort, as well as engagement by many different components of government agencies, or a “whole of government” approach. Taking note of these requirements, a number of studies called for incentives to grow the field of capable scholars and practitioners, and the development of resources for educators, students and practitioners. A 2008 United States Institute of Peace study titled “Sharing the Space” specifically noted the need for case studies and lessons. Gabriel Marcella and Stephen Fought argued for a case-based approach to teaching complex operations in the pages of *Joint Forces Quarterly*, noting “Case studies force students *into* the problem; they put a face on history and bring life to theory.” We developed this series of complex operations teaching case studies to address this need. In this process, we aim to promote research and to strengthen relationships among civilian and military researchers and practitioners.

The [Center for Complex Operations](#) (CCO) emphasizes the importance of a whole of government approach to complex operations and provides a forum for a community of practice and plays a number of roles in the production and distribution of learning about complex operations, including supporting the compilations of lessons and practices.

Dr. Karen Guttieri at the [Naval Postgraduate School](#) provided the research direction and overall leadership for this project.

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A Penny for Your Thoughts, a Nickel for Your Heart: Buying Popular Support for Counterinsurgency

Justin Gorkowski

U.S. Army

“I’m not going to give you anything because every day I drive by, someone shoots at me! Next time I drive by and no one shoots at me, you get something.”¹

As stated to tribal and civic leaders by a Marine commander in Iraq, 2004



A fountain flows in front of the Caravan Hotel at Baghdad International Airport.
Photo by Staff Sgt. Luke Koladish, 114th Public Affairs Detachment.

“This event [the handover of the Caravan Hotel to the Iraqis] is much more than a simple transition of a building or facility,” said Colonel Franck T. Trainor, 364th CAB [Civil Affairs Brigade] Functional Specialty Team chief. “This is a transition that validates the process that we have emplaced to ensure long-term sustainability and success in this venture.”²

“If you are staying at the Caravan Hotel, your security will be similar to that of BIAP [Baghdad International Airport]. With close proximity to the airport, and military installations, you will have the assurance of exceptional security. The Caravan is the newest addition to the BIAP area. Soon to be completed, this modern, secure accommodation is bound to become a preferred lodging location in Baghdad.

“With a 2.5m fence surrounding the compound, 2 entrances (1 guest, 1 service) fully staffed by Sabre Security 24 hrs per day, illuminated parking area and compound, and management company providing additional internal security, Caravan Hotel guests rest comfortably with peace of mind and close proximity to the event.

“You will enjoy a safe, relaxing stay and experience a truly historic exhibition. With exceptional airport, expo, and accommodation security.”³

In August 2008, construction on the Caravan Hotel in Baghdad International Airport’s “economic zone” was completed. The hotel features one hundred rooms and offers potential investors and other guests \$255-a-night lodging in the heart of the zone dedicated toward improving the economic future of Iraq. The price tag: \$4.2 million of the Commander’s Emergency Response Program (CERP).⁴ The hotel opened to the public in September 2008 but was not officially turned over to Iraqi management until August 2009.

On July 15, 2009, Secretary of Defense Robert Gates received a letter (see Appendix A) from Representative John P. Murtha (D-PA), then Chairman of the House Appropriations Defense Subcommittee, stating that “[a] fundamental review of CERP, its purposes, use and scope, is long overdue.”⁵ Murtha wrote:

Proposals for multi-million dollar projects are being thrown together with less thought given to the urgency or usefulness of the project than to a desire to ensure all funds are spent . . . over the last five years, CERP has grown from an incisive counter-insurgency tool to an alternative U.S. development program with few limits and little management. It is well-past time for better oversight of this program from the Department of Defense.⁶

This letter arrived on the coattails of news that the Caravan Hotel had been looted of its computers, flat screen televisions, and furniture. U.S. forces had attempted to turn the operation and maintenance of the hotel over to the Iraqis upon project completion, but as had been the case with numerous other reconstruction projects, the hotel was nearly closed after

employees and locals discovered the riches of the spoils. U.S. forces quickly resumed control of the hotel and operated it for eleven months before once again entrusting it to Iraqi authorities. On August 19, 2009, upon the assumption of stricter control measures, the hotel was finally turned over to the Government of Iraq to maintain. The goal of building the hotel was to provide investors a place to stay near the proposed economic investment hub and to demonstrate to the Iraqi people the efforts the government was taking to promote economic development and prosperity. Actual results may have varied.

WHAT IS CERP?

The funds used in the construction of the Caravan Hotel were drawn from the Commander's Emergency Response Program (CERP), which was developed in fiscal year 2003. It is currently available to commanders in Iraq, Afghanistan, and the Philippines.⁷ The program began following the discovery of millions of dollars of stockpiled Ba'athist cash by U.S. forces in Iraq. As of July 2009, Congress had appropriated a total of \$5.25 billion to CERP, with \$3.63 billion⁸ and \$1.62 billion⁹ to Iraq and Afghanistan respectively. CERP is funded through the military's Operations and Maintenance account rather than as a part of a reconstruction aid package.¹⁰ The original intent of CERP was to enable commanders to "respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility, by carrying out programs that will immediately assist the Iraqi people."¹¹ However, some have noticed strong ancillary benefits. The title of the May 15, 2008, CERP *Standard Operating Procedures* book is *Money as a Weapon System*, which alludes to the ability of cash to influence hearts and minds. If a population is economically challenged, as they almost always are with insurgencies, then lining their pockets is likely to have a leveraging effect—but to what extent, and for how long?

THE POWER OF MONEY

A direct correlation existed between the level of local infrastructure status, unemployment figures, and attacks on U.S. soldiers . . . the choice was to continue to attrit through direct action [minimally successful hunt-and-kill-type operations] or shape the populace to deny sanctuary to insurgents by giving the populace positive options through clear improvement in quality of life.¹²

Major General Peter Chiarelli

In his analysis of what was contributing to the fertility of insurgent recruiting in 2004 Baghdad, then Major General Peter Chiarelli determined that he could deny insurgent influence by creating visible progress through essential services construction, increased employment, and perceived government progress/involvement.

4 RECONSTRUCTION FUNDING: LONG-TERM DEVELOPMENT VS. SHORT-TERM PAYOFF

Similarly, authors Todd Helmus et al. argue that U.S. forces can use Civil Military Operations and CERP funds to encourage peaceful civilian behavior.¹³ They state that projects may be allocated or strategically withheld based on local adherence to U.S. operational norms and the promotion of stability.

