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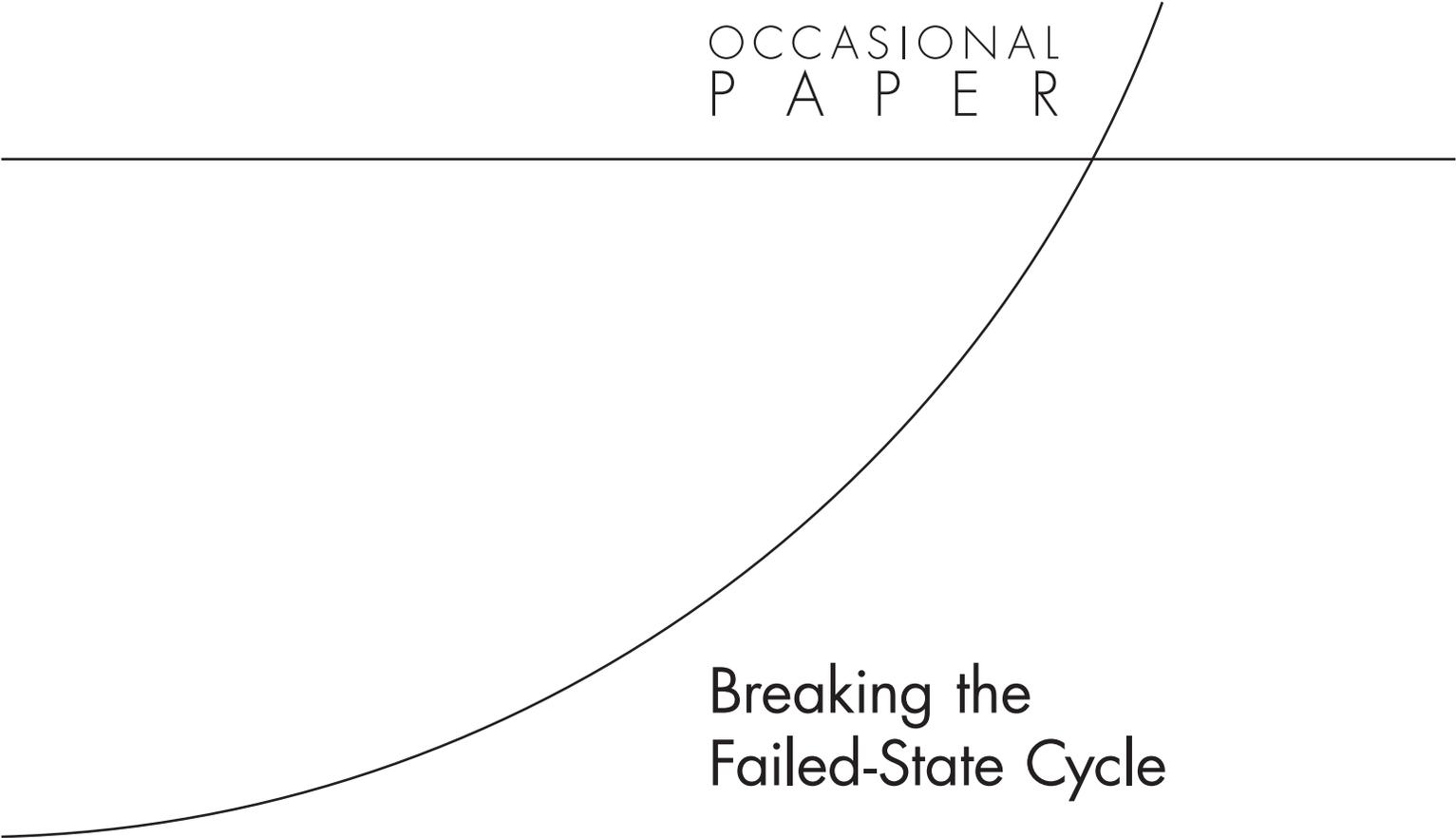
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P A P E R



Breaking the Failed-State Cycle

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Summary

The Failed-State Problem

Insecurity in the 21st century appears to come less from the collisions of powerful states than from the debris of imploding ones. Failed states present a variety of dangers: religious and ethnic violence; trafficking of drugs, weapons, blood diamonds, and humans; transnational crime and piracy; uncontrolled territory, borders, and waters; terrorist breeding grounds and sanctuaries; refugee overflows; communicable diseases; environmental degradation; warlords and stateless armies. Regions with failed states are at risk of becoming failed regions, like the vast triangle from Sudan to the Congo to Sierra Leone. For security, material, and moral reasons, leading states cannot ignore failed ones.

