

THE POLITICAL ECONOMY OF COUNTERINSURGENCY

by

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DEDICATION

To my wife, Khirstin, and our three incredible sons – Braeden, Spencer, and Preston. I love you all. And also, to the late Dr. David Singer Jr, the first scholar to believe that I could do great things and whose book recommendations changed the course of my life.

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DISCLAIMER

The views expressed in this research paper do not reflect the official policy or position of the United States government, Department of Defense, or the United States Army.

TABLE OF CONTENTS

	Page
List of Abbreviations	vii
Abstract	viii
Chapter One: Introduction	1
Chapter Two: A Recurrent Doctrine of Recurrent Failure	14
2.1 Introduction	14
2.2 COIN Theory vs Outcomes	20
2.3 Explaining Recurrence Despite Failure	28
2.4 An Alternative Explanation: Bureaucracy vs Essential Complexity	33
2.5 Conclusion	48
Chapter Three: Insurgency, Entanglement, and the Limits of Knowledge	51
3.1 Introduction	51
3.2 Insurgency as an Entangled Spontaneous Order	56
3.3 Entanglement and the Limits of Knowledge	64
3.3.1 Misguided Prescriptions	65
3.3.2 Further Entanglement	69
3.4 Conclusion	76
Chapter Four: Targeting Insurgent Finances	78
4.1 Introduction	78
4.2 A Brief History of Two U.S. CTF Campaigns	82
4.2.1 Iron Tempest: Afghanistan	82
4.2.2 Tidal Wave II: Iraq and Syria	87
4.3 The Economics of Economic Warfare	92
4.4 Conclusion	103
Chapter Five: Conclusion	107
Appendix 1: COIN Outcomes	111
References	114

LIST OF ABBREVIATIONS

Afghan Local Police	ALP
Afghan National Army	ANA
Afghan National Police.....	ANP
Afghanistan Threat Finance Cell	ATFC
Allied Joint Publication.....	AJP
Army of the Republic of Vietnam	ARVN
Al-Qaeda in Iraq	AQI
Combined Joint Task Force-Operation Inherent Resolve.....	CJTF-OIR
Counterinsurgency	COIN
Counter-Threat Finance	CTF
Department of Defense	DoD
Drug Enforcement Agency	DEA
Farabundo Marti Front for National Liberation.....	FMLN
Field Manual	FM
Fleet Marine Force Manual.....	FMFM
Iraq Threat Finance Cell	ITFC
Irish Republican Army.....	IRA
Islamic State of Iraq.....	ISI
Islamic State of Iraq and al-Sham.....	ISIS
Line of Operation.....	LOO
Joint Publication.....	JP
North American Treaty Organization	NATO
Special Investigator General for Afghanistan Reconstruction.....	SIGAR
U.S. Army Training and Doctrine Command.....	TRADOC
U.S. Energy Information Agency	USEIA
U.S. Forces in Afghanistan.....	USFOR-A
Virginia Political Economy.....	VPE
United Nations Office of Drugs and Crime (UNODC)	USODC

ABSTRACT

THE POLITICAL ECONOMY OF COUNTERINSURGENCY

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This dissertation examines the political economy of U.S. Counterinsurgency (COIN) doctrine, seeking both to endogenize its recurrent adoption despite recurrent failure, and to explore the fundamental reasons for these failures. It uses economic reasoning and insights from Virginia Political Economy, principally emergent dynamics and the limits of knowledge, to explain the emergence of COIN doctrine, its failures in practice, and yet its persistence despite repeated operational failure.

Chapter 1 introduces the central tenants of COIN doctrine and situates the dissertation into a broader literature involving the role of military doctrine, explanations for doctrinal changes, and the challenges in evaluating the efficacy of military operations and outcomes. It also establishes an empirical and theoretic connection between military theory and its application which stands in contrast to a common theme in military scholarship that assumes a weak, or nonexistent, link between doctrine and operations.

Chapter 2 establishes the central puzzle – the peculiar combination of doctrinal consistency despite repeated failure. Most COIN operations have failed and in the limited historical examples of government ‘wins’, the methods used do not comport with the dictates of COIN theory. The answer proposed to this puzzle – of persistence despite failure - lies in the combination of bureaucratic incentives operating in the context of complex systems. War alters the institutional constraints on action, and these actions manifest differently depending on the complexity of the war environment. Where conventional wars tend to reflect the actions of well-defined hierarchical organizations, insurgencies tend to reflect a spontaneous order, and this difference is at the heart of COIN’s dysfunctional continuity.

Chapter 3 explores the reasons for COIN failure, using Richard Wagner’s framework of entangled political economy. Insurgency is conceptualized as an entangled spontaneous order, which brings to the forefront the entanglement of both market and political dynamics and presents fundamental knowledge problems. Entanglement implies that remedies prescribing either increased government activity or increased scope for market activity are often misguided, and that COIN operations intended to separate the political from the economic will likely cause further entanglement – and consequently, greater knowledge problems. COIN activity guided by these signals, therefore, tends to target the ‘wrong’ things, leading to poor results and failure.

Chapter 4 provides empirical support for these central claims, using a comparative study of recent operations to degrade insurgent finances. The comparative case study involves two near concurrent air campaigns, Operation Tidal Wave II against ISIS and

Operation Iron Tempest against the Taliban. Both involved a heavy reliance on a single relatively inelastic commodity, and both were targeted using the same operational logic, but the campaigns led to markedly different outcomes. The chapter will examine the reasons for these different outcomes, using the framework and economic insights developed in the previous chapters. Chapter 5 concludes with main findings and implications of the dissertation.

CHAPTER ONE: INTRODUCTION

Military doctrine falls somewhere between tactics and strategy. It provides neither battle instructions nor comprehensive policy, but it involves the operational issues about how a state is to wage war (Avant 1993 p410, Alger 1985, Sheehan 1988). Since the end of the Cold War, particularly since U.S. involvement in Afghanistan and Iraq, the operational issues of import for U.S. military and political leaders have centered on counterinsurgency (COIN). Correspondingly, these conflicts spawned a significant amount of scholarly interest in COIN theory and practice, along with critiques of its evident operational challenges and poor outcomes. A testament to the amount of interest was the publication of the widely acclaimed U.S. Army Field Manual 3-24 *Counterinsurgency* in 2006, which was quickly downloaded over 1.5 million times and subsequently published by the University of Chicago Press (Joyner 2007). Although interest now appears to have turned toward “great power competition” and more conventional military doctrines given the drawdown of U.S. troops in the Middle East, there remains effort and interest across the defense establishment to capture and institutionalize ‘lessons learned’ from these recent COIN operations.

The importance of military doctrine as a subject of study is evident from its influence on military structure, manning and acquisition, to its impact on operational decision-making, and it has been theorized as having a direct influence on war initiation, duration, and outcomes.¹ However, the direction of causation is rarely evident, as

¹ Examples of the impact of doctrine on war include Jervis (1978); Snyder (1984); Van Evera (1984).

doctrine is also influenced by these same factors. As described by Aaron Jackson with the Australian Department of Defense, doctrine both informs and is informed by a military's institutional culture, the way it conducts war, and its domestic relationship with the state, and can therefore be described as an "expression of a military's institutional belief system" (Jackson 2013 p1). In terms of COIN more narrowly, doctrine serves both as a reflection of the way that insurgencies are viewed by military leaders and as an expression of the capabilities that they believe themselves to possess. Thus, while the difficulties and noted failures of U.S. and coalition COIN efforts have led to a growing cohort of military and scholarly detractors, understanding the emergence and adoption of the current doctrine and the reason for its operational failures remains a rich area of research with important implications for future military engagements.

This dissertation provides a political economy analysis of U.S. COIN doctrine and operations, theorizing an opaque but durable link between domestic policy-making and operational actors. It uses the tools of economics, principally from Virginia Political Economy (VPE), to explain the emergence of modern COIN doctrine, its failures in practice, and the consistency and recurrent adoption of the doctrine despite these evident and repeated failures. The intent is to bring to the forefront the institutional and social environments where policy and operational decisions are made, adopting what Boettke refers to as "institutional individualism" (Boettke 2000 p249).² That is, the methodological approach throughout aims to strike a balance between a strict atomistic individualism and a holistic institutionalism, recognizing that individual economizing

² See also Boettke (1989) and Boettke and Coyne (2005).

actions are always embedded within certain environments. In this vein, we cannot understand COIN decisions without accounting for the context surrounding actors involved in COIN policy and operations.

The research draws mostly from VPE and studies in emergent order, but also upon multiple strands of interdisciplinary literature, spanning from the (1) development and use of military doctrine, (2) COIN theory and practice, (3) organizational theory and bureaucratic dynamics, and (4) operational experiences and empirics from recent US military operations in Afghanistan, Iraq, and Syria. These various strands of literature can be categorized broadly into two groups, which differ principally in the vantage point of the scholars and their intended audience. The first group is social science literature stemming primarily from economics, political science, and international relations, while the second group consists of military scholarship, written generally for prescriptive policy and operational purposes.

There is a rich literature across both groups pertaining to the development and use of military doctrine. Within the social sciences, the literature on continuity and change in military doctrine has traditionally centered around two camps within international relations – the realists (materialists) and constructivists (culturalists).³ Both camps hold that doctrinal development occurs through an interplay between domestic military and civilian policymakers, but they differ on the assumed preferences of these policymakers and on the impact and significance of the strategic environment. The realists, represented

³ See Posen (1986) for realist school; Kier (1995, 1996) for constructivist view; and Kawasaki (2001) provides a succinct overview of the debate between the two camps.

most prominently by Posen's balance of power theory, posit that military doctrine is chosen by civilian political leaders responding to international strategic conditions. In this scheme of thought, policymakers are primarily concerned with security concerns and correspondingly force the military to adopt doctrine most consistent with their perception of the strategic environment. In contrast, the constructivists argue that civilian political leaders are more concerned with a military's power within the state and thus "military doctrine is rarely a carefully calculated response to the external environment" (Kier 1995 p66). In the constructivist's view, policymakers prefer particular military doctrines because they see it as most consistent with their belief about what position the military should have in domestic politics (Kawasaki 2001 p69).

While these camps differ on the impact of domestic versus foreign considerations on doctrine, both make somewhat heroic assumptions about the collective objectivity and the institutional control and influence civilian policymakers have over military doctrine. Furthermore, to operationalize their theories, literature in this vein has tended to center on a dichotomy between offensive versus defensive doctrines, neglecting the significant variation between these theoretic constructs.⁴ The dichotomy is particularly unhelpful in considering a state's response and view toward insurgency, where COIN doctrine is seemingly neither offensive nor defensive, or maybe both.

We also find a dichotomy within much of the military scholarship, where doctrine tends to be held as either critically important, as the primary means of communicating

⁴ Jervis (1978), Snyder (1984), and Van Evera (1984) challenge the dichotomy of offensive vs defensive doctrine and discuss various examples of doctrine falling between these constructs.

institutional knowledge and collective understanding, or it is discounted as nearly operationally irrelevant. In other words, doctrine is thought to account for historical lessons and operational context and consequently important to war-fighting success or failure, or it is largely untethered to operational reality and therefore of little impact on how wars are fought. The latter is captured in the likely apocryphal but often quoted Soviet observer stating, “a serious problem in planning against American doctrine is that the Americans do not read their manuals, nor do they feel any obligation to follow their doctrine” (James 2014 p52).⁵

Regarding COIN more narrowly, the literature consists largely of attempts to square COIN doctrine with the evident operational challenges in implementation, historically and most recently in Afghanistan and Iraq. As with the literature on military doctrine writ large, COIN research tends to follow the same dichotomous pattern - with one camp arguing poor operational outcomes result from inherent flaws in COIN doctrine, and the other camp arguing that poor operational outcomes result from failures to follow proper or “classic” COIN. With some notable exceptions cited in the following chapters, most of both the social science and military scholarship tend to fall within the latter camp, often faulting failures in combatting insurgency on a lack of training in proper COIN tactics, or relatedly on the military’s use of conventional tactics and seeming reliance on heavy “firepower”. More broadly, a common thread has emphasized a perceived failure to achieve the right ‘mix’ between available military and economic tools. COIN is thought to require a careful balance of offensive military operations on the

⁵ Quote cited in hundreds of articles, but original author is unknown.

one hand and a mix of targeted economic and governance initiatives on the other; the former intended to militarily defeat insurgents and the latter designed to assuage and dissuade the population from supporting the insurgency. Strategists and military scholars have often held that it has been the failure to achieve the correct balance between these variables that has led to the well-documented operational failures in combatting insurgencies, due generally to some combination of either poor planning, insufficient economic development efforts, or too much focus on the military variable. Within this line of thought, the failure to achieve stated objectives in combatting insurgencies lies principally in operations deviating from doctrine, rather than problems with the doctrinal framework itself.⁶

The research presented here differs from, and contributes to, each of these broad areas of literature. It differs from the common approach in the social science literature in that it considers the entanglement of interests between military, political, and private actors, as well as the linkages between domestic politics and the war environment. It differs from the common theme in military scholarship in that it rejects the notion that historic and current failures in COIN operations rest in significant divergence from doctrine. Doctrine is held here as emerging from an interplay of actors operating within the incentives and constraints of their institutional environment, which is itself influenced in varying degrees by the operational context of war. Therefore, it is neither the result

⁶ This theme can be found in numerous articles in popular sites like the *Small Wars Journal* pertaining to US involvement in Iraq and Afghanistan, and in a multitude of books regarding prior counterinsurgency efforts. Revisionist accounts of Vietnam for instance, such as Guenter Lewy's *America in Vietnam* or more recently Max Boot's *The Road Not Taken*, posit that America's failures in Vietnam stem primarily from failures to properly apply counterinsurgency. Long (2008) addresses this theme more directly, also arguing that the linkage between COIN doctrine and practice is not very tight.

solely of military scholars nor a decree from civilian policymakers; neither the result solely of domestic considerations nor a disinterested reflection of foreign threats.⁷

It is important at the outset to address the perceived disconnect so commonly cited or implied between doctrine and its implementation. For if true, it would mean doctrine has little to no explanatory power on actual war fighting, rendering the study of military doctrine largely meaningless, at least in terms of understanding war activity. However, there are ample empirical and theoretic grounds to dismiss such a systemic divergence.

From an empirical standpoint, discussion of COIN practice is inevitably clouded by the challenges of interpreting history and of drawing insights from complex social phenomena. The study of COIN, and of war more generally, is plagued by at least two empirical obstacles: vague parameters and the role of chance. Debates abound in what precisely separates an insurgency from a coup, an insurgency from civilian violence, or an insurgency from temporary violent unrest. Debates also abound as to what actions are or are not consistent with COIN, which is a natural consequence of its vague parameters. One of the key tenants of COIN for instance is the imperative to use an ‘appropriate’ level of force, but what constitutes appropriate is not easily defined. According to *Field Manual (FM) 3-24*, there “may be times when an overwhelming effort is necessary to destroy or intimidate an opponent and reassure the populace...however, counterinsurgents should calculate carefully the type and amount of force to be applied

⁷ Noteworthy exceptions to the common theme include Cable (1988), Jackson (2013) and Shafer (1988a), where doctrinal development is held to be influenced by numerous and often conflicting factors.

and who wields it for any operation” (Department of the Army 2007, p45). Vague parameters do not imply the absence of distinct COIN tactics, but the imprecision and conflicting tensions within COIN doctrine leaves plenty of room for COIN advocates and detractors to use the same empirical instances to support opposing thesis. Coupled with the need to define parameters, the role of chance further complicates analysis of COIN practice. As highlighted in Cirillo and Taleb (2016) and Braumoeller (2019), factors such as war severity and intensity are extremely fat tailed and tend to fit a power-law distribution, meaning the only difference between a small war and a large war might be chance. Although war has been analyzed in thousands of scientific articles, we have no idea *ex ante* how deadly a war will turn out, nor do we know with any degree of certainty why some wars remain small and de-escalate while others escalate well beyond anyone’s expectations (Braumoeller 2019, p67).

We see the influence of both, vague parameters and the role of chance, in numerous historical accounts of insurgency, which often tend to conflate specific outcomes with the perceived success or failure to implement COIN. The assessment that the surge in Iraq was a successful application of COIN is entwined with the observed decrease in violence that initially followed; whereas the assessment that the concurrent approach in Afghanistan was a failed application of COIN (or lack thereof) is entwined with the observed increase in violence. Maybe the former was an ‘appropriate’ level of force and the latter an inappropriate level of force, or maybe a difference in some other variable, or more likely, maybe the relationship is simply spurious. The conflation of input with output works as a sleight of hand, obscuring rather than revealing the effects of

COIN operations. The reality is both post-2007 Iraq and Afghanistan were earnest attempts to implement the dictates of COIN doctrine, as formalized in *FM 3-24*, and post-2008 Afghanistan was directly impacted by the approach and perceived effects achieved in Iraq. We see the connection in the accounts of well-known COIN advisors like David Kilcullen, who referring to Afghanistan confidently expounded in 2010 that “we cleaned up their mess in Iraq, and now we’ll do it here” (Teague 2013, as cited in Gventer 2014 p637). Much of the senior U.S. military leadership were, in fact, the same people across both theaters during that time. David Petraeus, the lead author of the revised *FM 3-24*, held four-star assignments from 2007 through 2011 across both Iraq and Afghanistan, as the commanding general of Multi-National Force – Iraq (2007-2008), US Central Command (2008-2010), and finally International Security Assistance Force and US Forces – Afghanistan (2010-2011). In addition to senior leadership, there was significant overlap of personnel serving tours in both theaters. According to a 2013 RAND study, as of December 2011 roughly 73 percent of active-duty U.S. Army Soldier’s had deployed to both Iraq and Afghanistan (Baiocchi 2013, p2). Overlapping personnel does not negate operational differences between the two theaters, but it does make it unlikely that operational differences are due to any significant difference in approach to COIN. Both were billed as insurgency, and both involved the application of COIN doctrine.

From a theoretic standpoint, even if we were to assume that doctrine serves only to advance domestic organizational interests, the economics of bureaucracy would nonetheless predict a degree of convergence between doctrinal development and operations, especially during periods of prolonged conflict where the professional and

institutional cost of ineffective or disconnected doctrine is heightened. Military leaders, like all bureaucratic actors, advance their institutional interest by tying their activity to their purported mission or to what they perceive as their institutional comparative advantage. Thus, rather than a disconnect between doctrine and operations, we should expect military organizations to advance their institutional interests by tying doctrine *credibly* to what they and policymakers perceive as their institutional comparative advantage. Consequently, doctrine is entwined with military leaders' perception of their institutional capabilities and is integrated into nearly every level of strategic and operational planning (Høiback 2011).

There is, of course, a great number of challenges and variations in implementing military operations - the enemy has a vote as they say - but sporadic and even frequent operational deviations from doctrine is qualitatively different than the systemic divergence made either explicit or implicit in much of COIN literature. Entire wars, such as the U.S. involvement in Vietnam, are said by some historians and scholars to have been lost due to an alleged failure to follow "classic" COIN principles, implying there had been little to no corrective measures or feedback linking doctrine and operations despite an intense decade-plus war environment. But a systemic and persistent divergence between doctrine and operations conflicts with well-established literature on the behavior of bureaucratic actors, as it is hard to explain how a military service advances its reach, influence, and budget, when competing with sister services and other government agencies, by ignoring completely its *raison d'être*.

There are also abundant historical examples that support a clear link between military doctrine and the operational and strategic environment. Cable (1988) highlights for example how the U.S. Army, fearing the growing importance of the Air Force, tied their doctrinal efforts to the Eisenhower administration's emphasis on "massive retaliation" by making immense efforts to show that ground forces were a viable component of the nuclear battlefield of the future (Cable 1988 p115-116). However, the U.S. Army largely abandoned the concept of tactical nuclear weapons over time as it lost credibility within policy circles and was then dropped from doctrine completely in the early 1990s after the collapse of the Soviet Union. Determining a direct causal link for its abandonment is difficult, as it is easy to paint a story of both domestic and strategic considerations, but that is largely the point – the Army's institutional interest was advanced by tying doctrine to perceived changes in the operational context. Changes in the operational and strategic environment during and after the cold war altered the institutional context influencing doctrine.⁸

The distinction between doctrine and practice is generally overstated, and this is particularly true regarding COIN operations given the wide parameters afforded by the doctrine. The reason military doctrine is worthy of study is that, in fact, it is generally followed. Failures in implementation cannot be disentangled from its failure in theory, and hence, critiquing COIN doctrine is in large part critiquing its implementation. With a few notable exceptions, most pertinent here being the work of D. Michael Shafer, the

⁸ For an example of establishment skepticism regarding the military use of nuclear weapons, see Robert McNamara's account in *Foreign Affairs* (1983). See also Nichols, Stuart, and McCausland (2012) for a history of the evolution of U.S. and North Atlantic Treaty Organization (NATO) tactical nuclear weapons.

literature has tended to address only tangentially the underlying theoretic assumptions implicit in COIN doctrine, particularly its political economy and knowledge assumptions.

