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Planning for Success: Developing an Economic Planning Cell for the Operational
Level Commander

by

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A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.

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4 May 2011

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Abstract

At the operational level, the combatant commander and the supporting service components fail to fully utilize the economic element in operational planning. Either by choice or out of failure to understand what the economic element can provide, the operational level commander rarely incorporates economics as a primary planning factor in all phases of operations. To meet the challenges of today's operating environment, the combatant commander and the supporting service components must create economic analysis cells to provide constructive analysis, recommendations, economic program oversight, and direct support to operational planning. While the US military may not have the economic expertise of their interagency brethren, they must be able to plan for economic considerations at all planning levels. The economic analysis cell would not replace the Department of Treasury or personnel from USAID. Rather, they would provide the operational commander with an internal level of expertise capable of providing analysis and recommendations and integrating US departmental agencies throughout all phases of operations. By incorporating an economic analysis cell at the combatant commander level and at the service component level, the current capability gap that exists in operational level economic planning would be closed and the operational level commander would be better postured to handle the future challenges of the 21st century.

The United States employs four elements of national power to achieve its objectives: diplomatic, informational, military, and economic. However, at the operational level, the combatant commander and the supporting service components fail to fully utilize the economic element in operational planning and in execution. Either by choice or out of failure to understand what the economic element can provide, the operational commander rarely incorporates economics as a primary planning factor in the current operating environment. Operational level commanders face complex and challenging missions and events into which they must plan for and execute in. From incorporating joint forces to interagency partners to coalition members, the operational level commander must be able to call upon a multitude of resources in which to plan with and execute in order to succeed. In an era of persistent conflict, where hybrid and irregular warfare have replaced traditional, more conventional wars, operational commanders can ill-afford to discount or outsource an element of national power.

Today's operational commander can leverage an array of programs to obtain their objectives. For example, programs like the Commanders Emergency Response Program, rewards programs, and the integration of Provincial Reconstruction Teams have been successfully employed in Iraq and Afghanistan. Of significant importance to the operational commander is the amount of financial resources available and how they are used to obtain objectives. General Petraeus stated, "In an endeavor like that in Iraq, money is ammunition. In fact, depending on the situation, money can be more important than real ammunition."ⁱ Although commanders realize economics serve as a force multiplier, they currently lack the capability to incorporate it as a primary planning factor due to the lack of economic expertise within their staffs.

To meet the challenges of the current and future operating environment, the combatant commander and the supporting service components must create economic analysis cells within their J-8 or respective assessment and analysis directorates. This cell will provide the operational level commander with constructive analysis, recommendations, and economic program oversight. The cell will also directly support operational planning by providing expert economic insight and incorporate economics as a primary planning consideration. At the combatant commander level this cell would be comprised of professional civilian economists experienced in economics and macro-level program oversight. At the service component level, this capability would be best served with uniformed economic planners capable of providing economic analysis and recommendations in a deployable environment.

Background

The use of economics in warfare is not a new concept. In a letter to the U.S. Army in 1962, the late President Kennedy, speaks to the importance of including all elements of national power in military planning.

Pure military skill is not enough. A full spectrum of military, para-military and civil action must be blended to produce success. The enemy uses economic and political warfare, propaganda and naked military aggression in an endless combination to oppose a free choice of government, and suppress the rights of the individual by terror, by subversion and by force of arms. To win in this struggle, our officers and [service] men must understand and combine the political, economic and civil actions with skilled military efforts in the execution of the mission.ⁱⁱ

The United States and its allies directly targeted the economic and industrial base of the German and Japanese economies in World War II and then directly supported their reconstruction afterwards. While it has been over 60 years since the United States was involved in “total war”, today’s irregular warfare often involves economics. Joint Publication 1-0 states, “What makes irregular warfare-irregular-is the focus of its operations-a relevant

population- and its strategic purpose-to gain or maintain control of influence over, and the support of that relevant population through political, psychological, and economic methods.”ⁱⁱⁱ

The two passages speak to the difficulties faced by today’s operational commander. A commander, whose background and expertise lie in the application of military power, is now required to rely on elements beyond their military expertise to achieve their objectives. In terms of economics, the commander is limited by a gap between doctrine and staffing requirements with actual capability organic to their organization. To illustrate how important economics is to planning, several references are provided from joint doctrine requiring the operational level commander to include economics into their planning process.

Joint Publication (JP) 3-16, *multinational operations*. Have the cultural, social, political, and economic dynamics of the operational area been fused with the traditional study of geographic and military considerations to form an intelligence estimate that identifies threat centers of gravity, as well as high-value and high-payoff targets? Does the plan consider these issues in a way that facilitates operations and end state?^{iv}

JP 3-33, *Joint Task Force Headquarters*, Checklist for the J-3. In coordination with the staff judge advocate, has the CJTF been advised of legal and moral obligations incurred from the long- and short-term effects (economic, environmental, and health) of JTF operations on civilian populations?^v

JP 3-33, Typical Joint Civil-Military Operations Task Force Responsibilities. Assisting in the planning and conduct of civil information programs to publicize positive results and objectives of military assistance projects, to build civil acceptance and support of US operations, and to promote indigenous capabilities contributing to recovery and economic-social development.^{vi}

The examples illustrate the importance of economics in terms of planning considerations yet the operational level commander has no designated team to synchronize this planning. Economic intelligence represents the processing of current information presented in a manner to help build a picture for the commander. Economic development, effects, and dynamics represent the art of understanding what could happen if operations are

executed. In terms of economic analysis, this is not a skill that a staff officer working in the J-2, J-5, or J-8 has the capability to execute.

