Nation-building and Institutional Change: Lessons from U.S. Special Forces

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# Abstract

Nation-building is a broad term used to describe international efforts to conduct exogenous institutional change in weak and failed states primarily through the use of military force.  The prevailing view is that nation-building is best accomplished by imposing democratic institutions (the so-called government-in-a-box) that will, in turn, stimulate economic development and growth. We argue that, except in a few isolated cases, this nation-building strategy has failed to achieve the intended economic growth and political stability. While the field of institutional economics has a growing awareness of the importance of informal institutional factors like culture and mindsets (North, 1995), they have yet to develop a strategy for intervening in national economies in a bottom-up fashion. As a result, the ‘know what’ exceeds the ‘know how’ in creating economic growth (P. J. Boettke, 1996), and the practice of nation-building tends to be top-down only.

In military operations, U.S. Special Forces was constituted to conduct irregular warfare in a bottom-up strategy, referred to as ‘by, with, or through’, that builds capabilities within the indigenous population to achieve national policy objectives. Within this construct, Special Forces operators act as ‘force multipliers’ to achieve ‘influence without presence’.  In Helmand Province, Afghanistan in February 2010, one eight-man Special Operations Detachment was able to achieve pacification in the city of Marjah in a three week period during the surge operations, coined Operation Moshtarak, by applying Special Forces techniques.

This paper explores how Special Forces techniques can overcome the ‘know-how’ deficit and be used to trigger the development of economic institutions during nation-building. This ‘know-how’, rooted within a Special Forces mindset defined by the imperatives to ‘Understand the Operational Environment’ and ‘Establish Rapport’ can be specifically applied to future nation-building activities by civilian organizations. The implementation of a successful bottom-up strategy requires exogenous forces to: (1) understand and adopt the indigenous mindset; (2) work by, with, and through, but not against, the mindset; (3) as an advisor, model the behavior desired in the indigenous population; (4) achieve legitimacy by indirectly applying capabilities and resources toward indigenous objectives; and (6) employ influence within trust-based relationships to nudge indigenous behavior towards desired institutional change – e.g. rule of law.

**Introduction**

North, Wallis, and Weingast (2009) describe the means of transitioning a closed social order to one that is typically associated with a liberal democratic order as the search for the “Holy Grail” of the New Institutional Economics (NIE). Means for the transition of social orders is an ongoing objective of international interventions in weak and failed states, as well as an academic pursuit. Although used interchangeably with other terms like state building, democratization, pacification and reconstruction, and peace-keeping (Dobbins, 2003; Etzioni, 2004; Stephenson, 2005), nation building can accurately be described as a military led intervention that seeks to create a liberal, democratic social order by imposing an exogenously selected set of political and economic institutions. This modern usage of the term conflicts with the traditional understanding of state-building as a primarily endogenous activity in which existing states improve their capability and capacity to provide good governance (Whaites, 2008). Clarifying the modern vernacular, Fukuyama (2004, p. 2) argued that when policy makers discussed nation building, they were “really talking about […] state-building – that is, creating or strengthening such government institutions as armies, police forces, judiciaries, central banks, tax-collection agencies, health and education systems.” Institutions and governments establish social control, or the ability to make individuals conform to established dictates, when its mandates possess the interrelated characteristics of self-interest, coercion and legitimacy (Hurd, 1999; Weber, Mills, & Gerth, 1965).

The effectiveness of nation building activities as a means to transition social orders are impaired by the predominant use of top-down approaches that Higashi views as dependent on guns and money (2012, p. 24). These lack a foundation of legitimate authority found within indigenous cultures, and instead treat legitimacy as an outcome of top-down processes. The top-down methods, such as General Stanley McChrystal’s ‘government in a box’, follow the inferences of mainstream economics and primarily rely on enforcement of exogenously created institutions to shift the indigenous balance of power and the distribution of resources. The expected result is that the informal institutions of indigenous society are reconstituted by the new formal institutions, and individuals subsequently ‘choose’ a liberal democratic order; sadly, in nearly every case, these methods produce the opposite result. In a document released this year, the senior U.S. military leaders in Afghanistan briefed the President on the results of a study on the Afghan government. The introduction of the report leads with: “Corruption directly threatens the viability and legitimacy of the Afghan state […and] subverts state functions and rule of law, robs the state of revenue, and creates barriers to economic growth” (J-7, 2014, p. 1). In the thirteenth year of this ongoing conflict, the United States has spent more than one and a half trillion dollars on stabilization and post reconstruction operations in Iraq and Afghanistan; neither country is, nor is likely to become, a functioning democracy or market economy. Without counting Iraq and Afghanistan, Pei and Kasper (2009) find that the U.S. has a 26 percent success rate in establishing democracies from military interventions. Berger, Easterly and Satyanath (2010) analyzed a broader set of U.S. interventions from declassified CIA and Soviet KGB interventions; they found that the interventions of both powers equally reduced the likelihood of a democratic government by 33 percent. When the loss of life and equipment, as well as the future costs of wounded care, are added to the sunk costs of these nation building efforts, the return on this investment of blood and treasure fails to justify the costs.