The central theme of the research that follows is that poor operational outcomes in combatting insurgencies is inherent in the doctrinal framework. The problem with COIN is deeper than a simple misspecification of the causes of insurgency or a failure to grasp the bureaucratic challenges of implementation, both of which are no doubt true, but more deeply it reflects a failure to grasp the limits of knowledge and emergent dynamics. The doctrine fundamentally misconstrues the essence of most insurgencies, treating them as well-defined organizations rather than emergent orders, as well as the entangled relationships between political, military and private actors (i.e., the “population”), assuming implicitly a functional separation between these variables.

Consequently, COIN theory inherently adopts a framework akin to what Wagner (2009, 2016) refers to as additive political economy, as opposed to an entangled political economy. As Wagner distinguishes, a framework that treats a polity as separable from an economy can be said to have an additive orientation, with political intervention viewed as a distinct entity acting on a distinct and otherwise unhampered market order. An entangled framework by contrast, views polity and economy as intimately entwined and inseparable, recognizing that political and market participants are often the same people (Tuszynski 2021 p88).

While an additive framework can be useful in modeling social phenomenon, providing a parsimonious lens to view and analyze a highly complex social world, models never capture all of reality and attempts to operationalize abstractions can lead to

disastrous results. Just as there is no way to separate producers from consumers in the abstract, as all producers are also consumers, there is often no way to separate an ‘insurgent’ from a “civilian”, or even a combatant from a noncombatant. COIN doctrine fails to account for the entangled relationships between the political and nonpolitical, presuming falsely that the nature of the relationships between the political, military and private spheres are knowable and that operators are acting on each variable separately. It also perceives each variable, whether it be an insurgent organization, local government, or the private sector, as either a well-defined organization or an organized independent sector of society rather than a dynamic and complex emergent order. These flawed assumptions have serious implications for war outcomes, leading to more than just inefficiency, wasteful spending, and protracted conflict, but very likely ensuring defeat.

The following chapters consists of three essays concerning the political economy of COIN. Chapter 2 will address broadly the emergence of COIN doctrine and its continuity over time and across different operational theaters despite well-documented historical failures. It seeks to endogenize COIN doctrine, as the result of bureaucratic incentives in the context of essential complexity. Chapter 3 analyzes COIN as an entangled spontaneous order using Wagner’s framework of entangled political economy, and seeks to explain COIN failure as a function of distorted market signals created by increased entanglement. Chapter 4 provides additional empirical support for the role of spontaneous order and its knowledge implications for COIN operations, drawing on the experience of recent U.S efforts to target the Islamic State of Iraq and al-Sham (ISIS) and Taliban finances. Chapter 5 concludes with main findings and implications.

CHAPTER TWO: A RECURRENT DOCTRINE OF RECURRENT FAILURE

“...looking back over twenty-five years of fruitless debate over how to improve American counterinsurgency doctrine, Gaddis Smith’s rejoinder to George Santayana comes to mind: ‘One of the most somber aspects of the study of history is that it suggests no obvious ways by which mankind could have avoided folly.’ Future historians may well make the same observation regarding our new efforts to avoid the pitfalls of past counterinsurgency involvements.” – D Michael Shafer (Shafer 1988b p80)⁹

2.1 Introduction

War is said to be a “continuation of policy by other means” (Clausewitz, Book 1, Chapter 1, 24).¹⁰ This dictum, although penned and popularized by Carl von Clausewitz in the early 19th century, has undergirded centuries of Western military thought. It is at the core of the Just War tradition, which demands a commitment to both peace and justice. But since justice sometimes requires force, the tradition has sought not so much to abolish war but to consider how and when wars might be “waged justly” (Charles and Corey 2014 p6). A war waged justly has traditionally entailed it having been declared by a ‘competent authority’ with the ‘right intention’ and given a reasonable ‘probability of success’.¹¹ These precepts presume a public authority pursuing war to further its end; that is, they presume that war is a part of but downstream of politics. It is the use of violence

⁹ Gaddis Smith’s quote cited from Summers (1982) p84.

¹⁰ Translation from Clausewitz *On War*, published by Random House in 1943.

¹¹ Commonly known tenants of *Jus ad bellum* or Just War Theory.

to achieve a political end, and most positive and normative claims regarding war and peace have been in line with this logic, to include nearly all military doctrine.

In contrast to this traditional understanding of war and ethics, COIN theory tends to reverse the paradigm, holding politics as a part of but downstream of war. It posits the necessity, and imagines the ability, of using politics to achieve a military end. Recent COIN manuals among the U.S. and Western allies, to include the U.S. *Joint Publication (JP) 3-24 Counterinsurgency Operations*, the North Atlantic Treaty Organization (NATO) *Allied Joint Publication (AJP)-3.3.3 Allied Joint Doctrine for Counterinsurgency*, and the British Army field manual *Countering Insurgency*, give primary emphasis to the political nature of counterinsurgency operations (Larsdotter 2014 p136). If reduced to a central theme, successful COIN operations are thought to depend ultimately on the resolution of the political conflicts underlying the hostilities (Fitzsimmons 2008 p340). *JP 3-24* states explicitly that COIN is “comprehensive civilian and military efforts taken to defeat an insurgency and to address any core grievances,” and that it is “primarily political and incorporates a wide range of activities, of which security is one” (*JP 3-24* 2009 pI-2). In this scheme of thought, traditional military operations cannot address the underlying political causes of the conflict, and hence, are held to be a necessary but insufficient component of COIN operations. COIN therefore require a combination of calculated political, economic, and military efforts to eventually address the “root causes” of an insurgency – or so it is argued by COIN adherents.¹²

¹² For example, the Marine Corp *FMFM-21* (1962) states that “the guerilla force is only a symptom of the overall problem...a positive program of civil assistance must be conducted to eliminate the original cause of the resistance movement” (*FMFM-21* 1962 p33-44).

While the recent and ongoing conflicts in Iraq and Afghanistan brought COIN again to the forefront, the debate over COIN theory has a long and recurring history in U.S. strategic discourse. COIN has come in and out of vogue since at least the 1950s, with both adherents and detractors often noting the Western tendency to continually ignore or forget supposed ‘lessons learned’ from past insurgencies. In the forward to the 2007 U.S. Army Field Manual 3-24 *Counterinsurgency* for instance, Sarah Sewell asserts that the U.S. military turned away from COIN after Vietnam and failed to confront the “true reasons for failure” and therefore “we are now paying for our convenient obsession with a conventional foe” (Nagl, Amos, Sewall, & Petraeus 2008 pxlii).

Scholars have also long noted the remarkable consistency in COIN theory; a consistency that if not made explicit is almost always implicit in COIN discourse. Sewell’s argument that the U.S. military failed to learn and confront the “true reasons” for failure implies that there are examples of successful COIN operations worthy of emulation. The narrative that formed around the time of the Iraq troop surge in 2006-2007 wasn’t that the U.S. military devised an innovative new strategy, but rather that it had ‘rediscovered’ COIN.¹³ It was the zeitgeist of the time, diluting only in time with the subsequent failures in Afghanistan and the rise of the Islamic State of Iraq and al-Sham (ISIS) in Iraq.

¹³ Examples of this narrative abound. For another direct example, in the opening forward to the same 2006 version of *FM3-24* cited above, John Nagl states “the story of how the Army found itself less than ready to fight an insurgency goes back to the Army’s unwillingness to internalize and build upon the lessons of Vietnam” (Nagl, Amos, Sewall, & Petraeus 2008 pxiii).

The debate over COIN doctrine has often been heated but confused, in no small part because in some formulations it is nearly indistinguishable from progressive ideas of nation-building. Debate over its efficacy as a method of warfare is often wrapped into debates over much larger and recurring political questions, such as the proper role of U.S. leadership on the world stage or the use of the military as a tool for diplomacy (Gventer 2014 p653). To avoid confusion and appropriately scope the discussion henceforth, this chapter and the rest of dissertation addresses COIN doctrine merely as a method of warfare; that is, it is limited to its operational efficacy at defeating an insurgency. Although conceptually and operationally intertwined with the policy objectives of building democratic institutions, it grants COIN adherents' contention that at the operational level, COIN is primarily intended to guide and facilitate military operations to quell an insurgency.

And as a method of warfare, it is abundantly evident that COIN doctrine has a dismal record. Most COIN operations have ended in failure, and where insurgencies historically have been quelled, it is more fiction than fact that these serve as examples of COIN doctrine as written. The often-cited example of the British in Malaysia for instance, involved the deportation, forced relocation and quarantine by guarded barbed wire of more than a half million ethnic Chinese, hardly the "hearts and minds" approach of COIN doctrine (Bayly and Harper 2007 p490-498, as cited in Porch 2013 p251-256). Consistency despite failure is a peculiar combination, a combination that motivates the central puzzle of the chapter - Why, despite repeated failure in practice, has COIN

doctrine remained essentially unchanged? What explains the recurrent appeal and adoption of a military doctrine with such a long history of unsatisfying outcomes?

The puzzle was most directly addressed decades ago by Shafer's *Deadly Paradigms* and what follows is largely a revisit of his central argument, but with the benefit of an additional 30 years of observation. Shafer argued that U.S. COIN doctrine had remained unchanged because "policymakers' faulty understanding of insurgencies never changed," and their understanding never changed "because of the nature and functions of the ideas underlying it" (Shafer 1988a p4). The argument here is largely complementary to the primary causes put forth by Shafer, that the reasons for the persistence of COIN doctrine, unchanged despite its failures, lies in the nature and function of ideas and how policymakers interact with those ideas. The argument differs though on the source of those ideas, and more fundamentally, on the reasons *why* those ideas are persistent and remain engrained despite poor outcomes and clear theoretic flaws. Domestic ideas and bureaucratic dynamics explain a critical part of the story of how COIN doctrine was proselytized, but they don't explain adequately why it has been embraced and followed operationally, not only across multiple conflicts but throughout numerous years within the same conflict.

The answer that follows, by contrast, is grounded in the economics of bureaucracy, but in the context of what Hayek called "essentially complex phenomena" (Hayek 1989[1974] p3). It is, in this sense, one-part epistemic and one-part political economy, involving flawed ideas and the limits of knowledge on the one hand, and the institutional incentives and constraints encountered by bureaucratic actors on the other. It

acknowledges the fact that ideas matter, but also that they are never the sole causal factors of social phenomena (Tarko 2015 p18). As Boettke put it, “Ideas do ultimately rule the world...but they must conspire with circumstances for their influence to be felt in the world of public policy” (Boettke 2007 p29). Thus, COIN fails principally due to faulty ideas, but the persistence of these faulty ideas is made possible only through the institutional dynamics that foster these ideas. It is the combination of bureaucratic dynamics and the limits of knowledge that leads policymakers and practitioners alike to recurrently follow seemingly parsimonious but flawed strategies, which provides a logic to engage in activity above and beyond military operations, ensuring both its recurrence and its failure.

In short, context matters, and the political economy of COIN is uniquely suited to advance bureaucratic and ideological interests at both the policy and operational level, despite clear theoretic flaws. At the policy level, it simultaneously provides policymakers a justification for greater activities and a mechanism to shield themselves from the responsibility of poor outcomes. No other military doctrine calls forth the seeming need for such high levels of coordination between government agencies, to provide “a coordinated effort on all fronts and at all levels” (McCuen 1966 p72-73, as cited in Shafer 1988b p64). Failures to provide security are easily pointed to failures to provide adequate governance and economic opportunities, while failures to provide adequate governance and economic opportunities are easily pointed to failures to provide security. Concurrently, COIN promises what appears ‘on the ground’ as sensible solutions to what are in fact intractable problems, providing operators with a sense of meaning and

perceived understanding in environments that are highly complex and beyond the limits of knowledge.

The following section will briefly summarize the core tenants of COIN theory and will document the evidence of its recurrence and failure in practice. Section 2.3 will highlight in more detail Shafer's explanation of its continual recurrence, along with alternate explanations. Section 2.4 will explain where these explanations fail and will develop further the core theory of its persistence, rooting the appeal of COIN to the combined effect of both domestic and forward-deployed incentives and constraints in the contexts of essential complexity. Section 2.5 will conclude with implications.

2.2 COIN Theory vs Outcomes

COIN is said to be a 'population-centric' rather than a 'military-centric' doctrine. Considered primarily as a contest for the sympathies or acquiescence of the local population, COIN doctrine holds the population, thought to be passive and uncommitted to either side, as the conflict's center of gravity.¹⁴ The side that effectively captures the "hearts and minds" of the population is more apt to drain the competing side of resources, recruiting, and freedom of movement. Reflecting on the importance of the population in COIN, David Galula wrote in 1963 that if the insurgent manages to "dissociate the population from the counterinsurgent, to control it physically, to get its active support, he will win the war because, in the final analysis, the exercise of political power depends on

¹⁴ Galula (2006) lists as his first law of counterinsurgency as "the support of the population is as necessary for the counterinsurgent as for the insurgent", p74; also cited in Fitzsimmons (2008) p340.

the tacit or explicit agreement of the population or, at worst, on its submissiveness” (Galula 2006 p4).

COIN theorists avow that obtaining the support of the population necessitates a calculated balance between two “diverse but mutually dependent” variables (Miakinkov 2011 p647). The first being the military variable, constituting combat operations aimed chiefly at locating, closing with and destroying enemy combatants. The second variable is societal and involves broad efforts aimed at gaining the support of the population. Critiquing Western COIN practices, Miakinkov explains that in theory when the two variables are employed in tandem, they work as sword and shield: “the first cutting out the insurgency ulcer and the second preventing it from spreading and infecting the rest of the societal body” (Miakinkov 2011 p648). The military variable is intended to secure the population by destroying insurgent forces, while the societal variable is intended to facilitate the military objective by separating the population from the insurgents.

Although the societal variable has been framed in numerous guises, it is typically theorized that the counterinsurgent gains support from the population by strengthening ‘host’ nation capacity, ‘establishing’ and upholding the rule of law, and fostering the perception of government legitimacy. For example, the 2006 version of U.S. Army *FM 3-24* asserts:

“As the host nation government increases its legitimacy, the populace begins to assist it more actively. Eventually, the people marginalize and stigmatize insurgents to the point that the insurgency’s claim to legitimacy is destroyed...To establish legitimacy, commanders transition security activities from combat operations to law enforcement as quickly as feasible...When insurgents are seen as criminals, they lose public support. Using a legal system established in line with local culture and practices to deal with such criminals enhances the host nation government’s legitimacy. Soldiers and Marines help

establish host nation institutions that sustain that legal regime, including police forces, court systems, and penal facilities” (Nagl, Amos, Sewall, & Petraeus 2008 p42)

In practice, the societal variable always entails some combination of economic aid, public works, and the training and advising of an indigenous military and law enforcement apparatus. Consider that between 2000 and 2009, Iraq and Afghanistan were the two largest recipients of international economic assistance, receiving over \$42 billion in combined aid according to OECD International Development Statistics.¹⁵ Both theaters serve as examples of ambitious public projects, to include boosting access to electricity and the wide-spread construction of roads, schools, hospitals, and government facilities.¹⁶ The U.S. and allied nations also invested billions of dollars in funding, equipping, and training indigenous military and law enforcement entities intended to secure the population. Prior to the total collapse of the Afghan Security Forces in 2021, the U.S. was spending approximately \$4.1 billion annually to support approximately 350,000 personnel between the Afghan National Army (ANA), Afghan National Police (ANP) and Afghan Local Police (ALP).¹⁷ Likewise, the U.S. had spent over \$20 billion to train and advise the Iraqi Security Forces that had a reported strength between 250,000-270,000 personnel prior to the initial U.S. troop withdrawal in 2011.¹⁸

Although the degree of emphasis between the military and societal variables have differed, the operational formula used in Iraq and Afghanistan is neither unique in

¹⁵ Iraq received \$31 billion and Afghanistan \$11 billion; also cited in Coyne (2011).

¹⁶ USAID, available at: <https://www.usaid.gov/afghanistan/infrastructure>, accessed on 25 Nov 2018.

¹⁷ CSIS, available at: <https://www.csis.org/analysis/afghan-war-key-developments-and-metrics>, accessed on 28 Nov 2018.

¹⁸ GlobalSecurity.org, available at: <https://www.globalsecurity.org/military/world/iraq/nia.htm>, accessed on 28 Nov 2018; South Front <https://southfront.org/military-analysis-iraqi-armed-forces/>, accessed on 28 Nov 2018.

method nor scale. Despite the common depiction by COIN adherents and a number of scholars that Vietnam was lost due to the U.S. military's preference for "firepower" and airstrikes, Vietnam from 1960 to 1975 was also among the top three recipients of direct foreign aid and assistance world-wide, receiving around \$6.3 billion in net aid and by far the highest recipient at the height of the hostilities.¹⁹ The U.S. also spent billions to fund, train, and advise the Army of the Republic of Vietnam (ARVN), which maintained around 1.5 million soldiers between regular and irregular forces (Mason 2015 p15). The consistency of the U.S. military attempting to 'balance' the proper level of military operations with governmental and economic aid dates to at least the U.S. involvement in Cuba and the Philippines in 1898-1902, if not as far as the U.S. Civil War.²⁰ There has been a variant of the theme within every "small war" the U.S. has engaged. Birtle (1998) documents the U.S. Army opening schools, building roads, and establishing municipal governments under native officials, in an effort to garner control and government legitimacy in the Philippines at the turn of the century. The U.S. Army constructed over a thousand schools in the Philippines, and Major General Arthur MacArthur justified such endeavors as "an adjunct to military operations, calculated to pacify the people and procure and expedite the restoration of tranquility (Birtle 1998 p120-121)." In essence, economic aid was considered and used as another weapon in the military arsenal, well

¹⁹ World Bank, available at: <https://data.worldbank.org/indicator>, accessed on 15 Nov 2018; Vietnam ranked slightly behind Pakistan and Egypt for the period.

²⁰ Shafer (1988a) roots modern COIN doctrine to the intellectual currents following WWII (1945-1965); however, Birtle (1998) documents extensive evidence of consistency in COIN dating to at least the US Army's overseas experience in Cuba and the Philippines in 1898.

before what Blaufarb called the “Counterinsurgency Era” from 1950 through the early 1970s.

However, the difficulties and poor results in quelling insurgencies are well documented. The historiographies of these failures are beyond the scope of this paper, but recent experiences in Iraq and Afghanistan are illustrative. Despite extensive U.S. and coalition efforts spanning nearly two decades, to include the U.S. expenditure of at least \$2 trillion, violent conflict continues in both theaters.²¹ The Iraqi Security Forces collapsed rapidly when confronted by sustained attacks from ISIS militants in 2014, and their military advances have since come only with extensive U.S. involvement. In Afghanistan, the Afghan Security Forces consistently struggled with a very high rate of desertion amid a deteriorating security environment, before collapsing completely in 2021 with the withdrawal of US support. Attrition through desertion may have been as high as 25-50% as late as 2015, immediately following the height of US and NATO COIN efforts (Mason 2015 p29-32). Throughout the same time-period and well before the 2021 withdrawal, Afghanistan had remained deeply split and had shown little to no evidence that COIN operations had worked as intended. According to a Special Investigator General for Afghanistan Reconstruction (SIGAR) report, as of January 2018 the Taliban had continued to control or contest nearly half of the country’s territory (Roggio and Gutowski 2018).

²¹ Belasco (2014) estimates cost of \$1.6 trillion as of 2015; Bilmes (2013) estimates long term cost between \$4-6 trillion when accounting for casualty figures.

Both Iraq and Afghanistan continue to be characterized by what COIN operations are supposed to address: poor governance, instability, and heightened levels of violence. The *2021 Global Peace Index* published by the Institute for Economics and Peace (IEP) ranked Iraq and Afghanistan among the most dangerous states in the world, on par with Syria and South Sudan, and both states rank as low or lower than they were in 2009 (the earliest date of scoring). Iraq and Afghanistan also rank among the worst business environments, ranking 172 and 173 out of 190 countries on the World Bank's *2020 Ease of Doing Business Index*, and both continue to rank among the most corrupt states according to Transparency International's *Corruption Perceptions Index*.²²

Although every conflict is unique, the history of small wars is replete with substantial and prolonged violence and of intervening powers failing to achieve their stated objectives. In a study of U.S. efforts to export democracy, Downs and Bueno de Mesquita (2004) concluded that between World War II and 2004, the U.S. intervened militarily more than 35 times in developing countries around the world and only Columbia has emerged as a stable democracy – a success rate of less than 3%. Pickering and Peceny (2006) found that more than 90% of U.S. interventions have failed to democratize the recipient state. There is no way of course, to establish fully whether conditions would have been worse without intervention, but even using present-day Iran as a benchmark of success, Coyne (2008) found that U.S. interventions since 1898 resulted in a success rate of no more than 36%. Nor is the failure unique to the U.S.