Having established that economics should be a planning consideration, a look at the current staff structure is required to understand why the capability gap between planning requirements and execution exists. According to JP 1-06, *Financial Management Support in Joint Operations*, “Financial management (FM) supports accomplishment of the joint force commander’s (JFC’s) mission by providing two different, but mutually supporting, core functions: resource management (RM) and finance support.”^{vii}

Economic analysis could be construed to fall under finance support considering that section has been designated the mission to provide financial advice. However, this would be a change in doctrine since current financial managers concentrate on the ability to execute financial missions. This focus revolves around advising the commander of force requirements, funding capabilities, ability to execute commercial vendor services support, and providing disbursing support. While they may be asked to provide analysis and recommendations on economic impacts, today’s financial manager lacks the capability to provide detailed macro or micro economic analysis. Rather, analysis and recommendations would be the result of personal beliefs and experience gained through years of service. The economic analysis cell would bridge the capability gap that currently exists between the current financial management capability and the planning requirement necessary to support the operational level objectives.

Analysis

Having established the need to create an economic analysis cell one must establish what this cell could provide to the operational commander in terms of planning assistance,

program oversight, and how it would fill the capability gap that currently exists at the operational level. In the range of phases that a commander undertakes in full spectrum operations, the economic analysis cell will best support the operational commander in the shaping/deterring phases and in the stability phase where the operational commander transitions operations to civil support.

Shaping/Deterring

The economic analysis cell will enhance operational planning by providing recommendations and real time analysis during the shaping and deterring phases of operations. In shaping operations, the economic analysis cell will help establish the economics element of the geographic combatant commanders Theater Security Cooperation Plan. These plans are an important tool used to promote interoperability and stability in a given region. Paramount to the development of security plans are exercises and joint operations such as the US European Commands Partnership for Peace initiative. While an operational level commander cannot directly provide economic investment to a partner nation, they can indirectly enhance their local economies through the use of exercises, joint operations, and through programs like Foreign Internal Defense initiatives. In the case of an exercise, the logistic footprint required to support an exercise could have a positive impact on the host nation economy. The operational level commander should be able to quantify the economic impact, build good will, and use that impact to justify and support future partnerships and operations.

Foreign Internal Defense (FID) is an important program to assist operational commanders during the shaping phase of operations. Joint Publication 3-22, *Foreign Internal Defense*, places heavy emphasis on the integration of economics into planning and in

coordinating with civil-military operations. “Economics influence every aspect of FID support. Often, the internal strife a supported nation faces is brought on by unfavorable economic conditions within that nation...The economic tool is used in a variety of ways, ranging from direct financial assistance and favorable trade arrangements to the provision of foreign military financing (FMF) under SA.”^{viii}

In the role of providing FID support, the operational commander must rely on interagency partnerships with organizations such as the Department of the Treasury, the Department of State, and the US Agency for International Development. While these elements of national power fall outside the command and control of the operational commander, the economic analysis cell would serve as the internal subject matter expert capable of liaising with and integrating the agencies into the command. The value of providing this support is not in the controlling aspect but rather in the ability to fully integrate the external agencies and maximize their potential in support of the operational commander.

Stabilization

National Security Presidential Directive/NSPD 44 was issued in 2005 with the intent to coordinate reconstruction and stabilization efforts across US Governmental Agencies. The directive was a direct result of the difficulties and challenges that affronted the many departments and agencies supporting operations in Iraq and Afghanistan. Among the principal objectives of NSPD 44 was to charge the State Department with the responsibility of leading and coordinating stabilization activities. “The Secretary of State shall coordinate and lead integrated United States Government efforts, involving all U.S. Departments and Agencies with relevant capabilities, to prepare, plan for, and conduct stabilization and reconstruction activities. The Secretary of State shall coordinate such efforts with the

Secretary of Defense to ensure harmonization with any planned or ongoing U.S. military operations across the spectrum of conflict.”^{ix}

While the State Department may have the primary responsibility to lead the coordinated stabilization effort among US departmental agencies, the relative security situation may prevent agencies outside of the Department of Defense from fully participating. Recognizing this capability gap, Department of Defense Instruction (DODI) 3000.05 was issued in 2009 to clarify the role of the US military during stability operations. “Stability operations are a core U.S. military mission that the Department of Defense shall be prepared to conduct with proficiency equivalent to combat operations.”^x The instruction also stipulated “The Department shall have the capability and capacity to conduct stability operations activities to fulfill DoD Component responsibilities under national and international law. Capabilities shall be compatible, through interoperable and complementary solutions, to those of other U.S. Government agencies...”^{xi}

