

THE BROOKINGS INSTITUTION

WEAK AND FAILED STATES:
WHAT THEY ARE, WHY THEY MATTER AND WHAT TO DO ABOUT THEM

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Introduction and Moderator:

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PROCEEDINGS

MR. PASCUAL: My name is Carlos Pascual. I am the Vice President and Director of the Foreign Policy Studies Program here at the Brookings Institution. It is a pleasure to welcome you to this event on weak and failed states, what they are, why they matter, and what to do about them. This is an event which is jointly sponsored by the Foreign Policy Studies Program and the Program on Global Economy and Development, and we also have the benefit of one of our colleagues who has been a co-author in his work from the Center for Global Development across the street.

The perception of weak and failed states perhaps changed most dramatically in the international image after September 11, 2001, when the second-poorest country in the world became the foundation for the most significant strike that we have ever had on U.S. territory. After that there was an emergence not only of a reassessment of U.S. national security strategy, but global strategies. In the U.S., our national security strategy of 2002 said that America is threatened less by conquering states than we are by failing ones. In 2004 the U.S. government decided to set up an office that was dealing directly with this issue of weak states and conflict and what to do in stabilization and reconstruction issues.

This was not just a U.S. issue. We saw similar trends emerging in the U.K., Canada, France, and Germany. At the U.N. there was the creation of a

peace building commission because of the sense that these weak and failing states actually presented a significant threat to the international community.

Yet despite that attention, we still have not developed a very clear understanding of what these states are, how we prepare to deal with them, or how we deal with responses to failure in some of these states. You would think that in fact if we say in our national security strategy that perhaps we are threatened more by failed states than conquering ones we would understand what are those principal weak and failed states and have strategies to address them. Yet at the same time if one were to ask the United States government do we have an official position of what the principal failed and weak states would be the answer would be no. And of course, the next question would be what is the strategy then to deal with this greatest threat which we have just put on the national security agenda, and the answer of course would be that we do not have one because we have not clearly identified what those states are. The reason I think it is important to underscore those context is that it reinforces why it is so important to undertake this exercise that our colleagues Susan Rice and Stewart Patrick have undertaken today.

They also get into yet another conundrum, one where we have learned that weak states are weak because they lack local ownership for an indigenous strategy and local leadership for how to develop themselves, they are weak in their governance and in their leadership, and we have learned over time

that simply throwing money in environments like this can result in a misuse of those funds and zero impact. Yet at the same time, to simply look at these states given what we have learned about their interconnections with international and transnational security threats would be irresponsible and so we have to have a better understanding of what those states are and what the drivers of weakness might be in order to be able to develop the strategy and tools that are necessary to be able to deal effectively with these problems, hence, the work that we will focus attention on today and the panel that we have in front of us.

We have the benefit of three outstanding speakers and we will start first with Congressman Adam Smith from the State of Washington.

Congressman Smith entered the political world and public service in 1990 just 3 years after leaving law school and he brought that commitment to public service to Washington in 1996 when he became a member of Congress. He is currently a member of the House Armed Services Committee where he chairs the Terrorism on Conventional Threats and Capabilities Subcommittee, and he also serves on the House Foreign Affairs Committee. In a sense, this is really where these two issues come together and the interrelations between terrorism, the weakness of states, and our international security concerns really become a full set of issues that have clear interrelationships and we will look forward to the congressman's remarks on these issues.

Once he speaks we will have a short Q and A session, then we will proceed, and from there Stewart Patrick will then begin the presentation on the Weak States Index. Stewart is a Fellow across the street at the Center for Global Development. He has his PhD from Oxford University and is a graduate from Stanford. I say that because I am a graduate from Stanford and Susan is a graduate from Stanford, so we have a little niche here. He has been directing the Center for Global Development's Project on Weak States and U.S. National Security. Prior to that he was on the policy planning staff at the State Department where I had the pleasure of working with him when I was the Coordinator for Reconstruction and Stabilization at the State Department. He has also been at the Council of Foreign Relations and the Center for International Cooperation at New York University.

Then following Stewart will be Susan Rice. Susan as many of you know is a Senior Fellow in the Foreign Policy Studies Program and also in the Global Economy and Development Program here at the Brookings Institution. For this event it is a pleasure to welcome Susan back to Brookings as a Brookings Senior Fellow since she had been on a leave of absence for the past few months while she has been working on Barack Obama's campaign as a foreign policy adviser. Susan has previously worked in a number of capacities in government. She was Assistant Secretary of State for Africa from 1997 to 2001. We had first met when we both worked together at the National Security Council

staff prior to that. Both of these individuals, Susan and Patrick, bring experience on these issues of weak states and state failure not only as academics and analysts but also as practitioners, and that adds to the depth of the work that they will be presenting today.

Let me go back to Congressman Smith. Congressman, I welcome you to the podium, and we are extraordinarily pleased that you are with us today to engage in this event. Thank you.

MR. SMITH: First of all I want to thank Patrick and Susan for their excellent work on this report which I have read. It is a terrific blueprint for what we need to do in a critical area of public policy, and I want to just tell you about how I came around to this area and what I think we need to do as a matter of public policy.

As was mentioned, I serve on the Armed Services Committee and the Foreign Affairs Committee which brings me at it from both sides. On the one hand, I chair the Terrorism Subcommittee on Armed Services so we are very focused on the counterterrorism piece on what al-Qaeda is up to in the various corners of the world and how we can go about stopping them militarily. I am also very interested in global poverty in part because the committees I serve on both also in part because of various groups that I have gotten involved in up in the Pacific Northwest. The Seattle area is a hotbed of NGOs that are focused on global poverty. Certainly the Gates Foundation is the largest but not the only

one. I actually got involved with a smaller group that does microcredit in Central America. I took a trip down to Honduras 4 or 5 years ago and learned a little bit about the problem and then have been working with a variety of other groups as well. World Vision is located in my district. I have also done a lot of work in Mercy Corps and have seen the global poverty problem and understand a little bit about its scope and significance.

What struck me throughout all of this was that what I am working on on counterterrorism and what I am looking at on global poverty come right back around and meet. What we are really building toward and trying to develop is a comprehensive strategy to confront both global poverty and to confront al-Qaeda and the ideology that they espouse, to deal with that new security challenge that we have. It is not altogether that new. As we know it has been around for 30 years but it certainly has been brought home in the last five or six. How can we bring those ideas together?

One of the great challenges of course is getting the American public and public policy makers to mention this. As I started getting involved with global poverty, I got an endless number of invitations to a whole bunch of things and everybody I ran into said more or less the same thing, you are one of like four or five people in all of Congress that pays any attention to this which is a bit of an overstatement, but nonetheless it is certainly the way people feel who work in the global poverty community. So we've got a real challenge here to let people

know about the problem and its importance and that is why reports like this are so important. It really drives home how large a portion of this world are living in a world that we here in the U.S. could not even imagine in terms of poverty, destabilization, political systems that barely function. I always think about this whenever people are pounding me about our 22-percent approval rating in Congress, it could be worse. Trust me. There are worse systems of government out there. Actually, I think ours is a little bit better than people give it credit for, but that is not the topic for this morning.

The point is there are enormous challenges throughout the world and I have focused on two main arguments in trying to get people to pay more attention to this. One that I do not think that we should leave behind, and I will get to the national security point in a minute, but I think it is always important to point out to people the fundamental injustice of the way the world is currently structured not in any sort of blame way, not in "it's your fault America," but just the fundamental facts of it, how unjust it is and how unlikely it is that we are going to live in a stable, peaceful, and prosperous world if we continue to have this large a percentage of the world's population living in the dire circumstances that they do. It simply is not fair, it is not just, and it is to my mind not sustainable to have -- just one of the statistics -- 2.7 billion people living on less than two dollars a day, living at a level of poverty that we can imagine here in the U.S. even by

our own standards of poverty, to drive home the point of the incredible disparity and the necessity of us doing something about it.