Yet others, such as Bruce Pirnie and Edward O'Connell, believe reconstruction has essentially no effect on insurgency. "There is no direct correlation between the well-being of a population and its propensity to support insurgency. People living in abject poverty may remain loyal to their government while more-affluent people rebel against it."¹⁴

Similarly, Stephen Biddle argues:

Economic aid or reconstruction assistance cannot fix the problem: Would Sunnis really get over their fear of Shiite domination if only the sewers were fixed and the electricity kept working? This is not to say that Washington should not provide reconstruction assistance or economic aid; the United States owes Iraq the help on moral grounds, and economic growth could ease communal tensions at the margins and so promote peace in the long term.¹⁵

Biddle's argument was based on 2006 Iraq, where the high state of ethnic tensions portrayed the conflict as more of a civil war than an insurgency. Thus, the heart of the problem as he perceived it was historical ethnic rivalries rather than a grievance-oriented insurgency. Nonetheless, is \$46.7 billion appropriated for all major Iraq reconstruction an appropriate amount to spend on marginal support? Is the support even marginal? Further, are there legal or moral implications to buying support or victory?

RECONSTRUCTION FUNDING: LONG-TERM DEVELOPMENT VS. SHORT-TERM PAYOFF

In Afghanistan and Iraq, there are several types of reconstruction funding, macro to micro in scale.¹⁶ Critical infrastructure reconstruction, utilizing appropriated funds such as Iraq Relief and Reconstruction Funds (IRRF) and the Economic Support and Development Assistance Funds in Afghanistan, provide macro-level examples that typically would be controlled by the U.S. State Department,¹⁷ the United States Agency for International Development (USAID), or the U.S. Army Corps of Engineers. As of October 2008, 97 percent of the congressionally appropriated \$20.9 billion IRRF funds were obligated for various macro-level projects.¹⁸ Such projects primarily include infrastructural necessities such as water, electricity, and sewer systems for one or more provinces. These macro-scale projects provide much-needed services to as many people as possible. The only shortfalls of macro-level projects are the bureaucracy or resources required for project completion and consideration of the security situation.

At the micro-level, as of July 2009 Congress had appropriated a total of \$5.25 billion to CERP. What is unique about CERP is that it is available with

wide discretion at the company command level. A U.S. Army or Marine captain has the authority to spend up to \$500,000 with the approval of a battalion or brigade commander.¹⁹ As of September 2009, there were twelve combat brigades in Iraq and six in Afghanistan.²⁰ The total number of deployed brigades will remain near the same as the transition to Afghanistan continues. One brigade typically has three to four maneuver battalions²¹ for a total of twelve to sixteen company commanders. Strategies on how to spend CERP vary considerably at all levels based on command guidance and personalities. As stated by one brigade staff officer, “The reality is that company commanders generally spend money as they see fit, with minimal interference from higher [levels] as long as the project fits within the stated guidelines.”²² In Iraq, approved CERP reconstruction expenditures range from basic essential services to playgrounds, swimming pools and, in one case, a health club.²³ Approved nonreconstruction expenditures range from company-level bulk condolence payments to operating funds for the Sons of Iraq, day labor projects, and civic trash cleanup projects. Finally, individual project costs span from \$54 to \$11.7 million.²⁴ With over thirteen thousand individual CERP projects completed in Iraq, it is difficult to show the details of each project after completion. However, Figures 1 and 2 summarize the number of projects completed and the respective dollars spent by sector in Iraq from February 2004 to October 2009.

Figure 1. Number of CERP Projects by Type in Iraq

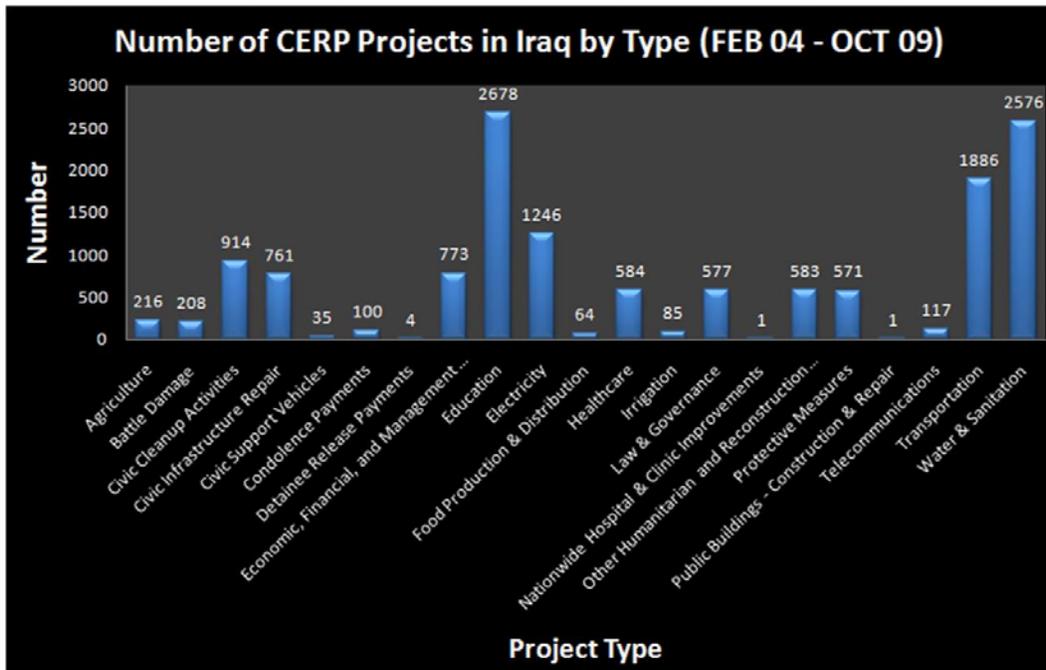
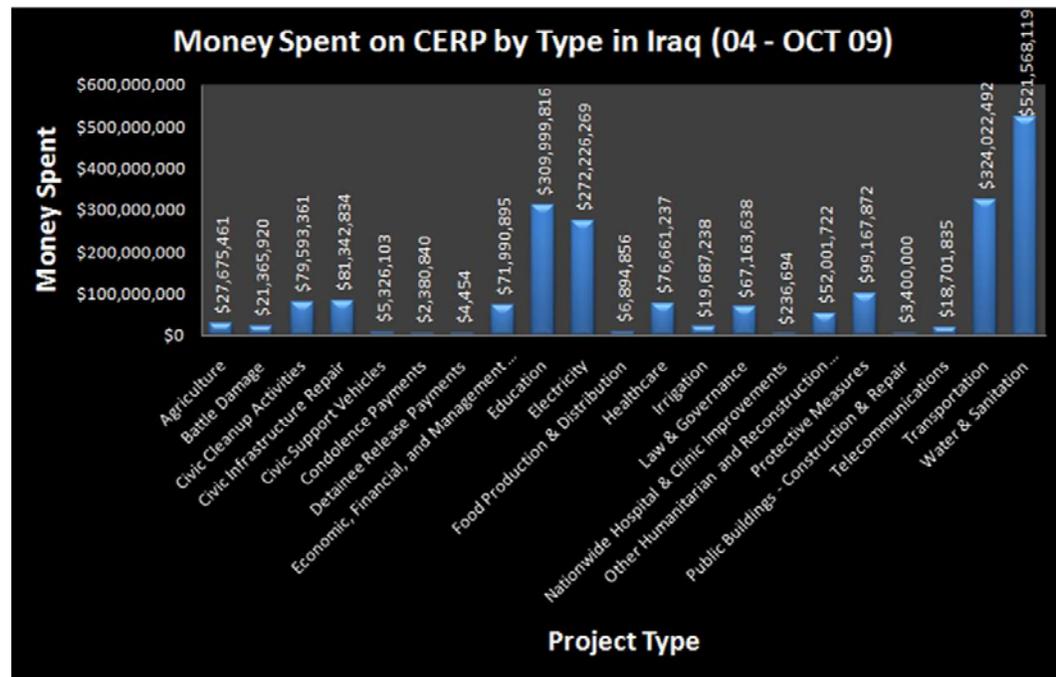