The language in DODI 3000.05 supports the requirement that economic planning must be an integral part of the operational level planning. Because of the requirement of interoperability and compatible solutions the operational commander must have the ability to leverage a wide array of resources and capabilities to achieve a harmonious objective with the State Department during stability operations. Army Field Manual 3-07, *Stability Operations*, lists obtaining a sustainable economy as a key task to support the strategy of stability operations. Further, it lists, “The following objectives that support a sustainable economy: macroeconomic stabilization supported, control over illicit economy and economic-based threats to peace enforced, market economy sustainability supported, individual economic security supported, employment supported.”^{xii}

The objectives listed in FM 3-07 are an important part of achieving economic stability. However, they are tasks that fall outside the capability of today's operational commander who do not have the expertise or the personnel to fully advise, manage and oversee the programs required to achieve the objectives. An economic analysis cell would not only assist the operational commander in planning to achieve economic stability but they would also serve as a primary representative on the Joint Interagency Coordination Group. The cell would provide program oversight on all programs having an economic component at the operational level such as the Commander's Emergency Response Program.

The Joint Interagency Coordination Group (JIACG) was created to help synchronize interagency efforts at the combatant commander level of authority. According to the JIACG handbook, "The primary role of the JIACG is to enhance interagency coordination. The JIACG is a fully integrated participant on the CCDRs staff with a daily focus on joint strategic planning with its three subsets: security cooperation planning, joint operation planning, and force planning. It provides a capability specifically organized to enhance situational awareness of interagency activities to prevent undesired consequences and uncoordinated activity."^{xiii}

The director of the economic analysis cell would be the combatant commander's economic representative to the JIACG and would lead the coordination of economic related activities of concern to the combatant commander. Recognizing that stability operations often require a whole of government approach, the inclusion of the director of the economic analysis cell to the JIACG would allow US agencies to more efficiently coordinate their activities with the combatant commander. The information obtained and policies coordinated

within the JIACG would then be pushed down to the service components supporting the combatant commander to ensure unity of effort during stability operations.

A wide array of programs has been employed by United States Forces-Iraq and the International Security Assistance Forces-Afghanistan to support stability operations. Perhaps the most familiar and popular program adopted was the Commander's Emergency Response Program also known as CERP. The program "is designed to enable local commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the indigenous population."^{xiv} CERP has been an important tool used in both theaters but the program is not without weaknesses and criticisms. The role of the economic analysis cell would be to address some of the shortfalls of the program and provide guidance for more efficient implementation at operational level.

The US Army issued the Commander's Guide to Money as a Weapons System to provide tactical commanders with information about how to use monetary resources to help in stability operations. The guide provides a series of recommendations for utilization to include "Economic, financial, and management improvements. Projects to improve economic or financial security."^{xv} While the guide is a useful tool, it lacks the specifics to provide commanders with measures of performance indicators to assist with project selection and how to conduct economic impact assessments. "At the operational level, the shortcomings of CERP and stability operations in general include a lack of unity of effort within DOD commands as well as between these commands and the interagency, the international community, and the host nation. There is also a lack of clearly defined objectives and effectiveness metrics."^{xvi}

Programs involving the use of monetary resources must ensure oversight and management control programs are implemented to measure performance and effectiveness. “A US Government Accountability Office (GAO) report dated June 23, 2008 asserted that leaders at the Multi-National Command-Iraq level and above had only limited oversight of approximately 97% of projects worth \$507million in Iraq; that CERP personnel lacked the capability to manage and oversee contractor performance properly; and that there were no performance metrics.”^{xvii}

The role of the economic analysis cell would be to help bridge the gap on oversight for programs like CERP. However, the cell would also coordinate project spending on micro grant programs and provide recommendations to ensure that commander’s are utilizing their funds to achieve the most efficient level of performance. Beyond ensuring success, the economic cell would also advise on the negative consequences of actions. The role of the cell would be to assess and determine the second, third, and even fourth level of affects micro grant programs would have on the local economy and the population and to avoid possible unintentional negative consequences.

US Army Capt. Nathan Strickland, whose Battalion utilized CERP funds to hire day laborers stated “We’re Army guys. We’re not civil engineers. We’re not economists. We can’t gut-check a lot of these programs.”^{xviii} The frustrations shared by Capt. Strickland clearly outlines the deficiencies within the military pertaining to the economic expertise required to effectively target specific projects that have the greatest economic impact.

In the aggregate, CERP is an operational level program. However, the program is executed at the tactical level and often commanders in that level of effort have little idea on the projects being executed outside their area of control. The focus of micro grants at the

tactical level prevents that level of commander the ability to understand the aggregate effects of the program and understand how their efforts contribute the operational level objective sought. The role of the economic analysis cell would be to coordinate levels of effort at the operational level and provide guidelines to synchronize efforts at the tactical level to prevent duplication and unintended negative consequences.