The other piece of that, the thing that really sort of got me into global poverty because my initial concern about it was quite frankly, I am a very practical guy, it seemed overwhelming: 2.7 billion people, as some of my conservative friends have quoted to me, the poor, they will always be with us, right? So why sweat it? What are you going to do about it? What I have discovered as I have gotten into it is the incredible ability to make an enormous difference for a tiny little amount of money. There are thousands of examples of this but the one that struck me personally was when I visited a co-op in Suata Teke [phonetic], Honduras, that was about 10,000 people, mostly women, probably had about \$275,000 all told, and they passed out small loans to women who then started businesses and lifted their entire families out of poverty for \$100. For a small amount of effort you can make an enormous difference and the same is true in many aspects of this: creating free access to public education in portions of the world that do not have it by building schools. I recently read Greg Mortenson's book about his experiences in Pakistan doing that. Health care, simply getting vaccinations to the children who need them to prevent disease, combating AIDS in the same way. All of these issues do not cost a lot of money to make a life-or-death difference in the lives of thousands of people. We can matter. We can make a difference. We can begin to turn this around.

When you look at this report and see some of the policy recommendations, that is one of the strongest arguments that I want to make to policymakers: it is an enormously important problem that we can do something about and therefore ought to.

But the national security implications are also important because I am mindful of what gets the attention of members of Congress and what gets the attention of my constituents, it is the same thing. Members of Congress know where their bread is buttered whether people realize it or not and if our constituents are not talking about an issue it makes it far less likely that members of Congress will pay attention to it. I have been campaigning for a long time on a basic door-to-door status going out and finding out what people in my suburban community care about and they care about stuff that is immediate. They care about health care, they care about roads, they care about local crime. They care about stuff that has an immediate impact on their lives. National security is one of those things that they now care about and we I believe in order to get the resources and focus on global poverty, on weak and failed states and all of the issues that go into that, to get that focus we have got to make that national security connection. We have got to make it clear that we will not be safe here in the U.S. as long as we have so much destabilization in so many parts of the world and to get them involved and invested.

What you need to build up is a comprehensive strategy. This is where we need to go beyond what has come to be known as the global war on terror. I think the focus of the global war on terror for the last 7 years has primarily been al-Qaeda and killing bad guys. I have jurisdiction over the Special Operations Command on my subcommittee and I do a lot of work with them. We hunt down high-value targets from one corner of the world to another and try to take them out before they take us out. That has to be done. Make no mistake about it. I will also tell you that we are getting very, very good at doing it and that is a good thing. That is necessary. But that alone will fail in the struggle that we are engaged in because we are engaged in an ideological battle. We are fighting not some 450 guys up on a chart who are coming to get us. We are fighting an idea and the best way to defeat that idea is to present a better one. In all parts of the world, and certainly there is an aspect to this is that is religious and spiritual that is hard to get at, but the overwhelming portion of this is about deprivation and lack of opportunity. People turn to and follow the type of ideology that bin Laden and others are espousing because they have a hopelessness about their lives. Nothing works. They can't feed their children. They can't trust their government. They can't get water from a well. They can't do the basic day-to-day stuff that a good chunk of the world takes for granted, and if they can't, they will turn to just about anything that promises them something better. This is basic counterinsurgency strategy which are engaged in in a lot of different

places. To stop the insurgency you have to stop the local population from wanting to turn to it. There it is basic: provide for that local population. Give them schools to send their children to, water to drink, jobs to have, the basic necessities of life. Where do we do that and how do we do that? In a comprehensive way following along with the chart that was developed here showing us where the failed states are and what they need. It is a local community-to-community effort, but this is where it starts is understanding that.

I really believe as we move forward in our foreign policy that getting U.S. policymakers and the country to focus on the necessity of caring as much about development issues as we do about high-value targets is going to be the critical, critical piece of eventually getting to the point where al-Qaeda's ideology goes the way of fascism and communism, an idea that people think just doesn't have anything for them. That is what we have to do and we have to do it comprehensively and we have to get people to focus on it and move past some of the arguments that we have had in the past about this foreign aid will not do us any good, the whole idea of what government's role should be, and make this a national security issue, make it the critical piece of defeating al-Qaeda and I think we have a better chance of getting policymakers involved.

I will say that the people who are right out there in the front of the fight, the United States military, they get this. They are the ones who are talking to me about this. They are perfectly willing to go out there and do the job that we

have trained them to do, but they would much rather not have to do it as often as they are having to do it right now and they know because they are out there in this communities in Afghanistan, in Iraq, in the Philippines and a whole bunch of other places, they are out there working with the local population and they know that the counterinsurgency piece is every little bit as important as the hunting down the bad guys piece and that is what it is going to take to win this. So I think this report is incredibly timely. It gives us a blueprint for how to develop this policy. I look forward to working with Brookings and others on this issue to try to develop it and to helpfully make it a key cornerstone of our foreign policy because right now it is really not. We can debate that a little bit. There are people who are talking about it in the administration, there are people who are talking about it in Congress, but if you want to know whether or not development and diplomacy, those other pieces of counterinsurgency, are important, all you got to do is look at the budgets.

I serve on both committees as I mentioned. The defense budget since 9/11 is going way up. I forget the numbers, but trust me, it is going way up. State Department development has flat-lined and tells you everything you need to know about where our priorities truly are when it comes to confronting this threat that we face comprehensively and, by the way, doing some pretty good things for people who desperately need our help throughout the world.

So that is why I am excited about this report and excited about being part of this project. I intend to continue working on it for some time and I think this is very, very helpful. I am happy to answer a few questions. I apologize, we are in session today so I got to back up to the Hill before I turn it over to our other two speakers.

(Applause)

MR. PASCUAL: Just before we came up here I heard you talking very eloquently about some of the complexities of trade questions and I want to come back to the interlinkages of trade and poverty. You very powerfully argued that in fact something can be done about poverty and we have seen that the biggest numbers of poverty reduction as you mentioned earlier have been in China and India and have been as the result of the capacity of those countries to link into global financial and trade systems. In analysis that the CIA has done projecting out to the year 2020, they have indicated that the biggest risks to global stability in fact will be whether certain parts of the world are actually able to adapt and fit into those global systems. Yet at the same time when we look at the possibilities of adapting that international trade and financial system, particularly the Doha Round, for example, we have essentially been stalled and domestically we have been stalled over some issues related to subsidies on agriculture.

Obviously the issues related to trade have become sensitive ones in this campaign. I wonder as someone who is right in the middle of working both on of these issues and caring passionately about both sides of it, how do you look at this question where the access of China and India still continuing to the global trade and financial system, with Africa being able to get access to that system, with Latin America, is critical to reduce poverty, yet the sensitivities that exist domestically in being able to move forward with legislation that would allow that to happen.

MR. SMITH: Trade is something also that I have worked on since my earliest days in Congress on a number of trade agreements and I could say a great deal about the economic challenges it presents for this country and some of the ways that it has been misinterpreted. I will not. I will start that fight another day and simply focus on the international aspects of it.

I will at the same time make a brief plug for a bill that I've got out there, the Global Poverty Act that we passed out of the House and it has now passed out of committee in the Senate, that would ask the president to develop a plan for confronting global poverty and up its priority level on a policy level. I think it is very important. It is interesting because we have gotten a little pushback on this for a variety of different reasons because on the Hill if there is going to be a plan for global poverty, some of the more conservative folks who are concerned about government, they are like we do not need to increase

foreign aid, foreign aid is a big waste of money, I don't go with that. But the interesting thing is that is not the focus. A lot of what we talk about in there is trade, capacity building, and economic growth because if you're going to put together a plan for confronting global poverty, economic growth is the single best thing that you got out there.