These methods place international and indigenous actors in the more likely games of conflict, as predicted by Sherif’s (1958) experiments with in-group / out-group behavior where players compete for scarce resources and popular control without a means to transition into games of cooperation. This game of conflict is essentially a self-fulfilling prophesy of counter-insurgency doctrine in Afghanistan. In this game, coalition forces apply more coercion without legitimacy in the name of ‘effective governance and security’ (McChrystal, 2009; Petraeus & Army, 2010). This behavior produces indigenous resistance thus creating the increasing cycles of violence, distrust, and opportunism that Sherif called the “ineffective, even deleterious, results of intergroup contact without superordinate goals” (1958, p. 355). The level of violence and casualties in Afghanistan have maintained a steady rise every year following the invasion, but reached new, sustained heights after the implementation of the Afghan surge strategy (UNAMA, 2013). Cowen and Coyne (2005, p. 3) proposed that understanding indigenous mētis, a concept from the Greeks similar to Hayek’s (1945) local knowledge of time and place, plays a vital role in “turning potential games of conflict into games of coordination.” We also find that the employment of cultural know-how enables the creation of superordinate goals on the local level making cooperation a likely outcome. Boettke, Coyne and Leeson (2008, p. 338) later proposed that the origin and the degree of conformity of new institutions in relation to metis determines their long term viability or “stickiness.” The absence of these links to culture are the defining characteristics of the top-down creations of nation building efforts, which Boettke et al. describe as foreign introduced, exogenous institutions (FEX) lacking in ‘stickiness’ or long run sustainability. We find ourselves, as do many others, in agreement with Boettke’s (P. Boettke, 1996) opinion that the international community possesses the “know what it takes to make an economic miracle, but they will still be humbled in the face of social reality as the *know how* of economic miracles lies beyond their ability to articulate let alone control.”

While this know-how does not exist within the academic community and to great extent within military bureaucracies, the performance of U.S. Special Forces (USSF or SF) teams in Afghanistan provides valuable insights to the economic community for formulizing institutional change. The 8 to 12 man teams, called Special Operations Detachment – Alphas (SFODAs), have operationalized institutional change to great success by employing the bottom-up approach found in the Unconventional Warfare (UW) methodology. The SFODA bottom up approach places Special Forces operators, or Green Berets, at the social embeddedness level (Williamson, 2000) where they use their cultural intelligence to signal goodwill that increases the prospect of beneficial exchange with the indigenous population. This permits the SFODA to engage in reciprocity exchanges (Kranton, 1996) of increasing value which, over a period of demonstrated performance, encourages the indigenous group to extend its “radius of trust” (Fukuyama, 2001) over the SFODA. Once in this position, the team is able to exert relative control through human networks for ‘influence without presence’, and broker value across network gaps between indigenous and foreign groups that create the cross-cultural norms needed to transition games of conflict into games of cooperation.

Our argument proceeds in the four sections following the introduction. Section II is a literature review that relates formal concepts, terms and theories with the characteristics of the battlefield and human terrain in Afghanistan. Section III contains brief vignettes from Operation Moshtarak, as well as those from a retired Green Beret, to show the specific how USSF can accomplish purposeful change in informal institutions. We detail how Green Berets acquire and employ indigenous mētis to become insiders, and how they use trust-based relationships to exert relative control over human networks for influence without presence on the battlefield. Section IV discusses the limitations of the methods employed and makes recommendations based on lessons learned from British Indirect rule in India for future nation building efforts.