Figure 2. Money Spent on CERP Projects by Type in Iraq



In both Iraq and Afghanistan, many government institutions are now able to deliver projects at the local level. However, Mark Ward states, “With the international military still building schools and clinics, it is delaying the day when Afghans can govern for themselves.”²⁵ Ward believes CERP should be reserved for projects that the governments are not yet capable of completing. He argues CERP should not be used on smaller-scale projects through which the government can potentially gain legitimacy upon project completion. Ward concludes by saying, “Cutting ribbons’ on quick impact projects has to stop being an indicator of success for our military commanders.”²⁶ While generally easier to acquire, micro-level funds have numerous pros and cons as well.

CAN SUPPORT BE PURCHASED?

“Any condition or event which can be shown to have an effect upon behavior must be taken into account. By discovering and analyzing these causes we can predict behavior; to the extent that we can manipulate them, we can control behavior.”²⁷

B.F. Skinner, 1953

As Louis Kriesberg states, “The conventional understanding among many partisans and observers of conflicts is that [violent] coercion is needed to

induce an adversary to change its will.”²⁸ This type of thinking does not recognize the importance of the population in insurgent environments. Kriesberg posits three types of inducements or incentives: coercion, reward, and persuasion.²⁹ As stated previously, coercion is the most common method of choice among security practitioners. Reward inducement can be realized through programs such as CERP if commanders use CERP to reward positive (peaceful) behavior. Finally, the incentive created through the completion of CERP projects can be persuasive in nature if the surrounding neighborhoods and villages change their behavior in order to receive the same benefits. Kriesberg argues that all three forms of inducement can be used to change the will of an adversary, but coercive inducement is often the only form used.

As the commander of the 1st Cavalry Division in Baghdad in 2004–2005, then Major General Peter Chiarelli “operationally divided the populace into three categories that help define the battlespace: anti-Iraqi forces, supporters, and fence-sitters.”³⁰

The first group, defined as insurgents (and terrorists), were those who cannot be changed; who cannot be influenced; and who, although politically and ethnically different in scope, had essentially the same desired endstate—to perceptually delegitimize the current Iraqi government and drive a wedge between the Iraqi populace and coalition forces. Direct-action killing or capturing the terrorist was (and is) the only option to immediately mitigate their strategic effect.

The second demographic consisted of supporters who represented the coalition force base of support throughout neighborhoods, districts, and the government. The supporters see the future of Iraq through cooperation with the currently established Iraqi government and coalition forces. The reality is that, when queried, most supporters preferred the removal of coalition forces from Baghdad and Iraq, but they simultaneously recognized the relative importance of the security provided and the flow of funding from these contributing nations to the short- and long-term future of Iraq.

Chiarelli convinced Task Force Baghdad to turn its attention to the third group—the “fence-sitters.”

We considered the fence-sitters as the operational center of gravity for both Task Force Baghdad and insurgent forces. They are the bulk of the populace,

“Behaviorism”—Burrhus Frederic Skinner

B.F. Skinner was the Edgar Pierce Professor of Psychology at Harvard University from 1958 to 1974. Skinner’s long-running goal from when he first began graduate school in 1928 was relating behavior to experimental conditions. He invented the cumulative recorder, through which he determined that the response rate of his subjects (rats) was not affected through stimulus as previously thought; rather, it was influenced by what followed the stimulus. Subsequently, Skinner dedicated a large part of his life’s research to the study of behavior-consequence relationships. In his book *Science and Human Behavior* published in 1953, Skinner was concerned with the causes of human behavior and examined why humans behave as they do. There, Skinner states that the practice of looking inside a person for an explanation of behavior has tended to obscure the variables that are immediately available for scientific analysis. These variables lie outside the person, in its immediate environment and in its environmental history. Skinner argues that to predict human behavior, every possible external variable must be considered to develop the most comprehensive and accurate prediction possible.

and they are waiting to decide who will get their support. From the intelligentsia to the poor and uneducated who have little or no hope, the fence-sitters are waiting on clear signs of progress and direction before casting their support.

The fence-sitters become the base from which power is derived. Strong evidence exists that suggests Muqtada Al Sadr's attacks against coalition forces in early August 2004 were initiated because of the visible signs of progress manifested by the number of projects and local labor force hires that threatened his scope of power and ability to recruit fighters within the Shi'a population.

Insurgents can clearly influence the fence-sitters by attacking visible symbols of government services and provoking government repression, both of which discredit the legitimacy of the government. In a further demonstration of potency, the insurgents then step in and provide a shadow government.

In one example, insurgents attacked electrical distribution nodes outside the city of Baghdad and severely limited the already overworked electrical grid, knowing the Iraqi populace abhorred attacks on infrastructure. The insurgents deftly placed blame for the "lack of power" squarely on the impotence of the fledgling Iraqi Government and supporting coalition forces, citing the historical truth of power always being available under the Saddam regime.

During the coordinated insurgent uprising in April 2004, Muqtada Al Sadr, as one of his first acts, gained control of the electrical substations in Sadr City. By providing uninterrupted power, something not seen since the fall of Saddam Hussein, he was able to sway support. A shadow government able to provide services, with governance by religious decree and enforcement by Sharia courts, Muqtada Al Sadr was able to provide a viable, attractive alternative to the coalition. Together, the Iraqi Government and the coalition must send clear signals of their own, directly targeting those waiting for direction through a full-spectrum campaign that mitigates the insurgent base with visible and tangible signs of progress within a legitimate context.