I happen to think that you also need to balance that. As this chart points out, you need the economic, the political, and the social welfare. You need an education system. You need government to have a role. Free-market capitalism left to do whatever it wants is really no better than free-market capitalism strangled. You need a balance between the two, but you got to have it, and opening up access to markets is critically important to this. The developing countries, and I have visited Peru before we voted the trade agreement, there is a lot of stuff that I probably could not explain about the Peruvian economy and a whole bunch of other things, but I can tell you this much, they are not growing their way out of poverty if they do not get access to the biggest markets in the world. It is just not happening. Everything else is nice, but if they do not get access to those markets, it is not happening. So the importance of trade I think cannot be overstated in terms of eliminating poverty.

Nor can the challenges of it because, frankly, it is not just in the U.S. The Doha Round did not just die because the U.S. was concerned about expanding trade barriers, dozens of countries across the world have that same

sort of internal fear about opening up their markets to foreign access and are less willing to embrace competition as a way out of it, so we got a huge mountain to climb in terms of convincing folks of that.

Lastly, yes, we got to cut I think, probably even eliminate, our farm subsidies in this country for a variety in a different reasons, but one of them is how does the developing world that is go ag dependent because they are further back on the economic development scale than we are get off the ground if they have to compete with an incredibly subsidized technological behemoth of our ag industry, and Europe's ag industry, and Japan's ag industry? If we do not cut farm subsidies, they are going to have a heck of a time getting up off the ground.

MR. MCFATE: Sean McFate from the Bipartisan Policy Center and I am Director of the Stabilizing Fragile States Project. I would like to commend you, first of all and thank you very much Dr. Rice and Stewart for this, what hopefully will be an invaluable tool in refocusing this issue a bit more in the national security architecture. I have a question for the Congressman, having dealt with somewhat with some of these problems. The linkages between poverty and national security threat and terrorism are not as iron -lad as some would like.

MR. SMITH: I disagree with that. I have heard this argument, but go ahead.

MR. PASCUAL: Are you sure you want to ask the question?

MR. MCFATE: I'll slink into my chair now. The argument is something like this. The terrorists involved in 9/11 and the U.K. were not poor. Al-Qaeda ideology has not swept through Africa and the more poorer parts of this globe. And there is some evidence or at least some correlation among the intelligence community to show that terrorists and international organizations prefer some infrastructure such as international financial services and logistical support that a functional state provides rather than a failing state. So I would just like your comments on that.

MR. SMITH: There are two pieces to that. First of all, I have heard this argument before, that Osama bin Laden certainly did not come out of poverty and neither did many of his top lieutenants. The way I always try to explain that based on my experiences studying history, politics, and various philosophies is there is always going to be some group of human beings out there who have to come with some perfect ideology way of looking at the world. This seems to be wired into our DNA. Someone is going to come up with some crackpot philosophy that says this is going to solve all of your problems and the secret to it is you just follow me and everything will be fine. Those philosophies are going to be generated. What I like to say when I am back in Seattle is as we are talking there is somebody out at Red Square at the University of Washington giving one of those speeches right now without question. The issue is does anybody follow them? Does anybody follow bin Laden? Does anybody follow Lenin, to give

another example? And the lack of opportunity gives them those followers. It gives them that ability to get off the ground. If people have opportunity they go, whatever, I'm doing fine, and they move on. So poverty I think is directly related to it.

On the failed-state question, not every failed state turns into a safe haven. They have to have a failed state and some sort of comfort zone within that failed state. That is exactly what happened in Afghanistan and it is exactly what is happening in Northwest Pakistan right now. So, yes, there are some failed states that for a variety of different reasons do not turn out to be particularly hospitable to al-Qaeda's particular ideology, but it is necessary I think to have a failed state to get that safe haven. They have not found a safe haven in a non-failed state either, so the failed states open up opportunities, and there are lot of other details in there. Somalia is such a mess that it is hard to get a toehold in there and actually develop something for the reasons you stated, but it is a combination of those issues, and even there, even in a place like Somalia, you mentioned in Africa that al-Qaeda has not necessarily found a toehold, they go back and forth across Africa a lot. A lot of those high-value targets that we have been talking about spend a lot of time in Africa. They spend time there because it is safe. We cannot get to them because the state is too discombobulated to have access to them in many cases, so those failed states help them in that way as well.

MR. PASCUAL: If we could, let's take two questions together from this side of the room and then we will take one more from this side.

MR. : Thank you much -- George Washington University. I am just thrilled with what you are saying because I have been advocating something like this for the last couple of years and I have not heard anybody expressing this, and I really appreciate it. You are relating trade to it I think is particularly important. I chaired a task force for Bill Brock when he was secretary of labor on economic adjustment and worker dislocation and in the debate we had business, labor, and academics, and the debate was whether we should allow companies to move from New England to the South because of the job losses. We had a unanimous recommendation that they should be allowed to but that public responsibility was to help those who were displaced, those adversely affected. I think that is a good strategy where you allow free trade, you encourage free trade, but help the people who are adversely affected by retraining and relocating.

MR. SMITH: You are going to drag me into the trade thing here one way or the other. I think the other important way to put that I would put slightly differently is when you put it like we will allow trade but will the people who are displaced, it sort of implies that there is a choice there, that if you were to go the other route and not allow for as much freedom of movement, freedom of trade, then there would not be displaced people. That is not true. I think that

is the great misnomer out there in America right now, that somehow trade came along and caused all these problems, but when I look at the history and look at the mills that have been shut down across Pennsylvania, Ohio, Michigan and all those other places, they were shutting down long before NAFTA which points out that it is international competition that creates the challenge, and we are not going to be able to eliminate international competition. I think we have this sort of mental block on that issue because back in the supposed good old days of the 1950s everything seemed to be fine and while we had not necessarily eliminated the competition, we had come pretty darn close, but the way we did that was through World War II and the rise of communism. I do not recommend that as a repeat strategy to eliminate foreign competition. I think what you have to do is figure out how to work within that competition, find your niche, find our advantages, grow the economy and benefit everybody.

We can have all kinds of arguments about the difficulties of doing that, the right strategy, the wrong strategy, but this notion that there is this stop the world I want to get off option, it ain't there. China, India, Russia, Africa, Brazil, all these other parts of the world that for decades have been way below us economically are not giving up. They are not going back to it. We got to figure out a way to coexist competitively and not wish for a world where it didn't have to be.

MR. PASCUAL: Let's take one last question on this side in the back.

MR. KRISTOFSON: My name is Bill Kristofson. I have two quick questions. One question is, are retired military leaders active on this issue, and if they were better mobilized do you think they could be effective at bringing this to policymakers and the media?

MR. SMITH: Absolutely. I think they are, and they are particularly active in the special operations community both retired and activity duty, because to a certain degree of the many things that our special-ops guys are trained to do, counterinsurgency is right up at the top. This is what I visited when I went to the Philippines a month ago. We got special forces guys down there, not many of them, who are working and certainly they are training the local military to deal with the bad guys, but they are also building schools, providing medical care, drilling wells, doing the basic work of providing for the local population so that the insurgency does not have a toehold and nobody better understands that issue than the guys who have been through SOCOM training, and that is at all levels. We have had several retired generals come and talk to us and, yes, I think they would be very, very effective advocates, and many of them are speaking out on this issue. It has been a major priority of both of the past two SOCOM commanders to expand counterinsurgency training and to focus on that piece of it and they would love to have the broader help of a development strategy from

the State Department of the NGOs that are out there to better coordinate those resources because if they are dealing with a community that has potentially got an insurgency going on and those organizations out there that are going to build schools or provide health care, then that is just leveraging resources and figuring out ways to coordinate those activities is one of the chief things that I am looking at right, how do you get the interagency cooperation and the public-private partnerships and I think our military leaders are outstanding spokes people on that and most everyone that I have talked to absolutely understand this. Like I said, they are the ones who are out there in the fight and they would just as soon not have as many bad guys to chase as they do. Thank you very much. I appreciate the opportunity to come and speak with you and I want to again thank Dr. Rice and Dr. Patrick. Thank you very much for your leadership and for putting this together and I look forward to working with you. I think we got a lot of great work to do ahead of us.