²² Neither Iraq nor Afghanistan have ranked higher than the bottom 10% of states worldwide from 2006-2019, and no higher than the bottom 4% during the height of COIN implementation from 2007-2012; <https://transparency.org>, accessed on 5 September 2021.

experience. Excluding colonial rule, Denison (2018) identified over 160 attempts at foreign rule since 1898, defined as a foreign power intervening militarily with the intent to rule, and nearly half (75) ended up engaged in costly and protracted efforts to build institutions, generally with poor results (Denison 2018 p8).

More germane to the question of COIN as a method of warfare, of its efficacy in quelling and defeating an insurgency, Gompert and Gordon (2008) of the RAND Corporation generated a list of 89 insurgencies since 1945 and evaluated basic parameters and outcomes, which is replicated in Appendix 1.²³ Of the 89 insurgencies studied, only 28 were scored as “government wins” while 45 resulted in either a “mixed outcome” or a “government loss” (Gompert and Gordon 2008 p373-376). The remaining 16 insurgencies were still ongoing as of 2008. Maybe more telling, 21 of the 89 insurgencies involved the government receiving direct military and civil support from an outside state, of which only 4 resulted in a government win (ibid p392).²⁴ While it may not be possible to demonstrate that each of these insurgencies were fought as COIN doctrine prescribes, the picture is no better when we isolate only US intervention, thus mitigating potential characteristics unique to each intervener. Of the 6 insurgencies having concluded and having involved US direct support as of 2008, only Lebanon in 1958-1959 resulted in a government win, which was a very limited intervention lasting only 3 months.

²³ The 89 insurgencies selected were largely based on a list created by Fearon and Laitin (2003), with some adjustments based on the parameters constituting an insurgency vs a coup and some additions made after the data cut-off date of 1999.

²⁴ 5 resulted in government losses, 8 were mixed results, and 4 were on-going conflicts.

The picture has not improved since the publication of the RAND study in 2008, given the collapse of the Afghan government and the near collapse of the Iraq government with the rise of ISIS only 3 years after the initial withdrawal. Additionally, despite narratives to the contrary, historians have increasingly called into question whether COIN as prescribed was what explained the initial success in Iraq. Malkasian (2017) documents for instance, how the “Anbar Awakening” resulted from a confluence of events tied mostly to competition between Sunni tribal leaders and al-Qaeda in Iraq (AQI) for control over smuggling routes and black-market activities, local power dynamics, as well as revenge (Malkasian 2017 p64-65, 106-107). There is little to no evidence that the ‘population’ had been won or that US and Coalition Forces had improved governance or security and had thus dried up AQI recruits. Rather, the rise of AQI led to an internal war between Sunni factions, leading to an eventual coalescing of support from tribal leaders to the coalition as leverage against AQI. The “awakening” was the result of bloody warfare, aided by tailored financial support of key combatants (tribal leaders) to buy loyalty and cement their local authority. It worked until it didn’t, as the level of corruption and financial reliance on the US and on the Shia-controlled Iraqi government over time undermined the legitimacy of the tribal leaders and created the conditions for another Sunni insurgency (Malkasian 2017 p166-170). A similar story can be told of most historical accounts of COIN, as the record of successful COIN campaigns, prescribed by doctrine, is very slim and may even be zero.²⁵

²⁵ Porch (2013) and Gentile (2013) challenge the historical narrative of COIN doctrine; see Gventer (2014) for summary of debate.

2.3 Explaining Recurrence Despite Failure

What explains the recurrence of COIN doctrine despite failure? As Shafer (1988a) highlights in the opening of *Deadly Paradigms*, the question inverts the standard practice in social science of “focusing on variables producing change in policy” and instead asks why, despite changes in most variables, has policy remained unchanged?²⁶ COIN doctrine has remained substantively unchanged “despite changes in the international distribution of power, presidential administrations, bureaucratic coalitions and capabilities, the locale of conflict and the nature of the insurgencies, and the governments they threaten” (Shafer 1988a p3). COIN doctrine is an illustrative example of what Koppl (2018) refers to as “expert failure,” but also a recurrent and unchanged expert failure.

Shafer argued that U.S. COIN doctrine had remained unchanged because “policymakers’ faulty understanding of insurgencies never changed,” and their understanding never changed “because of the nature and functions of the ideas underlying it” (Shafer 1988a p4). Placing the start of U.S. COIN doctrine in the post-WWII period, Shafer described COIN as having emerged from an interplay between senior policymakers’ pressing concerns with the Soviet Union and the intellectual milieu and social science of its day. Recognizing that policymakers are not scientists but nor are they “theory-less,” they gravitate toward familiar ideas that offer powerful and parsimonious explanations. Policymakers share with other Americans widely held ideas, derived, or at

²⁶ Shafer uses the term “policy” instead of “doctrine”. The terms are always entwined and in this context are nearly indistinguishable; however, doctrine is used here to emphasize COIN as an operational method of warfare apart from, or in addition to, COIN as policy.

least perpetuated and legitimized by academics, which also provide prescriptive and ideological utility. The perseverance of the doctrine by this account is rather straightforward. Political development (modernization) theory was embraced principally because of its familiarity and utility, not its content or accuracy. Although largely discredited in its prescriptive accuracy, no other theory has been as appealing in market terms (Shafer 1988a p78). In other words, no other theory had advanced bureaucratic and ideological interests or at least not undermined them. Competing theories of greater complexity, while potentially more accurate, tend to reduce their explanatory utility and thus would likely undermine the budget and size of any agency that heeded their insights.

By Shafer's account, U.S. policymakers viewed the third world primarily as a stage of competition between nuclear superpowers. Policymakers had a desire to develop a "limited" war capability and latched onto political development theory and related faulty ideas of third world development prominent at the time. The underlying logic was that communist-backed movements would seek to exploit grievances in the developing world, and that countering the threat would require a limited engagement in challenged states to prevent a breakdown of the development process. The doctrine that emerged to address the communist threat contained a mix of two ideological but conventional tendencies in Americans' views toward the third world: (1) the importance of economic development and the promotion of democratic institutions, and (2) the need to protect America's economic and security interests. COIN doctrine linked both tendencies by presenting a logic that stressed their seeming interdependence: "without security, so the

argument goes, development is impossible; without good government and economic progress, efforts to maintain it will be bootless” (Shafer 1988a p79)

Shafer’s “cognitive content” approach runs counter to most prominent schools of thought in international relations. COIN doctrine, by his account, is neither explained by a strict realism nor a strict constructivism. Where realism makes the simplifying assumption that the actor of interest is the state and that states act and react to international imperatives, constructivism assumes states act and react to varying social and domestic factors, often irrespective of international imperatives. In contrast, Shafer theorizes a cognitive link between the international and domestic realms, where prevalent ideas regarding the international realm form the paradigm or lens from which domestic actors view and form policy prescriptions. In short, faulty assumptions and thus faulty analytics lead to faulty policy.

Although unstated, Shafer largely adopted a methodological individualism, positing COIN doctrine as the result of individual actions, which in turn can only be understood with reference to the environment surrounding individuals involved in policymaking. It is not an individual’s idiosyncrasy but “widely shared assumptions and analytic frameworks that systematically affect how policymakers understand and respond to international environments” (Shafer 1988a p33). It is a “societal” explanation, recognizing that the international, domestic, and bureaucratic realms define the bounds of decision-making. “Within these bounds...policy choice and content are determined by how policymakers perceive, analyze, and respond to them,” which are conditioned on the “shared ideas and analytical frameworks with which policy-makers analyze the

international situation” (Shafer 1988a p34). Given that the dictates of COIN are consistent over time and across different states and contexts, political explanations unique to either the international environment or to any given state appear wanting, which leaves a cognitive content or epistemic account as a plausible explanation.

However, while Shafer’s account of COIN is compelling, there are at least a few reasons to revisit his explanation. First, more recent scholarship demonstrates that the roots of COIN doctrine almost certainly predate the post-WWII period. Although policymakers in the context of the early Cold War certainly had a desire to develop a “limited” war capability and latched onto political development theory, the tenants of COIN doctrine can be found advocated and practiced by the US military many decades prior to the advent of the Cold War. Second, the re-emergence and embrace of COIN in the 21st century, with political development theory no longer well-known and the collapse of the Soviet Union well in the past, suggests that the reasons for its consistency are deeper and longer lasting than the context of the Cold War or any specific academic theory in vogue. The rationale and tenants of COIN transferred near-seamlessly from the need to prevent communist-backed movements during the Cold War to the need to prevent the spread of terrorism during the War on Terror. Lastly, Shafer’s account is almost solely one of domestic policymaking, explaining very little of the operational embrace of COIN within all levels of the military echelon.

The observation that COIN doctrine is still embraced by Western militaries at the operational level after nearly 20 years in Afghanistan suggests further that the ideas and mechanisms undergirding the doctrine are more institutionalized and more general than

an ex-ante misreading of the third world or a misunderstanding by policymakers of the root causes of insurgency. And while it is tempting to discount the operational embrace of COIN as simply ‘following orders’, formal and informal first-hand accounts from veterans of Iraq and Afghanistan document the appeal of COIN throughout every echelon, even among junior enlisted and company-grades officers – as highlighted in many popular first-hand books and documentaries such as *Restrepo* and *Korengal*.²⁷

All the tenants of COIN doctrine can be found at least as early as the U.S. experience in the Philippines between 1898-1902, despite the absence of a formal (written) COIN doctrine and few, if any, evident dictates coming from Washington. Nor are the dictates of COIN unique to the U.S, with common themes found in the experiences of nearly all Western militaries, particularly the English and the French, and also in more authoritarian states such as Tzar’s Russia and Mao’s China.²⁸ Furthermore, although the common narrative within military circles is that conflicts such as Iraq and Afghanistan are more aptly described as ‘one-year wars fought many times,’ Gentile documents thoroughly a high degree of consistency in COIN application over time and across nearly every operational echelon in both Iraq and Afghanistan, as well as Vietnam.

²⁷ *Restrepo* and *Korengal* are documentaries directed by American journalist Sebastian Junger and British photojournalist Tim Hetherington, based on first-hand experience from 2007 with the “Men of Battle” Company, 2nd of the 503rd Infantry Regiment, 173rd Airborne Brigade Combat Team (BCT), in the Korengal Valley, Afghanistan.

²⁸ Scholars have noted that the Russians have historically tended to lean on the military variable, showing less discrimination between civilians and combatants; see for example, Byman (2016) and Zhukov (2012). Nonetheless, facing poor results they have also sought historically to leverage a variety of nonmilitary means to include economic aid to assuage the population. In 1845 for instance, seeking control over the Caucasian population and after three years of failure using coercion, Nicholas authorized the use of nonmilitary programs to include aid, administrative reform, and cultural programs [Brooks (1981) p86-87, as cited in Hensel (2015) p60.

For each of these conflicts, the historical record shows “continuity rather than discontinuity between the generals and their tactics” (Gentile 2013 p63, 92-94, 104, 128). And much of the continuity in Iraq and Afghanistan predate institutional markers such as the 2006 publication of *FM 3-24* or the creation of the COIN Center of Excellence in Taji, Iraq (ibid). All indicating a recurrent but thorough institutional embrace of COIN, from the highest levels of policymaking to the lowest enlisted operator, despite widely varying context.

2.4 An Alternative Explanation: Bureaucracy vs Essential Complexity

These observations give credence to a cognitive content explanation, but they suggest that the sources of the faulty cognition are both deeper and broader than the account provided by Shafer; deeper in the sense that its embrace runs throughout every echelon of the national security apparatus, and broader in the sense that it is present before and after the Cold War and plays both in authoritarian and democratic regimes. Cognitive models, or paradigms, are inherent and necessary for deliberate action, and policymakers and operators alike must adopt a paradigm or some sorting mechanism to make sense of events, without which “all problems, approaches, facts, and possible courses of action seem equally plausible” (Shafer 1988a p34). Thus, to understand the adoption and embrace of a particular policy, it is necessary to analyze the environment actors face and the paradigm they are likely using to understand that environment, as well as the interaction between these two factors. In this vein, the paradigm underlying COIN

doctrine cannot be separated from its institutional and operational context, because it both influences and is influenced by the context at hand.

As Shafer (1988a) highlights, a cognitive or epistemic explanation for the course and content of doctrine raises two issues: the accuracy of the paradigm underlying the doctrine, and its amenability to modification. And the accuracy and amenability of a paradigm will depend over time on its explanatory, prescriptive and ideological utility (Shafer 1988a p34-35). The failure of a paradigm to either adequately explain a phenomenon or to provide a workable prescription to address it, or to at least legitimate a commonly desired ideological policy, should stimulate a change in paradigm. Whereas COIN theory has repeatedly failed in the first two criteria, providing neither an accurate explanation nor a workable prescription, its ideological utility has proved powerful and is almost certainly one of the primary factors working against change.

COIN is uniquely suited to reinforce and advance bureaucratic and ideological interests, with ideology in this case simply meaning a set of beliefs commonly shared. These beliefs consist principally in (1) having high confidence in the ability of experts to solve complex problems and (2) the conflation of societal order with state control. COIN explicitly entails the need for ‘expertise’ in the economic, governance, and military spheres, which assumes the expertise exists and can be applied to defeat an insurgency. Such confidence neglects the perverse incentives of government agencies that contribute to poor outcomes, to include spending on easily observable outputs to demonstrate progress, spending down budgets to demonstrate activity, and mission creep to justify expansions in budget and staff (Coyne and Hall 2018 p31). Nevertheless, the confidence

in experts is well-known and well-documented within government agencies. Similarly, COIN theorists tend to envision a world of chaos and disorder in need of expertise, hence the alleged need for widespread aid and stability operations throughout ‘ungoverned’ spaces, where the population is perceived as sitting fodder for insurgents until and unless COIN forces or a ‘host’ government can “secure and control the population” and provide “essential services” (FM 3-24 p5).

These two beliefs overlap and embody an ethos for what Adam Smith referred to as the “man of system,” with men believing they can create order if only they could arrange the right inputs in the right quantities (Smith [1982(1759)] p233-234).²⁹ The man of system neglects the importance, or even the existence, of emergence and spontaneous order – order that emerges from “human action but not of human design” (Hayek 1967). Many of our societal patterns are spontaneous orders, to include markets, language, and customs, which are recognizable through reason even though they are not the result of any person or group setting out to create the order (Boettke and Dirmeyer 2008 p12826). Yet, due to a variety of organizational dynamics, government bureaus can rarely acknowledge or address spontaneous orders. The economics of bureaucracy incentivizes action and the pursuit of control, which runs counter to an ethos respecting emergence and the limits of knowledge.

²⁹ See for example, the explanation by General Petraeus in 2010 of what was needed for victory in AFG – “we’ve spent the last 18 months in Afghanistan trying to get the *inputs* right...we have been trying to generate *outputs* as the *inputs* have been coming online...we have to turn *inputs* into *outputs*...we can turn *inputs* into tangible progress...we’ve seen again in the last 18 months is that we’ve gotten the *inputs* right...the fact is that we are just now for the first time getting the *inputs* right.
https://www.nato.int/cps/en/natolive/opinions_65854.htm

As Coyne and Hall highlight, all organizations have goals and consequently recruit and mold people with specific human capital conducive to the achievement of those goals (Coyne and Hall 2018 p30). For militaries and government bureaus involved in fighting foreign wars, that human capital tends to entail skills and characteristics in line with a “man of system” ethos, as the nature of all military action is the application of force and control. And while the man of system is not a description of every individual within a military, it is a general ethos embodied in most government bureaus and certainly within the institutional culture and indoctrination process of all great militaries.

The man of system is recruited and reinforced by the high degree of conformity that characterizes bureaucracy, and nowhere is conformity more engrained than within a military given the loyalty and group cohesion demanded in war. Conformity is an inherent product of bureaucracy, fostered through a combination of hierarchical and sorting mechanisms. Hierarchically, because superior-subordinate relationships predominate military organizations, personal advancement within a military depends mostly on a soldier’s ability to “please his superiors” (Tullock and Rowley 2005 p15). These superior-subordinate relationships facilitate vertical coordination and control, while also fostering conformity in goals and objectives throughout a military hierarchy. Vertical control is further reinforced through sorting mechanisms, with individuals tending to self-select in and out of organizations that either align or fail to align with their values and ethos, or they are filtered out by interviews and boards when their values and ethos are misaligned with the organization’s goals (Coyne and Hall 2018 p35).

These overlapping hierarchical and sorting mechanisms explain the high degree of conformity so commonly observed in bureaucracies, and the conformity of the “man of system” ethos also explains the consistency and operational embrace of COIN across the national security apparatus. There is little to no incongruity between COIN policy and its implementation because policymakers and operators tend to share the same ethos. They view insurgencies through the same paradigm, which also explains why we find COIN tactics often adopted with little or no domestic top-down direction. In this sense, there is an epistemic foundation linking domestic policy-making and foreign operations, which is less obvious but deeper than simply following orders. COIN doctrine reflects the paradigm of both policymakers and operators alike, and thus it is, as Jackson defined all doctrine, an expression of a “military’s institutional belief system” (Jackson 2013 p1). And that belief system, with its confidence in expertise and its conflation of order with state control, is an inherent consequence of the incentives underlying bureaucracy.

But while an institutionalized “man of system” goes a long way toward explaining COIN’s appeal and its horizontal consistency across policy and operations, it does not alone explain dysfunctional continuity over time. It does not explain fully why COIN doctrine has remained unchanged because outside of COIN we find significant changes in doctrine within these same institutions. In the conventional realm, doctrine has shifted between offensive and defensive, and it has continually adapted in response to technological and adversarial changes. Doctrine was updated with the advent of flight, tanks, nuclear weapons, and more recently with the vast improvements in communication technology. Entwined with these technological changes have also been long running

institutional debate and changes over strategies of attrition vs maneuver warfare, a “light” vs “heavy” footprint, and of the criticality of speed vs synchronization. In the aftermath of Vietnam for example, the newly created U.S. Army Training and Doctrine Command (TRADOC) set out to “rethink the way the Army trained its forces and fought its wars” and refocused doctrine on its Cold War role of defending Western Europe (Lock-Pullan 2003 p495). Observing the performance of Soviet tanks and aircraft during the Yom Kippur War and recognizing that the Warsaw Pact had by then fielded a superior heavy force along the borders of NATO countries, the Army re-wrote *FM 100-5 Operations* and adopted “Active Defense”, a new warfighting philosophy which planned to defeat an invasion of Western Europe close to the West German border (Robinson 2021 p23-27).

The adoption of Active Defense was but one of many notable changes in U.S. conventional doctrine over the last century, yet we observe no substantive changes in COIN doctrine from these same institutions over the same period. This simple observation suggests that doctrine is, in fact, influenced by the operational environment, but that where changes have been perceived in the conventional context, consistency has been perceived across insurgencies. Where there has been changes on the one hand as a response to operational feedback, there has been consistency on the other, despite repeated operational failure. Thus, we cannot say that the primary reason for dysfunctional continuity is an institutional ethos alone when we observe these same institutions making functional changes elsewhere. Because the institutional context is the same, the reason behind the phenomenon must lie with an invariant difference between the operational context of a conventional war and an insurgency. And it is here that we

must consider the role of complexity and spontaneous order, as the most telling difference between a conventional war and an insurgency is the degree and variety of emergent complexity.

Where a conventional war involves highly centralized and organized belligerents, insurgencies are emergent and involve decentralized and only loosely organized belligerents. Thus, at the heart of the inaccuracy of the COIN paradigm and its apparent resistance to modification, is what F.A. Hayek referred to as “essential complexity” and the inherent response of bureaucratic actors when faced with this complexity.

Insurgencies are a societal phenomenon, involving deep-seated and confounding problems of competing loyalties and questions of governmental legitimacy. That is, they involve varying spontaneous orders rather than coherent goal-seeking organizations.

Although the degree of complexity varies over time and across different conflicts, there is ample evidence of unorganized emergence and spontaneous orders in nearly all insurgencies, which are marked by shifting alliances, competing loyalties, and informal de facto rules and legal arrangements in place of de jure law. It may be the only invariant feature in all insurgencies.