Strickland and his fellow soldiers offered Iraqis \$8 a day -- comparable to what a garbage man for the city would make but not more because Iraqi officials said that if the United States paid more, none of their workers would show up for government jobs. But when few showed up for one of Strickland's work programs, others figured out why. Another U.S. military unit was offering \$10 because it didn't want to bother counting out one-dollar bills. "It wasn't synched together," Strickland said. "Everyone was trying to figure out how to do it on their own."^{xix}

Analytical Conclusions

In 2009, US Africa Command hosted Natural Fire 10 in Uganda. The multi-national exercise included nearly 1,200 soldiers and civilians from six countries.^{xx} United States Army Europe's 21st Theater Sustainment Command was tasked with providing logistics support to the exercise.^{xxi} Typically in exercises involving the US and partner nations, logistics support is provided internally by US military support units or through Acquisition and Cross-Service Agreements (ACSA) where the US reimburses host nations for logistic support. Because of the magnitude of the operation the exercise required additional resources for logistic support. The 903rd Contingency Contracting Battalion provided contracting support and the 106th Financial Management Company supported by the 266th Financial Management Center provided a disbursing agent. In total, over \$1.1 million in cash payments to support contingency contracting were disbursed.^{xxii} The use of cash was necessary due to the lack of banking infrastructure throughout Uganda and cultural influences that prohibited the command from fully utilizing electronic payments. The \$1.1 million in expenditures was in

addition to contracts paid electronically through the Defense Finance and Accounting Service. At the conclusion of the exercise, all the costs associated with the involvement of US forces was captured and reported to the respective operational commanders. However, the capturing of costs is simply a resource expenditure function and does not provide the operational commander with intelligence on what impact the exercise had on the economy, only an idea of how it impacted their budget. According to the CIA world fact book, Uganda's economy ranks 119th in the world for amount of currency in circulation.^{xxiii} Introducing over \$1 million in cash over a six-week time frame had to have an immediate impact on the economy. While typically positive, introducing a significant amount of currency to a small economy over a short time period could have negative economic consequences as well. The exercise was declared a success, however, the intangible impacts on the economy of Uganda were never measured and reported back to the operational level commander to complete the assessment of the exercise.

Recognizing the harmful impacts of introducing large amounts of currency into the Iraqi economy drove the US Army to host a first of its kind banking conference in 2009. The conference, held in Camp Arifjan, Kuwait focused on fostering a multi-agency partnership to synchronize a banking and e-Commerce strategy among the US Military, the Department of State, and the Department of Treasury.^{xxiv} The conference was organized and hosted by the , United States Army Financial Management Command, Army Central Command (ARCENT) G8 and the 18th Financial Management Center and invited financial management leaders from across the Department of Defense and the US Government. Attendees included the Acting Assistance Secretary of the Army Financial Management and Comptroller, the Deputy Assistant Secretary of the Army Financial Management and Comptroller, Financial

Operations, the ARCENT G8, the Director of CENTCOM J8, Director, USAF Financial Services, the Senior Economic Advisor for the US Embassy of Iraq, and the Acting Treasury Attaché for Afghanistan in addition to other distinguished guests.

Among the many issues discussed during the conference, first and foremost was to seek solutions on removing cash from the battlefield, specifically US Dollars.

Between 2003 and 2008, Army finance units in Iraq purchased from or made payments to Iraqis for goods and services worth nearly \$7 billion. They paid this staggering sum in cash. Including the nearly \$12 billion of seized cash from the previous regime tendered to the Iraqi government, the total reaches \$19 billion in cash introduced by the Army into the Iraqi economy. Factoring in the second- and third-order effects of spending all of this cash in the Iraqi economy, this sum represents approximately 20 percent of official Iraqi gross domestic product from 2003 to 2007.^{xxv}

While the group concentrated on the urgency of removing cash from the battlefield, they lacked macroeconomic analysis to completely understand how the US Dollar affected the Iraqi economy, the impacts on the national currency, and whether or not it created a system of dependence on US Dollars. While few could argue the judgment of the group and its desire to remove cash from the battlefield, this conference was held six years after hostilities commenced and the US military introduced immense sums of cash to the Iraqi economy. COL Michael Murfee, the Director of the 18th Financial Management Center, emphasized, “It was the ARCENT G8 who kept the momentum gained from the conference and moved initiatives forward. This made sense to a degree since the Army (ARCENT G8) was the executive agent for FM operations in theater. The best of both worlds would be to have the capability documented at both the CCDR and the service component command who is serving as the executive agent.”^{xxvi} The introduction of the economic analysis cell would focus on this level of analysis and attention beginning with the shaping and deterring stages and then through the stability phase until operations are complete.

Challenges in Filling the Gap

To fill the capability gap requires the introduction of personnel to man the economic analysis cells and the creation of doctrine to provide guidance on how to support the operational level commander. At the combatant commander level, the utilization of civilian economists provides immediate professional capability to the combatant commander within a typically non-deployable command headquarters. However, at the service component level, uniformed economic planners should be introduced to provide a deployable capability. While the introduction of uniformed economic planners is the most desirable, this capability is currently not organic to the services and changes in the training of financial managers will be required. Of the four services, the US Army should be the most interested in the economic analysis cell because of its experience and probability of serving as the combatant commanders executive agent for ground operations, where the greatest economic impact exists and the requirement for economic planning is at its highest.