(Applause)

MR. PASCUAL: I think the congressman has gotten us off to a great start of drawing the interlinkages between how these global issues interrelate back to our domestic economy, how the two are intertwined, and how our domestic security concerns are also related to these international threats that are emerge that are connected to poverty. I think the next step for us really to

delve into this more deeply and understand the pieces of it, and for that we turn to Stewart Patrick to begin.

MR. PATRICK: Thank you very much, Carlos. Thank you for joining us today for the release of our new Index of State Weakness in the Developing World. The turnout today testifies to the interest in this topic both from a research and a policy perspective and we are delighted that so many people wanted to join us today.

We are hardly the first to enter this terrain but we hope that we can add something to this conversation. Before we get to the index what I would like to do in particular is to thank our wonderful colleagues at the Brookings Institution and the Center for Global Development who did so much to help bring this to fruition. These contributions are both intellectual and technical. We are deeply indebted to Corinne Graff, Larry Malm , Brandon Hunt, Papia Debroy, and Leana Wiler of the Brookings Institution, and then also to Casey Brown and Kevin Ummel of the Center for Global Development. We literally could not have done this without them. This has been the product of about a year and a half worth of work. About a year ago we thought we were nearly done with it but we still wanted to make a few refinements, so thank you so much. A few refinements took about 12 months, but thank you so much guys. I also want to thank Carlos and Lael Brainard of Brookings for supporting the publication of this index and in particular to Carlos for chairing this session. Finally, we are indebted to

Congressman Smith for sharing his reflections on the impact of weak states on real U.S. national security and other foreign policy matters and for setting the stage for our presentation.

The index that we are discussing this morning seeks to give policymakers a useful tool to gauge the relative strength of states in the developing world based on performance and meeting several basic functions of sovereign statehood. I will begin by explaining some of the motivations behind our index and then I will describe how we constructed it, including some of the underlying assumptions that are driving our work. I will next turn it over to Susan who is going to walk us through some of the actual results of the index, summarizing some of our main findings, and suggesting some of the key policy implications that we might want to bear in mind going forward.

Let's begin with the policy challenge that inspired our effort. Since 9/11 obviously practitioners, pundits, and policymakers have identified weak and failing states as critical sources of threats to U.S. and global security. This preoccupation with the transnational spillovers if you will of state weakness is widely shared internationally. It is not simply a U.S. preoccupation, obviously it features prominently in the 2002 national security strategy, but you also find it in the European security strategy, as well as influential U.N. documents, particularly those that surrounded the U.N. high-level summit of 2005.

There is also growing interest in weak and failing states among development professionals, and I obviously am employed by the Center for Global Development. These folks are interested in policy alleviation and they are well aware that bolstering and reforming weak and failing states is critical to rescuing what Paul Collier calls the bottom billion who have missed out on historic gains in development in other parts of the world.

Despite this general shared awareness of the downside of state weakness though, policymakers have lacked some guidance on some basic questions. First of all, which states are the world's weakness? That is, how should we define this cohort? The second is how do individual states stack up relative to one another? Where do they fall in a sense along the spectrum of state weakness? Third, how does state weakness manifest itself? Does it come in various guises depending on underlying capacity gaps? Finally, how might interventions be targeted to address these vulnerabilities and are our current policies geared to actually addressing the weaknesses that we find?

To answer these questions it was our belief that policymakers needed tools that were straightforward and user friendly and easily accessible to begin with, they also had to be empirically grounded based on authoritative and up-to-date sources, and they had to be capable of yielding policy insights in terms of where we should put our scarce attention and resources. Obviously, any comparison across a large number of countries can only be at best a first-cut

approximation of state weakness. Anything that we say here and that is contained in our index needs to be supplemented by detailed analyses of each country's circumstances and trajectory. But an index does have the potential to give us a better sense we think of the absolute and relative institutional strengths of individual countries and at least in principle inform the decisions about how outsiders should actually allocate resources and time in addressing the gaps that we found.

As you know, there have been several previous attempts to identify weak and failing states and in some cases to actually rank these. We are indebted to the efforts of several different organizations, entities, and individuals who have tried to blaze this path forward and I want to mention some of the prominent examples in this regard. They include the Fund for Peace's Failed States Index led by Pauline Baker who we are delighted to have joining us today. They also include Monte Marshall and Jack Goldstone's State Fragility Index and both Jack and Monte are with us today. Others include the World Bank's list of LICUS countries, or low-income countries under stress. In addition, there is the Mo Ibrahim Index of African Governance. All of these we believe have made important contributions and we survey them in the narrative portion of our index. We look forward to joining with others in what is already a very vigorous conversation.

We believe that our own index has a number of distinctive features that make it a useful addition to these very valuable efforts. First, our index covers the entire developing world including all 141 lower-income, lower-middle-income, and upper-middle-income countries with a population above 100,000. Second, it captures the full range of state weakness whereas some indices focus on rather extreme events such as state failure or collapse. The third aspect of our index is that it disaggregates state weakness and depicting state performance across a range of areas of state function rather than simple just one or two, for instance in the political or security basket. Fourth, it takes some account of recent history by including data for the 5 to 15 years where this bears on state weakness. Fifth, it uses a transparent methodology meaning that it can be replicated by anybody which is not always the case with other indices. Sixth, we like to think that this is by policymakers for policymakers, former policymakers and perhaps future policymakers too I have to say, meaning that what we have tried to do is to make the index as useful and user friendly for busy officials as it could be. Seventh, the index highlights specific performance gaps that might be appropriate to policy intervention. Finally, and this is a distinction between some other indices that I think has to be borne in mind, the index does not seek to predict state failure or other specific events unlike a few of the indices, rather it provides a snapshot of relative state performance at a specific moment in time. It

is best conceived in that regard as a thermometer rather than a weather forecast or a barometer signaling changes in the weather.

We define state weakness according to performance in four spheres which we label economic, political, security, and social welfare. Specifically, weak states that lack the capacity and/or will to first foster an environment conducive to sustainable and equitable growth. Second, establish and maintain effective, legitimate, and accountable political institutions. Third, to secure their citizens from violent conflict and control their territory. And fourth, to meet the basic human needs of their populations. It is worth noting that both USAID and DFID, that is the Department for International Development in Britain, use these same four baskets of state function in analyzing state fragility, a term that we use as synonymous with weakness.

To create our index we chose 20 well-established indicators, five for each basket of state function. We chose these indicators on the basis of whether or not they were relevant to state weakness in our mind, about whether or not they were transparent and replicable, and on whether or not they covered as many of the 141 countries as possible in our sample. I will just run through these briefly although not the individual indicators, but each of the baskets. Indicators in the first or economic basket assess the state's ability to provide for its citizens a stable environment that facilitates sustainable and equitable growth. They take into account recent growth, the quality of existing institutions including

whether or not these are conducive to private-sector development and the degree to which income is equitably distributed within the society.

The second basket of political indicators tries to assess the quality of the state's political institutions and the extent to which the government rules legitimately and capably. They seek to measure government accountability to citizens, the rule of law, the extent of corruption, the degree of democratization, freedom of expression and association, the ability of the state bureaucracy to function effectively, independently, and responsibly.

Our security indicators evaluate whether a state is able to ensure the physical safety of its citizens and to maintain a monopoly on the use of armed force. They measure the occurrence and the intensity of violent conflict or its residual effects, illegal seizure of political power, perceptions of political instability, territory affected by conflict, and state-sponsored political violence and gross human-rights abuses which rise to the level of in a sense the state making war on its people.

Finally, our indicators in the social welfare basket measure how well the state meets the basic human needs of its citizens including nutrition, health, education, and access to clean water and sanitation.

