

**Weak States and Global Threats:
Assessing Evidence of “Spillovers”**

By Stewart Patrick

Abstract

A key motivation behind recent donor attention and financial resources devoted to developing countries is the presumed connection between weak and failing states, on the one hand, and a variety of transnational threats, on the other. Indeed, it has become conventional wisdom that poorly performing states generate multiple cross-border “spillovers,” including terrorism, weapons proliferation, organized crime, regional instability, global pandemics, and energy insecurity. What is striking is how little empirical evidence underpins such sweeping assertions. A closer look suggests that the connection between state weakness and global threats is less clear and more variable than typically assumed. Both the type and extent of “spillovers” depend in part on whether the weakness in question is a function of state capacity, will, or a combination of the two. Moreover, a preliminary review suggests that some trans-border threats are more likely to emerge not from the weakest states but from stronger states that possess narrower but critical gaps in capacity and will. Crafting an effective U.S. and international strategy towards weak states and the cross-border spillovers they sometimes generate will depend on a deeper understanding of the underlying mechanisms linking these two sets of phenomena. The challenge for analysts and policymakers will be to get greater clarity about *which* states are responsible for *which* threats and design development and other external interventions accordingly. This working paper represents an initial foray in this direction, suggesting avenues for future research and policy development.

The Center for Global Development is an independent think tank that works to reduce global poverty and inequality through rigorous research and active engagement with the policy community. This Working Paper was made possible in part by funding from the William and Flora Hewlett Foundation.

Use and dissemination of this Working Paper is encouraged, however reproduced copies may not be used for commercial purposes. Further usage is permitted under the terms of the Creative Commons License. The views expressed in this paper are those of the author and should not be attributed to the directors or funders of the Center for Global Development.

Weak States and Global Threats: Assessing Evidence of “Spillovers”*

By Stewart Patrick¹

*A modified version of this Working Paper will appear as an article in the spring 2006 issue of *The Washington Quarterly*.

1. Introduction

It has become commonplace to assert that the gravest dangers to U.S. and world security are no longer military threats from rival great powers but transnational threats emanating from the world’s most poorly governed countries. “Since the end of the Cold War, weak and failing states have arguably become the single most important problem for international order,” writes Francis Fukuyama.² Official Washington agrees. Nations that are incapable of exercising “responsible sovereignty,” says Secretary of State Condoleezza Rice, have a “spillover effect” in the form of terrorism, weapons proliferation and other dangers.³ This new focus on weak and failing states represents an important shift in U.S. threat perceptions. Before 9/11, U.S. policymakers viewed states with sovereignty deficits primarily through a humanitarian lens: they piqued our moral conscience but possessed little strategic significance. Al Qaeda’s ability to act with impunity from Afghanistan changed this calculus, convincing the Bush Administration that “the United States today is threatened less by conquering states than we are by weak and failing ones.”⁴

¹ Stewart Patrick (spatrick@cgdev.org) is a Research Fellow at the Center for Global Development. He thanks Susan Rice, Chet Crocker, Bruce Jentleson, Kaysie Brown, Gregory Michaelidis, Tarek Ghani, and Alexander Lennson for comments on previous drafts, as well as the input from participants in the September 5, 2005, conference on “Redefining Collective Security: Breaking Down the Barriers between Old and New Threats,” cosponsored by the National Intelligence Council and the State Department’s Bureau of Intelligence and Research. This working paper was made possible by generous funding from the Carnegie Corporation of New York and the William and Flora Hewlett Foundation. The statements and views expressed are solely the responsibility of the author.

² Francis Fukuyama, *State-Building: Governance and World Order in the 21st Century* (Ithaca: Cornell University Press, 2004), p. 92.

³ “A Conversation with Condoleezza Rice,” *The American Interest* 1, 1 (Autumn 2005), pp. 47-50.

⁴ The White House, *National Security Strategy of the United States of America* (Washington, DC: 2002). See also Chester A. Crocker, “Engaging Failing States,” *Foreign Affairs* (Sept/Oct 2003), 32-44; and Susan E. Rice, “The New National Security Strategy: Focus on Failed States,” *Brookings Policy Brief #116* (February 2003).

This new threat perception has quickly become conventional wisdom at home and abroad. Government officials, academics and the media have linked poorly performing developing countries to a vast array of threats to global security and well-being, from transnational terrorism to international crime, humanitarian catastrophes, regional instability, global pandemics, mass migration and environmental degradation.⁵ Table 1 contains some representative claims.

Table 1. The New Conventional Wisdom?

The attacks of September 11, 2001 reminded us that weak states can threaten our security as much as strong ones, by providing breeding grounds for extremism and havens for criminals, drug traffickers and terrorists. Such lawlessness abroad can bring devastation here at home.

-- Richard Haass, *State Department Director of Policy Planning* (January 14, 2003)

When development and governance fail in a country, the consequences engulf entire regions and leap across the world. Terrorism, political violence, civil wars, organized crime, drug trafficking, infectious diseases, environmental crises, refugee flows and mass migration cascade across the borders of weak states more destructively than ever before.

--USAID, *Foreign Aid in the National Interest: Promoting Freedom, Security and Opportunity* (2003)

Failed and failing states and those emerging from conflict pose one of today's greatest security challenges. They are breeding grounds for terrorism, crime, trafficking, and humanitarian catastrophes, and can destabilize an entire region.

-- Office of the Coordinator for Reconstruction and Stabilization, *U.S. Department of State* (2005)

The idea that weak states can compromise security -- most obviously by providing havens for terrorists but also by incubating organized crime, spurring waves of migrants, and undermining global efforts to control environmental threats and disease -- is no longer much contested.

--*Washington Post*, June 9, 2004

Successful international actions to battle poverty, fight infectious disease, stop transnational crime, rebuild after civil war, reduce terrorism and halt the spread of dangerous materials all require capable, responsible States as partners.

-- Secretary General's High Level Panel on Threats, Challenges and Change, *Our Secure World* (2004)

If states are fragile, the peoples of the world will not enjoy the security, development, and justice that are their right. Therefore, one of the great challenges of the new millennium is to ensure that all states are strong enough to meet the many challenges that they face.

-- Kofi Annan, *In Larger Freedom: Towards Development, Security and Human Rights for All* (2005)

Failed or failing states are among the great challenges of our age.... They spread chaos to their neighbors and beyond. They are actual or potential sources of terrorism, organized crime, drugs, disease, and refugees...Something needs to be done. Yet nobody quite knows what.

-- Mark Turner and Martin Wolf, "The Dilemma of Fragile States," *Financial Times*, February 18, 2005

⁵ John J. Hamre and Gordon R. Sullivan, "Toward Postconflict Reconstruction," *Washington Quarterly* 25, 4, Autumn 2002, p. 85

This new strategic orientation has already begun to have policy and institutional consequences. At home, it has informed recent U.S. defense, intelligence, diplomatic, development and even trade initiatives. The latest National Defense Strategy departs from a traditional focus on interstate war by calling on the U.S. military to strengthen the sovereign capacities of weak states to control their territories and combat the internal threats of terrorism, insurgency and organized crime.⁶ Beyond expanded training of foreign security forces, the Pentagon is seeking interagency buy-in for a comprehensive U.S. strategy to address the world's "ungoverned areas."⁷ The Central Intelligence Agency -- which has identified 50 such zones globally -- is devoting new collection assets to long-neglected parts of the world.⁸ The National Intelligence Council is helping the State Department's new Office of the Coordinator for Reconstruction and Stabilization identify states at risk of collapse, so that the office can launch conflict prevention and mitigation efforts.⁹ Not to be outdone, the US Agency for International Development has formulated its own "Fragile States Strategy" to bolster countries that may otherwise breed terror, crime, instability and disease.¹⁰ The Bush administration has even justified trade liberalization initiatives like the Central American Free Trade Area as a means to prevent state failure and its associated transnational threats.¹¹

This new preoccupation with weak states is not limited to the United States. In Great Britain the Prime Minister's strategy unit has advocated a government-wide approach to stabilizing fragile countries that might otherwise generate global ills ranging from uncontrolled migration to organized crime.¹² Governments in Canada and Australia are following suit. The United Nations has been likewise engaged. The unifying theme of the past year's UN reform proposals was the need for effective sovereign states to deal with today's global security

⁶ *National Defense Strategy of the United States of America* (March 2005). Bradley Graham, "Pentagon Strategy Aims to Block Internal Threats to Foreign Forces," *Washington Post*.

⁷ Jim Garamone, "Rumsfeld Describes changing face of war," *Armed Forces Press Service*, May 25, 2005.

⁸ Testimony of George Tenet to Senate Select Committee on intelligence, "The World Wide Threat in 2003: Evolving Dangers in a Complex World," February 12, 2003. See also CIA map (unclassified), "Possible Remote Havens for Terrorists and Other Illicit Activity," (May 2003).

⁹ Stephen D. Krasner and Calos Pascual, "Addressing State Failure," *Foreign Affairs* (July/August 2005).

¹⁰ USAID, *Fragile States Strategy* (Washington, DC: February 2005).

¹¹ Robert Zoellick, "CAFTA is a Win-Win," *Washington Post* (May 24, 2005).