Right or wrong, the fence-sitters (and the population as a whole) believe that because America put a man on the moon, it can do anything—and do it quickly. When we fail to produce because of lack of authority, shortage of resources, or bureaucratic inefficiencies, they believe it is because we, as a coalition, do not want to fix it. Therefore the alternative becomes clear.

From Task Force Baghdad's perspective it was clear: shape operations for decisive results by optimizing the support of those who see through the coalition a future; kill, capture, or disrupt the insurgents and terrorists by denying influence and sanctuary; and, finally, decisively engage the operational center of gravity for insurgents and coalition forces—those on the fence—through promotion of essential infrastructure services; establishing a capable, legitimate government; and creating opportunities for economic independence through a free market system.³¹

The battle for the fence-sitters is fundamentally dependent on numerous factors: One of the most prominent is governmental legitimacy. Bruce Gilley identifies legitimacy as one of the most important public services a government can provide in gaining the support of its constituents.

Legitimacy is a particular type of political support that is grounded in common good or shared moral evaluations.³² Citizens strive to engage the state as moral agents, and a state that reciprocates will see its standing enhanced. Likewise, most rulers [states, coalition forces, etc.] prefer to be esteemed rather than feared by their citizens: it is inherently desirable, and it minimizes the time they spend worrying about their positions. One of the greatest public services they deliver is rightful rule itself.³³

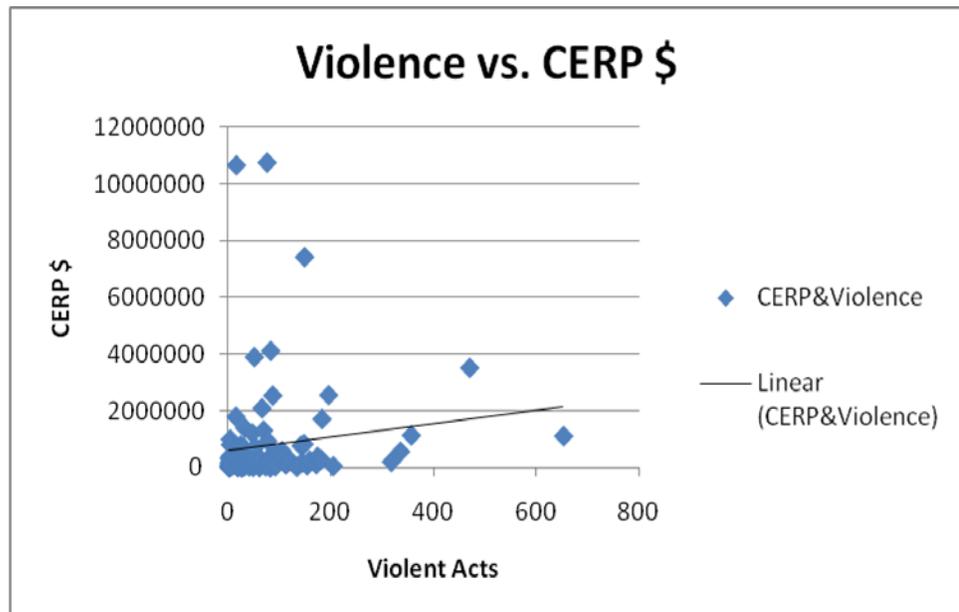
General Chiarelli and his staff noticed a direct correlation between the location of enemy activity and the location of poor or inoperable essential services. In most cases in Sadr City, the cells from which antigovernment and violent action were originating were the same cells where raw sewage ran down the street, electricity was intermittent, and water was nonpotable.³⁴ Additionally, unemployment continued to increase in these areas, and healthcare was virtually nonexistent. Task Force Baghdad directly targeted those areas through a concentrated infrastructure repair effort—focusing first on those public services most important to health and survival.

The restructuring effort of already programmed funding moved swiftly to effect immediate local results across the most desperate areas of Baghdad, coupled with hiring local labor. This effort achieved a two-pronged result: it provided a job alternative to the locals who had no job, and it produced visible signs of progress in their neighborhoods. Earning from \$5 to \$7 a day to feed your family became a viable alternative to \$300 a month, payable at the end of the month, to fire rocket-propelled grenades at U.S. forces. And, there is no sewage running through the streets of your neighborhood.³⁵

During the ten-week period from early August to mid-October 2004, the average number of violent acts in Sadr City dropped from 160 to 10.³⁶ While Chiarelli acknowledged that Muqtada Al Sadr or his lieutenants would probably attack again, he firmly stated that popular support for the attacks would be waning and would not last if infrastructure improvements continued. “He [Muqtada Al Sadr] will have to go elsewhere to find true support. The people just will not support a resumption of large-scale violence in the face of clear signs of progress.”³⁷ There were other factors at play, such as job creation, but General Chiarelli stated that “infrastructure repair became the immediate impact theme that set the stage for security.”³⁸

Violence per Dollar Spent

Analysis of another part of Iraq, the At Tameem (Kirkuk) Province, depicts an interesting relationship between the expenditure of CERP money and violence. As shown in Figure 3, there has historically been a weak positive relationship between the amount of CERP money spent and violence.³⁹

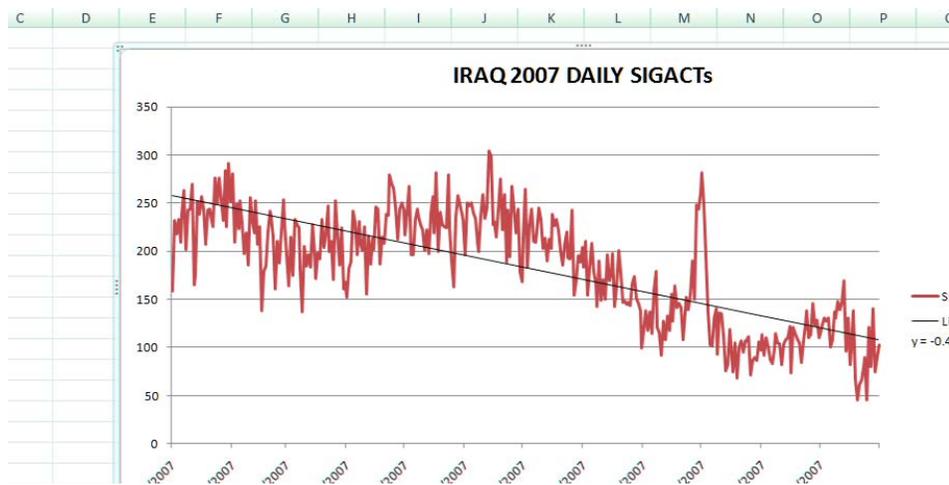
Figure 3. Correlation Between Violence and CERP Expenditures in Kirkuk

From February 2004 to October 2009, analysis of 168 provincial villages shows that on average there has been one violent act per every \$49,000 spent.⁴⁰ The sum of \$156.8 million has been expended on CERP reconstruction projects in the At Tameem Province alone. Of interest is whether the remaining provinces in Iraq follow this same pattern.