As is common in trying to create an index of this sort, ideal indicators particularly when dealing with developing countries are not always available. For security we would have loved to have had proxies for "ungoverned

spaces" which is obviously something that preoccupies the defense department and the entire Bush administration, but no good unclassified data sources exist for this. We thus used the percentage of territory affected by conflict as an admittedly imperfect proxy to try to get at that. Similarly, it would have been great to have tax collection as a percentage of GDP but we did not have sufficient coverage or precision. Other things like unemployment and crime rates would also have been useful but they are not always collected with the same consistency.

The technical annex which you will see in the document here provides a detailed description of each of these indicators, what the sources were, why we went with one rather than the other, et cetera.

Finally, a brief note on the methodology that we actually employed in constructing the index before I turn things over to Susan. For six of the indicators we used a special weighting scheme intended to capture the legacy of the past several years while at the same time placing more emphasis on recent data. We did this by employing by what is known as a smoothing constant and the smoothing constant we used was .15. That means that each year we go back in time, the weighting is 15-percent less than the previous year. We used this scheme for four security indicators on the grounds that recently experience with violence tends to increase vulnerability to state failure. We did the same with two economic indicators as well, inflation and growth, to avoid penalizing

states for short-term shocks that might be outside of government control. We then moved on to aggregate the indicators into a final score for each country. To do this we had to standardize the variables to allow comparison across the indicators. This required several steps.

First we scaled each of the 20 indicators between 0 and 10 giving the country with the worst score a score of 0 and the best 10. We then computed the average of the indicators within each basket to arrive at an overall basket score, say for security or for economics. The basket scores we then rescaled so that the worst score received 0 and the best 10, and the overall index score of each country reflects the simple average of the four baskets. It is important to note that our methodology grants equal weight to all 20 indicators and in effect to each of the four baskets, and we can discuss assumptions behind that, but briefly it was in part an admission of ignorance in terms of which should in theory be driving -- you would have to make assumptions that were perhaps unwarranted to weight one more than the other.

So that is how we constructed the index. Susan will now tell you what we found and what the United States and other governments should make of it.

MS. RICE: Good morning everyone. Let me join Carlos and Stewart in thanking you for participating with us this morning.

Let me continue with a discussion of how we hope policymakers will choose to use this index. In the first instance we will hope that they will look at the overall rankings which provide a quick insight into how a developing country fares in relationship to other developing countries. Secondly, we hope they will use this to differentiate among states including identifying those that are states as well them to watch. Based on their overall ranking, states can be placed into several categories, and we will discuss these further, failed states, critically weak states, weak states, and what we call states to watch. Thirdly, we hope that policymakers will choose to analyze each of the states of interest individually. The index includes information for each country on first their overall score, secondly, as Stewart indicated, their score in each of the four baskets, and thirdly, the scaled score for each country on each of the 20 underlying indicators. So the index allows policymakers to have snapshots of weak states at progressively more detailed levels of analysis, and it provides both a big picture look at weakness and perhaps we hope some insights into where specific problems lie.

The index is nothing more than a starting point of course. It provides a roadmap to state weakness. It informs where perhaps to dig deeper to develop targeted interventions that could have country-level impact. It is intended as a reference and a launching point for the development of policy but

obviously it cannot be the sole basis or even necessarily the primary basis for policy formulation.

When we plotted the scores for each of the countries on the Y axis and the ranks on the X axis, two things became immediately apparent. First in that maroon category on the far side, you can see three failed states which literally fall off this continuum. They are qualitatively performing at a far worse level than the rest of what we have termed the critically weak and weak states. These are the states in the bottom two quintiles of our index of 141 countries.

The rest of the states in the world lie on a relatively smooth continuum of state performance or state weaknesses and the differences as you can see between one state and the next are often very small. This chart shows the first 56 states in our index, but were we to show you all 141, you would see roughly the same pattern and same slope with something of an increased incline in slope at the very far end of the spectrum at the top performing countries.

Based on the scores of the individual countries, we have assigned four categories of states that should be of interest to policymakers as I just mentioned. The first category are failed states. There are three which you can see falling off the end of that continuum. They score in the bottom quintile in all four areas of state responsibility and they have overall scores significantly lower than all other states. These failed states are among the worst in all four areas that we found globally. They are all societies in conflict. They are all low-income

countries. You can see in order Somalia being the most profoundly failed state in the world, not a surprise, Afghanistan, number two, the Democratic Republic of Congo number three.

The next category we have termed critically weak states. These are the remainder of states in the bottom quintile of performance and these too tend to show weakness across the board. Most of these states are located in Africa. They are overwhelmingly low-income countries by the World Bank's definition of low income which in 2006 on a gross national income basis per capita of less than \$905. These 25 critically weak states, 21 of which are low income, the remaining four are exceptions, they are Iraq, Angola, the Republic of Congo, and Equatorial Guinea.

The next category which is the second quintile we have termed weak states. Three-quarters of these 28 states are low income according to the World Bank, but you will find as we get to the charts more variability in their performance across the baskets.

Finally, 25 states that we have termed states to watch. The definition of states to watch are states that score overall in the third or the fourth quintiles but have significant gaps. The gaps could take one of two forms. It could be one area of performance in which that state scores in the bottom quintile globally, or it could be two or more areas of performance where they are scoring in the second quintile.

If you were to map states according to their relative weakness you would see what I hope is relatively clear even from a distance. States in the darkest maroon are the failed states, Somalia, Afghanistan, Democratic Republic of Congo. Red states are those that we have deemed critically weak. Orange states are weak. Yellow states are those which we have termed states to watch that fall into the third quintile. While the green states are states to watch in the fourth quintile.

Take a look at Africa. One-third of developing countries are in sub-Saharan Africa and yet 23 of the 28 critically weak or failed states are in sub-Saharan Africa. There are some exceptions. There are some stronger states in Africa. Benin scores at 71, Ghana at 84, Botswana at 102, South Africa at 110, but the overall picture is not an encouraging one. In South Asia you will also find some signs of weakness much of which is caused by insecurity. Central Asia as well has a number of pockets of weakness driven primarily by low scores on the political angle. And Latin America performs relatively well with a few notable exceptions. Haiti is the only critically weak state in the Western Hemisphere with poor performance across the board. And Colombia is the only weak state due primarily to its security score.

This is what the index we constructed looks like. We will go through each of the quintiles slide by slide. This slide shows the bottom quintile of failed and critically weak states. The way to read this is you see in the first

column an overall score, then you see each of the basket scores, and finally on the far side for reference sake, a column with GNI per capita. We have color-coded this graphic by quintile in an effort to make it more readily usable and readable for policymakers, red being the lowest quintile, orange the second quintile, yellow the third, green the fourth, and blue the top quintile. The color coding also applies to the basket scores as well as to the overall scores.

Countries in this bottom quintile as I mentioned earlier for the failed states also tend to be conflict or postconflict societies. More than 85 percent of failed and critically weak states have experienced conflict over the course of the last 15 years. The international community has deployed peacekeepers or observers to have the world's failed and critically weak states over the past 15 years, and the United States has had forces in five of the failed or critically weak states, Afghanistan, Haiti, Iraq, Liberia, and Somalia. Allies have also deployed to critically weak states, notably France to Cote d'Ivoire and Chad, the E.U. to the Democratic Republic of Congo, the United Kingdom to Sierra Leone.

Extreme environment is another marked characteristic of states in this quintile. Nine of the 10 poorest countries in the world are critically weak. Of the 10 lowest GNI per capita countries in the world, only Malawi at number 46 in our index is not a critically weak state. Twenty-four of 28 critically weak states are classified by the World Bank as low income. The four exceptions are energy producers, Iraq, the Republic of Congo, Angola, and Equatorial Guinea.