¹² Prime Minister's Strategy Unit, *Investing in Prevention: An International Strategy to Manage Risks of Instability and Improve Crisis Response* (London: PMSU, February 2005).

agenda.¹³ “Whether the threat is terror or AIDS, a threat to one is a threat to all,” Kofi Annan has stressed. “Our defenses are only as strong as their weakest link.”¹⁴ Sharing this concern, UN member states in September 2005 endorsed the creation of a new Peacebuilding Commission to help war-torn states recover.¹⁵ The Development Assistance Committee (DAC) of the OECD has been similarly seized, launching a “Fragile States” initiative in cooperation with the Low-Income Countries Under Stress (LICUS) program at the World Bank.¹⁶ The underlying message of all these efforts, as former Congressman Lee Hamilton notes, is that “our collective security depends on the security of the world’s most vulnerable places.”¹⁷

What is striking is how little empirical evidence underpins these assertions and policy developments. Analysts and policymakers alike have simply presumed the existence of a blanket connection between state weakness and threats to the national security of developed countries and have begun to recommend and implement policy responses. They have rarely stopped to distinguish among categories of weak and failing states or to ask whether particular types of developing countries are linked to distinct threats. Nor have scholars or policymakers seriously considered or measured reverse causality: the prospect that transnational forces may weaken governance capacities in the developing world -- a subject that merits extensive study in its own right.¹⁸ Answering these questions will be essential for donors seeking to design effective policy interventions aimed at building state capacity and advancing global collective security.

Too often, it appears that the entire range of Western policies toward poorly governed states is being animated by anecdotal evidence and isolated examples, like al Qaeda’s operations in Afghanistan or cocaine trafficking in Colombia, rather than by a deeper understanding of global patterns and of causal connections across a range of case studies. The risk in this approach is that scarce energy and resources may be squandered in a diffuse and unfocused

¹³ *A More Secure World: Our Shared Responsibility*, Report of the Secretary-General’s High-Level Panel on Threats, Challenges and Change (New York: United Nations, 2004), p. 9

¹⁴ Annan speech to Council on Foreign Relations, December 16, 2004.

¹⁵ Explanatory note of the Secretary-General: Peacebuilding Commission (April 17, 2005).

¹⁶ See OECD/DAC working group on Development Effectiveness in Fragile States, http://www.oecd.org/departement/0,2688,en_2649_33693550_1_1_1_1_1,00.html. Also Operations Evaluation Division, World Bank, “Evaluation of World Bank Support to Low-Income Countries Under Stress (LICUS): An Approach Paper,” (2004).

¹⁷ Hamilton comments at symposium on “The Dangerous Connection—Failed and Failing States, WMD, and Terrorism: Initiatives Proposed by the United Nations Secretary General and the High-Level Panel on Threats, Challenges, and Change,” Woodrow Wilson International Center for Scholars, April 25, 2005.

¹⁸ This reciprocal impact, while beyond the scope of this working paper, will be the focus of a later publication.

effort to attack state weakness wherever it arises, without appropriate attention to setting priorities and individualizing responses to state failure and its attendant specific spillovers.

Before embracing a new strategic vision and investing in new initiatives, the United States and other donors should submit such sweeping claims of conventional wisdom to sober, detailed analysis. The ultimate goal of this fine-grained approach should be to determine *which* states are associated with *which* dangers.

Such a line of inquiry would also help to integrate two separate streams of policy-relevant research: on state-building and on “new” security threats. In recent years scholars have explored the causes and consequences of state weakness and failure,¹⁹ emphasizing the importance of building capable states and legitimate structures of governance to prevent the collapse into conflict and facilitate sustainable recovery from violence.²⁰ At the same time, few experts have explored the relationship between state weakness and cross-border spillovers. Moreover, most state-building research focuses on supporting generic state structures, rather than on building capacities most relevant to stemming and transforming those transnational threats.²¹

Similarly, analysts and policymakers have become preoccupied by the rise of non-traditional security threats, from terrorism to organized crime, global pandemics, energy insecurity, and even threats to “human security,” and by the practical challenges of managing such problems at the global level.²² They have also sought to identify long-term drivers of global instability like demographic pressures, economic dislocation and inequality, health crises, environmental degradation, and to better understand how these might undermine development, breed conflict, and threaten U.S. and global security.²³ Yet few scholars have analyzed how these emerging threats relate to poor state performance.²⁴

¹⁹Notable contributions in this vast and growing literature include Robert Rotberg, ed., *When States Fail: Causes and Consequences* (Princeton: Princeton University Press, 2004) and Simon Chesterman, Michael Ignatieff and Ramesh Thakur, eds., *Making States Work: State Failure and the Crisis of Governance*. (New York: United Nations University, 2005).

²⁰Ashraf Ghani, Clare Lockhart and Michael Carnahan, “Closing the Sovereignty Gap: An Approach to State-Building,” Working Paper 253, Overseas Development Institute (September 2005). Barnett Rubin, “Peace-Building as State-Building,” *Survival* 47, 4 (forthcoming, Winter 2005-6).

²¹Francis Fukuyama, *State-Building: Governance and World Order in the 21st Century* (Ithaca: Cornell University Press, 2004); Marina Ottaway, “Rebuilding State Institutions in Collapsed States,” In Jennifer Milliken, ed., *State Failure and Reconstruction* (London: Blackwell, 2003)

²²P. J. Simmons and Chantal de Jonge Oudraat, eds., *Managing Global Issues: Lessons Learned* (Washington: Carnegie Endowment for International Peace, 2001). Human Security Centre, *The Human Security Report 2005*.

²³National Intelligence Council, *Mapping the Global Future* (2005), www.cia.gov/nic/NIC_globaltrend2020.html. See also Karla Coppel with Anita Sharma, *Preventing the Next Wave of Conflict: Understanding non-Traditional Threats to Global Stability* (Washington, DC: Woodrow Wilson Center, 2003); Richard P. Cincotta, Robert

Clarifying the connection between these two sets of phenomena is critical not only to advancing collective security but also to promoting global development. It is the inhabitants of the *developing* world, above all, that bear the main brunt of state weakness and its attendant spillovers. Many low-income countries simply do not possess the institutional capacity and/or will to deliver the basic political goods required to achieve sustainable development. Lacking even minimal levels of resilience, they are more vulnerable than rich nations to illicit networks of terrorists or criminals, cross-border conflict, and devastating pandemics. For the inhabitants of these countries, the route out of poverty must include the creation of states capable of performing basic functions, including arresting or transforming transnational forces.

This working paper seeks to initiate such a conversation. It concludes that weak states do often incubate and generate global threats, but that this correlation is far from universal. Crafting a more effective U.S. and international strategy towards state weakness in the developing world and the cross-border spillovers it sometimes generates will depend on a deeper understanding of the underlying mechanisms linking these two sets of phenomena.

Defining Weak and Failing States

The initial task is to identify the population of weak and failing states. State strength is a relative concept. It can be measured by the state's ability and willingness to provide fundamental political goods associated with statehood, notably: physical security, legitimate political institutions, economic management, and social welfare. Around the world many states have critical capacity gaps in one or more of these four areas of governance, broadly conceived. In effect, they possess legal but not empirical sovereignty.²⁵ In the security realm, they struggle to maintain a monopoly on the use of force, provide security from external and internal threats, control borders and territory, ensure public order and provide safety from crime. In the political realm, they lack legitimate governing institutions that provide checks on political power, protect basic rights and freedoms, hold leaders accountable, deliver impartial justice and efficient

Engelman, and Danielle Anastasion, *The Security Demographic: Population and Civil Conflict after the Cold War* (Washington: Population Action International, 2003).

²⁴ The only quantitative effort to establish such a correlation is a paper by Marc Levy of Columbia University. See "Exploring the Relationship between Governance Indicators and Social Breakdowns of Global Significance," Columbia University's Center for Earth Science information Network (January 5, 2005).

²⁵ Robert Jackson, *QuasiStates: Sovereignty, International Relations and the Third World* (Cambridge: CUP, 1990).

administration, and permit broad citizen participation. In the economic realm, they strain to carry out basic macroeconomic and fiscal policies and lack a legal and regulatory climate conducive to entrepreneurship, private enterprise, open trade, natural resource management, foreign investment and economic growth. Finally, they are unable or unwilling to meet the basic needs of their populations by making even minimal investments in health, education and other social services.²⁶

But not all weak states look alike. Far from it. They range along a spectrum from collapsed states, such as Somalia, which have gaps in all four capacities, to fragile “good performers,” like Senegal. In between we find a number of states that are struggling on many fronts or muddling through. Not by coincidence, weak and failing states tend to be among those states farthest from eligibility for the Millennium Challenge Account, which ranks states according to their commitment to “ruling justly,” “investing in people,” and “promoting economic freedom.”