To bring the economic analysis capability within the US Army requires personnel with the skills and knowledge necessary to perform the many difficult and challenging tasks surrounding economic planning. In this regard, the US Army has a limitation within its Financial Management Officer Corps. Department of the Army Pamphlet 600-3, *Commissioned Officer Professional Development and Career Management*, lists the skill sets required in each career field. “For entry into the Financial Management Branch, an officer should have a baccalaureate degree with a minimum of six academic (semester) hours of accounting or finance. Degrees specializing in finance, accounting, banking, business, economics, mathematics, computer sciences or information systems are most beneficial in supporting the Financial Management Branch mission.”^{xxvii} The weakness in the requirements listed is that a business degree is not a pre-requisite to becoming a financial

manager in the US Army, only something that is desirable. To overcome this deficiency in educational capability, the US Army could utilize a program similar to its Training with Industry-Banking program that selects a junior officer to train with a civilian bank for a year and then serve a utilization tour in the Department of the Army Headquarters or a Financial Management Center. The prospective officer would attend graduate school to study Economics or International Economics and then serve a utilization tour where they could provide the level of professional economic analysis required to fill the identified capability gap.

As with its sister services, the US Army has developed training and primary military education courses centered on resource management and financial operations. The US Army Financial Management School has produced professional officers capable of executing a myriad of financial management related tasks at all levels of operations. However, the school is currently not set up to teach economic analysis or macroeconomic related programs. The level of education required to be proficient enough in the tasks required to fill the capability gap lies outside the current capability of the school and the requirements of the Army's financial managers.

Given a blank slate in which the Army Finance School could create economic analysis planning courses, the school should take the concept a step further and integrate economic planning and design into a singular course. Design is defined in FM 5-0, *the Operations Process*, as “a methodology for applying critical and creative thinking to understand, visualize, and describe complex, ill-structured problems and develop approaches to solve them.”^{xxviii} In a recent article in the *Armed Forces Journal*, new Chief of Staff of the Army, Gen. Martin Dempsey stated:

The recent addition of design into our doctrine and into our education curriculum is another important step in changing how we develop strategic leaders. Design highlights the importance of framing and understanding both the operational environment and the problem to be solved before trying to solve it. It teaches the value of questioning assumptions and reframing the problem as events unfold and changes occur. Design is an important component in adapting our curriculum to educate leaders how to frame and reframe complex, ill-structured problems. It's intended to encourage leaders to think "outside the lines" of existing paradigms. It's also about valuing intellectual curiosity.^{xxix}

Because of its focus on understanding how economies, complex markets, segments of societies, and human involvement interact and affect each other, the study of economics is complex and is part science and part art. There are often no definitive answers that can be provided in economics. This ambiguity melds perfectly with incorporating design into military decision-making. The art of applying design centers on framing complex, ill-structured problems, much in the same way economic analysis is employed. Although further discussion on the synergizing of economics and design is beyond the scope of this paper, the current emphasis on design and the introduction of economics in planning offers the US Army Finance School a unique opportunity. The school could establish a center of excellence in the study and application of economics and design to support the operational level commander.

The introduction of new doctrine will not require as large an overhaul as required to train new economic planners. While the US Army would provide deployable capability to provide comprehensive theater level financial analysis, doctrinal changes within Joint Publication 1-06, *Financial Management in Support of Joint Operations* and the US Army's FM 1-06, *Financial Management Operations*, are required. The current publications have limitations with regards to economic planning. However, FM 1-06 provides tasks on how to support economic infrastructure development and coordinate lines of operation based off the guidance found in FM 3-07, *Stability Operations* (Appendix A.)

These tasks, which include support economic generation and enterprise creation, support public sector investment program, and support monetary institutions and programs, would serve as the building blocks to create new doctrine. Two other sources from which doctrine should be derived from are the Economic, Political, and Intelligence Cells employed successfully in Iraq by the US Marines^{xxx} and the *Handbook for Military Support to Economic Stabilization* produced by US Joint Forces Command. However, new doctrine must encompass all phases of operations and should not focus solely on stability operations. While stability operations remain a critical component of economic planning for the operational commander it neglects the importance of other phases of full spectrum operations to include shaping and deterring. Any new doctrine must include guidance and best practices in which economic planning can assist the operational commander regardless of the phase of operation.

Counterarguments

There are two significant counterarguments to creating the economic analysis cell at the operational level. First, as outlined in NSPD 44, the State Department has the lead in stabilization coordination efforts and the expertise involving economics lies with interagency partners, not the US military. Secondly, economics is already a function of the military's civil affairs.