There are few surprises among the critically weak and failed states, but let me just mention a few notable outcomes. Afghanistan is a failed state second only in the world to Somalia. Weakness in Afghanistan as you can see spans all four areas. It is the most insecure country in the world. State failure there as persisted despite massive investment by the United States and others in Afghanistan. The implications are severe both for the United States and for the people of Afghanistan. Child mortality for example in Afghanistan is one of the highest in the world.

Iraq at number four also bears mentioning. It is a critically weak state in the wake of the U.S. invasion and occupation. We obviously did not do this prior to 2002 but I think it is safe to say that the outcome for Iraq might have been somewhat different. It narrowly escapes categorization as a failed state only because of its relatively higher social welfare scores most of which derive from the most recent available data, but that data is only from 2004 and 2005 in the social welfare category.

Finally I will mention Equatorial Guinea at 25. It scores quite poorly despite its high GNI per capita which is a function of small population and newly found oil revenue, but in many respects social welfare and political, Equatorial Guinea is driven down in its score.

The next slide is the second quintile, what we have termed weak states. I imagine many of you have figured this out, but in your report you will

find two pullout tables. One is you have to have a longer arm than I do to be able to read, but it is something you can hang on the wall for quick reference. In it you will be able to see all five quintiles which I will show you one by one on a continuum and similarly, another chart which I will explain in just a moment.

On this second quintile of weak states you will notice much more variation. While the overall score is in the second quintile, the underlying problems are far more varied. Take a look for example at Tanzania at number 55. It is doing relatively well in the economic, political, and security areas, but its overall is being brought down by poor performance on the social welfare indicators.

The performance variation that you will notice allows us to identify several different kinds of profiles of weakness. Some states provide for their citizens fairly evenly across the four areas of state function. Examples are Bangladesh and Mauritania at 48 and 37 respectively. Some states do quite well in some of the four areas but markedly worse in others. An example is Sri Lanka at 56 and Colombia at 47 which do well in three areas but suffer markedly in the realm of security. Insecurity is a common problem in weak states. You will note it in Pakistan, Sri Lanka, and Colombia, but it is not a universal problem. There are some in this category like Zambia, like Malawi, Mali, Mozambique, and Tanzania, that have stronger security scores.

Moving to the third quintile, you will notice that states to watch begin to jump out. While these states have better overall scores, the red color highlights areas where the state is performing in the bottom quintile on a global basis. For example, you will see the security problems in Algeria and the Philippines. You will not economic and political problems in Cuba, economic problems in Bolivia and security problems in India. Some states have no red but perform in the second quintile in two or more areas and for that reason we also deem them states to watch. Examples include Egypt at 78, Venezuela at 70, and China at 74, which score only in the second quintile on both political and security indicators. Iran at 66 scores in the second quintile in three categories, economic, political, and security.

The fourth quintile again moving up the index, you will see fewer and fewer problems. A few exceptions jump out. Turkey's security score makes it a state to watch, Libya's political score similarly so.

Finally, the top end of the index, the top quintile, you will see that the category scores are higher and variability in performance between categories is much lower. There are no states to watch in the top quintile, and in many respects this top quintile is almost the mirror image of the bottom quintile of the index. You will see relatively consistent good performance across the board compared to other developing countries.

This chart shows a snapshot of another pullout that is in your report. We wanted to give policymakers the ability to look at all of the 20 underlying indicators in each of the four baskets at one glance and to be able to visually pick out those areas that suggest some concern. So you will see that these are the 20 underlying scores color coded according to quintile. For people over 40 like myself they may require eyeglasses to read effectively. We have tried to show you here with Algeria and Indonesia in a bit larger print how to look at it. In the case of Algeria you might notice that its security problems are across the board, it does better in some of the social welfare indices, while Indonesia suffers from security problems, does better on primary school completion. This type of detail is designed to provide more insight into the nature of weakness in a given country.

A summary of our states to watch. These are broken down by region, also for the ease of policymakers who tend to think in regional terms. You can see each of the states to watch in order of their overall weakness with a coding for the nature of their weakness, "S" in this case represents security, "E" economic, "P" political, and "W" for welfare. I need to point out that we have one error both on this chart and in the report, not only one error but one error of substantive relevance, which is for Namibia. That "S" should be a "W." It is not a security problem next to the economic, it is a social welfare problem which is largely a function of disease, and in that case HIV/AIDS.

I could go through each of these states to watch and we could have a discussion about what is driving their particular areas of weakness. Obviously some of these are notable countries of strategic significance. You will note that they include places like the Philippines, Cuba, Syria, Russia, India, and China, but in the interests of time I will not go into depth on each of these, and I should add Indonesia to that list, but I think if you are interested that we can delve into that in the context of the questions and answers.

We have in the report pulled out focus charts for a couple of the weak states. It is our hope and ambition with sufficient time and the good offices of some very kind intern to be able to replicate a chart like this for each of our 56 critically weak, failed, or weak states and we hope eventually to be able to put that up online on the Brookings website where you will also find an electronic version of the index. This chart we designed again for the ease of policymakers so that at a glance one could take a look at where the relative weak spots are for an individual country. Pakistan is obviously one of significant interest. We should note that for countries like Pakistan and Kenya that have had recent momentous events, our data is not sufficiently fresh to account for those. We used across-the-board in our 20 indicators the most recently available public data but they do not account for what occurred in the fall or indeed this year. Here in Pakistan you can see that the security and the political areas of great concern, that the economy relatively speaking is doing well, and that Pakistan obviously is

such a critically important and complex country one would not recommend even in the greatest of hubris to make policy on the basis of a chart, but what we do hope to provide is an at-a-glance indication of where in the instance of Pakistan and other states a country's relative strengths and weaknesses lie.

Zambia is another country that we have graphed in this fashion. The point of doing so is to suggest that even for countries that do not attract as much policy attention or salience in the press, this is a useful tool and it does give us a degree of granularity that we may not otherwise have. Zambia does well in the area of security, fairly well on political, it has a significant inflation problem and severe social welfare deficits.

With the aim of wrapping up, let us highlight some patterns that we were able to discern as we evaluated our findings. First as we have indicated, we found a strong relationship between poverty and overall weakness. We backed out GNI per capita as an indicator and looked at the underlying relationships and it is still obviously -- most of the weakest countries in the world as we have seen are low income by the World Bank's definition, the strongest countries tend to be middle- to upper-income countries. Secondly, the weakest countries seem to be the least democratic. Only two countries classified as critically weak or weak are also classified by Freedom House as free and those two exceptions are Mali and Lesotho. In the top quintile of overall scores, only six countries are not designated by Freedom House as free. Thirdly, countries

with better political governance tend to be better providers of social welfare. There are some exceptions. Syria and Cuba are poorly governed but provide relatively better social welfare. Namibia and Botswana are well governed but largely due to HIV/AIDS do poorly on the social welfare indicators.

Next there is a moderately strong relationship between political governance, the quality of governance, and the provision of security. Better economic performance seems to go hand in hand with more adequate social welfare provision. And finally, state weakness is best conceived as a function of all four areas of state responsibility and seeing this as a whole is vitally important.

Finally, the implications for U.S. policy. We have mentioned the importance of poverty. Prioritizing poverty alleviation as Congressman Smith underscored is important not only because poorer countries tend to be weaker ones, but because the consequence of state weakness while diffuse and we can talk about this more, has significance for U.S. national security. The president's critical policy initiatives in the development sphere while laudable have not targeted poverty alleviation effectively. The Millennium Challenge Account or Millennium Challenge Corporation as you know targets good performance leaving behind the bulk of the world's weakest and poorest states. Only 16 of the Millennium Challenge Account compact countries of the 16 MCA countries, none are critically weak states, five only are weak states, and none are states to watch, and those compact countries that are weaker, Lesotho, Madagascar, Mali,

Mozambique, and Tanzania. PEPFAR, the president's other signature initiative for HIV/AIDS, is valuable in many respects but it only provides funding in a single critical area and does not attempt the larger challenge of poverty alleviation or even strengthening the social sector in a more comprehensive way.