As an example, while embedded with the Malakand Field Force in 1897, a young Winston Churchill observed that the inhabitants within the frontier of India, in what is now the border region of Pakistan and Afghanistan, were generally in a “continual state of feud and strife” with tribes warring with tribes (Churchill [2010 (1916)] p3-5). But despite constant bloodshed and tribal intrigue, he observed varying degrees of cooperation to amass force and direct efforts to advance a common cause, to include

frequent quarrels with the British (ibid). Similar observations can be found during the same period in the Philippines. Historian Brian McAllister Linn notes for instance, that “the most important factor regarding the Filipino resistance to American occupation was that it lacked a centralized political or military organization” (Linn 2019 p185). Although the former President of the Philippines, Amilio Aguinaldo, remained ostensibly in charge of the resistance, he was mostly isolated and could not exercise effective control over a diverse resistance movement(s). He served a symbolic role, as a source of legitimacy and unity, but had little control over what had devolved into “virtually autonomous regional political-military jefes” and with each jefes having to overcome “primitive communications, fragmented commands, and regional jealousies” (Linn 2019 p186). The same story can be said of the elements that would become the Farabundo Marti Front for National Liberation (FMLN) in El Salvador, the various paramilitaries groups formed after the 1969 riots in Northern Ireland, and more recently among the Taliban in Afghanistan, and nearly all other substantive insurgencies.³⁰

Insurgencies are rarely just the result of a well-organized minority vying for power, nor do they involve a homogenous goal-seeking population. Yet, COIN doctrine has continually asserted the opposite of this self-evident truth, holding explicitly and implicitly a distinct separation between an “insurgent” organization and the “population”. The reasons for the inaccuracy are tied to the epistemic and bureaucratic need for

³⁰ See Wood (2003) for a thorough account of the diverse and decentralized elements that coalesced support for the FMLN; Miller (2020) provides an account of varying centralization and decentralization within the Irish Republican Army (IRA) and of its fracturing throughout “the troubles” in Northern Ireland; see Giustozzi (2019) for an account of the emergent nature of the Taliban.

reductionism, but in the context of essential complexity. It is the combination of the man of system, acting and reacting to an operating environment of mostly decentralized actors pursuing their own varying ends rather than an organized actor pursuing a singular end.

Reductionism in some degree is embedded in all paradigms. It is required to act and is inherent to all organizations, but the size and scope of military operations, coupled with the fact that militaries are charged with acting and not just understanding, make the reductionist imperative acute. Planners must break large, complicated problems into smaller and more manageable pieces, which is evident in U.S. joint doctrine and prescribed analytical techniques such as *Center of Gravity Analysis*, *Target Systems Analysis*, and *Critical Factors Analysis* - all reducing complex systems into manageable pieces. While these techniques can be useful in conventional warfare and similar domains due to the dyadic nature of such conflicts, they cannot account for the fact that complexity arises from the interaction among variables and not the constituent variables themselves. As Czerwinski highlights, reductionism does not account for the fact that “as the number of agents grows, the number of possible interactions increases even faster” and thus as the number of agents grow, the interactions “become the things that count” (Czerwinski 1998 p29). As a result, the properties observed in the aggregate are not easily reduced to its components.

The emergent quality of essential complexity rests in the interactions rather than the agents themselves, making it exceptionally difficult to untangle cause and effect, and this is the key difference between conventional war and an insurgency. In conventional warfare, operational feedback is tangible and generally measurable – with battles either

won or lost, war lines either progressed or regressed, desired effects either achieved or not achieved. Cause and effect are determinable, and measures of performance and effectiveness possible. In contrast, with insurgency, operational feedback is subtle, generally unmeasurable, and often misleading. An insurgency is a societal result emerging from a multitude of interacting factors - with battles neither won nor lost, war lines unknown, and desired effects unachievable. Cause and effect are indeterminable, and accurate measures of performance and effectiveness not possible.

In the paradigm of conventional warfare, an organized army combats another organized army. Regardless of the number of allies or belligerents involved in a conventional conflict, the organizing principle tends to be dyadic. Although it remains a complex system, where rational actors are engaged with other rational actors responding in kind, the degree of unpredictability is bounded by the dyadic nature of the conflict. The warring belligerents are, in a sense, playing the same game, and while it doesn't eliminate the role of chance and large-scale unintended consequences, it bounds the degree of unpredictability by constraining the amount and variety of interactions. When organized armies are warring, one or both sides will tend to avoid population centers and other variables that may complicate their objectives, and to the extent they must interact with noncombatants, the nature of the interaction is transactional and not relational – meaning they are not the intended target, as they are in COIN.

There is a degree of predictability in conventional warfare, which makes it sensible to talk of “principles” of war, such as the importance of *mass*, *economy of force*, *unity of command* and similar concepts; general axioms developed over centuries of

warfare. It is true, as Czerwinski and Beyerchen remind us, that while a belligerent may be playing the same game, “they may not always be playing by the same rules, and is often, in the effort to win, attempting to change what rules there are” (Czerwinski 1998 p170). Nonetheless, a conflict between organized militaries act as a limit on the number of agents and interactions, and thus reduces the emergent qualities and levels of complexity.

The emergent qualities of insurgencies by contrast, being neither reducible to an organization nor to a well-defined organizing principal, have historically prevented the counterinsurgent of any easy military solution because it severely challenges efforts to effectively identify *who* to engage. Whereas a conventional military organization is comprised of identifiable organized sub-units, where a unit destroyed leads linearly and thus predictability to a less effective organization, a credible insurgency cannot be reduced in such a manner. An insurgency is not the summation of the number of insurgents, and military operations in these environments can often lead to unexpected and potentially counterproductive results, due to the entangled relationships between the belligerents and a population. In fact, military operations may result in further decentralized insurgent organizations in order to conceal communications and activity, exasperating COIN efforts to identify and locate desired targets (Miller 2020).

The high degree of essential complexity in insurgency has important implications for policy, as it amplifies the perceived need to expand the scale and variety of operations, both from the perspective of the policymaker and among forward-deployed operators. Worse, it amplifies the perceived need for activities different from and well

beyond traditional military operations, which whether intended or not is more likely to benefit the personal, ideological, and bureaucratic interests of those involved in COIN operations than it is to advance stated war aims.

Assuming COIN actors are humans and not angels, we only need to acknowledge the epistemic foundation and incentives at play to see why this is true. Greater complexity in the operating environment leads to subtle, unmeasurable, and often misleading feedback, which creates greater bureaucratic slack – i.e., greater distance between those conducting COIN and those that would otherwise hold them accountable. As Zupan highlights, greater slack creates a greater number and variety of opportunities for government insiders to pursue activities to their advantage, whether pecuniary, ideological, or just to provide short-term perceptions of success (Zupan 2017 p44-48). While external controls over bureaucracies always tend to be weak, greater operating complexity exasperates the problem by making it more difficult to measure a bureau's performance. Where it was possible to determine progress in the Allied operations in North Africa during World War II, it was difficult, if not impossible, to determine progress from US operations in Vietnam.

The problem though is deeper than just measurement error. The lack of measurement reduces accountability, but it also leads to the measurement of the 'wrong' things. Greater complexity provides more leeway to policymakers and operators to write and make the rules for which their own progress is to be measured. One reason for this is epistemic, involving the nature and function of paradigms, as a paradigm often determines "what are facts, what arrangements of facts are made, and how plausible each

arrangement is considered” (Shafer 1988a p36). The less falsifiable a subject matter, the more ambiguous the feedback and the more likely it is that we see what we want to see – or expect to see. Another reason involves the institutional incentives to demonstrate progress. When military progress is difficult to demonstrate, policymakers and operators alike tend to pursue more visible and quantifiable metrics, and when combined with greater slack, leads inevitably to mission creep and an expansion of activities in line with their own vantage point and designed to advance their own agencies interests.

From the perspective of forward-deployed operators, they can respond in almost no other way, other than to disengage. Unable to effectively kill an insurgency through traditional military means, at least at an acceptable cost, they tend to pursue activities well outside of traditional military operations aimed at influencing the population and demonstrating progress, to include economic projects and direct aid payments to buy allegiance, gain intelligence, and support preferred government officials. The process through which these attempts develop involve the same elements that cause all men to want to make their environment subject to their influence. As Butler Shaffer explains, “it is to achieve a higher degree of predictability favorable to their objectives” (Shaffer 1974, as cited in Templeton 1979 p481). There is security and a sense of certainty in learning a pattern of behavior and in having that pattern remain constant, and there is a deep sense of meaning achieved by having progress for which to point. COIN doctrine in this sense provides operators with a plausible solution to intractable problems, as it is the great attraction of bureaucratic procedures that “those within the system can simply respond to any decision-making situation with a reference to a known set of rules and an attempt to

fit the situation to the rules” (ibid). Processes and procedures are bureaucratic necessities, and as a result, when tasked with problems arising from orders with emergent qualities, operators will seek perceived solutions in areas where no viable solution really exist.

From the perspective of the domestic policymaker, similar dynamics are at play but with greater slack given that policymakers are even further removed from direct operational feedback. We find the same tendency to expand the scale and scope of activities pursued, but policymakers face both greater data ambiguity and stronger incentives to “see what they want to see” and to advance their own ideological and bureaucratic interests, which is reinforced by the consistent demand of forward-deployed operators. While the political economy of the defense sector is already marked by a high degree of slack and low accountability, on-going COIN operations provide domestic bureaucratic actors with an almost ideal environment to justify and expand each agencies reach and influence. COIN calls forth a perceived need for very high levels of interagency coordination and a seeming need for each agency’s unique authorities and capabilities, while also providing ample opportunity to deflect responsibility for poor outcomes. More importantly, due to the unfalsifiable nature of its operational theory and implementation, COIN provides the opportunity to do both *credibly*.

Military leaders when facing a worsening security situation can point credibly to the failure of other agencies to develop acceptable governance and economic opportunities and thus to address the “root causes” of the insurgency. Likewise, civilian policymakers when facing poor governance and economic matters can also point credibly to the failure to provide adequate security and thus to address the instability undermining

good governance and economic progress. With no falsifiable theory of progress and thus no viable path to victory, the logic leads predictably to calls for more of the same – for more “whole-of-government” effort, more resources, and more control.

Such calls are credible because they are not generally wrong. Incomplete and unachievable - yes, but it is hard to argue that good governance and greater economic opportunity wouldn't lead to more security, and that more security wouldn't improve governance and economic opportunities. While we know these 'things' to be true, little is known about how to create these things. Because societal orders are emergent and not designed, we cannot isolate these variables and attempts to do so are limited and often misleading, as the system properties resulting from interactions differ from the individual entities comprising the system. Greater complexity leads to greater ambiguity, and subsequently to theories that prove difficult to falsify, which explains in large measure why we find greater levels of ideological bias and normative claims in the social sciences than we do in the hard sciences. The former is marked by ambiguity, where competing theories can exist indefinitely and remain credible because they cannot be falsified. Similarly, COIN theory is made credible and persists, despite failure, for many of the same reasons a flawed scientific theory persists. It reflects the honestly held beliefs of many and its prescriptions remain credible because these beliefs cannot be falsified.

The man of system, when combined with a flawed but largely unfalsifiable paradigm, is a potent combination for the recurrence of a doctrine. Through repeated failure, the essential complexity underlying insurgency provides policymakers and operators alike ample opportunity to advance their own interests at the expense of

taxpayers, and more tragically, also inadvertently at the expense of the targeted populations they seek to help.

2.5 Conclusion

In summary, COIN doctrine fails to account for different “kinds of orders” (Hayek 1975), and imposes the paradigm of conventional warfare, which is largely linear and bounded, onto a highly complex and unbounded extended order. A military, once engaged, can pursue almost no other course, which explains in large measure why it fails, but also why it persists. Greater operating complexity leads to greater bureaucratic slack, lowering both accountability and operational feedback and thus increasing the opportunity to expand the scale and scope of operations. Operating with the intent to affect what are essentially complex orders distorts feedback and expands the range of plausible (i.e., credible) policy options, providing government actors the opportunity and the perceived necessity to pursue actions well beyond traditional military operations. It provides the impetus to completely reorder a society in ways believed to be beneficial.

The problem of COIN is epistemic as Shafer argued, involving flawed perceptions and the limits of knowledge, but as shown here it is deeper than just widely held ideas regarding the third world. COIN reflects how both policymakers and operators perceive the operating environment, a perception that is skewed predictability by bureaucratic incentives. These flawed perceptions are an inherent result of bureaucratic actors engaging with essential complexity, reflecting a reality that predates and will outlast any pressing but temporary international concern. Wherever a foreign military is engaged

with a genuine insurgency, we find a common COIN prescription – to protect and control the population, to address the ‘root cause’ of the conflict, to provide governance and economic opportunities, while simultaneously rooting out and targeting insurgents - that is, to largely remake a society from the top-down.

Policies are inserted at particular places at particular times, with the subsequent consequences dependent upon how those policies are received at various places. As Wagner highlights, “there is no such thing as action on an economy as an entity; action always starts in particular locations and spreads, and at various speeds and to various extents” (Wagner 2012 p17). The extent of a policy’s spread and durability over time depends on the willingness of people to accept and embrace its dictates. Whereas some policies are embraced and spread quickly because of near universal support, others such as the 1920s prohibition on alcohol were resisted and its spread restricted. The difference being policy that facilitate people’s efforts to accomplish their plans and policy measures that seek to provide advantage for some people at the expense of other people (ibid). In this sense, COIN doctrine largely represents the former, facilitating the demands of those most involved, with its cost to taxpayers obscured and its cost to the ‘host’ population mostly irrelevant.

COIN doctrine is embraced throughout the national security apparatus because it reflects the perceptions of forward-deployed operators as much as domestic policymakers, and it is often initially inserted into society by operators responding on the ground instead of being driven from the top of policy circles. COIN in this manner appears to emerge from the bottom-up as much as it is pushed from the top-down, and to

the extent that it reflects the perceptions of forward-deployed operators, COIN doctrine is likely to continue unchanged, despite failure and regardless of policy changes. While it may go in and out of favor, it is an inherent result of bureaucratic actors interacting with essential complexity, and thus, will tragically but likely return anytime a foreign military is placed in such conditions.

Consequently, the goal for those that wish to prevent the tragedy of poor COIN outcomes might be more effectively advanced, not by improving COIN doctrine per se but by seeking ways to limit the number and scale of foreign interventions. Because doctrine serves as a legitimizing tool, signally perceived capabilities to policymakers and the public, the existence of COIN doctrine may have a pernicious impact on foreign policy by providing a false sense of capabilities. With a logic pointing inextricably to the need for intervention, COIN doctrine serves as a solution in search of a problem, providing both false assurance and a convenient story to support foreign intervention. While there may be no solution to COIN as a method of warfare, policy improvement may be possible to the extent that the discrediting and potential removal of the doctrine cautions future military interventions.

CHAPTER THREE: INSURGENCY, ENTANGLEMENT, AND THE LIMITS OF KNOWLEDGE

“A theory of essentially complex phenomena must refer to a large number of particular facts; and to derive a prediction from it, or to test it, we have to ascertain all these particular facts. Once we succeeded in this there should be no particular difficulty about deriving testable predictions...The real difficulty, to the solution of which science has little to contribute, and which is sometimes indeed insoluble, consists in the ascertainment of the particular facts.” – Friedrich von Hayek (Hayek 1989[1974] p7)

3.1 Introduction

Why does COIN fail? As outlined in the previous chapter, most COIN campaigns have ended with a government loss, and where governments have managed to ‘win’ the outcome has usually been a state marked by poor governance, corruption, and social instability. Furthermore, where the outcome was decisive, the approach of the government involved has never followed the dictates of COIN doctrine. While the central claim of COIN theory is that the civilian population is the deciding factor of the struggle, that it is primarily a contest for the sympathies or acquiescence of the local population, there is no historical evidence that a population has ever been won over by the methods espoused by COIN theory.

The reasons why COIN fails are inextricably linked to the reasons it persists. It fails, broadly speaking, because the knowledge needed to effectively operationalize the doctrine is unknowable and unattainable. While the doctrine persists because of the incentives and constraints of bureaucracy when dealing with essentially complex

phenomena, it fails for these same reasons – no individual or organization can know the large number of particular facts necessary to solve what is in fact insoluble.

This chapter explores why these “particular facts” are unknowable and the implications for COIN outcomes by conceptualizing insurgency as a spontaneous order, using Wagner’s framework of entangled political economy. While insurgencies can take many forms and sometimes possess top-down organized hierarchies, genuine insurgencies emerge from and are legitimized by both market and political dynamics. Insurgent groups, such as the Taliban in Afghanistan, are rarely a small or fringe organization inserting themselves over an otherwise passive population, but instead are entwined with the population and often possess relatively wide support or at least general acquiescence. An insurgent cannot be easily untangled from the population, and this reality is the foundational flaw of COIN theory. COIN conceptualizes actors as representative agents belonging to defined homogenous groups, where people are either an insurgent, a member of the population, or a member of the government. But no such separation exists in reality and acting on this false abstraction leads to counter-productive actions and unintended consequences.

COIN theory thus implicitly adopts what Wagner calls an “additive” orientation of political economy (Wagner 2009, 2016). Insurgent elements are considered as operating within an economy, defined broadly as a sphere separate from government, with a government then intervening on that separate sphere to quell the threat of insurgency. An additive political economy treats economic and government interventions as occurring independently and sequentially, where market activity deemed undesirable

by political actors occurring at t1 then leads to a government intervening at t2, which is followed by subsequent effects resulting from the intervention at t3. In this sense, polity and economy are additive notions, with a polity distinct from and operating on a distinct object known as economy (Tuszynski 2021 p88).

In contrast, entangled political economy recognizes that ‘the presence of politics is ubiquitous’ (Wagner 2014 p26). According to Wagner’s entangled framework, a polity and economy are intimately intertwined and thus it is often misleading to take government activity as something separate from market activity, or vice versa. Political and market participants are the same people, operating in the same social space. Market activity is imbued with political considerations and political activity occurs within a market context (Tuszynski 2021 p88). As Tuszynski explains, there are transactions that are nearer or further from a pure market setting, but “few can be said to take place within an unhampered market” (ibid). The observation is particularly true in the presence of a genuine insurgency, with the context of war at the forefront of both market and political activity. In such settings, little to no market activity occurs without consideration of its anticipated political implications, with actions either satisfying, mollifying, or drawing the ire of political actors. Furthermore, little to no government action occurs in such settings without market considerations and implications; reducing or creating space for varying entrepreneurial activity, to include violent entrepreneurship.

All theoretical frameworks are abstractions and are but maps of reality, but the accuracy and utility of the map depends on the question at hand. While both political economy frameworks can provide useful insight, an additive orientation limits our ability

to illuminate the interactions between a polity and economy and the distorting effects on each sphere resulting from these interactions. While the term “political economy” denotes the bringing together of polity and economy, the combination is commonly approached as a type of addition where the entities maintain their distinctive features (Wagner 2016 p32). Whereas entangled political economy approaches the combination as entwined and inseparable, wherein “an entity with distinctive characteristics and operating properties is created through entanglement” (ibid). Entanglement brings the dynamic context and interactions between market and political actors to the forefront, which is particularly appropriate for the study of insurgency because it accounts for the fact that insurgencies do not occur *ex nihilo* but emerge out of a society with overlapping and interrelated orders.

Most accounts of COIN failure place the focal point on state actors or the counterinsurgent, either as a failure to properly implement the dictates of COIN theory or as a failure of analysis. Shafer (1988b), for instance, places the failure on the latter and argues that COIN fails primarily because of flawed analytic assumptions regarding three areas critical to supporting a government threatened by insurgency: (1) the constraints on leverage, (2) intragovernmental limits on reform by the would-be ally, and (3) the nature of relations between government and a populace, or between insurgents and a populace (Shafer 1988b p64). In other words, COIN doctrine fails to account that a government threatened by an insurgency will face real constraints on their ability to reform, and that a foreign power will also face constraints on their ability to influence and shape that

reform. Failing to reform, the underlying reasons behind the insurgency remain unchanged and may be made worse.

The argument that follows is again complimentary to Shafer's account, that COIN is analytically flawed, but it moves the locus of attention to the simultaneous interplay between the parties involved. That is, it seeks to account for more than just counterinsurgent behavior but to bring the 'insurgent' and 'populace' into the picture and to incorporate the entangled political and market dynamics undergirding insurgency. Viewed through the lens of entangled political economy, we can recognize insurgency as a spontaneous order emerging from both market and political dynamics, and as a result, there is no way to know *ex ante* whether further political actions will weaken or strengthen the insurgency. Yet, COIN doctrine assumes explicitly that greater political action and increased state capacity is necessary anywhere and always to defeat an insurgency. And because insurgency is an entangled spontaneous order, and rarely a well-defined organization, even where increased political activity could be conceived as helpful there is generally no way to obtain the information needed to effectively implement the desired political actions. These are the primary reasons for COIN failure, of which Hayek warned "science has little to contribute" (Hayek 1989[1974] p7).