State weakness is not just a question of capacity, but also of *will*. History provides repeated examples of corrupt, venal or incompetent regimes -- Zimbabwe under Mugabe comes to mind²⁷ -- that have driven promising countries into the ground.²⁸ By distinguishing between capacity and commitment, we can differentiate four broad categories of states: (1) good performers with both the will and the way; (2) states that are weak but willing; (3) states that have the means but not the commitment; and (4) those with neither the will nor the way. (See Table 2) Such analytical distinctions have policy utility, informing the mix of incentives that external actors can deploy in engaging poor performers. The goal is to move weak states toward the upper left quadrant, either by filling capacity gaps, persuading unreconstructed elites to mend their ways -- or both.

Table 2: Capacity and will as dimensions of state weakness in developing countries

	Strong Will	Low Will
--	-------------	----------

²⁶ These four categories correspond to the broad components of state capability that USAID and DFID use to measure state “fragility.” USAID, *Fragile States Strategy* DFID, *Why We Need to Work More Effectively in Fragile States* (January 2005). They overlap significantly with the four sets of “essential post-conflict reconstruction tasks” identified by the Bipartisan Commission on Post-Conflict Reconstruction. CSIS and the Association of the United States Army (AUSA), *Post-Conflict Reconstruction Task Framework* (May 2002).

²⁷ Michael Clemens and Todd Moss, “Costs and Causes of Zimbabwe’s Crisis,” *CGD Notes* (Center for Global Development: July 2005).

²⁸ On the role of authoritarian, corrupt and incompetent leaders in failed development, see Nic van de Walle, *Overcoming Stagnation in Aid-Dependent Countries* (Washington, DC: Center for Global Development, 2005)

High Capacity	Good Performers (e.g., Senegal, Honduras)	Unresponsive/Corrupt/Repressive (e.g., Burma, Zimbabwe)
Low Capacity	Weak but Willing (e.g., Mozambique, East Timor)	Weak-Weak (e.g., Haiti, Sudan)

Compared to other developing countries, weak and failing states are more prone to suffer from low growth and are among the developing countries farthest from the internationally agreed Millennium Development Goals.²⁹ That is, their inhabitants are more likely to be poor and malnourished, live with chronic illness and die young, lack access to education and basic health care, suffer gender discrimination, and lack access to modern technology. They are also disproportionately at risk of violence and humanitarian crises, both natural and man-made.³⁰ The World Bank estimates that fragile states are fifteen times more prone to civil war than OECD countries, and such violence is both more extreme and longer lasting than conflict in other developing countries.³¹ Such countries are the overwhelming source of the world's refugees and internally displaced peoples, and many are among the world's worst abusers of human rights.³²

There is no consensus on the precise number of weak and failing states, because there is no consensus on how to define or measure state weakness.³³ The Commission on Weak States and U.S. National Security, established by the Center for Global Development, estimated some 50-60 countries in 2004.³⁴ The UK Department for International Development classifies 46 nations with 870 million inhabitants as “fragile.”³⁵ The World Bank treats thirty countries as Low Income Countries under Stress (LICUS).³⁶ These divergent estimates reflect significant

²⁹ DFID, *Why We Need to Work More Effectively in Fragile States*.

³⁰ UNHCR, 2004.

³¹ Paul Collier and Anke Hoeffler, “The Challenge of Reducing the Global Incidence of War,” *Copenhagen Consensus Challenge Paper* (2004).

³² According to Freedom House, the worst performers in human rights in 2004 were Somalia, Myanmar, Turkmenistan, Sudan, North Korea, Uzbekistan, Laos, Equatorial Guinea, Eritrea, Cuba, Libya, Syria, Russia (Chechnya), Vietnam, Serbia and Montenegro, and Saudi Arabia. Freedom House, *The Worst of the Worst: The World's Most Repressive Societies* (Washington, DC: 2004).

³³ More than forty systems for ranking governance have been created. See Marie Besançon, “Good Governance Rankings: The Art of Measurement,” World Peace Foundation Reports, number 36 (Cambridge, MA: World Peace Foundation). Robert Rotberg, “Strengthening Governance: Ranking States Would Help,” *Washington Quarterly* 28, 1 (Winter 2004-5), pp. 71-81.

³⁴ Commission on Weak States and U.S. National Security, *On the Brink: Weak States and U.S. National Security* (Washington, DC: Center for Global Development, 2004).

³⁵ DFID, *Why We Need to Work More Effectively in Fragile States*.

³⁶ *World Bank Group Work in Low-Income Countries under Stress: A Task Force Report* (World Bank: September 2002).

differences in the criteria used to define state capacity, the indicators used to gauge it, and the relative weighting of various aspects of governance.³⁷

The most comprehensive and well-respected system for evaluating state performance is the World Bank's "Governance Matters" data set, which ranks 209 countries and territories along six dimensions: voice and accountability; political instability and violence; government effectiveness; regulatory burden; rule of law; and control of corruption.³⁸ Table 3 lists the 44 countries that rest in the bottom quintile, ranked from weakest (Somalia) to strongest (Algeria).

Table 3: Bottom Quintile of Aggregate Governance Rankings

Somalia (<u>weakest</u>)	Nigeria	Guinea
Iraq	Laos	Togo
Myanmar	Angola	Azerbaijan
Democratic Republic of Congo	Equatorial Guinea	Bangladesh
Afghanistan	Tajikistan	Cuba
Liberia	Republic of Congo	Iran
Haiti	Belarus	Nepal
Zimbabwe	Chad	Libya
Turkmenistan	Yemen	Syria
Sudan	Solomon Islands	Sierra Leone
North Korea	West Bank/Gaza	Guinea-Bissau
Uzbekistan	Pakistan	Cameroon
Burundi	Ethiopia	Comoros
Central African Republic	Eritrea	Algeria (<u>strongest</u>)
Cote d'Ivoire	Venezuela	

Source: Kaufmann-Kray Mastruzzi: Governance Matters IV (2005)

Three observations are in order. First, as defined by the Governance Matters data set, the "weakest" states are not necessarily the poorest states. Although the fifth quintile includes many of the world's least developed countries, it also includes several lower-middle income countries like Venezuela and excludes some very poor countries like Cambodia, Gambia and Niger (which appear in the fourth quintile). This definition of state weakness differs from the policy adopted by the World Bank and bilateral donors of the OECD/DAC, which restrict the category "fragile

³⁷ The "failed states index" developed by the Fund for Peace and *Foreign Policy* magazine, for instance, focuses on susceptibility to instability and conflict, as opposed to broader state capacities; "The Failed States Index," *Foreign Policy* (July/August 2005). Ashraf Ghani, Clare Lockhart and Michael Carnahan, identify ten indicators of state capacity in "Closing the Sovereignty Gap."

³⁸ *Governance Matters IV: Governance Indicators for 1996-2004*, by Daniel Kauffmann, Aart Kray and Massimo Mastruzzi (World Bank, 2005).

state” to countries that are very poor and thus eligible for the Bank’s concessional (International Development Association) window and score lowest on its Country Performance and Institutional Assessment indicators. While consistent with the poverty reduction mandate of aid agencies, this approach is overly restrictive for policy analysts and officials interested in the security implications of weak governance across the entire range of developing countries.

Second, the list of “weak and failing states” in Table 3 obviously captures a diverse collection of countries that pose an array of potential challenges to U.S. foreign and national security policy -- as well as for U.S. development policy. Most of the countries with the weakest governance are either in conflict or recovering from it, have experienced recurrent bouts of political instability, and rank among the lowest in terms of the “human security” they provide to their inhabitants.³⁹ Several are “outposts of tyranny,” in the Bush administration’s parlance (e.g., North Korea, Belarus, Cuba, and Zimbabwe), authoritarian states which appear superficially strong but rest on a brittle foundation. Others are sites of ongoing U.S. combat and reconstruction efforts (e.g., Iraq, Afghanistan); active or potential proliferators of weapons of mass destruction (e.g., North Korea, Iran and Pakistan); past or present safe havens for terrorism (e.g., Afghanistan, Yemen); anchors of regional stability or instability (e.g., Nigeria, Pakistan); bases for narcotics trafficking and organized crime (e.g., Burma); potential sources of uncontrolled migration (e.g., Haiti); critical energy suppliers (e.g., Venezuela, Nigeria); locations of epidemic disease (e.g., Angola, Democratic Republic of Congo), and settings for recent atrocities and humanitarian crises (e.g., Sudan, Liberia, Burundi, Sierra Leone). Needless to say, these categories of concern often overlap in particular states.

Third, as will become clear below, the relationship between state weakness and spillovers is not linear. It varies by threat. Some salient transnational dangers to U.S. security come not from states at the bottom quintile of the *Governance Matters* rankings, but from the next tier up - - countries like Colombia, the world’s leading producer of cocaine, or Saudi Arabia, home to a majority of the 9/11 hijackers. These states tend to be better run and more capable of delivering political goods: indeed, nearly half are eligible -- or on the threshold of eligibility -- for the MCA

³⁹ Centre for Human Security, *Human Security Report 2005*, p. 92.

in 2006.⁴⁰ Nevertheless, even these middling performers may suffer from critical capacity or political will gaps that enable spillovers. (Table 4 contains a list of fourth quintile countries.)