The next point is perhaps obvious but given some of the mistakes we have made in our state-building efforts in various parts of the world, it has not always been embraced, we need to attend to security as an initial priority in critically weak and failed states. While we need to attend first and foremost to security, we cannot do that in isolation. We need to the maximum extent possible in parallel work on the political, economic, and social drivers of weakness simultaneously.

We need next to focus on Africa. This ought to go without saying given the findings in the map but it remains a region of the world with the highest concentration of weak and failed states and still relatively low priority on the global spectrum from the perspective of U.S. policy.

Next we need to monitor performance gaps in those states that we have termed states to watch. The United States should pay attention to these gaps even in countries that we are accustomed to thinking of as relatively effective states and performing relatively well and may even be economic, military, or other forms of competitors, but we need to recognize that pockets of weakness in these states however large and intractable they may be have the

potential to bleed over into other areas and create the sort of events that would be problematic for those states as well as for U.S. national security.

The next point is the importance of investing in multilateral solutions and partnership. U.S. efforts alone cannot begin to succeed. They have to be augmented by and coordinated with other partners in multilateral institutions. Critically important as well are the policies of the states that we are talking about, the policies of the states in question, and that is what makes this such a hard challenge because it is obviously the fact that in many cases the policies of the states we are most worried about are counterproductive to say the least. That is why we need to look to civil society and other creative means of engagement as we refine and deepen our strategies to deal with this class of states.

Next we have to recognize the limits to external interventions. The interconnected security, development, and governance challenges of weak states cannot be addressed through traditional development tools alone. Economic assistance, foreign assistance, is far from sufficient. While we need to increase it, we need to combine that with investments in security such as peacekeeping investments, expanded trade and market access as we discussed with Congressman Smith, democracy promotion, investments in the rule of law, and other aspects of security-sector reform.

Building these capacities and capabilities in other contexts is going to require far greater investment here in the United States in our own U.S.

government and civilian capabilities for state building. We could spend the rest of the day talking about the problem there, but suffice it to say that our resources and our personnel are out of balance. And well-targeted external support can make a difference even in the weakest of states.

We need to increase and target our assistance even though that is not the sole important tool, but do it in a fashion that is mindful of the performance gaps in each of these individual states. If you look at the administration's FY 2008 budget request, we have not run this analysis because we published this before the for 2009 came out, but if you look at 2008, the administration allocated \$16.7 billion for international assistance. Under half of this was targeted to countries in the bottom two quintiles of our index. Eighty percent was for just nine countries in the bottom two quintiles. That sort of allocation does not reflect a weak state strategy. Three of those countries were critical countries in the global war on terrorism, those being of course, Iraq, Afghanistan, and Pakistan, one was a critical partner in the war on drugs, Colombia, and the five others were massive PEPFAR recipients, HIV/AIDS initiative recipients, Ethiopia, Nigeria, Uganda, Tanzania, and Zambia, where if you were to graph the proportion of our assistance to these critically weak or weak states that was in the one category of HIV/AIDS, it would overwhelm the rest of the assistance budget and the remainder in some instances largely humanitarian or emergency humanitarian assistance. So Kenya and Ethiopia are

classic cases of our assistance being targeted disproportionately to HIV/AIDS which is not to suggest we should not make those investments, we absolutely should, but we need to recognize that that is not sufficient to deal with the wider challenge of building state capacity. In other cases the assistance does not address the most-important areas of weakness, Pakistan and Nigeria being two examples where their weakness is largely in the political sphere and to some extent in the security sphere and our investments in democracy and governance are woefully inadequate.

To conclude, the index is aimed at providing insights to policymakers, attempting to develop more effective strategies for dealing with the challenge of weak states both in the aggregate and targeted strategies to deal with each of these states on an individual level which is critically important. Weak states we would argue require sustained attention from U.S. and international policymakers. They cannot be dealt with through intermittent crisis-management methods. We need to do so not only in order to enhance the security, the prosperity, the freedom and welfare of millions of people worldwide, but indeed to enhance our own national security. Thank you so much. We very much look forward to your questions.

(Applause)

MR. PASCUAL: Susan and Stewart, thank you very much. It took a while to get through all of that. We appreciate your patience. But it is a lot of

material and thought it was better to try to put it out there and at least give a full perspective. So let me just go directly out to the floor and I will start right here.

MR. RUFFIN: My name is Dick Ruffin and I am the Executive President of Initiatives of Change International. I have a question about the indicators. There are a couple of important factors which may be implicit but could be explicit. One has to do with wounded memories. In situations where there is a long history in the past such as Kenya and those past wounds of previous conflicts are not dealt with, there seems to me a capacity for conflict to be triggered and instability to be triggered by appeals to that memory and we will see that in the Balkans. It is hard to see how to include that in our indicators but it is something important for us all to appreciate.

Another one is implicit but I think would be helpful to make more explicit. You might call it environmental degradation. Ethiopia I think has lost something like 80 percent of its green cover in the last 50 years. Darfur also with significant environmental impacts. It is implicit in what you say, but I think for policymakers it could be really helpful to create a basket of indicators, subindicators, that relate to this environmental question.

Finally, in the security area, what about one's neighborhood? It is again implicit. But if you are a country like Burundi trying to come up and making real progress but you are in a very dangerous neighborhood and it seems to me

policymakers need to think about the neighborhood as well as the indicators of a particular country. Thanks. Any comments are welcome.

MR. PATRICK: I think I will start and then Susan will take over.

The indicators that you suggest I think would be particularly valuable for looking at incidence of conflict. You will see that there are some distinctions between the sort of indicators that we use versus those that are really a little bit more conflict affected. The environment one I can see could be useful in terms of natural resource management and I do note that I believe that the MCA has begun to have an indicator in that direction.

There are a number of other indicators that exist particularly in terms of looking at the really low side of the index, in other words, the perception that these countries are really vulnerable to conflict, ethnic polarization, youth bulges, demographic pressures, et cetera. We are a little more interested in a snapshot of actual state performance at any given time and not in a sense to predict the incidence of failure or conflict. Arguably on the economic basket one could have a variable on natural resource management, but some of the variables that we have in the four different baskets in terms of quality of governance, in terms of economic functioning in general, I think will end up capturing some of the variables that you mentioned.

MS. RICE: I think this is interesting. As we have said a couple of times, we are deliberately not intending to create a model that is predictive and

had we been doing so, both your question about historical perceptions and arguably the environmental degradation indicators would be obvious inputs. That said, I think we ought to think for subsequent iterations about whether as Stewart suggested the environmental management aspects reflect an element of governance that we have not adequately captured.

But let me take just a quick second to explain the origins of this project and it might also explain why we were not interested in the first instance in creating a predictive model but also how we thought about issues like environment degradation. This project began over a year and a half ago as what we thought was initially going to be a very superficial input to a much larger project that we still have in train which we have thought of a weak states threat matrix where we were going to take, and we still intend to take, the universe of the world's weakest states and then look at the extent to which they incubate, harbor, or otherwise matter from a U.S. national security perspective on several dimensions, environmental degradation, climate change impacts, disease, conflict with spillover consequences, terrorism, proliferation, et cetera. So we began this really trying to build one column, the left-hand column of a matrix, and we really only started out being interested in what are the world's weakest states and how do they rank in relationship to one another.

We got into this and realized that there much more of interest in this realm and that potentially we could add to the excellent work that was already out

there with a bit more insight into the nature and the drivers of weakness in these individual states. So it might have been with that in the back of minds that we were not as attentive to the environmental aspects and might have been thinking we were going to get to them subsequently.