**Section II: Literature Review**

 While nation building in Afghanistan seeks to deliver ‘government in a box’, the problem facing coalition forces is not simply one of an alternative form of government. The creation of a liberal democracy in Afghanistan requires the establishment of an entirely new system of social, economic, political, governmental, and legal institutions. Beginning with Adam Smith’s (1845) writings, increased specialization and division of labor are the conceptual threads of continuity that run throughout economic theory; individuals and societies develop into liberal orders through the pursuit of rational self-interest as they overcome the obstacles to further gains from trade (RH Coase, 1937; Stiglitz, 1979; Wallis & North, 2011; Williamson, 1981). Concerning the public welfare that results from specialization, Ronald Coase (1998, p. 73) wrote that “specialization is only possible if there is exchange – and the lower the costs of exchange […], the more specialization there will be and the greater productivity of the system.” The obstacles to sustained economic growth are found in the costs of creating and enforcing contracts that prevent opportunistic human behavior (North, 1993b; Williamson, 1998) agency costs in team production (Fama & Jensen, 1983), and the acquisition of knowledge where information is asymmetrically held among the parties to the exchange (Stiglitz, 1979). In terms of consistently and effectively resolving these costs, the nations of Europe and the United States stand as exceptions in this accomplishment when compared to the far greater number of nations that lag behind in political and economic development (North et al., 2009; Shirley, 2003). In short, nation building in Afghanistan extends beyond formal institutions; it means creating a new social order.

North, Wallis and Weingast (2009, p. 24) find that social orders “encompass the political, economic, cultural, religious, military, and educational systems.” North et. al (2009) describe the limited assess order, of which there are varieties of fragile, basic and mature, as the natural state that allows for the creation of larger organizations capable of increased specialization and division of labor, protection from violence, and cooperative behavior. The main emphasis is that the limited access order provides the first real constraint on violent activities and permits the reallocation of scarce resources to more productive uses. Within this framework, Afghanistan exists as a fragile limited access order. They describe the fragile limited access order as a situation of weak agreements that fail to completely restrain the use violence, or threats of violence, by power brokers as a means of influence and production (North et al., 2009). Violence has been a common feature of Afghan society for centuries; repeated foreign invasions and ethnic tensions limit widespread or lasting political settlements that constrain violence. These agreements are reached through delicate intertribal relations that promise violence should there be breach of contract. The limited access order of the natural state is defined by personal exchange within personal relationships and personal obligations. The transition to the open access order requires impersonal exchange and competitive markets and competitive democratic political processes (North et al., 2009). This is consistent with North’s other works, as well as many other authors, which conclude that early stages of economic development cause elites, the dominant stakeholders in economic resources, to initially demand greater property rights by limiting violence between groups (Mâenard & Shirley, 2005; North, 1990b). Resolving violence between tribes requires a credible commitment between the parties for reforms (Coyne & Boettke, 2009; Greif, 2005; North et al., 2009). When these negotiations involve exogenous actors, it is imperative that the incentives are made within the context of the culture and that the incentives for both parties are aligned towards sustaining the agreement (Coyne & Boettke, 2009). This requires a detailed understanding of Afghan culture that can only be acquired through repeated exchanges with the indigenous population.

The prevailing view remains that individuals respond rationally to incentives, but their rationality is based in mental models formed from personal experience and socialization. These mental models define their ability to perceive new opportunities and evaluate incentives (Arrow, 1994; P. Boettke, 1996; Colombatto, 2002; Mathieu, Goodwin, & Heffner, 2000). In the early conceptualization of mental models, Rouse and Morris (1985) found that humans create mental models to describe, explain, and make predictions about their environment. The shared mental models, or culture of a society, modify the individual utility function through internal sanctions on behavior as well as perceptions of external social sanctions beyond governance (Coleman, 1987; Granovetter, 1985; Knack & Keefer, 1997). Shared mental models are important because they structure a society around greater productivity in the short run, but potentially limit increase to productivity in the future. The work of the Austrian economists, namely Menger (1871), Von Mises (1949), and Hayek (1948), formulated the concept of spontaneous emergence in which the informal institutions of social order would evolve from repeated human interaction without a central authority (P. Boettke, 1996). Menger and Von Mises presented that money as a medium of exchange and store of value would emerge without human design; Hayek extended this concept into nearly every area of human interaction including law, morality, and science (P. Boettke, 1996; 1990). Spontaneous emergence of informal institutions, the mores, traditions, religious beliefs, conventions, customs and norms, combine to form what Douglas North (1993b, p. 4) called “the continuity we call culture.” The work of the Austrian school has found significant support for spontaneous emergence. Olson (1993, p. 568) found that the benefits of production gained by cooperative behavior in small groups far outweighed the costs, thus making the “spontaneous collective action […] to achieve collective goals through voluntary collective action” a prerequisite for the formation of a society. In his work on tribes, Gellner (2000) found that the presence of anarchy, or the absence of social order, made the formation of groups to protect against violence a necessity for survival and economic security. This process, although not explicitly discussed by North et. al., reflects the transition from the primitive order to the limited access order. The shared mental models of culture create the informal institutions that order a society around cooperative behavior and make the initial gains of specialization possible. Understanding shared mental models is an essential aspect of understanding why Afghans behave as they do