Table 4: Fourth Quintile of Aggregate Governance Rankings (*weakest to strongest*)

Kazakhstan (<u>weakest</u>)	Moldova	Albania
Georgia	Russian Federation	Gabon
Kyrgyz Republic	Uganda	Egypt
Paraguay	Ukraine	Tanzania
Cambodia	Vietnam	Bolivia
Kenya	Bosnia and Herzegovina	Armenia
Indonesia	Colombia	Philippines
Djibouti	Malawi	Burkina Faso
Papua New Guinea	Lebanon	Macedonia
Rwanda	Zambia	Mozambique
Swaziland	Honduras	Saudi Arabia
Niger	Serbia and Montenegro	Peru
Ecuador	China	Argentina
Guatemala	Timor-Leste	Sao Tome and Principe (<u>strongest</u>)

Source: Kaufmann-Kray Mastruzzi: Governance Matters IV (2005)

How do these sets of states correlate with significant transnational threats to the United States and the international community? The answer depends in part on how we define “security.”

Transnational Threats and U.S. National Security

The growing concern with weak and failing states is premised on the belief that such states are responsible for, or implicated in, new transnational threats that increasingly define the national and international security agenda. There are really two propositions here: first, that traditional concepts of security as interstate violence should be expanded to encompass cross-border threats driven by non-state actors (e.g., terrorism), activities (e.g., crime) or forces (e.g., pandemics, environmental degradation); and second, that such threats have their origins in large measure in weak governance in the developing world. Before scrutinizing the latter claim, a few comments about the former are in order.

⁴⁰For 2006, MCA-eligible countries in the fourth quintile of *Governance Matters IV* rankings include Georgia, Honduras, Timor-Leste, Tanzania, Bolivia, Armenia, Burkina Faso, and Mozambique. MCA threshold countries include Kyrgyz Republic, Paraguay, Kenya, Indonesia, Moldova, Uganda, Ukraine, Malawi, Zambia, and Sao Tome and Principe. Source: Millennium Challenge Corporation.

Since the late Reagan administration, successive versions of the *National Security Strategy* have expanded the definition of U.S. national security to include such non-military concerns as terrorism, infectious disease, organized crime, environmental degradation and energy security. The common thread linking these challenges is that they originate primarily in sovereign jurisdictions abroad but have the potential to harm the safety and well-being of Americans. According to USAID administrator Andrew Natsios, “unconventional threats may pose the greatest challenge to the national interest in the coming decades.”⁴¹

Some national security traditionalists have resisted this definitional expansion on the grounds that such concerns pose at best an indirect rather than existential threat to U.S. national interests or even human life.⁴² In response, proponents of a wider view of security point out that unconventional threats may contribute to violence through harmful spillovers, including by destabilizing states and regions. More fundamentally, they argue that the traditional “violence paradigm” for national security must be expanded to accommodate a variety of other threats to the safety, well-being and way of life of U.S. citizens. These include not only malevolent, purposive threats like transnational terrorism -- something many traditionalists now accept -- but also “threats without a threatener” -- malignant forces that emerge from the natural world (like global pandemics) or as byproducts of human activity (like climate change).⁴³

Traditionalists are similarly dubious that weak and failing states *in general* endanger U.S. national security. More relevant they contend are a handful of pivotal weak states -- like nuclear armed Pakistan or North Korea -- whose fortunes may affect regional balances of power or prospects for large-scale destruction. Yet it is not always easy to predict where threats may emerge. In the 1990s few anticipated that a remote, poor and war-ravaged country, Afghanistan, would be the launching pad for the most devastating attack on the United States in its history. “A failing state in a remote part of the world may not, in isolation, affect U.S. national security,” Peter Bergen and Laurie Garrett concede. “But, in combination with other transnational forces, the process of state failure could contribute to a cascade of problems that causes significant

⁴¹USAID, *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity* (2003), p. 1.

⁴² For a useful survey see Michael E. Brown, Owen R. Coté, Sean M. Lynn-Jones and Steven E. Miller, eds., *America's Strategic Choices* (Cambridge, MA: MIT Press, 2000).

⁴³ Gregory F. Treverton, “Understanding the Links between Security and Development: Probing the Connections” (RAND: May 2005). Peter Bergen and Laurie Garrett, “Report of the Working Group in State Security and Transnational Threats,” Princeton Project on U.S. National Security (September 2005).

direct harm to the United States or material damage to countries (e.g., European allies) or regions (e.g., oil producing Middle East) vital to U.S. interests.”⁴⁴

The challenge for policy analysts and policymakers interested in advancing both national security and global development is to get better at discerning which states are likely to present which baskets of transnational problems, so that they can tailor responses that address the particular challenges and incentive structures in each country and direct limited national and international resources to priority needs. In recent years, Bush administration officials have associated weak and failing states with a broad array of transnational threats. The following sections scrutinize these claims, summarizing the state of current knowledge.

Hotbeds of Terrorism?

Both the Bush administration and outside commentators frequently contend that *countries with weak or non-existent governance are at greater risk of generating and serving as hosts of transnational terrorist organizations*. As the *New York Times* argues, “Failed states that cannot provide jobs and food for their people, that have lost chunks of territory to warlords, and that can no longer track or control their borders, send an invitation to terrorists.”⁴⁵

Such claims have some justification. Data from the University of Maryland show that from 1991-2001 most terrorists came from low-income authoritarian countries in conflict.⁴⁶ Likewise, an analysis of U.S.-designated Foreign Terrorist Organizations suggests that most use weak and failing states as their primary base of operations.⁴⁷ Weak and failing states have in the past provided transnational terrorist organizations with multiple benefits -- by offering safe havens, conflict experience, settings for training and indoctrination, access to weapons and equipment, financial resources, staging grounds and transit zones, targets for operations, and pools of recruits.⁴⁸ Al Qaeda, for example, enjoyed the hospitality of two failed states, Sudan and Afghanistan, where it built training camps and enlisted new members; used weak states like Kenya and Yemen as bases for operations against targets like the embassies in Nairobi and Dar

⁴⁴ Bergen and Garrett, “Report of the Working Group in State Security and Transnational Threats,” pp. 16-17.

⁴⁵ “Fighting Terrorism at Gleneagles,” *New York Times* (July 5, 2005).

⁴⁶ Monty Marshall and Ted Robert Gurr, *Peace and Conflict 2005*, Center for International Development and Conflict Management, University of Maryland.

⁴⁷ U.S. Department of State, *Patterns of Global Terrorism* (2003) and *Country Reports on Terrorism* (2005).

⁴⁸ Sebastian Mallaby, “The Reluctant Imperialist: Terrorism, Failed States and the Case for American Empire,” *Foreign Affairs* 81, 2 (March/April 2002)

es Salaam and on the *USS Cole*; and financed its operations through gemstones, including diamonds and tanzanite, from African conflict zones.⁴⁹

Accordingly, the United States and its allies are devoting increased energy to denying terrorists access to poorly governed regions. Africa has emerged as a primary arena of concern.⁵⁰ As the 9/11 Commission has warned, “the international terror threat against the US and local interests is likely to continue to grow in several parts of Africa because of porous borders, lax security, political instability, and a lack of state resources and capacities.”⁵¹ The Defense Department is responding by training African security forces in a dozen countries in the Sahel to control their borders and territories more effectively.⁵² More comprehensively, the *National Strategy for Combating Terrorism* commits the United States to “diminishing the underlying conditions that terrorists seek to exploit,” by bolstering state capacities, alleviating poverty, and promoting good governance.⁵³ As President Bush explained in his September 2005 speech to the UN High-Level Event: “We must help raise up the failing states and stagnant societies that provide fertile ground for terrorists.”⁵⁴

A closer look suggests that the connection between state weakness and transnational terrorism is more complicated and conditional than often assumed. First, it is obvious that not all weak and failed states are afflicted by terrorism. As historian of terrorism Walter Laquer points out, “In the 49 countries currently designated by the United Nations as the least developed hardly any terrorist activity occurs.”⁵⁵ Weak capacity per se cannot explain why terrorist activity is concentrated in particular regions, particularly the Middle East and broader Muslim world, rather than others, such as Central Africa. Other variables and dynamics -- including demographic, political, religious, cultural and geographical factors -- clearly shape its global

⁴⁹Ray Takeyh and Nicholas Gvosdev, “Do Terrorist Networks Need a Home?,” *The Washington Quarterly* 25, 3 (Summer 2002), p. 95. Doug Farah, *Blood from Stones: The Secret Financial Network of Terror* (New York: Broadway, 2004).

⁵⁰ Princeton N. Lyman and J. Stephen Morrison, “The Terrorist Threat in Africa,” *Foreign Affairs* (January/February 2004), pp. 75-86.

⁵¹ Cited in Francis T. Miko, “Removing Terrorist Sanctuaries: The 9/11 Commission Recommendations and U.S. Policy,” CRS, August 10, 2004.

⁵² Eric Schmitt, “As Africans Join Iraqi Insurgency, US Counters with Military Training in their Lands,” *New York Times* (June 10, 2005)

⁵³ White House, *National Strategy for Combating Terrorism* (2003).

⁵⁴ White House, “President Addresses United Nations High-Level Plenary Meeting,” September 14, 2005. <http://www.whitehouse.gov/news/releases/2005/09/20050914.html>.