Contribution to Violence Reduction

As U.S. forces began to venture out of their concrete cities or Forward Operating Bases in the postsurge phase of the Iraq War in late 2007, they inherently became more ingrained in the dynamics of the local population. Money was spent based on their increased understanding of popular needs, and freedom of maneuver was enhanced. The number of overall significant actions dropped tremendously in late 2007, as shown in Figure 4. The trend continued in 2008.

An increased understanding of the operational environment enabled coalition forces to provide more effectively for and protect the local population. Fatalities also dropped considerably across the board. The number of American soldier deaths dropped in kind from 904 in 2007 to 314 in 2008.⁴¹ Americans soldiers wounded in action followed suit, along with Iraqi deaths. Clearly, CERP reconstruction was not the lone contributor to violence reduction. In fact, fewer CERP reconstruction projects were built in 2008 than 2007.⁴² But as mentioned by Skinner, any condition or event that can be shown to have an effect on behavior must be taken into account.

Figure 4. Iraq Daily Significant Actions (SIGACTs) in 2007

Source: U.S. Army Topographic Engineer Center, now known as the Army Geospatial Center. www.agc.army.mil.

Visible Progress

As CERP projects continued to be built with increased speed and efficiency, visible progress was enhanced in the same manner discussed previously in the example with General Chiarelli. The more the local population was able to see that the government was actually trying to help satisfy Iraqi needs, the more stock was placed in governmental legitimacy. According to an Iraqi Army officer, the quality of life for the Iraqis was also improved. The average number of hours a household received water and electricity gradually increased throughout the country.

The process of CERP fund procurement is extremely fast. Approval of projects under \$500,000 can be achieved within a week. This has become slightly more complicated with the withdrawal of U.S. forces, but comparatively, the time it takes for a commander to envision a project and procure CERP money is exponentially faster than the process of procuring other funds for reconstruction. With CERP, a commander has the ability quickly to provide visible reconstruction in support of operational necessity. If popular support is the center of gravity for the achievement and maintenance of security when faced with an insurgency, a commander appreciates the flexibility quickly to draw on all resources available. In the early part of Operation Iraqi Freedom, one of the most common complaints by Iraqis was the lack of essential services. Iraqis could not understand how Americans could put a man on the moon, but not provide running water or electricity after more than a year of U.S. presence.

**“U.S. ‘Money Weapon’ Yields Mixed Results:
Review of Military Program Sought”**

By Ernesto Londoño

Washington Post Foreign Service

Monday, July 27, 2009

BAGHDAD, July 26—Shortly after the U.S. Army turned over control of the business center and a restaurant of a multimillion-dollar hotel it built near Baghdad’s airport to the Iraqi government last year, flat-screen television sets, computers and furniture vanished.

The looting unwittingly kept the military in the hotel business because officers were concerned that the rest of the hotel would be stripped bare. As the U.S. government is ceding control of hundreds of projects and facilities to the Iraqi government, the conundrum raised questions about the sustainability of billions of dollars worth of projects funded through the Commander’s Emergency Response Program (CERP) that encourages commanders to think of “money as a weapon.”

U.S. lawmakers and the Office of the Special Inspector General for Iraq Reconstruction, which has released a report about the Caravan Hotel, are increasingly scrutinizing the use of CERP and urging the Pentagon to be more vigilant in its selection and oversight of projects. . . .

“Ultimately when you transfer a property to someone, it’s theirs and they use it for their purposes,” Bayer said. “That’s a decision the government of Iraq makes.”

Brig. Gen. Peter Bayer, the chief of staff of the U.S. command that oversees CERP projects in Iraq.

Accessed June 15, 2010, at <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/26/AR2009072602833.html>.

SHOULD SUPPORT BE PURCHASED?

It quickly became apparent to Iraqis that Americans had money and were not afraid to spend it. Similarly, it quickly became apparent to Americans that money innately possessed an incentive value. In an interview by Peter Helmus et al., an administrator of the local CERP program stated that [i]n counterinsurgency you need to spend money on your friends as well as those you want to be your friends.”⁴³ The interviewee went on to say that “compliance should have been rewarded from the onset—that money should have flowed into Kurdistan and areas in the south.” Similarly, sheikhs would often approach Iraqi and U.S. commanders in pursuit of reconstruction spending in return for a promise to report and chastise suspicious activity. The incentive value of reconstruction spending is transparent.

CERP spending is widely viewed by U.S. forces as a nonviolent method potentially to influence popular support. One brigade staff officer who was involved in the approval of CERP projects said, “If the money is available and it’s possible that spending the money will decrease U.S. casualties and overall violence, then I’m going to approve every project that makes logical sense.”⁴⁴ If this method can be used to contribute to the diffusion of an insurgency, then it presents a nonlethal alternative to rooting out and killing the insurgents themselves. Seth Jones states:

Afghanistan Ambassador Ronald Neumann was briefed in the summer of 2006 by the U.S. military on the interrogation results of over 100 Taliban and other fighters where the findings showed the critical reasons why these fighters supported the Taliban had little to do with religious ideology. Rather they had to do with bad government and economics. The government could not protect them or deliver services, and they were often simply better paid by the Taliban.⁴⁵

So, are governance, economics, and the reconstruction of essential services the answer?

In Iraq, even the successful reconstruction projects are not trouble free.

Questionable payments, incomplete or missing paperwork, and weak contract management marred the building of a hotel near the Baghdad airport, stated a new report from the Special Inspector General for Iraq Reconstruction.

Investigators acknowledged that the Caravan Hotel was “successfully completed.” But they found a bundle of problems that, if avoided, would have greatly lowered the risk of U.S. tax dollars being wasted.

In one example, U.S. authorities paid more than \$1 million in cash to the Iraqi company doing the construction work, even though the contract stated that payments should be done electronically to prevent the money from being lost or stolen during the transfer.

Six payments totaling \$4.2 million were made to TAMA Design Consultancy and Construction. Four were done by electronic fund transfer. But two—one for \$421,706 and the other for \$778,965—were made in cash. Investigators found copies of signed invoices but no explanation for the switch. An unnamed contracting official told them the situation was “unusual but predated his arrival in Iraq.”