Economics is a professional career field and the US military should continue to outsource economic efforts to the professionals who maintain the expertise in this career field. "Organizations such as the Department of the Treasury, World Bank, and the International Monetary Fund provide the means and expertise to establish or reform the central bank. The Department of the Treasury possesses the capability to dispatch civilian experts along with or immediately after military forces to ensure adequate crisis management."^{xxxi} Departments

such as the State Department and the United States Agency for International Development (USAID) consider economic development part of their core competency. While the US Army has introduced banking as a core competency in its Finance Corps, military financial managers cannot match the expertise of their interagency counterparts.

The US Military may not have the economic expertise of their interagency partners but they must be able to plan for economic considerations at all planning levels. The economic analysis cell would not replace the Department of Treasury or personnel from USAID. Rather, they would provide the operational commander with an internal level of expertise capable of providing analysis and recommendations and integrating US Departmental Agencies throughout all phases of operations. “The intrinsic nature of coordination demands that planners consider all instruments of national power and recognize which agencies are best qualified to employ these instruments to achieve the objective. This consideration is dictated because the security challenges facing the United States today are growing in complexity, requiring the skills and resources of many organizations.”^{xxxii} Until DODI 3000.05 is rescinded, planning for economics in stability operations must remain a key consideration for operational commanders.

The second argument against creating an economics analysis cell is due to a duplication of capability provided by the military’s civil affairs teams. According to FM 3-05.40 “The Economic Stability Section consists of functional specialists in economic fields and business administration. It provides technical expertise, staff advice, and planning assistance to the supported command... The Economic Stability Section provides recommendations and, when appropriate, direction to maintain, sustain, and improve economic systems and services.”^{xxxiii}

While the military's civil affairs team provides commanders with robust capabilities not typically embedded in organic organizations, they are typically not organizations under the administrative or operational control of an operational level commander. A majority of the Army's civil affair units lie within the US Army Reserve. The Army maintains only one regular army civil affair brigade and it is under the control of United States Special Operations Command. "USSOCOM provides one active US Army civil affair brigade consisting of a headquarters and headquarters company (HHC) and four regionally focused battalions structured to deploy rapidly and provide initial civil affair support to SOF and contingency operations."^{xxxiv} While the battalions can be utilized to augment operational commanders, they do have limitations. "The Active Army civil affair battalion HQ possesses no functional specialty support, with the exception of limited public health and welfare and rule of law support, and requires augmentation from US Army Reserve civil affair forces."^{xxxv}

Augmentation from reserve units fails to address the capability gap that currently exists in the staffs of operational commanders planning for full spectrum operations. Economic planning must be a key-planning factor at the beginning of operational level planning. Augmentation from reserve units with special expertise would be a welcome addition to the operational level commander's staff but cannot substitute for an organic capability built into an organization.

Because the DOD must be prepared to conduct stability operations throughout the range of joint operations, planning for likely post-conflict requirements related to the economy should begin as early as possible...early attention to the fundamentals of economic growth increases the likelihood of successful prevention of a return to conflict and movement forward to renewed growth. To ensure proper focus, joint planning must reflect the right balance between the economic, political, security, and humanitarian requirements in the operational environment.^{xxxvi}

Recommendations

Economic analysis cells should be built into the staffs of the combatant commanders as well as the primary service components of each combatant commander. At the combatant commander level the cell would fall under the J-8 whose typical mission is to develop capabilities and conduct studies, analysis, and assessments for the commander. The cell would add a third capability to go along with financial operations and resource management, economic analysis. Because of the level of expertise required with the profession of economics, at the combatant commander level the positions would be filled with civilian professionals with extensive experience in economics.

At the functional component level each service maintains different capabilities and focus on financial operations and resource management. Of the respective services, the US Army is best postured to incorporate economic planning cells into deployable units capable of providing support to the operational level commander. Through its Financial Management Centers (FMC), the Army can provide a deployable financial management unit capable of supporting a variety of theater level financial management tasks.

Led by an O-6 director, the FMC provides the operational level commander with the ability to support host nation banking activities, provide joint level central funding, conduct and oversee theater level disbursing operations, provide policy guidance, provide accounting support, and conduct theater level internal control oversight. The FMC has complete oversight on the amount of physical currency brought into theater by Army units and can track all electronic payments executed to build a complete picture of the true economic impact the US Army is providing in theater. The FMC could further engage other service financial managers to obtain their applicable information to compose a complete analysis.

Incorporating economic analysis would be a natural evolution to the FMC and fill a capability gap that currently exists at the service component level.