The rest of the chapter unfolds as follows: section 3.2 conceptualizes insurgency as an entangled spontaneous order; section 3.3 develops the logic of COIN intervention in view of entanglement, exploring the implications of the limits of knowledge; and lastly section 3.4 will conclude.

3.2 Insurgency as an Entangled Spontaneous Order

There is no direct interaction between states and markets, for “those systems are just the arenas inside of which action occurs” (Patrick and Wagner 2015 p104). Action occurs instead, inside the arena and among individual entities and participants, with interaction being a property of these individuals and not of the systems themselves (ibid). “The only *action* takes place at the level of individual actors, and the ‘system level’ exists solely as emergent properties characterizing the system as a whole” (Coleman 1990 p28, as cited in Patrick and Wagner 2015). Thus, systems can and do exhibit their own unique properties, but those properties are resultant of the interaction among individual subsystem elements. In this sense, no system acts directly on another system, but instead are “entangled” at the individual level, creating a new system of sorts with its own unique properties. As Patrick and Wagner highlight, the relevant system within entangled political economy is society, and a polity and economy are entangled subsystems within society (ibid p104). The degree of entanglement will vary but is always present, and this variation will lead to a wide range of different spontaneous orders.

Most research on spontaneous orders have focused on a market context, demonstrating why and how such orders tend toward socially beneficial outcomes, but there are also spontaneous orders that appear to be unbeneficial, even to those involved in and directly affected by these orders (Tuszynski 2021 p88). Martin and Storr explain how orders can emerge as the result of human action but not of human design, but unlike a positive spontaneous order, “cannot be said to be socially beneficial” (Martin and Storr 2008 p74). A perverse order, while generally unbeneficial, remains rational at the

individual level and may even benefit select individuals involved, and thus judging the extent of its perversion presents challenges. Leeson and Suarez argue for instance, that some orders that appear perverse on the surface, such as the persistence of false superstitions, may in fact be socially beneficial when viewed in the right context (Leeson and Suarez 2015). Nonetheless, it is hard to see mob violence and similar phenomenon, despite having an internal logic, as anything but perverse, and scholars have noted that Hayek also acknowledged the existence of potentially unbeneficial spontaneous orders (Whitman 1998, Caldwell 2000, Angner 2004, Martin and Storr 2008, Tuszynski 2021).

Some orders are perverse and recognizing the fundamental entanglement between the political and the economic provides a useful framework for understanding how these perverse orders emerge. Tuszynski (2021) uses this framework to revisit Martin and Storr's example of the 1942 Bahamian Riot, illuminating the relationship between entanglement and the evolution of perverse spontaneous orders. Martin and Storr (2008) explain that the Bahamian riot occurred as an outgrowth of frustration from local construction workers when they realized they were being paid substantially less than their American counterparts. Petitions were sent to the colonial government and small demonstrations were conducted at the worksite on Sunday, May 31st, which was followed by a larger protest at the same site the next morning - all to no avail. Later that Monday, local workers marched on the Colonial Administration Offices and the Parliament Building on Bay Street, Nassau. Instead of receiving a satisfactory response, however, the "crowd received what they perceived as a threat from the Attorney General" that the work may require the import of foreign workers if they failed to maintain their reputation

as good workers (Martin and Storr 2008 p79). Rather than frightening the crowd, the perceived threat led to a revolt. One of the workers threw a bottle through a nearby window, which then encourage others, without anyone issuing a command, to begin breaking storefront windows and destroying property. While eventually the crowd was pushed away from the area, “Bay Street was left in shambles” (ibid p80)

Martin and Storr explain how the Bahamian episode, as with most riots, lacked a central organizer or leader. It was the result of a coalescing of shared sentiments, and while on the surface such episodes can appear to be senseless, social violence generally exhibit rules and an internal logic. In the example, the rioters targeted businesses they considered responsible for the labor troubles, while avoiding businesses they considered not responsible for the trouble. Rioters actively signaled to one another which buildings to target and which to avoid (Tuszynski 2021 p94, citing Martin and Storr 2008). In this manner, the riot was a spontaneous order, having emerged as the result of human action but not of human design; yet, neither the rioters themselves nor the targets of their violence could claim the outcome was socially beneficial (ibid).

In the background of Martin and Storr’s account, which was brought to the forefront by Tuszynski, was the fact that the riot was a perverse spontaneous order that had emerged from both political and market dynamics. It was, in this sense, an entangled spontaneous order. The American company had stated that they wanted to pay the local workers more, but the Bahamian government had placed restrictions that forced them to peg the workers’ wages to a local rate. And thus, as Tuszynski highlights, the spontaneously generated violence emerged as a response to the entanglement between

market and government actors. “Consequently, those who find fault with the government and those who find fault with the market in this case are both right in some sense. The order that emerged did not take place in a pure market context, nor was it the response to pure central planning, but rather the result of the intimate relationship between the economic and political actors” (Tuszynski 2021 p94).

An insurgency is akin to a prolonged riot, each case unique and driven by local context but the underlying dynamics of insurgency are like those highlighted by the Bahamian riot. An insurgency is a violent, armed rebellion against an existing political authority, and as with most riots, is fueled by an entanglement of both political and market elements. A hierarchical insurgent organization may emerge out of these dynamics, such as ISIS or the ‘Islamic State’ from ~2014-2018, but the existence of a hierarchy doesn’t negate the underlying dynamics that brought rise to and sustains such an organization. Furthermore, as highlighted in Chapter 2, a well-defined and hierarchical organization is relatively rare in most genuine insurgencies.

An insurgency is a collective mobilization, often lacking centralized top-down control but also possessing an internal logic directed by shared sentiments and objectives. Similar to the Bahamian Riot, insurgent elements generally target those they perceive as undermining their objectives and supporting or avoiding those perceived to be supportive. While it would be an oversimplification to hold that insurgent elements share all objectives, they generally share enough to form an identifiable phenomenon. In this sense, an insurgency is made up of purposeful human action, exhibiting recognizable patterns and rules of conduct, and are self-reinforcing or self-generating, despite a lack of

deliberate design. In other words, insurgency is a spontaneous order, as elaborated by Hayek (Hayek 1973 p36-45).³¹

Unlike a riot though, which is likely a short-term manifestation of shared frustrations, insurgencies tend to be prolonged and will take on many forms across time and space. In the context of criminal enterprises, for example, Leeson and Rogers (2012) theorize that changes in “contestability” across criminal industries shape how producers in those industries organize. In more contestable criminal industries, producers use greater levels of hierarchy, *ceteris paribus*, to enforce collusion and preserve their returns. But greater hierarchy comes at the cost of potential self-dealing from the top of the hierarchy, and thus in less contestable industries, where the benefits from collusion are smaller, the cost will tend to exceed the benefit of hierarchy and will generally be more decentralized or organized “flatly” (Leeson and Rogers 2021 p92). Similarly, the organizational structure of insurgencies will ebb and flow over time due to many of these same dynamics, and these temporal changes limit any static assessment of whether a given insurgency is a beneficial or perverse spontaneous order. An insurgency viewed as beneficial at one point can later become unbeneficial, and where objectively destructive in one place can be relatively constructive in another. However, to the extent that we find wide-spread civil violence as destructive, we can say that insurgency is generally perverse and undesirable to most involved. More important for the analysis that follows though, is that insurgency emerges from underlying societal dynamics, whether socially beneficial or unbeneficial.

³¹ See also Martin and Storr (2008) p75-77 for succinct summary of Hayek’s criteria for spontaneous order.

The fact that order exists within an insurgency is well documented, although it is usually revealed only indirectly. While the widespread use of concepts such as ‘failed states’ and ‘ungoverned spaces’ tend to denote chaos and disorder, many scholars have noted the emergence of local institutions, and thus *order*, amid civil war and widespread violence. Arjona (2016) highlights for instance, that a wide variety of literature has shown that in the absence of effective formal institutions, new informal institutions will tend to emerge (Arjona 2016 p7). Rural communities reliant on limited natural resources for instance, often develop norms that facilitate collective action (Ostrom 1990), and illegal markets where property rights cannot be enforced by law also tend to develop their own parallel institutions, from organized crime (Gambetta 1996), prison activity (Skarbek 2011, 2014), piracy (Leeson 2011), to war torn countries where formal laws tend to be unaccepted and unenforceable (Murtazashvili 2016).³²

The existence of wartime institutions and order should also not be surprising because armed groups have incentives to create them. As Arjona explains, “armed actors fighting civil wars are likely to learn that in order to advance their cause, they need to create a sustainable system of resource extraction to fund their operations. Such a system, in turn, requires some security and limited taxation for civilians to engage in productive activities (Olson 1993) – in other words, it requires institutions” (Arjona 2016 p7).

Armed groups interested in controlling territory, a key tenant to nearly all sustained

³² These are but a small portion of a large literature. There is a particularly rich literature on the emergence of formal and informal institutions within Virginia Political Economy and the Bloomington School, see Palagashvili, Piano and Skarbek (2017) and Harris, Cai, Murtazashvili, and Murtazashvili (2020) for an overview of this literature.

insurgencies, “have incentives to establish institutions because doing so helps them to both gain territorial control and strengthen their organizational capacity” (ibid).

What is often less acknowledged, or if acknowledged is generally left in the analytic background, is the entangled dynamics that undergird these insurgent orders. An important exception to this absence is Kalyvas (2006), whose concept of “joint” violence fits well with the framework of entangled political economy.³³ Kalyvas’ observation that violence is the result of transactions between both political and civilian actors illustrates how an outcome emerges from an entanglement between polity and economy. Kalyvas makes the simple but important observation that insurgent and counter-insurgent operations require the assistance of civilian collaborators. These forces cannot operate without intelligence provided by informants, and thus the violent outcomes observed are by necessity “jointly produced by them” (Kalyvas 2006 p12). Furthermore, consistent with an entangled political economy, Kalyvas notes that the direction of causation is unknown. Individuals have strong incentives to exploit information asymmetries, whether opportunistic or not, which includes “settling accounts with personal and local enemies”, and therefore “while political actors use civilians to collect information and win the war, it is also the case that civilians use political actors to settle their own private conflicts” (ibid p14). Civilians can leverage political actors to advance their own interests, and thus in this sense, civil conflict can reflect the “privatization of politics” as much as the “politicization of private life” (ibid).

³³ Another noteworthy exception is Arjona (2016). While using a different framework than entangled political economy, both explicitly theorize and model social order amid civil war as a function of both private (i.e., civilian) and political actors (i.e., insurgent and state).

Similar dynamics are readily abundant in nearly all historical accounts of insurgency. As highlighted in Chapter 2, insurgencies ranging from the Philippines, Northern Ireland, El Salvador, to Iraq, Syria and Afghanistan have all generally lacked well-formed top-down hierarchies and have been characterized by significant fluidity among and between civilians and combatants. Recent scholarship on the Taliban for instance, has highlighted the groups' polycentric organizational structure, having emerged as a response to the way the insurgency progressed (Giustozzi 2019 p4). Separate groups of Taliban joined together initially around 2002 for self-defense, generally under the leadership of a local mullah, and then was gradually pulled together into regional or national organizational structures, despite frequent infighting and at times contrasting objectives. Many of these separate Taliban groups operated autonomously, with overlapping functions and authorities changing throughout the conflict (ibid).

At the individual level, the distinction between a civilian and Taliban was often nonexistent, with many being part-time fighters for the group or contributing support only indirectly, such as flying kites to warn the Taliban of coalition presence. The distinction was no clearer at the organizational level, with civilians often using state actors and Taliban elements to further their own interests. Local elite, for instance, with links to the coalition government often assumed the right to pursue local rivals by simply labelling them as Taliban (Giustozzi 2019 p55), and thus demonstrating that the difficulty in ascertaining who was or wasn't a Taliban was much more than a just function of lacking uniforms or the use of guerilla tactics – the organizational structure itself was an entanglement of political and market actors.

Viewed from a framework of entanglement, we recognize that the cause of something as seemingly straightforward as an observed insurgent attack cannot be easily ascertained. On the surface, the group or individual conducting the attack is responsible, but this masks the mechanisms behind why and how that target was chosen. Most violence in war is selective and the dynamics driving the selection of violence typically, if not always, involves an interplay between both political and economic actors, and the meso- and macro-level orders that emerge during an insurgency are entwined with these same dynamics. In this sense, insurgent leaders do not generally *choose* their organizational structures; but rather these structures *emerge* out of multiple overlapping and competing individual transactions. The same can be said of the macro patterns of observed violent activity, which tend to represent the interactions of local political and market actors more than that of a centralized deliberate strategy.

3.3 Entanglement and the Limits of Knowledge

It is unlikely to surprise scholars of civil war or COIN practitioners that insurgent organizations are often decentralized, or even that these groups emerge from societal dynamics, but the implications of emergence for knowledge generation and COIN outcomes is much less noted. A well-formed and hierarchical insurgent organization is an entity that can be identified, isolated, and defeated militarily, at least temporarily. Whereas a spontaneously generated insurgency, made up of dispersed insurgent elements, is not an 'entity' that can readily identified, isolated, or defeated militarily. The

knowledge needed for the former is knowable, while the knowledge needed for the latter is not known by any given mind, to include those intimately involved in the insurgency.

To use Wagner's analogy, insurgencies tend to reflect a crowd of spectators instead of a parade. Both illustrate orderly, coordinated social configurations, but the sources of these orders are very different and cannot be understood in the same fashion (Wagner 2010 p18). "The parade is an organization; the crowd of spectators is an order that is constituted through interaction among the spectators, each of whom is an organization within the order" (ibid). Furthermore, entangled political economy forces us to recognize that undesirable spontaneous orders, such as an insurgency, cannot usually be attributed purely to market actors nor to government actors, but rather some admixture between representatives of the two groups (Tuszynski 2021 p92). It is never clear whether insurgent elements are political or economic because insurgencies are entangled with both, and this reality has profound implications for knowledge generation and COIN outcomes. We will consider two of these implications.

3.3.1 Misguided Prescriptions

First, entanglement implies broadly that remedies that prescribe either increased government activity or increased scope for market activity will often be misguided (ibid). Because insurgencies emerge from both political and market dynamics, we cannot easily separate the influence of one versus the influence of the other. Complex social orders emerge from individual-level transactions, but it is also true that these higher-level configurations influence the incentives and norms of individual actors (Wagner 2010; Lewis 2012; Tuszynski 2021). In this sense, we can recognize that insurgencies reflect

both bottom-up individual actions as well as top-down policy actions, creating a sort of self-reinforcing feedback loop (ibid). There is simply no easy way to untangle the political from the economic, or in this case, the cause from the effect. And although we can conceptually separate a polity and an economy in the abstract, with a polity operating according to the principles of bureaucracy and an economy operating according to the principles of profit and loss, there are real limitations to the abstraction, particularly for the analysis of insurgency and its prescribed remedies.

For one reason, any useful analysis of insurgency and its remedies must assume, as a starting point, that COIN operations take place during an insurgency. While seemingly tautological, it is nonetheless true that without the presence of an insurgency, its prescription cannot be said to be COIN, and while we could imagine a world prior to conflict, that world can only ever be imaginary. As Heraclitus explained, “no man ever steps in the same river twice, for it’s not the same river and he’s not the same man.”³⁴ It is the nature of time and complex systems, and no prescribed remedy can undo what has already been done. And thus, assigning a ‘root’ cause of an insurgency to prior political or market arrangements is a dangerous exercise, and while it may be helpful for historical understanding, it is sure to be highly misleading as a prescriptive remedy.

Relatedly, because conflict is already underway, we can also assume there is already a significant degree of entanglement between the political and economic. The dynamics of armed conflict and the high stakes that violence entails lead market actors to organize and advance their interest through political processes, and concurrently political

³⁴ Commonly attributed to Heraclitus through fragments, original source unknown.

actors seeking to maintain power and to advance its peyoratives requires increasing market participation. Thus, even if we could conceptually separate the political from the economic, say in a highly free state with only a small polity relative to its economy, there is no reason to believe such a state pertains to insurgency-threatened regimes.

Furthermore, the commingling between market and political actors is unavoidable even with the smallest government, as “any government that performs any functions beyond the most basic protective functions creates space for some private actors to attempt to gain an advantage” (Tuszynski 2021 p92). While different societies have larger or smaller political spheres relative to their respective market, no society is without entanglement. What is often called “crony capitalism” is simply a manifestation of entanglement, and as Coyne and Hall (2019) asks, “the question is not whether cronyism exists or whether there is a tendency for cronyism to emerge, but instead the magnitude of cronyism given that the existence of the state is its very cause” (Coyne and Hall 2019 p400). And states historically prone to insurgency, such as Iraq and Afghanistan, tend to be marked by high levels of cronyism, reflecting their high levels of entanglement.

Considering the high degree of entanglement inherent to insurgency, it cannot be known *ex ante* whether increased political intervention, broadly defined, will either help or hurt. COIN doctrine, however, assumes only the former - that increased political intervention is required to alleviate the causes of the conflict. In COIN theory, the existence of an insurgency means, almost by definition, a ‘failed state’ in need of increased political capacity. The logic follows that if the state were strong then it wouldn’t be threatened by insurgency, and if the state were stronger then it would be able

to defeat the insurgency. There is, of course, some truth to the logic, it is certainly possible that increased state capacity may facilitate greater cooperation at certain times in certain places, but the assumption neglects out of hand the possibility, if not the high probability, that increased political activity may serve only to reduce cooperation and worsen the conflict.

Instead of helping to alleviate violence, increased political intervention and efforts toward building state ‘capacity’ have often appeared only to worsen conflict by reducing the accountability of public officials and by disincentivizing less costly avenues of cooperation. Murtazashvili and Murtazashvili (2020) show, for instance, that the lack of political constraints in Afghanistan enabled a largely predatory state, with foreign aid and foreign military intervention amplifying the wealth-destroying features of Afghanistan’s political institutions. Instead of inculcating legitimacy and state capacity, increased political activity from COIN efforts relaxed the budget constrain on predatory political actors and undermined institutional constraints, leading to further predatory behavior from state actors and wealth destroying effects (Murtazashvili and Murtazashvili 2020 p355).³⁵ While the effect of wealth destruction on the insurgency in Afghanistan is less direct, it almost certainly exasperated the conflict. Consider that one of the most cited reasons given for Taliban support and recruitment was the persistence of the abusive attitudes of local Afghan authorities and the inability for citizens to hold these authorities

³⁵ Leeson and Harris (2018) explain how predation can result when policymakers, lacking claim to residual rents, benefit privately from making otherwise socially wealth-destroying decisions; see also Harris, Murtazashvili & Murtazashvili (2020).

accountable (Giustozzi 2019 p53-55; Coburn 2016 p158-160; Suhrke 2011 p53; Chayes 2015).

Despite these failures in Afghanistan, under conditions of greater restraint and perceived state legitimacy, which is certainly rare but possible, maybe certain political actions could help. The point here is that by viewing the problem through the lens of entanglement, we recognize that COIN intervention is enmeshed with significant knowledge problems even at the broadest level, calling into question whether increased political activity of any type might hurt rather than help social stability, regardless of whether these activities are being driven largely by foreign or local actors.

3.3.2 Further Entanglement

Second, entanglement implies that COIN operations intended to separate the political from the economic will likely cause further entanglement. Given the dispersion of knowledge inherent to spontaneously generated orders, rather than separating the political and the economic, COIN operations are likely to cause additional distortion in relative prices, which in turn, are more likely to fuel rather than quell an insurgency. As Jervis reminds us, in all emergent systems, “we can never do merely one thing” (Jervis 1998 p10), and because societies are embedded and made up of overlapping and interlocked political and economic spheres, action within one sphere must alter the other (Boettke and Storr 2002). In this sense, there is no such thing as strictly political or economic action, all actions within society will impact the structure of social capital.

To see why COIN operations will tend to have distorting effects, it may be helpful to revisit briefly how COIN is supposed to work. As explained in Chapter 1, COIN

theory holds that an insurgency can be defeated by the simultaneous mix of calculated military and societal (e.g., economic/governance) actions, each designed to ‘win’ over the population through expanded market activity and increased government legitimacy. Improved economic opportunity and government capacity are said to be necessary to garner public support to the side of the government, which will thus isolate the insurgent ‘organization’ by reducing money and recruits and making it easier to target militarily. Concurrently, military operations are said to be necessary to protect the population from insurgent predation and to reduce insurgent reach and influence, which will thus help expand market activity and legitimize the government. Each of these ‘lines of effort’ are allegedly needed to be conducted simultaneously, which is sometimes referred to as the “unity principle” (McCuen 1966) - working analogously as sword and shield.