In comments printed at the end of the report, U.S. military officials said all the payments were handled properly. “It does not matter how we pay vendors as long as we pay them correctly and it is correctly documented,” they said.⁴⁶

Protection of Assets

As massive amounts of money are spent on visible projects that represent progress and legitimacy, vulnerability to insurgent attacks grows with every dollar spent. In 2007, CERP money was spent on repairing an electric

substation near Haweeja, Iraq, that had been inoperable for four years. Insurgents realized the value in preventing the Americans from promoting progress and attacked the substation with such ferocity that the contractor paid by the Americans to conduct the repairs quit the job and refused ever to take a job in that area again. The U.S. brigade responsible for this region was forced to hire another contractor quickly and provide nonstop security throughout project completion. Following the completion, the American forces handed the responsibility of security maintenance over to local Iraqi forces. The substation was subsequently repaired with CERP money two more times due to further attacks. Muqtada Al Sadr conducted similar attacks in Sadr City in 2004—placing blame on the inability of the government to protect and provide services to the populace.

When insurgents destroy economic or essential service-related targets, the governmental response has profound diplomatic corollaries. The characteristics of governmental repression may actually cause more harm than good. During the early stages of the Iraq War, a popular target among insurgents was the oil pipelines. Such attacks have decreased significantly over time, but an attack on the Iraq-Turkey oil pipeline on November 24, 2009, demonstrated the continued vulnerability of Iraqi infrastructure to violence. With the recent signing of the first major international oil deal, the spotlight has been focused on the central government and its ability to contribute to the world oil market.⁴⁷ The manner in which the government responds to such attacks is extremely sensitive. Inexperienced local security forces are often accused of using harassment as a form of scare tactic. In the At Tameem Province, 49.4 percent of 168 villages where interviews were conducted across the province do not trust the local police.⁴⁸ The ancillary effects of an insurgent attack met by a weak police response can create a trickledown effect that can further harm governmental legitimacy and control. The extent to which the media participates in the event itself and the ancillary negative effects can determine the spread of negative popular opinion.

The Promise of Progress

With the building of each CERP project, popular expectations are elevated. Expectation management is difficult in an international arena where numerous contributors shape the environment. Those who are in need and see visible progress develop an increased expectation of assistance. Such a scenario obviously contributes to an increased potential for disappointment. Additionally, the more money that filters through the hands of local contractors, the higher the potential for corruption. Numerous types of corruption strangle the ability of the United States to complete a CERP project without generating negative feedback. This final thought portrays the frustration of an Iraqi Army officer with American CERP spending in 2007:

It is impossible to hire a contractor for a project without contributing to corruption. Every Iraqi contractor has a hierarchy of sub-contractors. The guy who actually does the job is the sub-contractor of the sub-contractor of the sub-contractor of the contractor. This guy is poor and will do anything to make money for food. The amount he is paid does not allow him to buy quality materials to build the project. The result is a poorly constructed project that cost 10 percent of what the original contractor was paid. Meanwhile the contractor drives a Mercedes and has three houses.⁴⁹

Regardless of whether the targeted spending of CERP can actually be used as leverage to influence behavior or sway support, there is debate over whether money *should* be used to buy support? Will there be unintended consequences? Does blood, or treasure, have more value?

ENDNOTES

1. Todd Helmus, Christopher Paul, and Russell Glenn, *Enlisting Madison Avenue: The Marketing Approach to Earning Popular Support in Theaters of Operation* (Santa Monica: RAND Corporation, 2007), p. 139.
2. Operation Iraqi Freedom, official website of the United States Forces—Iraq, “Hotel Presented to the Government of Iraq,” August 20, 2009. <http://www.usf-iraq.com/news/headlines/hotel-presented-to-government-of-iraq>.
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21. Maneuver units consist of those that are actually responsible for battlespace. An Infantry Brigade Combat Team consists of two infantry battalions, one cavalry battalion, one field artillery battalion, and two support battalions. The support battalions are not typically responsible for the security of a designated area of operations.

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Appendix A

Memorandum to Secretary of Defense Robert Gates by John P. Murtha

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Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515-6015

July 15, 2009

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TELEPHONE:
 (202) 225-3771

The Honorable Robert M. Gates
 Secretary of Defense
 1000 Defense The Pentagon
 Washington, DC 20301-1000

Dear Mr. Secretary:

I am writing to ask you to immediately begin a thorough review of the Commander's Emergency Response Program (CERP) and to provide a complete list of all proposals pending as of July 20 for CERP projects in excess of \$1,000,000. For years, this Committee has questioned the use and management of CERP funds, totaling more than \$10 billion since 2004. I understand the value of this program for our combatant commanders. However, the Army and U.S. Central Command (CENTCOM) have failed to justify ever-growing CERP requests or to execute proper management or oversight of these funds, most of which are today being spent on the kind of infrastructure and development projects more appropriately executed and administered by the U.S. Agency for International Development. A fundamental review of CERP, its purpose, use and scope, is overdue.

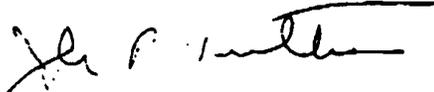
Recent press reports and information from officials in-theater indicate intense pressure on Provincial Reconstruction Teams and combatant commanders to "rush to spend" hundreds of millions of dollars in CERP funds remaining for fiscal year 2009. Proposals for multi-million projects are being thrown together with less thought given to the urgency or usefulness of the project than to a desire to ensure all funds are spent. This practice could conflict with section 8004 of the fiscal year 2009 Defense Appropriations Act, which prohibits more than 20 percent of the appropriations in that Act limited for obligation in the current fiscal year from being obligated in the last two months of the year.

The original purpose of CERP was to provide combatant commanders a resource for responding to "small-scale, urgent humanitarian relief and reconstruction" needs in their area of operation to immediately assist the people of Iraq and Afghanistan. Today, a majority of CERP funds are spent on road construction and other "bricks and mortar" projects that, while important, far-exceed the intended scale and scope of the urgent projects CERP was intended to support. Furthermore, the pressure to spend CERP funds, which naturally drives commanders toward large-scale construction projects, is squeezing out the small-scale humanitarian projects identified by company-grade and Special Forces troops as providing an immediate benefit both to local nationals and to the safety and security of our own forces.

The Honorable Robert M. Gates
July 15, 2009
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Over the last five years, CERP has grown from an incisive counter-insurgency tool to an alternative U.S. development program with few limits and little management. It is well-past time for better oversight of this program from the Department of Defense. I look forward to hearing from you on this matter.