By incorporating an economic analysis cell at the combatant commander level and at the service component level, the current capability gap that exists in operational level economic planning would be closed. Through the use of a civilian led team at the combatant commander level and a deployable military led cell at the service component level, the two cells would form a harmonious relationship on which to interact, share information, provide unity of effort, and give their respective commander's the best possible economic planning advice. The economic analysis cell would bring the economic element of national power back into the purview of the operational commander and support the National Military Strategy. "We will support whole-of-nation deterrence approaches that blend economic, diplomatic, and military tools to influence adversary behavior."^{xxxvii}

Appendix A

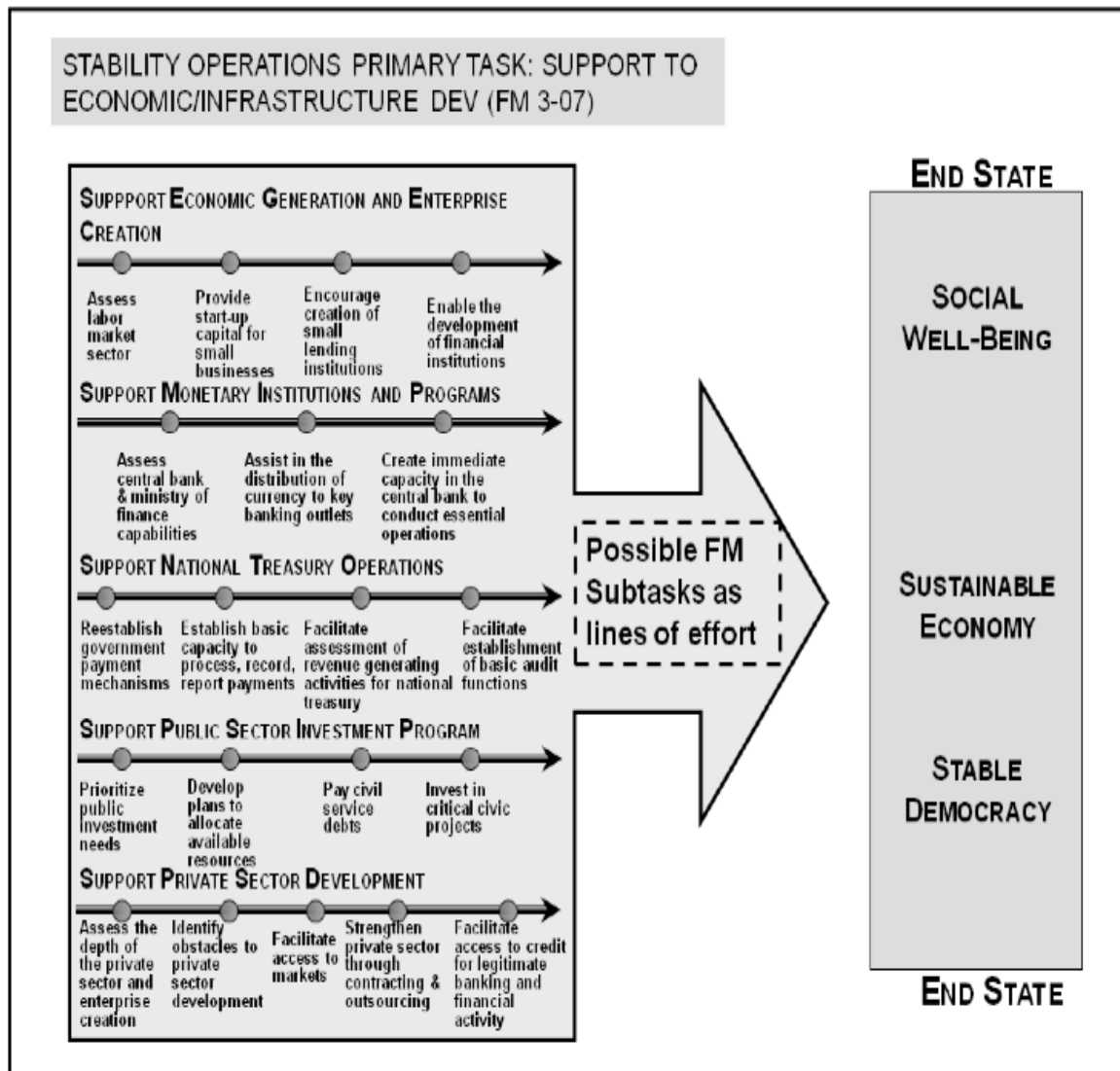


Figure 1-9. Notional FM Subtasks in Stability Operation

Army Field Manual (FM) 1-06, *Financial Management Operations*,
(Washington DC: Department of the Army, 2010), 1-18