Each category of action in COIN theory rests on implicit knowledge assumptions; the assumption that governance and economic initiatives can be designed to separate ‘insurgents’ from a ‘population’, and that military operators can isolate and target insurgents without impacting governance or the population. At the center of each of these implicit assumptions is that people fit cleanly into categories, that people are either an insurgent, a civilian, or a political actor, with each following their own logic. Insurgents are illegitimate and thus bad, civilians are passive and thus in need of protection from the bad, while political actors are legitimate and thus good, or if bad, can be influenced to be better. Nowhere in the construct of COIN is acknowledgement that people may not fit so cleanly within these categories, nor that actions within one sphere will almost certainly have unintended effects on other spheres.

Conceptually, despite these flawed assumptions, COIN may ‘work’ under very limited circumstances. Where the source of an insurgency rests primarily within a single and separate ethnic group, or rules have emerged that clearly delineate those belonging to an insurgent group, then we might surmise that the logic of COIN theory may hold. In other words, in circumstances where an insurgency is constituted more as an organization, and not an extended spontaneous order, there is reason to believe that COIN operations may be able to isolate and thus effectively target insurgents, although not fully through the means dictated by COIN theory. For example, the fact that the first Malayan Emergency in the 1950s cut along ethnic lines, with opposition to the government lying primarily within the ethnic Chinese minority, was surely one of the key reasons the British and Malayan colonial government were able to successfully isolate and target insurgent elements (Bayly and Harper 2007; Porch 2013). Similarly, the fact that ISIS had emerged into a highly hierarchical organization from ~2014-2018, with loyalty oaths and public displays of allegiance, while contributing to the group’s rapid rise also provided a key vulnerability for U.S. and coalition targeting, which led to their current diminished state. It should be said though, that even in these seemingly successful COIN operations, Malaysia experienced another insurgency only eight years from the conclusion of the first Malayan Emergency and ISIS remains a diminished but active violent force in Syria and Iraq.

These exceptions therefore largely prove the rule. If people could be separated in such a way, COIN operations may work in some instances, regardless of the lack of efficiency and bureaucratic hurdles that inevitably accompany large scale military and

government operations. The ability to separate people into categories that approximates reality may be the reason that the British ‘succeeded’ in Malaysia, although at great costs and only with a significant number of false positives (e.g., lumping many noncombatant ethnic Chinese into the same category as ‘insurgent’). In most cases though, insurgencies are more fluid and less identifiable, and thus the knowledge needed to identify and isolate insurgent elements cannot be readily ascertained. Additionally, neither of these two examples involve significant societal transformation nor economic aid to expand market opportunities. They were, at these particular times, mostly military operations, with only minimal attempts to ‘win’ over the population as dictated by COIN doctrine.

Outside of these very limited circumstances, we can recognize that the implicit assumptions underlying COIN do not approximate reality, and people do not fit cleanly into categories. Within the framework of entanglement, both polity and markets are abstract nouns that are applied to subsets of activity and are not concrete entities (Patrick and Wager 2015 p106). People are not strictly political actors or strictly market actors, but are both simultaneously, albeit to varying degrees. In this line of thought, the question at hand is less whether COIN operations can identify and separate the political from the market – the insurgent from the population - as much as whether COIN activity will lead to more of one subset of activity over the other. In other words, does COIN lead to higher levels of entanglement? The answer is surely yes.

The order that emerges in systems characterized by high levels of entanglement, such as most insurgencies, differ fundamentally from order that emerges in a more pure market context. Markets provide an institutional framework for the emergence of largely

beneficial orders, due of the discipline and feedback generated by profit and loss. However, the feedback generated in systems with high entanglement become increasingly distorted, reducing the reliability of these signals to guide action (Tuszynski 2021 p95). As Wagner explains, for market exchanges the magic number is two, indicating voluntary agreement among economizing participants. Whereas for political exchanges the magic number is three. Where market transactions are fundamentally dyadic, political transactions are fundamentally triadic, with gainers imposing cost on losers (Wagner 2014, also cited in Patrick and Wagner 2015 p112). With individuals guided by distorted prices, it becomes less evident that the orders that emerge will be beneficial, and actions using distorted price signals may themselves result in further distortions (ibid).

These same dynamics are at play in insurgency. Whether through military or ‘societal’ variables, COIN actions always add further political considerations into exchange and generate only greater levels and variety of entanglement. At the system level, ‘societal’ actions such as economic aid will always be dispensed among beneficiaries according to the criteria of political actors, and consequently, entrepreneurs have incentives to expend resources in ways that increase their chance of prevailing over rivals competing for the same rewards (Ikeda 2002). In COIN theory, such system effects are viewed as beneficial and are thought to draw a given population toward the state and thus away from insurgent elements. But these system-level observations can be misleading because the outward signals generated through increased entanglement tend to mask, rather than reveal, individual preferences. In this way, what is observed at the

system level can differ from the genuine desires of the individuals constituting that system, leading to profoundly poor signals for guiding further COIN actions.

Individuals respond to incentives, and these incentives are influenced by the institutional environment from which these individuals are operating. In the dyadic environment of pure market participants, we trust that transactions reveal relatively accurate individual preferences. When an individual exchanges money for a product in a market free of entanglement, we can conclude that he preferred the product over the money given at that time. But this context does not describe the heavily entangled environment that individuals must navigate during wide-spread civil conflict. In the triadic environment of entanglement, transactions are imbued with political considerations, distorting the signal derived from these transactions.

As a result of entanglement, there is no way to know how much of a given transaction is influenced by the participants' real preferences, or sentiments, and how much was intended simply to provide an expedient political signal. We can only observe what people do and the reasons they give for what they do, but we cannot, however, "observe the underlying sentiments that induce that action" (Patrick and Wagner 2015 p110).³⁶ Just as we observe companies signaling their commitment to various political causes, providing money and advertising toward such things as environmental protection or to other causes of pressing social concern, it cannot be known whether the activity is motivated by genuine sentiment or to placating anticipated backlash. And policy based on

³⁶ Patrick and Wagner (2015) cite this as an observation of Vilfredo Pareto, from his 1923 treatise, translated into English as *The Mind and Society*.

these distorted signals are sure to be misguided, as many politicians have discovered when votes don't match observed social signals. Just as interrogators have long known that a subject's words under duress will vary from his underlying sentiments, actions in entangled environment will vary in the same way, creating space between what is observed and what is really preferred - or would be preferred absent the political.

The distinction between action and sentiment is at the heart of perverse spontaneous orders, explaining how rational action by individuals can generate higher-level orders that are regarded by these same individuals as undesirable, and the distinction is also at the core of why COIN fails. Because we cannot know individual preferences in highly entangled environments, COIN actions cannot be effectively tailored to meet or address these individual preferences. COIN actions are thus blind to the underlying sentiments induces the conflict but guided by increasingly distorted signals. Exactly how these actions will manifest cannot be known, but the logic of entanglement suggests, ironically, that COIN actions are likely to be counterproductive and will lead to worse outcomes in the very areas it is intended to help.

The areas receiving the greatest 'mix' of military and 'societal' actions will consequently be the areas with the most entanglement, and thus areas with the most distorted signals. Because a military cannot target what it cannot observe, but what is observed doesn't reflect what is preferred, it follows that military operations will tend to target the 'wrong' people. In other words, the outward actions of the individuals targeted are less likely to match their unobserved but real underlying sentiments. Instead of the 'population' being drawn closer to the state and thus away from insurgents, economic aid

and other ‘societal’ actions serve to bring the ‘population’ and insurgents closer, making it more difficult to distinguish ‘insurgent’ from civilian, the political from the nonpolitical, friend from foe. When we recognize insurgency as an entangled spontaneous order, we can see that rather than being sword and shield, COIN is more like water and oil. Whereas sword and shield are complements, whose combination enhances performance; the military and ‘societal’ variables of COIN tend to be incompatible, a combination more likely to degrade than enhance performance.

3.4 Conclusion

COIN suffers fundamentally from a knowledge problem. While intelligence collection is widely held as the *sine qua non* of COIN, there is knowledge that no amount of collection can obtain, because it is dispersed, tacit, and subjective, and often difficult to articulate (Kiesling 2015; Lavoie 1986). The knowledge needed for effective COIN action is only generated through the process of interaction, but these interactions are themselves altered by the agents trying to obtain it. COIN operators are thus not acting *on* a system as much as they are acting *within* a system, and therefore COIN operators are both influencing and being influenced by the actions of others.

In the framework of entanglement, there is no way to act on the political or the economic in isolation. Polity and economy are entangled and not separate entities, and the entanglement of the political and economic can lead to perverse spontaneous orders, to include riots and negative belief systems (Martin and Storr 2008), public aid enterprises (Tuszynski 2021), and systemic financial and economic crises (Smith,

Wagner, and Yandle 2011). The analysis presented here extends the framework of entangled political economy to war – to the study of insurgency and its prescribed remedies. In view of entanglement, we can see insurgency as an entangled spontaneous order, presenting many of the same knowledge problems highlighted in most studies of spontaneous order, and these dynamics help explain the failure of COIN.

Entanglement and the resulting limits of knowledge are not the sole reason for COIN failure, but it may be the broadest and most universal. It applies to direct COIN interventions, where foreign troops and personnel are involved ‘on the ground’ such as the U.S. involvement in Iraq and Afghanistan; and to indirect COIN interventions, where foreign powers are only advising a state involved in insurgency, such as the U.S. role in El Salvador. It also applies just as easily to insurgencies with no foreign involvement, as the source of failure is not directed toward either international political dynamics or even to macro- or systemic-level reasoning. The action occurs inside the arena and among individual entities and participants, but those individual entities and participants cannot be understood, separated, or constructed in the way that COIN dictates. COIN theory is what Hayek referred to as a “fatal conceit” (Hayek 1988), and it has failed and will continue to fail like all other conceits.

CHAPTER FOUR: TARGETING INSURGENT FINANCES

4.1 Introduction

The previous chapters have outlined the reasons why COIN fails, and why the doctrine persists despite failure. As highlighted, COIN suffers fundamentally from a knowledge problem, and yet the bureaucratic incentives and constraints faced by policymakers and operators alike encourages, if not necessitates, the continual attempt to know and attain what is, in fact, unknowable and unattainable. The knowledge problem is a consequence of the fact that insurgencies generally reflect an entangled spontaneous order, and not the actions of a well-defined organization, and thus insurgents cannot be readily separated from the rest of society. COIN actions therefore tend to target the ‘wrong’ things based on distorted signals.

COIN, in this view, fails to account for what Hayek refers to as different “kinds of orders” (Hayek 1975). The doctrine imposes the paradigm of conventional warfare, where complexity is bounded to some degree by its dyadic nature, onto a highly complex and unbounded extended order. It treats insurgencies in much the same way as it treats any other military operation – as an organization that can be located, isolated, and destroyed. Insurgents, the population, and the government are each reduced to homogenous entities that can be engaged separately, just as two armies can engage separately in conventional battle. COIN thus neglects the heterogeneity and entanglement within and between these spheres, treating governance and insurgency, and society writ large, as something that can be designed and managed.

Whereas the individual characteristics and actions of a well-defined group, such as a conventional army, are knowable and thus targetable, the individual characteristics and actions underlying an entangled spontaneous order are generally unknowable, or can only be known in the abstract, and therefore attempts to target these orders tend to lead to poor outcomes and unintended consequences. Both involve complexity and risk, but as Hayek explained, “the more complex the order at which we aim, the more we shall have to rely on spontaneous forces to bring it about, and the more our power of control will be confined in consequence to the abstract features and not extend to the concrete manifestation of that order” (Templeton 1979 p504; also cited in Hayek 1973).

The chapter is intended to provide more empirical support to these central claims, using a comparative case study of recent U.S. operations to degrade insurgent finances. Denying an adversary of money and resources has long been a key subset of COIN, which in modern U.S. parlance falls under the general rubric of counter-threat finance (CTF). The logic is straight-forward; all insurgencies require materiel and funding, which presents vulnerabilities, and actions that limit the movement and exchange of materiel and funds to the insurgent may compound these vulnerabilities (Nagl, Amos, Sewall, & Petraeus 2008 p33). Without materiel and funding, insurgents are hard pressed to recruit and operate, therefore denying insurgents of these requirements will degrade their ability to sustain themselves. But as we see with COIN more broadly, the logic is alluring but the devil is in the details, and many CTF operations likely undermine rather than reinforce COIN efforts.

Although degrading finances is but one facet of COIN operations, it is an increasingly alluring facet and analyzing this single line of effort illustrates much of the same logic and false assumptions that underlie all of COIN. Limiting the analysis to a single subset of operations also reinforces the uncertainty and knowledge limitations that are inherent in COIN campaigns more broadly. As this chapter will highlight, because of the entangled and emergent nature of most insurgencies, there are often significant limitations and unintended consequences even from these seemingly limited operations, which are only amplified when combined with additional civil and military actions.

The comparative case study involves two near concurrent CTF campaigns, one against the Taliban and the other against ISIS. Much has been written regarding Taliban finances, but the operations against ISIS finances have thus far received only minor attention, and almost no work could be found that directly compares these campaigns. Both involved a heavy reliance on a single relatively inelastic commodity, with ISIS reliant on oil revenue and the Taliban reliant on narcotics revenue, and both were targeted using the same logic, but the outcomes from these two CTF campaigns differed substantially. The operations against Taliban finances were, by nearly all accounts, ineffective and almost certainly counter-productive, whereas the operations against ISIS finances appear to have been effective and relatively successful.

This chapter will examine the reasons for these different outcomes, using the framework and economic insights developed in previous chapters. While the most evident difference was the source of their respective funding, oil on the one hand and narcotics on the other, the key factor as argued here, was not so much the source of

revenue but the role these sources had on the organizational structure of each entity. The fixed location and high cost of oil extraction contributed to ISIS emerging as a highly centralized organization with top-down financial management, whereas the highly mobile and low cost of poppy cultivation and processing contributed to the Taliban's decentralized structure with localized and overlapping financial management. Therefore, where CTF operations in Syria were directed against a highly centralized, hierarchical organization, which presented clear vulnerabilities, the CTF operations in Afghanistan were directed against a highly decentralized, polycentric order, presenting only illusive vulnerabilities. Consequently, the impact of striking ISIS-linked finance targets fell mostly on ISIS and had ripple effects across the entire organization, whereas the impact from striking Taliban-linked finance targets fell mostly on others or on only localized actors, with no discernable impact on the larger organization.

ISIS and the Taliban were, at these times, different kinds of order, with very different dynamics and knowledge implications. But despite these fundamental contextual differences, the reaction and prescribed solution from the U.S. and coalition were similar in both theaters. The case studies are illustrative of the institutional imperatives resulting from the economics of bureaucracy and the challenges of institutionalizing the right lessons. Instead of recognizing the unique structure and rare vulnerabilities present with ISIS, that ISIS may have been the exception that proves the rule, policymakers instead appear to have learned that finances are a key vulnerability more generally and that CTF operations can be effective if designed correctly. It was the wrong lesson, which became evident in the subsequent CTF bombings in Afghanistan.

The analysis that follows is admittedly exploratory, as many of the details needed for a more thorough analysis remain unknown or classified. That said, what is known about the operations highlight the importance of the distinction between made (i.e., designed) order and spontaneous (i.e., undesigned) order for knowledge generation and the study of warfare. It also contributes to the growing literature on entangled political economy and to research on spontaneous order, and indirectly to the history and assessment of strategic bombing and to the study of economic warfare more generally.

The following section will provide a brief history of these two CTF campaigns, first with the campaign against the Taliban and then ISIS. Section 4.3 will explore the underlying economics undergirding these operations, underscoring the distinction between the economics of prohibition and economic warfare, and highlighting the role of knowledge and emergent qualities in explaining the divergent outcomes. Section 4.4 will provide implications and concluding remarks.

4.2 A Brief History of Two U.S. CTF Campaigns

4.2.1 Iron Tempest: Afghanistan

In November 2017, U.S. Forces in Afghanistan (USFOR-A) authorized the bombing of narcotics processing labs in Taliban controlled areas of Afghanistan, on the grounds that it would deny the Taliban revenue needed to further its insurgency, while also minimizing the impact on local farmers and civilians. The air campaign, code-named Operation Iron Tempest, had been motivated and modeled on the nearly concurrent air campaign against ISIS finances in Iraq and Syria (Phillips 2018; Mansfield 2019 p7). But

despite the similarity of intent and method, the results of the two air campaigns would differ greatly.

On the first night of Iron Tempest on 19 November, USFOR-A conducted air strikes against at least 10 reported drug labs in Helmand Province (Mansfield 2018; 2019). The campaign would continue for another nine months, and by August 2018, U.S. officials had claimed that the campaign had destroyed as many as 200 drug labs and denied the Taliban of an estimated \$46 million USD (Nissenbaum 2018), along with at least \$160 million denied to drug-trafficking organizations (DoD 2018). The estimated loss of \$46 million for the Taliban though, fell well short of expectations according to U.S. officials, and subsequent analysis conducted by scholars and other government agencies, to include SIGAR, call into question even this ‘pessimistic’ estimate (Rempher 2019). Analysis conducted by Mansfield (2019) for instance, suggests the amount of funds denied to the Taliban was almost certainly only a fraction of what was claimed – maybe as low as 1-2 percent of what USFOR-A had estimated (Mansfield 2019 p42-46).

The nearly year-long CTF bombing campaign would turn out to be the last serious attempt to deny Taliban revenue. It was preceded by over a decade of varying strategies aimed both at denying the Taliban of funds and of combatting the growth of the opiate market in Afghanistan, all of which failed to achieve their stated aims. Using the taxonomy of Coyne, Blanco, and Burns (2016), the air campaign might be considered the fourth phase of the war on drugs in Afghanistan, with the first phases including: (1) a hands-off approach, (2) a hands-on approach, and (3) an alternative livelihoods approach.

The “hands-off” approach from 2001-2002 sought to use opium producers’ interests to their advantage by allying with local warlords involved in opium production to help defeat the Taliban (Coyne, Blanco and Burns 2016 p99). Then in 2003, following three consecutive years of record opium harvests, the coalition shifted to a “hands-on” approach, using coalition and Afghan security forces to directly target opium production. The hands-on phase consisted of deliberate efforts to “align the goals of counternarcotics with counterinsurgency” (ibid p100), with policymakers often viewing the growth of the drug market and the resurgence of the Taliban as synonymous. As the U.S. State Department’s coordinator for counternarcotics in Afghanistan, Thomas Schweich, stated at the time, “It’s all one issue. It’s no longer just a drug problem. It’s an economic problem, a political problem and a security problem” (quoted in Risen 2007, as cited in Coyne, Blanco and Burns 2016 p101). We can see in this example not only the budding logic of COIN but also how policymakers viewed the connection between COIN and CTF, a misperception that would last throughout the U.S. presence in Afghanistan.

The U.S. coalition would eventually spend over \$5 billion USD on eradication efforts throughout the hands-on phase, yet poppy cultivation and opium output only increased while the insurgency strengthened. Then in 2009, as a response to the acknowledged failure of eradication efforts, the coalition adopted an “alternative livelihoods” approach, which focused on providing Afghan farmers with legal alternatives to poppy cultivation. The strategy would call on provincial governors, instead of coalition troops, to continue eradication efforts, while also providing financial incentives to farmers to not grow poppy (ibid p102-103). The idea was to provide both a

carrot and a stick to Afghan farmers, which in theory would discourage poppy cultivation while encouraging the growth of alternative agriculture. But the alternative livelihood phase failed just as the previous approaches, again leaving only increased opium output.

After 15 years of U.S. and NATO effort to reduce poppy cultivation and opium production in Afghanistan, and thus to reduce the Taliban's revenue deriving from the drug market, the opium economy had only increased and the Taliban controlled more of the industry than at any time in its history. From 2016 to 2017 alone, the United Nations Office of Drugs and Crime (UNODC) reported poppy cultivation in Afghanistan had increased 63 percent to a record of 328,000 hectares and opium production had increased 87 percent to a record 9,000 metric tons. As of 2017, the UNODC had estimated that the opium economy accounted for nearly \$1.4 billion USD annually, approximately 7 percent of Afghanistan's estimated GDP, and that the Taliban controlled between 20-25% of the industry, equating to \$200-\$350 million (UNODC 2017).