Sincerely,



John P. Murtha
Chairman
Defense Subcommittee

A Penny for Your Thoughts, a Nickel for Your Heart: Buying Popular Support for Counterinsurgency

Justin Gorkowski
U.S. Army

OBJECTIVES

The purpose of this case is to discuss the pros and cons of using monetary incentives either directly or indirectly to increase popular support for counterinsurgency or nation-building efforts. The use of money in the post-9/11 counterinsurgency efforts in Afghanistan, Iraq, and the Philippines has recently come under increased scrutiny by members of the U.S. Congress as signs of corruption have become more evident. This case is designed to illuminate the numerous decision-making dilemmas presented through the utilization of money to attain popular support in counterinsurgencies with the Commander's Emergency Response Program (CERP). There are two primary objectives of this case that force students to think critically about the use of money in warfare: (1) whether popular support can be purchased and, if it can, (2) whether popular support should be purchased. Further, consideration of all the ancillary factors involved in CERP reconstruction presents numerous dilemmas that could have long term policy implications.

This case is intended for graduate students of public policy and related fields, but undergraduates should be able to handle it as well. Applicable courses include economic development, international development, conflict resolution, negotiation and consensus building, national security, and counterinsurgency. Skills such as multivariate decision-making, critical thinking, analysis, teamwork, statistical analysis, and problem-solving will all be stressed through review of this case study. This case will also provide an opportunity to gauge students' attitudes concerning the relevance of their studies in the broader policy and security environment. The case presents an opportunity to assess student sensitivity to other cultures; foreign aid; and the relationship between the government, the military, and civilian organizations. Given a knowledge base of the public policy, economics, and international relations principles and theories, the primary and secondary learning

objectives of this case are outlined as follows. Upon completion of this case, students should be able to do the following:

1. Develop well-constructed arguments about whether monetary incentives can be used directly or indirectly to influence popular support in low-intensity or postconflict environments.
 - Identify the various types of reconstruction funds available and their intended uses.
 - Critically discuss the pros and cons of the impact of monetary incentives on the people in postconflict environments.
 - Cite leading experts and theories that support or negate the idea of using money to buy popular support.

2. Develop well-constructed arguments about whether monetary incentives should be used directly or indirectly to influence popular support in low-intensity or postconflict environments.
 - Identify the pros and cons of buying popular support.
 - Compare and contrast the pros and cons of buying popular support.
 - Identify the ancillary effects of buying support and construct well-informed arguments to support or dismiss the need to provide CERP reconstruction.
 - Develop and support policy recommendations for the long-term (post-Operation Iraqi Freedom/Operation Enduring Freedom) use of CERP.

ISSUES FOR EXPLORATION

This case offers several issues for exploration—the case revolves around two fundamental issues; five issues are more subtly presented. The case is intended primarily to promote the exploration of the issue of buying popular support. The first issue deals with whether support can even be purchased. The case discusses the use of CERP by General Chiarelli and the subsequent use of money by Muqtada al Sadr to buy support. It goes on to discuss how historically there is a positive correlation between the amount of CERP money spent and violence. The second major issue is whether support should be purchased. The case outlines the major arguments for buying support. Exploration into the details of any one of these pros or cons will reveal increased understanding for decision-making.

Additionally, five other issues are touched on in this case for which further discussion and exploration could prove fruitful. They are the economics and soft power contributions to war, joint/interagency planning and coordination, the issue of support as a commodity, the practicality of CERP's contribution to counterinsurgency (COIN), and finally the issue of sustainability.

The case revolves around the often overlooked nonlethal contribution of economics and the often ancillary soft power aspects of warfare. With all the talk in the media about COIN strategies, surges, and drone attacks, it is widely unknown how significantly economics can and does influence war—both positively and negatively. Further, the relationships and trust networks that are developed through such transactions are profound. This case presents the opportunity to explore the broader issue of the role of economics and soft power in warfare.

Several instances are presented in this case that outline the difficulty and importance of joint, multinational, or interagency coordination and cooperation. The money used for reconstruction passes through many hands before expenditure. The potential for infighting during the process is significant. The planning considerations by each agency can influence how the money impacts the economy and the people—again both positively and negatively.

Another issue ripe for discussion is that of support as a commodity. Discussion should focus on why people lend their support in one direction over the other and if money is the sole driving factor. Special consideration should be paid to the fact that these funds are available in areas that have experienced typically violent and unstable histories. Concepts that would further be discussed below, such as behaviorism, add flavor to this issue. The underlying theme is determining why people behave as they do in low-intensity and postconflict environments and exploring ways in which such behavior might be influenced.

The next issue concerns the practicality of CERP as a contributor to violence. The money spent on CERP is a drop in the bucket compared to other reconstruction funds. Is putting all the effort into the prioritization of CERP really worth it? The exploration of this issue should take into consideration all factors that influence violence in a counterinsurgency. The first answers that will invariably surface concerning those factors that decrease violence will be hunt-and-kill-type operations. However, numerous factors influence the fight—especially when considering the culture and local intricacies. Ethnic tensions, history, regional power brokers, intelligence, the presence of other international players, the strength of the adversary, and the support of the people at home represent some of the possible contributing factors—in addition to the influence of money, mentioned previously.

The final issue presented in this case for exploration is that of sustainability and hasty progress. The underlying theme for this issue is whether the projects constructed with CERP are truly meeting the needs of the people and whether they will continue to serve the people for an acceptable

period of time. There have been several investigations by the Special Inspectors General for Iraq and Afghanistan Reconstruction that depict extremely poor construction quality that would not adhere to the most lenient of western standards. Reconstruction experts (USAID and the Corps of Engineers) have taken issue with this fact and are often critical of CERP because of this fact. This issue ties into the interagency coordination issue mentioned previously. Discussion should explore the need for coordination between those at the front enacting CERP reconstruction projects and the experts responsible for long-term reconstruction reliability or sustainability. Those using CERP funds have an advantage over the more bureaucratic reconstruction institutions—they have the ability quickly to access funds as well as the ability to impact the population at the lowest level or the most remote village.

CONSIDERATION OF PERSPECTIVES

Four major perspectives are important in considering this case: (1) Congress/the Appropriations Committee; (2) the military commander requesting funds and completing the project; (3) the recipients of the project (those whose support might be swayed); and, finally, (4) the insurgents. Each party will have a different perspective and likely a different desired use of the money. Additionally, each will have different considerations at stake that will guide their decisions.

The following questions should be discussed from their respective perspectives:

Congress/Appropriations Committee

- How much of the appropriated money was requested and spent during the previous year?
- How has the expenditure of CERP influenced counterinsurgency efforts historically in this geographic area?
- Can this money be better spent in other areas?
- How is the quality of life for locals improved through the expenditure of CERP?
- How is the expenditure of CERP going to help the United States withdraw forces sooner than the expenditure of money in other areas?