⁵⁵ Walter Laquer, *No End to War: Terrorism in the Twenty-First Century* (Continuum, 2003), p. 11.

distribution. The presence of a sizeable Muslim population within which to hide or blend, for example, has clearly been useful for al Qaeda operations.

Similarly, not all terrorism that occurs in weak and failing states is transnational. Much is self-contained, motivated by local political grievances (e.g., the FARC in Colombia) or national liberation struggles (e.g., LTTE in Sri Lanka). It is thus only tangentially related to the “global war on terrorism,” which as defined by the Bush administration focuses on terrorists with global reach, particularly those motivated by an extreme Salafist strand of Wahabi Islam.

Third, to the degree that transnational terrorists exploit weak governance in the developing world, not all states are equal. Conventional wisdom holds that terrorists are particularly attracted to collapsed polities like Somalia or Liberia, or what the Pentagon terms “ungoverned areas” beyond the rule of law. In fact, as Ken Menkhaus and others note, terrorists are more likely to find *weak but functioning* states like Pakistan or Kenya congenial bases of operations. Such badly governed states are fragile and susceptible to corruption, but they also provide easy access to the financial and logistical infrastructure of the global economy, including communications technology, transportation, and banking services.⁵⁶

Fourth, transnational terrorists are only partly -- and perhaps decreasingly -- reliant on weak and failing states. For one thing, the al Qaeda threat has evolved from a centrally-directed network, dependent on a “base,” into a more diffuse global terrorist movement consisting of autonomous cells in dozens of countries, poor and wealthy alike. For another, the source of radical Islamic terrorism may reside less in state weakness or failure in the greater Middle East than in the alienation of de-territorialized Muslims in Europe. The “safe havens” in the global war on terrorism are as likely to be the *banlieues* of Paris as the wastes of the Sahel or the slums of Karachi.⁵⁷

In sum, weak and failing states can provide useful assets to transnational terrorists, but they may be less important to their operations than widely believed. If there is a failed state that is important to transnational terrorism today, that state is probably Iraq. As CIA Director Porter

⁵⁶Ken Menkhaus *Somalia: State Collapse and the Threat of Terrorism*, Adelphi Paper Number 364 (Oxford: IISS, 2004). Greg Mills, “Africa’s New Strategic Significance,” *The Washington Quarterly* 27, 4 (Autumn 2004).

⁵⁷Olivier Roy, *Globalized Islam: The Search for a New Ummah* (London: Hurst, 2004).

Goss testified in early 2005, the U.S.-led invasion and occupation transformed a brutal but secular authoritarian state into a symbol and magnet for the global jihadi movement.⁵⁸

Proliferation Risks?

Fears that weak and failing states may incubate transnational terrorism merge with a related concern: that *poorly governed countries may be unable or disinclined to control stocks of nuclear, biological, or chemical weapons or prevent the onward spread or leakage of WMD-related technology*. This is not an idle worry. According to the British government, of the seventeen states that have current or suspended WMD programs, beyond the permanent five members of the UN Security Council, thirteen are “countries at risk of instability.”⁵⁹ The most frightening prospect is that a nuclear armed state like Pakistan or North Korea might lose control of its weapons through collapse or theft, placing them directly in the hands of a successor regime or non-state actors with little compunction about their use.⁶⁰ A more likely scenario may involve the transfer of biological weapons, which are easy to make and transport but difficult to track.

Direct transfer of functioning WMD should not be the only worry. Recent revelations about the extensive international nuclear arms bazaar of Abdul Qader Khan suggest that poor governance may be the Achilles’ heel of global efforts to prevent the spread of WMD. For more than two decades, Pakistan’s leading nuclear scientist orchestrated an audacious clandestine operation to sell sensitive expertise and technology, including the means of producing fissile material and designing and fabricating the components of nuclear weapons, to Iran, Libya and North Korea. The apogee of Khan’s activities involved securing uranium enrichment technology for Libya in return for \$100 million, an undertaking involving half a dozen workshops producing components for centrifuges, scattered around Africa, Asia and the Middle East.

As David Albright and Corey Hinderson write, “The Khan network could not have

⁵⁸Dana Priest, “Iraq New Terror Breeding Ground: War Created Haven, CIA Advisers Report,” *Washington Post*, January 14, 2005.

⁵⁹The seventeen non P-5 states with current or discontinued WMD programs include Argentina, Belarus, Brazil, Egypt, Georgia, India, Iraq, Israel, Kazakhstan, Libya, north Korea, Pakistan, South Africa, Syria, Sudan, and Ukraine. Prime Minister’s Strategy Unit, *Investing in Prevention*. Carnegie Endowment for International Peace, *Deadly Arsenals* (Washington: 2005).

⁶⁰Michael O’Hanlon, “Dealing with the Collapse of a Nuclear-Armed State: The Cases of North Korea and Pakistan,” Princeton Project on National Security working paper, April 27, 2005.

evolved into such a dangerous supplier without the utter corruption and dishonesty of successive Pakistani governments, which, for almost two decades, were quick to deny any involvement of its scientists in illicit procurement.”⁶¹ Nor could it have gone global without institutional weaknesses in more advanced middle income countries -- including Malaysia, South Africa, and Turkey -- that possessed developed manufacturing capabilities but lacked the knowledge, capacity or will to implement relevant export control and nuclear non-proliferation laws.

Although U.S. officials are understandably preoccupied with the dangers of WMD proliferation, for most of the world it is the spread of more mundane but also deadly conventional weapons that poses the greatest threat to human security and civil peace. There is clear evidence that *weak, failing and post-conflict states play a critical role in the global proliferation of small arms and light weapons.*

According to the Geneva-based *Small Arms Survey*, more than 640 million such weapons circulate globally, many in private hands for illicit purposes.⁶² Weak states are typically the source, transit and destination countries for the illegal arms trade. On the borderlands of the former Soviet Union, for example, vast stockpiles of weapons remain in ill-secured depots, providing tempting targets for rebel groups, terrorists, and international criminal organizations. Such materiel frequently surfaces on the global black or grey markets, as corrupt officials manipulate legitimate export licenses to obscure the military purpose or ultimate recipient of the shipment. In one notable instance, in 1999 the Ukraine export agency transferred 68 tons of munitions to Burkina Faso; the weapons were then transshipped to Liberia and ultimately to Sierra Leone, landing in the hands of Foday Sankoh’s Revolutionary United Front.⁶³ Of particular concern, given its implications for civil aviation, is the uncertain ability of weak states to control the leakage of shoulder-fired missiles.⁶⁴

The easy availability of conventional weapons tends to weaken state capacity still further, fueling civil wars and insurgencies and fostering a culture of criminality and impunity. As the

⁶¹ David Albright and Corey Hinderson, “Unraveling the A.Q. Khan and Future Proliferation Networks,” *The Washington Quarterly*, 28, 2, pp. 111-128.

⁶² *Small Arms Survey* (<http://www.smallarmssurvey.org>).

⁶³ C. J. Chivers, “Ill-secured Soviet Arms Depots Tempting Rebels and Terrorists,” *New York Times* (July 16, 2005).

⁶⁴ U.S. intelligence analysts estimate that 4,000 “manpads” (man-portable air defense systems) have disappeared from Iraq’s arsenal since the U.S.-led invasion of spring 2003. In early 2005, an international sting operation foiled an attempt to sell one of Nicaragua’s 2,000 Soviet-era SA-7 missiles on the black market. Eric Schmitt, “Nicaragua Assured U.S. on Missiles, Rumsfeld Says,” *New York Times* (October 13, 2005).

experiences of Afghanistan, Colombia, Haiti, Sudan and the Democratic Republic of the Congo (among others) show, ready access to instruments of violence complicates efforts by central governments and their international partners to establish public order, provide relief, foster the rule of law, deliver basic social services and pursue more ambitious development goals.⁶⁵

Dens of Thieves?

Beyond posing terrorist or proliferation risks, weak, failing and post-conflict states are said to *provide ideal bases for transnational criminal enterprises involved in the production, transit or trafficking of drugs, weapons, people, and other illicit commodities, and in the laundering of profits from such activities*. The surging scope and scale of global organized crime underpins these concerns. The worldwide narcotics trade alone is estimated to be a \$300-500 billion business, on a par with (at the low end) the global automobile industry and (at the top end) with the global oil industry. Former IMF managing director Michel Camdessus estimates that money laundering accounts for 2-5% of world GDP, or between \$800 billion and \$2 trillion in 2005.⁶⁶

The rise in organized crime is being driven by the dynamics of globalization. Indeed, international criminal enterprises have arguably been the chief beneficiaries of economic integration and liberalization. Recent advances in communications and transportation, the removal of commercial barriers, and the deregulation of financial services have created unprecedented opportunities for illicit activity, from money laundering to smuggling of drugs, arms, and people. National authorities -- particularly in weak states -- strain to encourage legitimate commerce while curbing illicit trade.⁶⁷

The relationship between transnational organized crime and weak states is parasitic. All things being equal, criminal networks are naturally drawn to environments where the rule of law is absent or imperfectly applied, law enforcement and border controls are lax, regulatory systems are weak, contracts go un-enforced, public services are unreliable, corruption is rife, and the state

⁶⁵ Michael Renner, "Disarming Postwar Societies," *State of the World 2005: Redefining Global Security* (Washington: Worldwatch Institute, 2005)

⁶⁶ U.S. Government, International Crime Threat Assessment, December 2000, p. 18. Moises Naim, *Illicit: How Smugglers, Copycats and Traffickers are Hijacking the Global Economy* (New York: Doubleday, 2005).