Yet both the world's leading states and the multilateral institutions they manage are struggling in their attempts to help failed states recover. Indeed, "[t]he complex problem of state failure may be much discussed, but it remains little understood."¹ Although the sheer magnitude and multitude of the problems that failed states face go a long way toward explaining such frustration, we find (as others have) that the *linkages* among these challenges are what make recovery so difficult—linkages that the international community is not organized to treat.

What are failed states? For the purposes of this paper, they are of the sort flagged for "alert" by the Fund for Peace in its periodic Failed States Index.² While no two are alike, failed states typically suffer from cycles of violence, economic breakdown, and unfit governments that render them unable to relieve their people's suffering, much less empower them. Such cycles are characterized as follows:

- Violence disrupts farming, commerce, and foreign aid; diverts human resources; devours money; destroys physical infrastructure; and distracts government.
- Economic breakdown fuels conflict over resources, anger over inequality, distrust of government, factional strife, and the appeal of insurgents and extremists.
- Distrust of government damages its effectiveness and weakens popular cooperation with government programs and agents.
- Government fragility or corruption can weaken or pervert control of security forces, which may turn to marauding, death squads, or ethnic conflict.

¹ Fund for Peace and *Foreign Policy*, "The Failed States Index 2007," *Foreign Policy*, Vol. 161, July–August 2007, pp. 54–63.

² See Fund for Peace, "Failed States Index Scores 2007," Web page, 2007b, and Fund for Peace, "Failed States Index FAQ," Web page, 2007a.

- Political paralysis, arbitrariness, and exclusion undermine economic confidence, scare away investors, and destroy opportunity.
- Suffering, deprivation, inequity, and loss of livelihood breed violence among the population, strengthening the failed-state cycle.

Because of this cycle, a common feature of failed states is that the energy of their populations is consumed by the struggle for survival rather than engaged industriously in recovery. Emergency interventions—peacekeeping and humanitarian relief—may assist in survival but not durable recovery. Traditional antipoverty, development, and security-assistance programs, while helpful, are often insufficient to break the cycle that has trapped the population. Leading states (e.g., the United States and its European allies) and international organizations (e.g., the World Bank and the United Nations) are having trouble rescuing failed states not for lack of concern, which is growing, but because their efforts are too fragmented.

Integrating Strategy

This paper aims to improve the understanding and treatment of failed states by offering an integrated approach based on two ideas:

- First, certain *critical challenges* at the intersections between security, economics, and politics must be met if the cycle is to be broken.
- Second, in meeting these critical challenges, the guiding goal should be to *lift the population* from the status of victims of failure to agents of recovery.

Our work has revealed that both ideas imply a higher degree of integration in recovery efforts than the international community is currently capable of providing.

Identifying critical challenges is key. Generally speaking, breaking the cycle and enabling the populations of failed states requires (1) dismantling instruments of violence, (2) removing incentives for violence, and (3) creating security for economic recovery. Under these broad headings, six critical challenges and ways of meeting them can be identified.

Critical Challenges

While the exact challenges of a failed state are determined by specific circumstances, those that follow are typical. They will be familiar to most practitioners and scholars who deal with failed states. Our point is not that these challenges are unknown but that they are not given the actual effort that their criticality warrants.

Dismantling Instruments of Violence

1. Educating, training, and rehabilitating excombatants (on all sides) for civilian life or duty in reformed security services:
 - Excombatants are a large pool of people who can either perpetuate violence or become agents of recovery, depending on whether they are integrated.

- Literacy and other basic schooling are vital first steps for both adult and child excombatants. Beyond this, job training and placement services are needed.
 - Legal, social, and political rehabilitation—except when serious crimes have been committed—can offer a more promising future than can retribution.
2. Reforming “power” agencies that oversee national security services:
- Dissolving and rebuilding security forces, though costly, has been routinely accomplished throughout history. But if the agencies that control security—departments and ministries of defense, interior, justice, and intelligence—are not also reformed, state power will remain subject to abuse, and political reform will remain fragile.
 - Security-sector reform must give as much attention to these institutions as it does to organizing, training, and equipping military and police forces.
 - Building efficient, fair, and transparent justice systems is indispensable to legitimacy, law, and order—and thus to security itself. Yet this is one of the most glaring deficiencies in both international capability and execution.