This repeated failure was the backdrop at the start of operation Iron Tempest. Although there had been other initiatives aimed at degrading Taliban finances, to include the direct targeting of financiers and facilitators linked to the Taliban, most of these efforts were still tied to the opium market. The Afghanistan Threat Finance Cell (ATFC) for instance, was established in 2008 and modeled explicitly after the Iraq Threat Finance Cell (ITFC) to coordinate interagency actions against insurgent funding and financial networks. But unlike the ITFC, the ATFC was led operationally by the Drug Enforcement Agency (DEA) (Conway 2012). The DEA received substantive support from DoD and other intelligence agencies and by 2013 was operating from 95 offices

across Afghanistan (Beith 2013). Despite these efforts though, or maybe because of these efforts, the opium economy continued to thrive, and no discernable separation had been created between the opium economy and the Taliban.

By the time operation Iron Tempest commenced, U.S policymakers had largely accepted there was little hope that the Afghan government would be able to win the war on drugs in Afghanistan, but there remained high interest in assisting the Afghan government with combatting the growth of the industry and in limiting the Taliban's ability to profit from it. In this setting, Operation Iron Tempest was conceived as a new approach to harm the Taliban by isolating and targeting their specific links to the opium market. Instead of targeting the opium economy writ large, the approach was to focus attention specifically on 'Taliban-linked' labs, and thus raise the Taliban's risk and cost of operations and thus putting them at a competitive disadvantage to 'independent' or government-linked opium actors. By this point in the Afghan campaign, few other options were available, outside of either maintaining the status quo or to further disengage. But the institutional incentives encouraged the expansion of operations, and the recent success with targeting ISIS finances provided a seemingly credible, and more importantly, a visible option to demonstrate activity in line with President Trump's more aggressive strategy in Afghanistan (Hennigan 2019).

The operation clearly didn't work as planned though – not only did it not substantially reduce the opium market, but there is no evidence that it either reduced the Taliban's revenue or separated the group from other opium actors. Worse, available evidence suggest that the air strikes likely created closer cohesion between the Taliban

and the local population, due to significant frustration and fear caused by the bombings and the perceived need for additional protection (Mansfield 2019 p48-49). Furthermore, as section 4.3 will highlight, the economics involved indicate that these bombings were more likely to have increased than to have decreased the Taliban's revenue (Clemens 2013a p526, 2013b; Coyne, Blanco and Burns 2016 p104)

4.2.2 Tidal Wave II: Iraq and Syria

The air campaign against ISIS finances on the other hand, appears to have largely met its stated objectives, albeit at high cost and with no full assessment of the impact known. As a response to the rapid rise and expansion of ISIS, the U.S. military began conducting airstrikes in Iraq and Syria in the fall of 2014 under Operation Inherent Resolve (OIR), and then started concentrating strikes on ISIS finance targets the following fall under *Operation Tidal Wave II* and then *Operation Point Blank* (Wasser, et al 2021). Named after the World War II air operation targeting Nazi-held oil facilities in Romania, Tidal Wave II was a two-year air campaign, conducted from October 2015 through October 2017, that similarly targeted oil facilities then under ISIS control to deny the group materiel and revenue. As a complementary effort, Operation Point Blank was conducted within the same general timeframe, from January 2016 through August 2017, and targeted the group's cash reserves (ibid p227). Tidal Wave II would end up involving the targeting of over 5,000 oil-related targets, while Point Blank involved 36 cash storage

and distribution targets (ibid p227-232), and thus for clarity, the following refers to both under Tidal Wave II.³⁷

Oil was a key strategic asset for the group from the beginning. The group had emerged from the remnants of al-Qaeda in Iraq (AQI); an offshoot of al-Qaeda founded by Abu Musab al Zarqawi in 2004. AQI would become the Islamic State of Iraq (ISI) in 2006 before changing their name to ISIS (also known as the Islamic State of Iraq and the Levant (ISIL), Daesh, or Islamic State) after a formal split with al-Qaeda in 2013.³⁸ After a period of relative silence from 2007-2010, the group reemerged in 2011 after the withdrawal of U.S. troops in Iraq, and then in 2013 began making rapid gains across Syria and Northern Iraq. ISIS prioritized and quickly took control of major oil and gas infrastructure along the Middle Euphrates River Valley (MERV) in Syria, along with a few oil fields in Northern Iraq, to include Qayyara near Mosul and for a brief period Ajil and Allas outside of Kirkuk (Solomon, et al 2015, 2016).

It became very clear by 2014 that the group's prioritization of oil was a key part, if not the backbone, of its strategy of establishing and sustaining a self-proclaimed caliphate. Oil was the group's strategic weapon, "fundamental for the survival of the insurgency and, more importantly, to finance their ambition to create a caliphate" (Solomon, et al 2015). According to the *Financial Times*, immediately following the takeover of oil fields near Kirkuk, a local sheikh explained that "they were ready, they

³⁷ Individual strikes often cross multiple operational authorities. For instance, according to the RAND study by Wesser, et al (2021), the U.S. coalition struck three financial targets before the beginning of the official start of Operation Point Blank.

³⁸ The Wilson Center has produced a thorough but concise timeline of the major milestones of the rise and fall of ISIS. <https://www.wilsoncenter.org/article/timeline-the-rise-spread-and-fall-the-islamic-state#>

had people there in charge of the financial side, they had technicians that adjusted the filling and storage process” and “they brought hundreds of trucks in from Kirkuk and Mosul, and they started to extract the oil and export it” (ibid). ISIS had quickly derived significant financial strength from its status as a “monopoly producer of an essential commodity consumed in vast quantities throughout the area it controls” (ibid). The groups financial position was also strengthened with its capture of local banks, to include most importantly the Mosul Central Bank, providing an influx of millions and potentially hundreds of millions (Moore 2014).³⁹ The captured banks provided a quick influx of nonrenewable cash, while oil provided a primary means to generate sustainable revenue.

Confirmation of the importance of oil to the group’s strategy and budget came in May 2015 with the raid against Abu Sayyaf, who oversaw ISIS oil and gas operations (Van Heuvelen 2015). Abu Sayyaf was killed in the raid, but U.S. forces captured detailed records that provided unprecedented insight into their financial operations. According to the State Department’s Special Envoy for International Energy Affairs, Amos Hochstein, “it was the largest trove of intelligence ever yielded from a single special forces raid, composing nearly seven terabytes of data” (as cited in Van Heuvelen 2015). The revelations from the Abu Sayyaf raid, of which many were declassified, showed that ISIS was generating around \$40 million USD per month from the sale of crude oil alone and that its oil sector was resilient and had recovered from previous

³⁹ Reported by Moore (2014), the Nineveh governor Atheel al-Nujaifi stated on Kurdish television that ISIS had looted 500 billion Iraqi dinars – the equivalent of \$429 million USD at that time – along with millions from numerous banks in Mosul and also large quantity of gold bullion.

strikes relatively quickly (ibid).⁴⁰ The documents revealed that strikes on oilfield infrastructure up until that point, to include against “pumps, flow lines, manifolds, and even wellheads,” had not and probably could not stop production entirely and many were back online within a few days (ibid).

It was these revelations that prompted the more aggressive air campaign under Tidal Wave II. While policymakers had recognized the importance of oil for ISIS sustainment prior to the Abu Sayyaf raid, having struck a number of larger refineries in late 2014, the records recovered made clear just how central the industry was to the group’s hierarchy and organizational structure. According to Iraq Oil Report, a U.S. official explained that the management of the oil sector was highly centralized, and that top-down control and oversight helped the group allocate resources to the right wells, maximize profit margins, and root out corruption. The documents “show close monitoring of the sale of oil, close scrutiny of employees, and tremendous discipline exercised at the very top, by Abu Sayyaf” and Abu Sayyaf had direct access to ISIS leadership (Van Heuvelen 2015). ISIS fully monopolized crude production and then levied taxes along the value chain (ibid). As Hochstein explained, “they make profit at the point of sale, and then tax it again and again as it goes through the process” (ibid).

The U.S. military took advantage of the insights learned from the Abu Sayyaf records. Recognizing how quickly ISIS was able to adjust and repair previously struck oil facilities, Tidal Wave II was conceived to increase both the scale and scope of ISIS oil

⁴⁰ The estimates of ISIS income from oil operations range widely within unclassified reports, as well as the group’s overall income. Early estimates for ISIS oil revenue ranged from \$1-3 million USD per day (Do, et al. 2017, 2018; Reed 2015).

targeting, hitting a larger swath of oil-related targets and at a tempo to outpace their repair capabilities. The new campaign prioritized deliberate targeting toward high impact facilities and equipment that were harder to repair, and broadened air strikes to include tanker trucks involved in oil distribution and locations storing physical cash collected from oil sales (ibid; Reed 2015; Martinez 2016; Wasser, et al 2021).

The U.S-led coalition, along with Kurdish and Iranian-backed paramilitary ground forces, had by late 2015 taken back most of the Iraqi oil fields, thus Tidal Wave II operations were focused mostly on ISIS-controlled oil assets in Syria (Van Heuvelen 2015). Over the course of the two years campaign, the U.S-led coalition accelerated the volume and variety of oil-related targets within the MERV, striking thousands of targets across all elements of the oil supply chain, from production to processing to distribution and storage (Wasser, et al 2021 p208-215). According to a RAND study using Combined Joint Task Force-Operation Inherent Resolve (CJTF-OIR) strike data, the coalition struck 1,421 production targets, 1,187 processing and refining targets, 2,095 distribution targets, and 1,242 storage targets (ibid).

The air campaign had a devastating impact on the ISIS-controlled oil economy. While precise figures for oil revenue are unknown for either the group's peak or nadir, what evidence is available suggests the campaign led to a significant drop in revenue and certainly a severe drop in the group's capability to profit from the industry. According to U.S. officials, by mid-2016 ISIS oil revenue had been cut by more than half to about \$15 million per month (DoD 2016, as cited in Wasser, et al 2021) and then dropped to as low as \$4 million per month by the mid-2017 (Michaels 2017). These estimates also appear in

line with independent analysis using satellite multi-spectral imaging to estimate ISIS oil production, which shows a reduction of over 70% from late 2014 to 2016 (Do, et al 2017, 2018) What portion of the drop can be contributed solely to Tidal Wave II is difficult to determine, given the existence of multiple confounding factors to include the concurrent drop in regional oil prices, increased black-market interdictions along the Turkish border, increased military demands and expenses, and the loss of territorial control. But despite these factors, it is clear the campaign had its predicted impact on ISIS material and funding, at least leading to lower revenue and weakened operational strength – opposite of the results from Iron Tempest.

4.3 The Economics of Economic Warfare

Economic warfare can take many forms, from trade-restrictions, sanctions, to direct attacks on an adversary's critical infrastructure or on their sources of income. Operation Iron Tempest and Tidal Wave II were both examples of the latter, each involving deliberate and systematic attacks against key sources of income. The economic issues behind the failure in one air campaign versus the relative success in the other are tied closely with the economics of prohibition, but with the caveat that the stated objective of these operations was to inflict damage specifically on the adversarial organization, and not necessarily to prohibit their respective industry writ large. In other words, Iron Tempest was to harm the Taliban, with the impact on the narcotics market of only secondary concern; likewise, Tidal Wave II was to harm ISIS, with the impact on the regional oil market also of only secondary concern.

There is well-established literature on the economics of prohibition, mostly involving drug policy, that highlights the limitations and perverse unintended consequences that often result from efforts to prohibit market activity (see, for example, Kennedy, Reuter, and Riley 1993; Miron and Zwiebel 1995; Miron 1999, 2001; Clemens 2008; Boettke, Coyne, and Hall 2012; Dell 2015; Coyne, Blanco, and Burns 2016). Most of these efforts involve attempts to shift the supply curve, with the effectiveness of such efforts depending on two key factors: (1) the ability to reduce supply, and (2) the elasticity of the demand curve (Coyne, Blanco, and Burns 2016). Accordingly, the failure of prohibition tends to involve either a failure to effectively reduce supply or, in the case of a reduced supply, a corresponding price response that increases the value of the remaining stock – thus outstripping any loss accrued from the reduction in supply (ibid p103-104, Clemens 2013a p526, 2013b). In this way, such efforts often increase the profit available within the prohibited industry; and consequently, creating conditions that work to counter the objectives that the actions purportedly aimed to achieve.

But when it comes to economic warfare, and to our case study here, there is an additional factor to consider, which involves the ability to isolate and direct harm onto specific actors. The aim of economic warfare is often not so much to prohibit the exchange of a commodity writ large, but to prevent a select individual or group of individuals from profiting from a particular industry. While there is overlap between these objectives, the distinction has import for evaluating such operations. A policy, for instance, can achieve its limited aims while also having unintended consequences elsewhere in society. Whether the targeted benefit was worth the societal cost, in turn,

calls forth questions of tradeoffs and normative judgment, but by conceptually separating the impact on the targeted entity from its larger societal effects, we can at least judge these campaigns against their own terms. People will differ on whether the larger societal cost of Tidal Wave II was worth the harm inflicted on ISIS, but economic analysis helps illuminate, at a minimum, whether the operation succeeded or failed in achieving its stated aim and the reasons underlying these outcomes. Whereas Tidal Wave II at least succeeded on its own terms, degrading ISIS revenue, Iron Tempest failed and may have led to higher Taliban income.

Clemens (2013a, 2013b) provides a simple but instructive model for assessing the potential effectiveness of economic warfare, which we can also use to provide a catalyst for understanding the role of knowledge for these divergent outcomes. In short, Clemens offers the following model parameters (Clemens 2013a p524; Clemens 2013b p6-7):

- The targeted industry involves the output of a fixed number of actors (N), and due to alliances and adversarial relationships, U.S welfare (W) depends on the incomes (I_i) of each of these N actors. Thus, $W = \sum_{i=1}^N \lambda_i I_i$ with λ_i being positive for allies and negative for adversaries (ibid).
- The income for industry participants is characterized by the following: Potential gross industry output is $Q_{\text{gross}} = \sum_{i=1}^N q_i$ and the policy of interest is an enforcement level (E), which is the amount of industry output eliminated by, in this case, bombings. Net output thus equals $Q_{\text{net}} = Q_{\text{gross}} - E$ and demand is set by the market clearing price $P = p(Q_{\text{net}})$ and therefore, producer i 's income is: $I_i = [q_i - E_i] \times p(Q_{\text{net}})$ (ibid).

- The extent that enforcement (E) falls upon producer i depends on a “targeting parameter” ρ_i and therefore, $E_i = \rho_i E$. The targeting parameter, as treated by Clemens, reflects fixed limitations on the U.S. ability to target enforcement at producers with low λ_i – that is, the ability to target adversaries and not allies (ibid).

Given these parameters, Clemens model expresses U.S. welfare as:

$$(1) \quad W(E) = \sum_{i=1}^N [\lambda_i [q_i - \rho_i E] \times p(Q_{\text{gross}} - E)] \quad (\text{ibid}).$$

In the event of a single adversary, and with the U.S. indifferent to the incomes flowing to all others, then the effect of an incremental increase in enforcement, where ϵ_D is the market’s elasticity of demand, is expressed as:

$$(2) \quad \frac{dW}{dE} = -\lambda_1 p \rho_1 + \lambda_1 p \frac{1}{-\epsilon_D} \frac{[q_1 - E_1]}{Q_{\text{net}}}, \quad (\text{Clemens 2013a p524}).$$

As Clemens highlights: “the first term describes the intended benefit of enforcement, namely the reduction in the adversary’s income that comes from eliminating ρ_i units of its output. The second term describes the unintended consequence, namely the increase in the value of the adversary’s output that results from eliminating a full unit from the market. The expression highlights the importance of both the targeting parameter and the market’s elasticity of demand” (ibid). An extension of the expression shows that, in turn, incremental enforcement will improve welfare, if and only if:

$$(3) \quad \rho_1 > \rho_1^* = \frac{1}{\epsilon_D} \frac{[q_1 - E_1]}{Q_{\text{net}}} \quad (\text{ibid}).$$

In other words, welfare will improve only when the targeting parameter is greater than the threshold ρ_1^* (Clemens 2013b p7). Equation 3 shows formally that the threshold is “declining in the magnitude of the relevant market’s elasticity of demand and increasing in the adversary’s initial market share” (ibid). Stated differently, the more inelastic the demand for the industry product being targeted, *ceteris paribus*, the higher the targeting threshold will be to achieve the desired end (degrading income of adversary). Likewise, the more market share initially held by the adversary, *ceteris paribus*, the higher the targeting threshold. Increased enforcement will thus reduce welfare (1) if the demand for the product is sufficiently inelastic, (2) if the initial market share is sufficiently high, or (3) if the targeting parameter is sufficiently low (i.e., lower than the threshold). Each of which in some combination leads to $\rho_1 > \rho_1^*$ (ibid).

Clemens uses these insights to show that the targeting parameter had been too low against the Taliban opium trade. In other words, there were limitations that prevented the coalition from being able to effectively isolate and target the Taliban drug trade as opposed to the non-Taliban drug trade. More specifically, Clemens estimated an implied targeting parameter of between 0.15-0.25. Given that the Taliban’s initial market share (the amount of poppy cultivation within Taliban-heavy areas) exceeded 30-40%, the results implied “worse-than-random” targeting (ibid p15). Furthermore, given an estimated elasticity ranging from -0.33 to -0.44, Clemens estimated, using Equation 2, that the welfare effect of incremental enforcement equaled $\lambda_1 116$, which implies that denying or destroying one kilogram of opium channeled roughly \$116 in income to farmers in Taliban-heavy areas (ibid p24). Consequently, while it is unknown how much

of that additional revenue ended up profiting Taliban elements, the evidence suggests that the targeting of opium, instead of degrading Taliban finances, led perversely to increased opportunities for Taliban profit.

Particularly germane to the case study here, Clemens also extends the model to the hypothetical targeting of oil, in both Iran and Russia. Iran in 2012 had accounted for approximately 5% of global oil output (USEIA 2012), and common estimates for the short-run elasticity of demand is around -0.1 (Cooper 2003, Hamilton 2008). With this market share and elasticity, Equation 3 yields a targeting parameter threshold of 0.5 (Clemens 2013b p26). Therefore, if the actual targeting parameter is greater than 0.5, targeting Iranian oil in a conflict could, as a first approximation, be welfare enhancing for a reference nation, assuming no concern for the flow of income to other countries and absent unmodeled considerations (ibid). Russia, by contrast, accounted in 2012 for approximately 12% of global output (USEIA 2012). Using a short-run elasticity of demand again of -0.1, Equation 3 yields a targeting parameter threshold of 1.2; and therefore, because the targeting parameter is bounded by 1, there is no scenario that targeting Russian oil could be welfare enhancing in the short-run (i.e., $\rho_1 > \rho_1^*$ is impossible) (Clemens 2013b p27).

The precision of the point estimates is not important for the analysis here, but the intuition provided by the model helps illuminate the oversized role of the targeting parameter. Assuming an adversary with a relatively small market share, the most significant difference between the targeting of Taliban opium and the hypothetical targeting of oil hinges on the ability of a reference state to effectively isolate and engage

their respective target sets. Thus, by evaluating the factors that contribute to a higher or lower targeting parameter, we can know, and could have known *ex ante*, that the targeting of Afghanistan opium would fail to achieve its stated aims and that the targeting of ISIS oil had better prospects for success.

The failure to eradicate poppy or to curtail the Taliban's ability to profit from the industry was well-known by the start of Iron Tempest in 2017, and the factors leading to failure had likely only worsened as Taliban-heavy areas increased market share. But while the idea of Iron Tempest was to direct targeting toward the Taliban specifically, there was no reason to believe that the coalition in 2017 could identify and isolate "Taliban" from non-Taliban any more than they could throughout the war in Afghanistan. Effective targeting had long been a challenge for the coalition, and the reduction in troops and intelligence, particularly in Taliban-heavy areas, give little reason to hold that the "targeting parameter" had improved.

It is at this point that we connect the idea of insurgency as an entangled spontaneous order. As highlighted in Chapter 3, the Taliban was highly polycentric, formed and expanded through loose alliances with varying degrees of cooperation. Many Taliban-aligned groups operated largely autonomously, with different elements often processing overlapping functions and authorities that changed throughout the conflict (Giustozzi 2019 p4). While the Taliban had a hierarchy organized through different shuras located in Pakistan, these shuras often competed and their control over lower-level operations and activity were generally constrained (*ibid*). In this vein, the 'Taliban' was synonymous with the broad societal-level insurgency rather than an organization.