⁶⁷ Peter Andreas, "Transnational Crime and Economic Globalization," in Mats Berdal and Monica Serrano, eds., *Transnational Organized Crime and International Security: Business as Usual?* (Boulder: Lynne Rienner, 2002)

itself may be subject to capture. As Phil Williams has written, these capacity gaps provide “functional holes” that can be exploited by criminal enterprises, both domestic and international.⁶⁸ Poor governance and law enforcement capacities have contributed to the rise of transnational organized crime in Latin America⁶⁹ and to making Africa, in the words of the UN Office of Drugs and Crime, “an ideal conduit through which to extract and/or transship a range of illicit commodities, such as drugs, firearms, minerals and oil, timber, wildlife, and human beings.”⁷⁰ Transnational organized crime reduces weak state capacity still further, as criminals deploy corruption as a tool to gain protection for themselves and their activities and to open new avenues for profit. Criminal groups are particularly adept at exploiting weak state capacity in conflict zones (such as Colombia or the Democratic Republic of the Congo) where political authority is contested or formal institutions have collapsed and in fluid post-conflict settings (like Bosnia or Kosovo) where they have not yet been firmly reestablished.

If state weakness is often a necessary condition for the influx of organized crime, however, it is not a sufficient one. Even more than a low risk operating environment, criminals seek profits. In a global economy, realizing high profits depends on tapping into a worldwide market to sell and transship illicit commodities and the proceeds, which in turn depends on access to financial services and modern telecommunications and transportation infrastructure. Such considerations help explain why South Africa and Nigeria have become magnets for transnational (and domestic) organized crime and why Togo has not.⁷¹ Criminals will accept the higher risks of operating in states with greater capacity in return for greater rewards.

In addition, the link between global crime and state weakness varies by sector. As a broad category, “transnational organized crime” encompasses an array of activities, not limited to: narcotics trafficking, alien smuggling, trafficking in women and children, environmental crimes, sanctions violations, illicit technology transfers, illegal trade in arms or conflict diamonds, piracy, smuggling of contraband, violations of intellectual property rights, economic

⁶⁸ Phil Williams, “Transnational Criminal Enterprises, Conflict, and Instability,” in Chester Crocker, Fen Osler Hampson, and Pamela Aall, eds., *Turbulent Peace: The Challenges of Managing International Conflict* (Washington: United States Institute of Peace, 2001), pp. 97-112.

⁶⁹ By the same token, some responses to criminal activity, such as the “war on drugs” in Latin America, can have the perverse impact of weakening state capacities still further. See Monica Serrano and Maria Celia Toro, “From Drug Trafficking to Transnational Organized Crime in Latin America,” in Berdal and Serrano, *Transnational Organized Crime and International Security*.

⁷⁰ UN Office on Drugs and Crime, *Why Fighting Crime Can Assist Development in Africa: Rule of Law and Protection of the Most Vulnerable* (Vienna: UNODC, May 2005).

⁷¹ Phil Williams, “Transnational Criminal Enterprises, Conflict and Instability.”

espionage, corrupt business practices, counterfeiting, financial fraud, high-tech crime, and money laundering. Some of these activities are closely linked to state weakness. Narcotics provide a case in point: States in the fourth and fifth quintiles of the *Governance Matters IV* rankings dominate the annual list of countries that the United States designates as “major” drug producing and transiting nations.⁷² Nearly 90% of global heroin comes from Afghanistan and is trafficked to Europe via poorly governed states in Central Asia or along the “Balkan route.” Burma, likewise, is the second largest producer of opium and a leading source of methamphetamine production. Colombia, Bolivia, and Peru are the top three producers of cocaine, which transits weak states (like Haiti) in the Caribbean basin en route to the United States and Europe.⁷³ Weak states similarly dominate the list of countries designated as the worst offenders in trafficking in persons -- a \$7-8 billion business that sends an estimated 800,000 victims across borders annually for purposes of forced labor or sexual slavery.⁷⁴

Other criminal sectors like money laundering, financial fraud, cyber crime, intellectual property theft, and environmental crime are less obviously correlated with state weakness. With few exceptions, for example, money laundering occurs primarily in small offshore financial centers, wealthy nations, or middle income countries. The reason is straightforward: most weak and failing states lack the requisite banking systems. On the other hand, many of the profits being laundered come from activities, notably drug production and trafficking, which emanate from -- or transit through -- weak states.

Bad Neighbors?

Experience since the end of the Cold War has shown that conflict in developing countries can have critical transnational dimensions.⁷⁵ A common contention is that *violent conflict and complex emergencies often spill over porous borders of weak and failing states, destabilizing*

⁷² U.S. Department of State, *International Country Narcotics Strategy Reports*. Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2006 (September 15, 2005). For 2005, the 22 drug “majors” included Afghanistan, the Bahamas, Bolivia, Brazil, China, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Venezuela, and Vietnam.

⁷³ United Nations Office of Drugs and Crime, *2005 World Drug Report* (Vienna: UNODC, 2005).

⁷⁴ US Department of State, *Trafficking in Persons Report* (March 2005). In 2004, Tier III countries (the worst offenders) were Bangladesh, Burma, Cuba, Ecuador, Equatorial Guinea, Guyana, North Korea, Sierra Leone, Sudan, and Venezuela.

⁷⁵ Michael E. Brown, ed., *The International Dimensions of Internal Conflict* (Cambridge, MA: MIT Press, 1996).

regions. Such claims have merit. Weak and failing states are far more likely than other developing nations to descend into internal strife. As state structures collapse and borders become more porous, countries often export violence -- as well as refugees, political instability and economic dislocation -- to states in their vicinity. This risk is compounded because weak, vulnerable or collapsed states are often adjacent to countries with similar characteristics that possess few defenses against spillovers. Weaknesses in one state can encourage the rise of an entire “bad neighborhood.” Such a pattern emerged in West Africa during the 1990s, as the conflict in Liberia under Charles Taylor poured across national borders in the form of peoples, guns and conflict diamonds, undermining neighboring Sierra Leone, Guinea and Cote d’Ivoire.⁷⁶

In reciprocal fashion, a bad neighborhood can undermine governance and encourage violence in individual states. Many recent conflicts in weak and failing states -- from Burundi in the Great Lakes Region of Africa to Tajikistan in Central Asia -- have been embedded in so-called “regional conflict formations”: that is, they are inseparable from conflicts in contiguous or nearby states. In some cases, neighboring countries themselves have fomented civil war, by supporting armed groups that share their political goals. In other cases, transnational networks -- whether based on ethnic identity, political affinity or economic interest -- have undermined the central government and fueled violent conflict by facilitating illicit traffic in small arms, drugs, people or loot-able commodities. Where regional conflict formations are present, sustainable peace may depend on successful peace-building in the larger region.⁷⁷

Given their propensity to descend into violence and embroil neighboring states in conflict, weak and failing states are disproportionately at risk of external military intervention and peacekeeping operations. Historical experience shows that the United States is often drawn into such conflicts. By one estimate, state failure preceded twenty-five cases of U.S. military intervention between 1960 and 2000.⁷⁸ Weak states have also been the overwhelming focus of UN peacekeeping operations. Such interventions come at enormous financial cost to the state itself, the wider region and to the international community. During the 1990s, the cost of seven of the largest UN peacekeeping operations exceeded \$230 billion.

⁷⁶ Myron Weiner, “Bad Neighbors, Bad Neighborhoods: An Inquiry into the Causes of Refugee Flows”, *International Security* 21, Issue 1, Summer 1996. Michael Pugh and Neil Cooper, with Jonathan Goodhand, *War Economies in a Regional Context: Challenges of Transformation* (Boulder: Lynne Rienner, 2004).

⁷⁷ Barnett Rubin, *Blood on the Doorstep: The Politics of Preventive Action* (New York: Century Foundation/Council on Foreign Relations, 2002), pp. 134-137.

⁷⁸ Jeffrey Sachs, “The Strategic Significance of Global Inequality,” *The Washington Quarterly* 24, 3 (2001), 187-198, pp. 197-8.

Even in the absence of violence, failing states impose significant economic hardship on their regions, undoing years of development efforts. Recent analysis by the World Bank shows that most of the cost of state failure, in terms of lost growth, is actually borne by neighboring countries. Indeed, the average economic loss of a single country falling into “LICUS” status -- for itself and its neighbors -- amounts to the staggering sum of \$82.4 billion. *This is more than the total global foreign aid budget of \$79 billion.* In other words, the collapse of a single state can effectively erase an entire year’s worth of official development assistance.⁷⁹

Plague and Pestilence?