Removing Incentives for Violence

3. Distributing aid widely and appropriately to create shared equity in recovery:
- Failed states are usually divided societies. When violence stops but cleavages remain, the chances are high that the state will reenter a cycle of failure.
 - Both emergency and development aid should be distributed fairly, widely, and where people live. It should include efforts to encourage production and to build local and provincial institutions that foster public trust in government.
 - Development planning should offer opportunities for local initiative. Depending on the fault lines of the population, planning can help heal differences via functional and economic domains in which common interests can be addressed.
4. Instituting inclusive and representative politics:
- Victims of the “politics of exclusion” often seek influence or redress through violence and insurgency. To be and to be perceived as legitimate, a government needs multi-party elections, anticorruption efforts, civil-service reform, and accountability.
 - Provincial and local politics are vital to enhancing inclusion, responsiveness, and empowerment, giving the entire population some stake in recovery.
 - Such involvement should feed into national-development planning.

Creating Security for Economic Recovery

5. Securing critical economic resources and infrastructure:
- The security of key natural resources, transport routes, ports and airstrips, power grids, pipelines, industry hubs, and marketplaces must be a high priority for local and foreign security forces. These are favored targets for insurgents, extremists, warlords, crime lords, and other spoilers.
 - At the same time, sufficient funds must be invested in the security sector: An absence of financial and material resources can lead to bribery, dissent, and abuse by the very individuals meant to uphold law, order, and security.

- These measures, including the development of a visible and professional police force, can reduce violence against and conflict over economic assets, offer jobs, strengthen state authority and revenues, and create physical conditions in which human resources can thrive.
6. Offering safe conditions for early foreign direct investment:
- Failed-state conditions—violence, economic collapse, and political stalemate or turmoil—are anathema to foreign investors. Besides creating physical safety, the recovering state and its external supporters should move promptly to create conditions hospitable to foreign investment through investment incentives, contract and property law, security from appropriation, and support for trade.
 - Potential investors will expect not only security but also government effectiveness and integrity. Because they will be seeking advantages in global markets, the ability to get materials in and goods out must be assured, which requires protection from threats and interference.

Because these critical challenges bear on the cycle of violence, economic breakdown, and unfit government, they must be tackled aggressively and more or less concurrently. Yet, because they do not fit within traditional security, development, and governance domains, they may be neglected in failed-state recovery efforts. For example, reintegrating excombatants requires security agencies to disarm and demobilize them and economic agencies to prepare them for nonviolent livelihoods—a handoff that has failed again and again. Optimizing defense capabilities and measures to safeguard critical economic resources, markets, and investments demands closer integration of security and development strategies than is currently possible.

Generally speaking, the reason such prescriptions often fall through the cracks is less the result of a lack of awareness on the part of security and development practitioners than of institutional and funding barriers and gaps that limit integrated action. Meeting these critical challenges will thus require unprecedented cooperation among security, development, and political institutions—national and multilateral—and determination among the leading states that run these institutions.

Fostering Human Industry

Meeting such critical challenges is necessary but not sufficient for rescuing failed states. For lasting recovery to occur, the industry of the local population is crucial. However, populations in danger and misery cannot transform themselves into agents of recovery. Therefore, hand in hand with actions to break the failed-state cycle by concentrating on critical challenges, recovery requires concerted efforts to replenish human confidence, energy, and productivity. As a first step, the basic needs of the population (e.g., shelter, potable water, sanitation, health care) must be met. Second, plans for sustainable human-centric development must be devised and implemented (e.g., rehabilitating secondary education, implementing usable-skill training, creating safe and accessible workplaces and marketplaces, creating security for foreign trade).

Meeting the population's basic needs and ensuring long-term development both depend on a capable and reliable central government, which failed states typically lack. Thus, it is incumbent upon international donors and other external actors to build capacity, accountabil-

ity, efficiency, effectiveness, and trust within the country's government as part of all recovery initiatives.

Conclusion

Failed states can recover. Policies and resources aimed at meeting critical challenges, such as the six offered in this paper, can break the cycles of violence, economic collapse, and unfit government. As these cycles are broken, populations can rise from victims of failure to agents of recovery. For this to happen, though, institutional and resultant strategy gaps must be closed. Failed states do not conform to the way in which the international community is organized: They do not respect the boundary between security and development. Until the international community can address more squarely the reasons that states fail and cannot recover, the problem will persist and could worsen.

Our belief that the failed-state problem, in general, can be reduced is contingent on the political will and wisdom of the world's leading states—the Atlantic and East Asian democracies and the rising economic powers—to align their multilateral and national institutions to improve their approach to the problem. Although these leading states are increasingly aware of the dangers posed by failed states, other threats may seem more urgent. It will take the determination of political leaders, motivated by a sense of global order and human responsibility, to raise and keep the problem higher on their agendas and to insist on better institutional alignment and collaboration. We hope that, by illustrating effective strategies, this paper will foster such determination.