Military Commander

- How can I use CERP to influence the insurgency in my area of operations?

- What do the people in my area of operations need, and how can I satisfy those needs to produce favorable behavior?
- How much money do I have available for expenditure?
- Should I place a high priority on the urgency and execution of CERP projects, or should I be more concerned with hunting and killing or capturing high-value individuals?
- Do I have time to focus the attention needed for spending thousands of taxpayer dollars on unknown results?
- Whom can I trust to build the projects that the people need?
- Will the expenditure of money in a particular area potentially lead to increased violence or retribution?
- Do the risks of project construction outweigh the benefits? What are the risks and benefits?

Project Recipients

- Do I need this project that the Americans are building?
- Does the local insurgency provide for me sufficiently?
- Will the local insurgency act violently toward me if they perceive me as taking goods or bribes from the Americans (counterinsurgents)?
- Why are the Americans building projects in my neighborhood?
- Will the Americans expect something in return for project construction?

Insurgents

- Why are the Americans building projects in these locations?
- What can we do to maintain the support of the population?
- How can we exploit the Americans' construction of this project?
- How can we destroy or inhibit project construction?
- What types of propaganda messages can we develop to take advantage of this situation?

- What vulnerabilities will the Americans present as they construct this project?
- How can construction of a project in one area help us determine how to predict future actions?
- Whom do we know who can gain the bid as a contractor for the Americans so we can get the Americans to pay us to construct their project?

There are obviously many other questions that each actor could ask, but these should serve as a starting point to generate discussion and add perception.

CONCEPTS AND THEORIES

There are three major concepts or theories that are relevant to this case study. The first is Social Movement Theory. This theory is a grievance-oriented model that is useful in analyzing how individual grievances are transformed into contentious collective action. The utility of this theory is in identifying how CERP reconstruction might contribute to the nullification of potentially violent contentious collective action.

The second theory is behaviorism by B. F. Skinner. This theory is extremely useful for considering the causes of human behavior. In this case, we are looking at the causes of human behavior and the influence of money on those causes. This theory helps us to understand if, why, and how we might be able to predict and control behavior—in this case violent behavior.

Finally, the concept of economic utility is useful for analysis of this case. The idea of starting any reconstruction project is to get the “biggest bang for the buck.” With most types of reconstruction this means serving the largest number of people with the least expenditure of dollars. With CERP, it might be possible to achieve the greatest positive effects with regard to gaining popular support. The concept of optimizing utility remains constant in both cases.

SUMMARY

The use of money as a weapon in the current conflicts is a contentious issue and one that is gaining more attention. This case can be used to generate thought, analysis, and discussion to fit an array of courses in a foreign-policy-related curriculum. The case can be tailored through classroom discussion to highlight issues as desired by the instructor or determined by the syllabus. The questions and background resources that follow are supplementary

material that may help guide classroom instruction and discussion. They are not all inclusive but serve as a tool to guide instruction according to specific learning objectives.

SUPPLEMENTARY QUESTIONS

The following supplementary questions can be used in class discussion or to generate research questions. They are grouped under the headings economics/reconstruction, foreign policy, and military.

Economics/Reconstruction Questions

- Is the money spent on CERP reconstruction thus far a worthwhile investment?
- Is it possible to predict a return on investment for CERP?
- Are there other ways that money can be used to influence insurgency/violence?
- Is it ever possible to truly understand and provide for the micro-level needs of a foreign culture under the time constraints the American people demand?
- Is it possible to provide for the needs of a foreign population and hand over the responsibility of sustainment to an indigenous, developing country population under the time constraints the American people demand?
- How can money invested through CERP generate negative returns?
- What are the pros and cons to simply handing out money to an indigenous population as opposed to building projects for them?
- What are the possibilities of corruption with CERP, both for U.S. and indigenous personnel?
- How might the inappropriate prioritization of projects create negative returns?
- Is there potential for underuse of CERP?
- What are the operational and strategic implications regarding CERP project sustainment, and how might they be mitigated?

Foreign Policy Questions

- How does the concept of behaviorism apply to U.S. foreign policy?
- Is all soft power an attempt at controlling behavior?
- Are there any moral/ethical implications of trying to control a foreign population's behavior?
- Could/would attempts to control behavior be easily perceived as unwelcomed western influence or democratization?
- How might U.S. adversaries, both state and nonstate actors, spin this type of proactive policy against the United States?
- Would the use of CERP benefit U.S. operations in future conflicts? Where, and how?
- Does the use of CERP in Iraq and Afghanistan promote expectations among the indigenous population that the United States will not be able to fulfill in the future?
- Does the U.S.'s use of CERP in Iraq and Afghanistan promote expectation among the developing world that the United States will not be able to fulfill?
- How might foreign policy be crafted to control behavior through the targeted expenditure of money?
- Would such a foreign policy be at all new, or would it just have a new name?

Military Questions

- Was General Chiarelli's success in Sadr City only achieved because of the myriad of other factors contributing to stability and security in 2004? Will CERP have the same effect that General Chiarelli achieved in other areas? What are the supporting and related factors?
- Are the local expectations developed through project construction at the microlevel damaging to long-term operations in a particular area?
- Should economic manipulation become a component of irregular warfare?

- Does or can CERP really contribute to a reduction in violence? If it can, will it ever?
- How much of a role does the concept of behaviorism really play in counterinsurgency?
- Have programs such as CERP existed in previous conflicts? Were the results captured, and how do they compare?
- Should Provincial Reconstruction Teams (PRTs) use CERP, or should it be reserved for maneuver commanders responsible for battlespace?
- What will happen when CERP funds stop flowing? When should CERP funds cease to exist?

PARTING THOUGHT: POPULAR SUPPORT—A COMMODITY?

If popular support can be purchased, then it must be available as a commodity. A commodity is something that people find valuable or useful. In an insurgency, popular support is clearly valuable. Therefore it is possible for insurgents to just as easily buy support—just like the example presented previously with Muqtada Al Sadr in 2004. Hamas has used similar tactics in providing emergency humanitarian aid before the official government can respond. Does this mean U.S. forces should not strategically use CERP to buy support just because insurgents can and do use the same tactics? Do the projects themselves present only temporary acquiescence until a higher bidder comes along? As stated by then U.S. Ambassador to Afghanistan Ronald Neumann, in many cases the insurgents simply pay better.

SUPPLEMENTARY REFERENCES

The following additional references will provide background that will bolster case discussion and comprehensive student understanding. The list is not all inclusive but provides a relatively comprehensive portrayal for the case.

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