The rapid spread of avian influenza, which could conceivably kill tens of millions of people, has made infectious disease a first tier national security issue. There is growing concern within both the public health and foreign policy communities that *weak and failing states may serve as important breeding grounds for new pandemics and -- lacking adequate capacity to respond to them -- endanger global health.* Indonesia’s struggle to deal simultaneously with bird flu and polio is a case in point.⁸⁰ As Clive Bell and Maureen Lewis write, “failed or faltering states cannot or will not perform basic public health functions,...placing the rest of the world at risk.”⁸¹

Since 1973 more than 30 previously unknown disease agents, including HIV/AIDS, Ebola, and West Nile virus have emerged, for which no cures are available. Most of these have emerged in developing countries. Over the same span, more than 20 well known pathogens, including TB, malaria and cholera, have reemerged or spread, often in more virulent and drug-resistant forms.⁸² In an age of mass travel and global commerce, in which more than 2 million people cross international borders a day and air freight exceeds 100 billion ton kilometers a year, inadequate capacity or insufficient will to respond with vigorous public health measures can

⁷⁹ Paul Collier and L. Chauvet, “Presentation to the DAC Learning and Advisory Process on Difficult Partnerships” (November 5, 2004).

⁸⁰ Allen Sipress, “Indonesia Stretched to the Limit in Battle against Two Diseases,” *Washington Post* (November 6, 2005).

⁸¹ Clive Bell and Maureen Lewis, “The Economic Implications of Epidemics Old and New,” Working Paper Number 54, Center for Global Development, p. 31.

⁸² National Intelligence Council (NIC), *The Global Infectious Disease Threat and Its Implications for the United States* (National Intelligence Council, 2000).

quickly threaten lives across the globe.⁸³ National security and public health experts alike worry that weak and failed states -- which invest little in epidemiological surveillance, health information and reporting systems, primary health care delivery, preventive measures, or response capacity -- will lack the means to detect and contain outbreaks of deadly disease.

These worries are well-founded. Although there is little solid data on the link between state capacity and patterns of epidemics, we do know that the global infectious disease burden falls overwhelmingly (90%) on low and middle income countries that account for only eleven percent of global health spending. The Armed Forces Medical Intelligence Center has devised a typology of countries by health care status, ranking nations into five categories, on the basis of the resources and priority they devote to public health, the quality of the care they deliver, the access they provide to drugs, and their capacity for surveillance and response. The bottom two quintiles are the overwhelming source of the world's seven deadliest infectious diseases: respiratory infections, HIV/AIDS, diarrheal diseases, TB, malaria, hepatitis B and measles.⁸⁴ Sub-Saharan Africa is most afflicted, containing only 10% of the world's population but 90% of its malaria and 75% of its HIV/AIDS cases.⁸⁵

The spread of infectious disease is being driven partly by breakdowns in public health care, especially during periods of political turmoil and war. Malaria is a case in point. One study has shown that for every 1,000 refugees that cross into an African country, the host state acquires 1,400 new malaria cases.⁸⁶ HIV/AIDS is another. Nearly all the cases of the disease in South and Southeast Asia can be traced to strains that evolved in northern Burma, an ungoverned warren of drug gangs, irregular militias and human traffickers. Similarly, the collapse of the Democratic Republic of the Congo transformed that country into a Petri dish for the evolution of numerous strains of the virus. Nor does peace always improve matters, at least initially: In Ethiopia and several other African countries, the rise in prevalence of HIV/AIDS parallels the return and demobilization of ex-combatants and their reintegration into society.⁸⁷

Beyond countries in conflict, many developing and transitional states possess decrepit

⁸³ Dennis Pirages, "Containing Infectious Disease," *State of the World 2005: Redefining Global Security* (Worldwatch institute, 2005). p. 46.

⁸⁴ NIC, *The Global Infectious Disease Threat*.

⁸⁵ Dennis Pirages, "Containing Infectious Disease."

⁸⁶ Paul Collier, et. al. *Breaking the Conflict Trap*.

⁸⁷ Laurie Garrett, *HIV and National Security: Where are the Links?* (Council on Foreign Relations Report, 2005). NIC, *Global Infectious Disease Threat*, p. 37.

and decaying public health systems that can easily be overwhelmed. Over the past decade and a half, the states of the former Soviet Union have all experienced spikes in the incidence of measles, TB, and HIV.⁸⁸ In spring 2005, weak health infrastructure in Angola amplified an outbreak of the hemorrhagic fever Marburg.⁸⁹ The same year, the government of Nigeria failed to enforce a national immunization program, allowing polio, a disease on the brink of eradication, to spread across a broad swath of Africa and beyond, to Yemen, Saudi Arabia and Indonesia.⁹⁰

Diseases incubated in weak and failing states pose both direct and indirect threats to the United States. The direct threat is the prospect that significant numbers of Americans may become infected and die. The indirect threat is that such epidemics may impose high economic costs and undermine key countries or regions. The economic costs of disease are tangible: The World Bank estimates that SARS cost the East Asian regional economy some \$15-30 billion, despite killing only 912 people.⁹¹ The political costs are more nuanced but no less real. As the African experience with HIV/AIDS testifies, pandemics not only exploit state weakness but also exacerbate it. In the most heavily affected African countries, HIV/AIDS has decimated human capital and fiscal systems, undermining the already limited capacity of states to deliver basic services, control territory, and manage the economy. It has strained health and education systems, weakened armies, eroded social cohesion, and undermined agriculture and prospects for growth. The pandemic is now spreading rapidly into Eurasia and could surge to 110 million cases by 2010, with dramatic increases in India, China, Russia and other countries of strategic significance.⁹² It was such concerns that led the UN Security Council in January 2000 to declare the HIV/AIDS virus a threat to international “stability and security”.

Energy Insecurity?

⁸⁸ Mark Schneider and Michael Moodie, “The Destabilizing Impacts of HIV/AIDS,” CSIS (May 2002)

⁸⁹ Sharon LaFraniere, “Specialists say ‘Healers’ are Helping to Spread Deadly Virus,” *New York Times* (April 25, 2005).

⁹⁰ Donald G. McNeil, Jr., “A New Round in Polio Fights Yet to Be Won,” *New York Times* (May 3, 2005).

⁹¹ World Bank, 2003, “Assessing the Impact and Cost of SARS in Developing Asia,” mimeo, cited in Bell and Lewis, “The Economic Implications of Epidemics Old and New.” Other estimates range as high as \$100 billion.

⁹² National Intelligence Council, *The Next Wave of HIV/AIDS: Nigeria, Ethiopia, Russia, India and China* (2002).

The doubling of world oil prices in 2005 exposed strains and volatility in the global energy market, at a time of surging global demand, intensifying competition over dwindling reserves and instability in key producer countries from Iraq to Nigeria to Venezuela. To some, these trends suggest that *reliance on oil and gas from weak and failing states may endanger U.S. and global energy security by increasing the volatility, costs and risk of interruption of supplies*. Beyond requiring payment of a significant “insecurity premium,” such dependence may complicate the pursuit of broader U.S. national security and foreign policy objectives.

Anxiety about U.S. energy security is nothing new, of course. Much hand wringing accompanied the oil crisis of the 1970s, when domestic U.S. production peaked and the country confronted an Arab oil embargo. Despite temporary shortages and an oil price shock, the Nixon-era United States managed to find alternate sources of supply. Most economists are confident that today’s markets are similarly capable of absorbing temporary interruptions, albeit at a price.

Nevertheless, some new dynamics at play deserve consideration. First, the U.S. quest for energy security is occurring at a time of increased international competition for limited energy resources. Since 2000, the world’s consumption of fossil fuels has risen much faster than most analysts had predicted, driven not only by sustained U.S. demand but also by China’s apparently unquenchable thirst. During 2003-2004 alone, Chinese oil imports surged by 40%, making China the second largest oil importing country. The removal of excess production and refining capacity has resulted in a dramatic tightening of the global energy market and has left prices vulnerable to sudden spikes in the event of disturbances in producer countries.

Second, price shocks are increasingly likely, given the world’s growing reliance on energy supplies from weak states, as proven reserves in stable countries peak or become depleted. As Michael Klare has written, the geographic concentration of exploitable fossil fuels means that the availability of energy is “closely tied to political and socioeconomic conditions within a relatively small group of countries.”⁹³ Significantly, many of the world’s main oil exporters -- including Iraq, Nigeria, Russia, Saudi Arabia, and Venezuela -- are less stable today than in 2000. The UK Prime Minister’s office calculates that some 43% of global oil reserves (and 17% of global gas reserves) are located in countries “at risk of instability,”⁹⁴ like Azerbaijan, where untapped reserves could generate \$124 billion in revenue by 2024.

⁹³ Michael Klare, *Resource Wars: The New Landscape of Global Conflict* (New York: Henry Holt, 2001), p. 44.

⁹⁴ Prime Minister’s Strategy Unit, *Investing in Prevention* (2005).