In the context of high entanglement, the distinction between a civilian and an insurgent was often nonexistent. It was not uncommon for instance, for Afghan families to hedge and attempt to establish ties with coalition forces, the Taliban, and the Afghan government simultaneously (Coburn 2016 p126), making it unclear whether that family was Taliban or non-Taliban. And as explained in the last chapter, the distinction becomes no clearer at higher levels, where local elites with ties to the coalition government would often use both state actors and Taliban elements to further their own interest, sometimes pursuing local rivals by simply labeling them as Taliban (Giustozzi 2019 p55). As Wagner's (2009, 2016) framework of entangled political economy makes clear, there is no way to meaningfully separate the political from the economic outside of the theorist's mind, and thus the organizational characteristics and observed actions within the Afghan insurgency reflected both political and economic dynamics. Because the 'Taliban' was synonymous with a broad societal-level insurgency, targeting the 'Taliban' was always wrought with knowledge problems.

Nowhere was entanglement deeper than with that of the opium market. Poppy and its by-products serve as a source of income, savings, and medium of exchange for much of Afghanistan. As Mansfield explains, the drug economy led to new sources of capital accumulation, new forms of investment and new owners and distributors of capital, and thus "influenced local leadership and shifted bargaining relations between rulers and ruled" (Mansfield 2016 p289). And therefore, "any attempt to 'turn off' drug crop cultivation will inevitably influence and disrupt these relationships and will have a profound impact, given that the drugs economy is so deeply embedded in the social,

political, and economic life of a source country like Afghanistan, particularly at its periphery” (ibid). Whereas outside donors and national institutions saw prohibition as an “expression of state power,” and thus the failure to enforce prohibition as a lack of state capacity, local farmers and elites often saw an “interlocutor that negotiates, offers favors, makes promises and uses state violence sparingly for fear of provoking widespread dissent, and that draws on the threat of foreign military forces to compel the population to abandon poppy cultivation (ibid p289-290). Correspondingly, Taliban actors also served in the same role as interlocutor, particularly where government enforcement was most strict, which is consistent with the increasing cartelization and influence of the industry by the Taliban as highlighted by Coyne, Blanco and Burns (2016).⁴¹

Because the opium market was highly entangled and embedded in the social, political, and economic life of Afghans, there was simply no way that Iron Tempest could isolate and target only ‘Taliban’ drug labs. Additionally, because the Taliban itself reflected the broader insurgency, and was composed of varying decentralized and local level alliances, even if a ‘Taliban-owned’ lab was destroyed, there is no way to ascertain what the impact would be on the larger organization. The destruction of one Taliban-owned lab may have, in fact, raised the value of other ‘Taliban’ labs, when we consider that these labs were likely independently ran and operated.

In contrast to the Afghan context, ISIS had a highly centralized and structured hierarchy, and had by 2014 taken full control and monopolized the oil assets within its territorial boundaries. By the time Tidal Wave II commenced, ISIS was operating as a

⁴¹ See also Boettke, Coyne and Hall (2012) for a more general description of the dynamics of cartelization.

proto state, providing public services and a level of governance, albeit of an authoritarian nature, which, in turn, required centralized and tight controls on finances. As Johnston, et al. (2016) explains, insurgent groups need to complete a range of tasks, foremost being the need to manage the production of violence. Managing such production requires “both minimizing the misallocation of group funds and tracking where money is being spent so that it can be reallocated when necessary” and controlling graft and corruption (Johnston, et al 2016 p49-54). Although ISIS had many of the same managerial problems experienced by all such organizations, captured documents from 2005-2010 show ISIS as having centralized its financial functions well before their rapid rise (ibid), which was further solidified with the capture of local banks and large-scale oil assets, as evidenced from the documents captured in 2014 from the Abu Sayyaf raid.

ISIS was a centralized group that deliberately took advantage of social instability and a broader insurgency within both Iraq and Syria. “The group had a clear geographic strategy for the territory in Iraq it sought to control” (ibid p68) and had “chosen a central management structure with functional bureaus to be replicated at multiple lower geographic levels” (ibid p68). ISIS contrasts sharply with the context of Afghanistan, where instead of being a centralized group taking advantage of an insurgency, the Taliban are more aptly described as synonymous with the insurgency, as an emergent phenomenon rather than an organization.

And this difference is key to understanding the divergent outcomes of Iron Tempest and Tidal Wave II, and to the outcome of CTF operations more generally. A group’s financial system surely reflects its organizational structure. How much control

can a senior leader have over the production of violence if he does not control its finances? Thus, centralized organizations will tend to have centralized finances, and decentralized and dispersed organizations will tend to have dispersed finances. Given the decentralized nature of the Taliban, it follows that senior shuras likely had limited oversight and control of funding, outside of externally derived funds. Therefore, money collected or generated by local Taliban elements, either in the form of taxes, extortion, contributions or for services rendered, was likely stored and spent within that same local area. Because of this reality, CTF operations may impact local insurgent elements, but have little to no effect on the larger group or order. The same can be said of many widespread insurgencies, a consequence of insurgency being an entangled spontaneous order.

The distinction between an organization and spontaneous order makes it clear to see why Tidal Wave II succeeded, while Iron Tempest failed. Using Clemens framework, it is clear the targeting parameter ρ_i^* for ISIS oil approached 1, while the targeting threshold was low due to a relatively small market share. Abu Sayyaf, and presumably his replacement, oversaw hundreds of ideologically committed members of ISIS, who in turn managed over roughly 1600 oil works, many of whom had been recruited from abroad and all of which were vetted to ensure loyalty (Van Heuvelen 2015). Because of the tight control and monopolization, ISIS oil was easily identified and isolated, and its high reliance on the money generated from these assets led to significant harm – a unique context that made Tidal Wave II akin to striking a state’s resources instead of an insurgent. A context that didn’t exist prior nor since the group’s territorial control, and one that is exceedingly rare in insurgency, or in warfare more broadly.

4.4 Conclusion

This case study, to the best of my knowledge, is the first attempt to compare the underlying dynamics behind operation Iron Tempest and Tidal Wave II. Building on the model of Clemens (2013a, 2013b), the chapter sought to demonstrate how the limits of knowledge and emergent dynamics fit within the framework of economic warfare. The analysis provides broad-based insight into the reasons why, despite being based on the same premise and designed largely by the same institution, Iron Tempest failed while Tidal Wave II largely succeeded, at least in terms of its stated objectives. It also provides an example of the allure of expanding activity in the face of essential complexity. Failing to appreciate the reasons why Tidal Wave II had succeeded, USFOR-A instead adopted a similar strategy, that while flawed was made ‘credible’ given the recent success of the ISIS bombing campaign. As the economics of bureaucracy would predict in such an environment, the campaign explicitly aimed to pursue visible and quantifiable metrics designed to demonstrate progress, and Iron Tempest served that goal until reality undermined that credibility.

In summary, Iron Tempest failed mostly for the same reasons that COIN fails, the knowledge necessary to identify and isolate insurgent from civilian, or in this case ‘Taliban’ from non-Taliban, was unknown and unattainable. The Taliban reflected an entangled spontaneous order more than an organization, and thus targeting ‘Taliban’ drug labs and other financial targets suffered from misspecification. The Taliban are entwined within Afghan society and its large opium market, which is embedded in the social,

political, and economic life of millions. The high degree of entanglement led to distorted signals and therefore poor targeting, or using Clemens framework, a “targeting parameter” that was too low.

Whereas Tidal Wave II succeeded because it shared few of these characteristics. ISIS was highly centralized and had monopolized oil production. The oil industry is lucrative but employs relatively few, and ISIS had by 2014 further segmented oil production from the rest of society by vetting and carefully monitoring those employed in the sector. ISIS often required loyalty pledges and operated under identifiable flags. In this context, separating ISIS from non-ISIS was possible, and therefore identifying ISIS oil was knowable and attainable - the targeting parameter was high and approached 1.

These two air campaigns are likely to have lasting effects, some seen and many unseen. Policy and military operations adopted in the context of war can have lasting effects on domestic society and governance (Coyne and Hall 2018) and on future foreign policy (see, for example, Mulder 2022) Whether these effects are net negative or positive will depend in large part on learning the right lessons, or in at least ruling out the wrong lessons, which starts with establishing what succeeded and what failed and for what reasons. To this end, the analysis has at least three implications for CTF operations or policy, each of which cautions as much as it informs.

First, given the knowledge problem that is inherent to operations involving high degrees of entanglement and spontaneous order, it follows that air campaigns intended to degrade finances will generally fail. The context that contributed to Tidal Wave II working was highly unique, and it may only have worked on an industry like oil, and

only on oil when it is monopolized by the adversary and comprising a relatively small market share. It is difficult to see any other commodity or context where such an operation could work, due to higher elasticity of demand, larger market shares, and most importantly, the inability to actually shift the supply curve because of targeting problems.

Second, the analysis suggests, counterintuitively, that CTF operations may be least effective, if not counterproductive, in the context of insurgency - where it is most demanded. CTF came to prominence alongside of COIN, and doctrine explicitly links the two. The 2014 version of *FM 3-24* for instance, identifies CTF as a Line of Operation (LOO) with COIN operations and as part of the overall process to isolate the insurgency from the population. However, as with COIN more generally, there is little reason to think CTF operations can accomplish this task, because it assumes CTF actions can be tailored effectively against the ‘insurgency’ and not the ‘population’. As documented throughout the previous chapters, the CTF LOO treats the insurgency and the population as if they are separate entities, rather than an entanglement. Thus, to the extent that an insurgency reflects an entangled spontaneous order, CTF operations will suffer the same knowledge problems that undermine all COIN efforts.

Third, conceiving insurgency as an entangled spontaneous order illuminates the fact that financial systems are not “chosen” at the system level. Most violent organizations fall somewhere between a decentralized network of separate autonomous cells and a centralized hierarchy, with the debate in the terrorism literature often organized around which of these types best describes al-Qaeda and like-minded groups (Johnston, et al. 2016 p50). At the organizational level, individual actors will choose how

to manage funding in the same way that they chose any other purposeful action. Therefore, it is possible to effectively target the finances of many terrorist groups, although limited and potentially at great cost. However, at the system level, observed financial activity and management practices have emerged from individual decisions, often reflecting a myriad of diverse and conflicting objectives. Consequently, as with COIN operations more generally, what is observed is often not what is important, and worse, is often misleading. In such a context, CTF operations will almost certainly lead to perverse unintended consequences.

Lastly, the case study of these two-air campaign demonstrates the continuing relevance of public choice economics. As Coyne, Blanco, and Burns (2016) point out regarding prior Afghanistan opium interdiction, the failure of Iron Tempest was predictable using straightforward economic analysis and was knowable *ex ante*. Instead of accounting for the unique nature of the Tidal Wave II and considering that even there it took over 5,000 strikes and two years to achieve its effects, policymakers instead believed, or at least acted as if they believed, that Tidal Wave II had proved the strategic value in targeting adversary finances and the utility of using air power to achieve this end. As mentioned in Chapter 2, the less falsifiable a subject matter, the more ambiguous the feedback and the more likely it is that we see what we want to see. With Iron Tempest, policymakers learned what they wanted to learn from Tidal Wave II and applied a solution to what proved to be an unsolvable problem.

CHAPTER FIVE: CONCLUSION

In the opening of *The Politics of Bureaucracy*, Tullock notes that the only implications for policy from the economics of bureaucracy relate to the inherent limitations that administrative and organizational constraints place upon the choice of policy. “No government should undertake action that is impossible of accomplishment, and we shall see that some conceivable policies are administratively impossible, and for this reason, must be avoided” (Tullock and Rowley 2005 p13). Tullock’s warning encapsulates the main finding of this research; that COIN doctrine is administratively attractive but impossible, holding that with the right inputs in the right quantities, a government organization can know and plan societal configurations that are, in fact, neither readily knowable nor plannable.

COIN doctrine holds that insurgencies can be defeated by the simultaneous mix of military operations and ‘societal’ activities, usually involving some blend of economic aid and ‘improved’ governance; yet most COIN efforts have failed, and no insurgency seems to have been defeated by such methods. Stated succinctly, the answer to this puzzle – of consistency despite failure - lies in the combination of bureaucratic incentives but in the context of “essentially complex phenomena” (Hayek 1989[1974] p3). War alters the institutional constraints on action, which manifest in different but consistent ways depending on the complexity of the war environment. Where conventional wars tend to reflect the actions of well-defined hierarchical organizations, insurgencies tend to reflect a spontaneous order, and this difference is at the heart of COIN doctrine’s

dysfunctional continuity. The complexity inherent in spontaneously generated insurgencies amplify the perceived need for activities outside of traditional military operations – of the need for ‘societal’ remedies. Operating in a context of essential complexity leads to subtle and unmeasurable operational feedback, which creates greater bureaucratic slack, and greater slack creates opportunities to pursue activities that would otherwise have been constrained by institutional dynamics. It leads consistently and predictably to mission creep - the hallmark of COIN.

The reasons why COIN fails are inextricably linked to the reasons it persists; the knowledge needed to effectively operationalize the doctrine is unknowable and unattainable because it is dispersed, tacit, subjective, and often inarticulate (Kiesling 2015; Lavoie 1986). Wagner’s (2009, 2016) framework of entangled political economy forces us to recognize that such orders involve both market and political dynamics. With insurgency conceived as an “entangled” spontaneous order, it is never clear whether insurgent elements are political or economic, and this reality has at least two key implications. (1) It implies that remedies prescribing either increased government activity or increased scope for market activity are often misguided, and that (2) COIN operations intended to separate the political from the economic will likely cause only further entanglement – and consequently, to greater knowledge problems. Guided by increasingly distorted signals, COIN activity therefore tends to target the ‘wrong’ things, leading to poor results and failure. It leads to operations like Iron Tempest.

The analysis and evidence presented here, it is hoped, is demonstrative of the enduring relevance of economic reasoning for the study of conflict, and that of VPE in

particular. Much has been written regarding the challenges and failures of foreign intervention, and of imposing institutions on societies from the top-down (see, for example, Boettke, Coyne, and Leeson 2015; Coyne 2005, 2008, 2013; Coyne and Mathers 2011a), but much less had been written in this vein at the operational level. The work draws heavily on the insights of this literature, but the intent was to explain COIN doctrine on its own terms, to analyze its adoption, embrace, and failure as a method of warfare and not principally as institution building. While the dynamics are amplified during large-scale attempts at imposing institutional change, they apply just the same when COIN is conducted domestically or within a domestic state.

Lastly, we conclude with where we began. The preceding chapters drew heavily on the important contribution of Shafer (1988a, 1988b), with *Deadly Paradigms* among the most cited and persuasive works critical of COIN theory. Shafer attributed both the failure and persistence of COIN to flawed ideas, with COIN doctrine remaining unchanged “because of the nature and functions of the ideas underlying it” (Shafer 1988a p4). This account has also put ideas at the center of the explanation, but it has placed the source and function of these ideas within an institutional context. As Austrian economists have highlighted, ideas matter but are never the sole causal factors of social phenomena; they take form and precedent through circumstance and particular institutional and contextual settings (Tarko 2015 p18; Boettke 2007 p29).

Where Shafer emphasized the role of parsimonious but flawed academic theories in vogue in the 1950-1960s, principally modernization theory (ibid p78), the account here, by contrast, puts the source of these ideas much deeper, as an inherent tendency of

bureaucratic actors when facing essential complexity. These ideas are embedded in the institutional context of the bureaus involved in COIN, and consequently, I come to a similarly pessimistic conclusion, that the likelihood of improvement in either COIN theory or its implementation appears slim. As the sociologist William Graham Sumner warned at the beginning of the twentieth century, there is “danger in having a doctrine lying loose about the house, and one which carries with it big consequences” (as cited in VanDeMark 2018 p10). COIN doctrine is a failed solution in search a problem, but maybe the best we can do is to seek ways of avoiding the problem, to limit such interventions to the extent possible.

APPENDIX 1: COIN OUTCOMES

Insurgency	Start Year	End Year	Result
Greece	1945	1949	Government Wins
Philippines (HUK) Rebellion)	1946	1955	Government Wins
Burma	1948	2006	Government Wins
Malaya	1948	1960	Government Wins
Kenya	1952	1956	Government Wins
Indonesia (Daru Islam)	1958	1960	Government Wins
Lebanon	1958	1959	Government Wins
Tibet	1959	1974	Government Wins
Congo/Katanga	1960	1965	Government Wins
Guatemala	1960	1996	Government Wins
Iraq Kurdistan	1961	1974	Government Wins
Uruguay	1963	1973	Government Wins
Biafran Secession	1967	1970	Government Wins
Argentina	1968	1979	Government Wins
Northern Ireland	1969	1999	Government Wins
Jordan	1970	1971	Government Wins
Philippines (MNLF)	1971	1996	Government Wins
Balochistan	1973	1977	Government Wins
Angola (UNITA)	1975	2002	Government Wins
Morocco	1975	1991	Government Wins
Indonesia (Aceh)	1976	2005	Government Wins
Philippines (MILF)	1977	2006	Government Wins
Peru	1981	1992	Government Wins
Turkey (PKK)	1984	1999	Government Wins
Uganda (ADF)	1986	2000	Government Wins
Sierra Leone	1991	2002	Government Wins
Algeria (GIA)	1992	2004	Government Wins
Croatia	1992	1995	Government Wins
Colombia (La Violencia)	1948	1962	Mixed Outcome
Yemen	1962	1970	Mixed Outcome
Dominican Republic	1965	1966	Mixed Outcome

East Timor	1975	2000	Mixed Outcome
Lebanese Civil War	1975	1990	Mixed Outcome
Mozambique (RENAMO)	1976	1995	Mixed Outcome
Kampuchea	1978	1992	Mixed Outcome
El Salvador	1979	1992	Mixed Outcome
Senegal	1980	2002	Mixed Outcome
Nicaragua (Contras)	1981	1990	Mixed Outcome
Papua New Guinea	1988	1998	Mixed Outcome
Bosnia	1992	1995	Mixed Outcome
Georgia/Abkhazia	1992	1994	Mixed Outcome
Nagorno-Karabakh	1992	1994	Mixed Outcome
Tajikistan	1992	1997	Mixed Outcome
Burundi	1993	2003	Mixed Outcome
Chechnya 1	1994	1996	Mixed Outcome
Kosovo	1996	1999	Mixed Outcome
Nepal	1997	2006	Mixed Outcome
Congo (anti-Kabila)	1998	2003	Mixed Outcome
China	1934	1950	Government loses
Indochina	1946	1954	Government loses
Cuba	1953	1959	Government loses
Algerian Independence	1954	1962	Government loses
Eritrea	1960	1993	Government loses
Laos	1960	1975	Government loses
Namibia	1960	1989	Government loses
South Africa	1960	1994	Government loses
South Vietnam	1960	1975	Government loses
Angolan Independence	1962	1974	Government loses
Guinea-Bissau	1962	1974	Government loses
Mozambique Independence	1962	1974	Government loses
Zimbabwe	1965	1980	Government loses
Cambodia	1968	1975	Government loses
Bangladesh	1971	1972	Government loses
Afghanistan (anti-soviet)	1978	1992	Government loses
Nicaragua (Somoza)	1978	1979	Government loses

Somalia	1980	1991	Government loses
Sudan (SPLA)	1984	2004	Government loses
Liberia	1989	1997	Government loses
Moldova	1990	1992	Government loses
Rwanda	1990	1994	Government loses
Afghanistan (post-Soviet)	1992	1996	Government loses
Afghanistan (Taliban)	1996	2001	Government loses
Zaire (anti-Mobutu)	1996	1997	Government loses
Colombia (FARC)	1963	-	Ongoing
Philippines (NPA)	1969	-	Ongoing
India Northeast	1975	-	Ongoing
Sri Lanka	1976	-	Ongoing
India-Naxalite	1980	-	Ongoing
Uganda (LRA)	1987	-	Ongoing
Kashmir	1989	-	Ongoing
Nigeria (Niger Delta)	1991	-	Ongoing
Somalian (post-Barre)	1991	-	Ongoing
Chechnya II	1999	-	Ongoing
Israel	2000	-	Ongoing
Afghanistan (anti-coalition)	2001	-	Ongoing
Ivory Coast	2002	-	Ongoing
Darfur	2003	-	Ongoing
Iraq	2003	-	Ongoing
South Thailand	2004	-	Ongoing

⁴² List is from Appendix A of Gompert and Gordon (2008), with appendix authored by Martin Libicki. The 89 insurgencies selected were based on a list created by Fearon and Laitin (2003), who defined an insurgency as an internal war with at least 1,000 killed in total and at least 100 killed on each side. The RAND scholars made adjustments to Fearon and Laitin's list of 127 insurgencies, to include adding 11 conflicts meeting the criteria after 1999 data cutoff and dropping 51 conflicts they assessed as "more in the nature of coups, countercoups, and spontaneous insurrections" (Gompert and Gordon 2008 p373)

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BIOGRAPHY

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