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- ⁱ Laura Landes, "Follow the Money: The Army Finance Corps and Iraqi Financial Independence," *Military Review* (March – April 2008): 85
- ⁱⁱ Joint Publication (JP) 1-0 *Doctrine for the Armed Forces of the United States*, (Washington DC: Department of Defense, 2009), I-6
- ⁱⁱⁱ *Ibid*, I-7
- ^{iv} Joint Publication (JP) 3-16 *Multinational Operations*, (Washington DC: Department of Defense, 2007), A-4
- ^v Joint Publication (JP) 3-33 *Joint Task Force Headquarters*, (Washington DC: Department of Defense, 2007), B-E-7
- ^{vi} *Ibid*, III-17
- ^{vii} Joint Publication (JP) 1-06 *Financial Management in Support of Joint Operations*, (Washington DC: Department of Defense, 2008), vii
- ^{viii} Joint Publication (JP) 3-22 *Foreign Internal Defense*, (Washington DC: Department of Defense, 2010), I-8
- ^{ix} National Security Presidential Directive 44, *Management of Interagency Efforts Concerning Reconstruction and Stabilization* (March 2005), <http://www.fas.org/irp/offdocs/nspd/nspd-44.html> , accessed 28 March 2011
- ^x Department of Defense, *Military Support for Stability, Security, Transition, and Reconstruction (SSTR) Operations*, Department of Defense Directive (DODD) 3000.05, December 2009, <http://www.dtic.mil/whs/directives/corres/pdf/300005p.pdf> , accessed 10 April 2011
- ^{xi} *Ibid*, 2
- ^{xii} Army Field Manual (FM) 3-07 *Stability Operations*, (Washington DC: Department of the Army, 2008), 1-18
- ^{xiii} United States Joint Forces Command, *Commander's Handbook for Joint Interagency Coordination Group*, March 2007, vi
- ^{xiv} U.S. Department of Defense, *Financial Management Regulation*, Volume 12, Chapter 270102 "Commander's Emergency Response Program and Purpose and Applicability", January 2009, 27-3
- ^{xv} *Ibid*, 15
- ^{xvi} James Inguagiato, *Operational Art and the Commander's Emergency Response Program* (Newport, RI: Naval War College, 2010), 5
- ^{xvii} *Ibid*, 8
- ^{xviii} Dana Hedgpeth and Sarah Cohen, "Money as a Weapon; A modest program to put cash in Iraqis' hands stretches its mandate with big projects," *Washington Post*, August 11, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/10/AR2008081002512.html>, accessed 13 March 2011
- ^{xix} *Ibid*
- ^{xx} Sergeant Major Kimberly Williams, *Natural Fire 10: Joint Multinational Exercise Ends with Strong Emphasis on Partnership, Cooperation*, <http://www.africom.mil/getArticle.asp?art=3652&lang=0>, accessed 4 April 2011
- ^{xxi} "Building Partner Capacity: Natural Fire 10 in Uganda Exercises Cooperation", *Millrinder, 21st Theater Sustainment Command, 2010 Issue 1*, 18, http://www.21tsc.army.mil/21tsc/millrinder/2010_Issue_1/Millrinder_2010_web.pdf, accessed 29 March 2011
- ^{xxii} Department of Defense Form 1081, *Statement of Agent Officer's Account*, 266th Financial Management Center, October 13, 2009
- ^{xxiii} Central Intelligence Agency. *The World Factbook: Uganda*. Retrieved April 8, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/ug.html>
- ^{xxiv} Army Central Command Resource Management Information Paper, *Theater Strategic Banking Conference*, March 2009
- ^{xxv} Peter E. Kunkel, "How Jesse James, the Telegraph, and the Federal Reserve Act of 1913 Can Help the Army Win the War on Terrorism," *The United States Army Professional Writing Collection* (October 30, 2008) http://www.army.mil/professionalwriting/volumes/volume6/december_2008/12_08_3_pf.html (accessed 23 March, 2011).
- ^{xxvi} COL Michael Murfee, letter to author, 31 March 2011
- ^{xxvii} Department of the Army Pamphlet (DA PAM) 600-3, *Commissioned Officer Professional Development and Career Management*, (Washington DC: Department of the Army, 2010), 364
- ^{xxviii} Army Field Manual(FM) 5-0, *the Operations Process*,(Washington DC: Department of the Army,2010),3-1

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- ^{xxix} GEN Martin Dempsey, “Building critical thinkers: Leader development must be the Army's top priority,” *Armed Forces Journal* (February 2011), <http://www.armedforcesjournal.com/2011/02/5663450> accessed, 23 April 2011
- ^{xxx} Dan Green, “The Taliban’s Political Program”, *Armed Forces Journal* (April 2009), <http://www.armedforcesjournal.com/2009/11/4294842>, accessed 3 April 2011
- ^{xxx}ⁱ Army Field Manual (FM) 3-07 *Stability Operations*, (Washington DC: Department of the Army, 2008), 3-16
- ^{xxx}ⁱⁱ Joint Publication (JP) 3-57, *Civil-Military Operations*, (Washington DC: Department of Defense, 2008), IV-2
- ^{xxx}ⁱⁱⁱ Army Field Manual (FM) 3-05.40 *Civil Affairs Operations*, (Washington DC: Department of the Army, 2006), 2-10
- ^{xxx}^{iv} Joint Publication (JP) 3-57, *Civil-Military Operations*, (Washington DC: Department of Defense, 2008), A-A-1
- ^{xxx}^v Army Field Manual (FM) 3-05.40 *Civil Affairs Operations*, (Washington DC: Department of the Army, 2006), 2-21
- ^{xxx}^{vi} United States Joint Forces Command, *Handbook for Military Support to Economic Stabilization*, February 2010, I-1
- ^{xxx}^{vii} Chairman of The Joint Chiefs of Staff, *National Military Strategy* (February 2011), 8, http://www.jcs.mil/content/files/2011-02/020811084800_2011_NMS_-_08_FEB_2011.pdf, accessed 5 April 2011

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