Complicating matters, a large percentage of the world's oil and gas transits unstable regions (e.g., Transcaucasia) and vulnerable choke points (e.g. the Straits of Hormuz and Malacca) via pipeline or tanker.⁹⁵

America's exposure to volatility and interruption of energy supplies has increased markedly since 1973, when the United States imported only 34% of its crude oil. By 2005, the figure was 58%, with an increasing share coming from weak and failing states. Today, fully one third of U.S. crude oil imports come from Venezuela, Nigeria, Iraq and Angola.⁹⁶ American energy security is increasingly hostage to foreign political developments.⁹⁷ Already, over the past several years, oil markets have tightened in response to strikes in Venezuela, violence in Nigeria, and insurgency in Iraq.

This dependence on weak states, and its attendant vulnerability, will only increase. By 2015, the United States will be importing 68% of its oil, a full quarter of it from the Gulf of Guinea (up from today's 15%). All of the countries in that region -- Angola, Cameroon, Congo-Brazzaville, Gabon, Equatorial Guinea, and Nigeria -- face tremendous governance challenges.⁹⁸ Nigeria, a fragile democracy that Washington hopes will become an anchor of stability in the region and the fifth largest exporter of oil to the United States, is beset by rampant corruption and crime, weak security services, low administrative capacity, simmering ethnic tensions, grinding poverty, and the major public health crisis of HIV/AIDS. Over the past three years, rebels in the Niger Delta have repeatedly disrupted some of Nigeria's oil flow.

Rising dependence on energy from weak and failing states promises to have wider, negative ramifications for the pursuit of U.S. foreign policy and national security objectives. Among other things, it will complicate U.S. democracy promotion objectives, by encouraging the United States to cozy up to authoritarian dictators or intervene to shore up already unstable regimes in regions like the Caucasus or Central Asia.

An Agenda for Research: Some Working Hypotheses on Spillovers

⁹⁵ U.S. Department of Energy, "World Oil Chokepoints," August 1999.

⁹⁶ *Energy Information Administration/Petroleum Supply Monthly* (February 2005).

⁹⁷ Recent simulations appear to confirm this growing vulnerability. John Mintz, "Outcome Grim at Oil War Game," *Washington Post* (June 24, 2005).

⁹⁸ David L. Goldwyn and J. Stephen Morrison, *A Strategic Approach to US Governance and Security in the Gulf of Guinea*, Report of the CSIS task force on Gulf of Guinea Security (July 2005). Risk of interruption of supplies is admittedly lower where oil resources are concentrated offshore, as in Angola and Equatorial Guinea.

The analysis above confirms that weak and failing states can and do generate transnational spillovers that endanger U.S. national interests and global security. At the same time, the blanket equation of “weak states and global threats” provides only modest analytic insights and even less practical guidance for policymakers. To begin with, poorly performing countries are like Tolstoy’s unhappy families: each suffers from a unique set of pathologies and generates a distinctive mixture of challenges, of varying degrees of gravity.⁹⁹ There can be no one-size-fits-all response to addressing either the sources or consequences of these weaknesses. At a practical level, moreover neither the United States nor its allies have the unlimited resources or attention spans required to launch ambitious state-building exercises in all corners of the world. Although faltering governance anywhere should be of concern, U.S. officials need to set priorities and make tough choices about where, when and how to engage. Academics and policymakers must try to identify which threats are most likely to arise from which countries, so that they can determine where U.S. involvement is particularly warranted and tailor state-building efforts in ways likely to mitigate the most salient dangers.

To aid this enterprise, I offer some tentative hypotheses to be investigated by further research. First of all, recall the distinction between state capacity and will as determinants of good governance and state functionality. One testable hypothesis is that a weak state’s propensity to generate spillovers, as well as the nature of these threats, will vary according to whether that weakness is a function of capacity, will, or both. All things being equal, it is reasonable to predict that countries lacking *both* capacity and will for good governance should generate the most transnational threats. Accordingly, we should expect to find the six categories of spillovers clustering around such states. Another plausible hypothesis is that states that are irresponsible as well as (or instead of being) powerless should be more likely to generate transnational threats that are not merely malignant -- such as epidemics -- but also malevolent, such as terrorism and weapons proliferation.

A second hypothesis is that particular transnational threats -- and the manifestations of those threats -- are likely to correlate with specific shortcomings in state capacity. Recall that weak states suffer from one or more of four functional gaps: in their ability to provide physical

⁹⁹ Simon Chesterman, Michael Ignatieff, and Ramesh Thakur, *Making States Work*, p. 359.

security, legitimate political institutions, effective economic management, or basic social welfare. It seems reasonable to assume that the sort of transnational threats a weak state generates will depend on the nature of its capacity gaps. Thus one might expect low social welfare investments, particularly in health, to be closely correlated with infectious disease patterns. Assessing these relationships will require breaking down state capacity into component parts and comparing list of weak states with relevant indicators.

A third testable hypothesis would be that some threats are more closely correlated with the weakest quintile of states, whereas others are more associated with the next tier up. The concept of “spillover,” after all, implies a transnational connection. In some cases, such as violent conflicts or epidemics, spillovers can travel fairly easily from the weakest states. In other cases, including WMD proliferation and some forms of crime, the transnational diffusion of threats is more likely to come from states that are superficially strong but possess critical “sovereignty holes,” and which provide easy access to the transportation, communications and financial infrastructure of the global economy. If this hypothesis is borne out in empirical analysis, the implication is profound: a state need not possess capacity or commitment gaps across the board to pose a major risk of spillovers. A few critical gaps can make all the difference, and these should be targeted by external actors.

A fourth hypothesis, finally, would be that transnational forces exert a powerful reciprocal impact by weakening state capacities in the developing world. To date, the emphasis of policy research has been on the implications of poor governance in developing countries for the security of the developed world. Less extensive research has been conducted on the impact of malignant and malevolent cross-border forces, whether terrorism, crime or disease, on institutional strength in the developing world.

A Roadmap for U.S. Policy

While more research is clearly warranted, it is not too soon to offer some recommendations for a more effective U.S. strategy toward weak and failing states. Such a strategy would have at least three components lacking in current Bush administration policy:

- deeper intelligence collection and analysis on the links between state weakness and

transnational threats;

- improved policy coherence to integrate all instruments of U.S. national influence in crisis countries; and
- more robust international engagement to leverage the efforts of partners and allies who share our interest in stemming the negative spillovers of state weakness in the developing world.

Since late 2004, the National Intelligence Council has prepared a semi-annual “Instability Watch List” that identifies countries a risk of state failure within the next two years. While this is a welcome development, busy policymakers find only marginal utility in periodic warning products that resemble little more than the *US News and World Report* “conventional wisdom watch” (with the requisite up and down arrows). To be useful, such a list should be also be accompanied by a consequences matrix that outlines not only the potential negative developments within each country but also the implications of such turmoil for transnational threats likely to affect U.S. security and broader national interests, such as disruption of oil supplies, regional instability, or WMD proliferation. Such a sophisticated early warning system could become an essential tool in helping policymakers determine where to devote the bulk of U.S. efforts and in building the political will necessary for effective preventive action. (At the same time, we must guard against ignoring entirely those countries where spillovers are less immediately apparent, bearing in mind that prediction is an inexact science).

Second, the U.S. government must replace its current fragmented approach to weak and failing states with a truly integrated strategy that allows all relevant tools of national power to be brought to bear in the service of coherent country plans. Over the past year and a half, the State Department and Pentagon have made modest progress in creating a standing interagency capacity for stabilizing and rebuilding war-torn societies. There has been no similar effort to define a unified interagency strategy to help prevent states from sliding into failure and violence in the first place. Too often, our nation’s engagement with individual weak states is little more than a collection of independent, loosely coordinated bilateral diplomatic, military, aid, trade, and financial relationships, heavily influenced by the institutional mandates and bureaucratic hobbyhorses of respective agencies. This needs to end. What has been missing is a truly integrated approach that unites the “3D”s of U.S. foreign policy -- defense, development, and

diplomacy -- as well as intelligence, finance, and trade policies, as is beginning to occur in some allied governments. This integration should occur not only in Washington but also at U.S. embassies abroad, within “country teams” under the direction of the ambassador. The precise strategy for each country will vary according to the perceived root causes of weakness. Where it is primarily a question of capacity, the United States should help enable the state fill those gaps. Where will is lacking, it should deploy incentives to persuade or compel a stronger commitment. Where both are absent, the challenge will be to change the attitudes of the leadership while working with civil society to build relevant capacities and empower agents of reform.

Third, the United States must spearhead a more coherent multilateral response to the linked challenges of state weakness and global threats. Over the past two years national governments and intergovernmental organizations have groped for new mechanisms and instruments to help prevent and respond to state failure, but -- like internal U.S. efforts -- progress has been hampered by fragmented institutional mandates. The United States should use its influence to advance common approaches to state-building and transnational threats within of institutions and forums like the G-8, UN, NATO, OAS OECD, and World Bank, as well as regional bodies of which it is not a member, like the EU, AU and ASEAN. Such proactive leadership would provide a tangible expression of the Bush administration’s espoused commitment to “effective multilateral cooperation” and of its willingness to help faltering states provide better futures for their inhabitants. Indeed, this mission is one that can unite developed and developing countries alike, for if transnational dangers are reshaping the rich world’s security agenda, poor countries nevertheless remain the main victims of malignant global forces like crime, disease and terrorism.