MR. PATRICK: Because the question is really what is the nature, so of unpacking stateness in a way in terms of state capacity and performance and then thinking it is quite possible that there are different threats than we are looking at and the threats are not simply state collapse, the transnational threats we were looking at, we were very interested in looking at how state performance in a sense correlates or it does not with particular transnational threats of which as Susan suggested there are multiple ones.

MR. PASCUAL: Let me go to this side over here.

MR. KIRSCH: Don Kirsch from the Institute for Defense Analyses. I have two separate questions. One is a quick question. How confident are you that you can keep this very excellent chart updated on a regular basis, how often would you see yourselves updating it? Secondly, a question for Dr. Rice concerning the need for more focus on Africa. One initiative of the administration that you did not mention is AFRICOM and how that could be a force for greater stability in Africa? How should it be organized and set up?

MR. RICE: Let's do a whole 'nother event on Africa. Let me just say that this took more effort and work than we had originally anticipated. It took

us a little longer than we originally anticipated. But I think it is now deliberately constructed to be both transparent and readily replicable. Theoretically we could update it on an annual basis as new data comes out on an annual. One of the reasons why this took us longer is because we really we ready almost last May or June to release this and then we realized that by the time we released it many of the critical indicators were looking at were going to be updated over the summer and then we would be overtaken by events right away. It is possible to update this on an annual basis and then redo the analysis and with the continued generosity of our funders we will harbor that ambition.

On AFRICOM, a short personal opinion on AFRICOM. I do not know that it is directly related to the ranking and assessment of nature of state weaknesses, obviously very much related to the consequence of state weakness. I think AFRICOM simply conceived as creating a unified command for all of Africa as opposed to three separate commands which was the status quo ante is a correct step. I have however real concerns about how now it is being taken a far greater level. It is not simply a single unified command, it is an experiment with Africa as the subject on whether or not the Defense Department can play arguably a preeminent role vis-à-vis State, USAID, and other elements of our diplomacy and development infrastructure in our relationship with Africa and that worries me enormously. So the short answer is I think AFRICOM began

with the right ambitions and instincts and has gotten potentially way out of control.

MR. PATRICK: If I could pick up on that with my colleague Casey Brown.

MR. PASCUAL: We have been talking a lot and we are at 11 o'clock, so let's get a few more questions and then we'll give you a chance. Let's turn to this side of the room.

MR. WEINTRAUB: Leon Weintraub, Program Director, University of Wisconsin -- since a lot of the recommendations you have here will inevitably be put through a political analysis by policymakers whether it's representatives in Congress or people in the State Department, I am wondering do you think it would add value to put this matrix somehow beside or alongside some kind of a scale of U.S. foreign policy interests and since that will inevitably be done by others in some kind of an intuitive way, is it better to do it in a more systematic way?

MR. PASCUAL: Let me take two more questions and come back to the panel, and come over here.

MR. BURKE: Wayne Burke. I was wondering if you could speak to why you chose to use a quintile evaluation system as opposed to just setting indicator values to define what is a weak state and what is a failed state.

MR. PASCUAL: I will do one more question here on this far side.

MR. CALL: I am Chuck Call from American University.

Congratulations on completing this. I know it was a long time in the making. I will just be brief, and my question is can you tell us more about how effective the tools that we have on hand are to deal with these different things? It is not clear that we know very well how to deal with civil wars, insecurity, poverty, and are there certain bundles or baskets that you think we have particularly good tools to address those problems and how should policymakers go forward in thinking about where we have good tools for addressing certain of these things?

MR. PASCUAL: Susan, do you want to pick up on the scale of foreign policy interests since it in some ways comes back to the threat matrix question that you are dealing with?

MS. RICE: Yes. Very briefly, Leon, you are absolutely right, the next thing policymakers will want to know is just because we have a ranking of them on the basis of their relative weakness, that does not tell us their relative importance to U.S. national security. That is the notion that we had in mind as we embarked on this project and in creating this threat matrix which is phase two so that we will be able to look at each of these weak states, we will probably take the bottom two quintiles, and then look at their relative significance on the dimensions I outlined, terrorism, disease, and we also have anticipated a separate measure of significant to U.S. national security that gets beyond those baskets, so is it a major ally, is it a major recipient of U.S. assistance, is it an oil-

producing country of some magnitude, do we have a base there, those other sorts of indicators of importance to U.S. national security.

MR. PASCUAL: Stewart, do you want to pick up on that?

MR. PATRICK: Yes, I will pick up on the second question, Chuck's question in terms of the tools we should use. Chuck, right now we have had a very ad hoc approach to dealing with the problems of state weakness and state failure. We have made progress on, we as the U.S. government and the international community in a sense, postconflict reconstruction or at least beginning to get some of those pieces together. I think that this points to the analysis, although we did not really get into it, points to a new approach to how to deal with state weakness and its various manifestations. We have never as a U.S. government made a commitment to prevention. It is a bit the weather, people talk about it but nobody does anything about it. There is no locus for conflict prevention. There has been an effort to try to some degree with the Office of the Coordinator of Reconstruction and Stabilization to try to include that in the mandate but there is no place where that is being done.

I think we have to start to begin to develop some tools in terms of thinking about development aid and policy in a different context than we normally have particularly when it comes to dealing with the most fragile countries where you often do not get an interlocutor. Then I think I have to look very much beyond development aid and look at issues of sort of broad-based security-

sector reform and not simply training up militaries, but actually how one goes about inculcating a tradition of civilian control and respect over the military that we would have in this country.

There is in general, and I have written some of this with my colleague Casey Brown, the importance of having a whole government approach within the U.S. government to try to bring the various instruments of policy to bear on the security side. Right now what we have is, and this gets a little bit to the AFRICOM question, a quite militarized in a sense approach partly because we do not have the standing capabilities institutionally on the civilian side, we have let them atrophy particularly USAID. So AFRICOM for instance on the one hand has got a great ambition which is let's talk about not phase four, the postconflict phase, but let's talk about phase zero or shaping the environment, but of course phase zero is what some of us used to quaintly refer to as foreign policy and development policy and the problem is that this classic underinvestment has created a situation where the military is gung-ho and God bless them they will do what we ask them to do, but that sort of policy integration has to happen in Washington with a real strategy, it has to happen in an interagency perspective, and it has to be civilian led.

MS. RICE: Let me just quickly answer the quintile question. You saw when we put up that spectrum of weakness that it was a continuum, and we wrestled with this. We could have just left it as a continuum and 1 to 141, but we

thought it useful to give policymakers some indication of where to focus their attention. The quintile thing is inherently arguably arbitrary. It happens that there are some breaks between the bottom two quintiles and the upper part of the quintiles, but they are not huge breaks. And we ought to be honest and say that we can be far more confident about the accuracy of the relative rankings in the bottom quintile and the top quintile than we can in the ones in between. We think they are very close to right from our margin of error tests, but given the nature of this beast, they are impossible to pinpoint with absolute precision. So the quintiles were a device to help policymakers focus and organize their thinking.

MR. PASCUAL: Susan or Stewart, any final words you want to leave us with?

MS. RICE: Thank you very much for your patience, thank you for your thoughtful questions. This is a conversation that we hope we are able to continue in the months going forward. Many of you have been incredibly collegial, friendly, and valued colleagues and this and others of our endeavors and we hope that we will continue to learn from you and this dialogue will continue and together we will continue to produce better and better products.

MR. PATRICK: I want to add that there are several colleagues here, Jack and Monte certainly from George Mason, Pauline Baker and others who are here who have done tremendous work in pioneering in this field and to some degree if we come up with different answers sometimes it is because we

are taking a slightly different tack on it. We are very interested in the entire range of state weakness and obviously the sort of vulnerabilities that that leaves for international security and global wellbeing. Other people may have different takes on it but we all have learned and have the opportunity to learn a great deal from each other.

MR. PASCUAL: We congratulate you on a tremendous job and a great contribution and thank you for presentation today and thank all of you for your patience.

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