The most significant informal institution of spontaneous emergence created by shared mental models is social norms; Coleman (1987, p. 135) defines social norms as the “expectations about action – one’s own action, that of others, or both – which express what action is right or what action is wrong,” form a self-enforcing set of internalized, shared mental models that are socialized into the members of a group (Coleman, 1987; Denzau & North, 1994; Putnam, 1993). These are distinct from conventions which regulate social interactions (Coleman, 1987). Shared mental models also contain a knowledge component; the practices and learning of a community are handed down through socialization and habituation so that these insights do not need to be consistently relearned by new members of the community (Hodgson, 2000; Veblen, 1919). Hayek (1945) discussed the diffusion of knowledge across society that made central planning impossible; only the “man on the spot” who possessed the knowledge of the particular circumstances of time and place could make timely and accurate decisions in the market. Combining this tacit knowledge with the protocols of norms, Boettke, Coyne, and Lesson (2008, p. 338) bring an ancient Greek term, metis, the “local knowledge resulting from practical experience […including the] skills, culture, norms, and conventions, which are shaped by the individual”, back into common use. This reflects Granovetter’s (1985) view that human behavior is embedded in social relations, but not based in the under-socialized view of human action as the product of cold, rational calculation of self-interest or the over-socialized view where individuals are completely constrained by socialization. Culture is not fixed nor uniformly shared across the individuals within it. The deviations of behavior and variance of utility functions require a bottom-up approach to nation building that accounts for how individuals adapt their cultural models to account for changes in their environment.

Within mainstream economics, there are numerous explanations for why societies, specifically markets, develop or fail to develop the means to reduce the costs and uncertainty of exchange that sustain human achievement and economic growth. Many societies merely generate indefinite explanations of how to change their course. According to Shirley (Mâenard & Shirley, 2005), the mainstream economic community finds agreement along two main points; economic growth was achieved in societies that followed paths to more egalitarian societies and that placed limits on the coercive power of the central authority. The first aspect reflects the ideology of democracy and civil rights, while the second the ideology of the free market and property rights (Czeglédi, 2013; Paldam & Gundlach, 2007). Given that both civil rights and property rights are essential for economic prosperity, the study of institutional change has sought unsuccessfully to determine an order of causation between the two which results in a liberal democratic society. The preceding decades have witnessed a development of economic cycles through a progression of policies that emphasize macroeconomic factors, market liberalization, institutions, and now noneconomic factors like culture (Engerman & Sokoloff, 2008; Raiser, 1997; Shirley, 2003). The consistent emphasis remains that economic and political institutions have a vital, and possibly mutually reinforcing, relationship of interdependence that causes the development of the liberal democratic order. In the lack of specificity, top-down nation building processes have attempted to establish both at the same time.

The Primacy of Institutions (PoI) view is the economic mainstream and maintains that institutions hold the key to why markets succeed or fail to produce prosperity. We follow many of North’s (North, 1990a) definitions within this paper, such as his definition of institutions as the rules that constrain human behavior and reduce the costs of transacting. Thus, informal institutions such as norms, mores, traditions, and conventions, and their formal counterparts of laws, constitutions, and codes of conduct both serve to reduce uncertainty and reduce transaction costs (North, 1993b). The institutions of liberal societies have long been viewed as important factors for economic growth. John Commons (1931), a member of the old institutional guard, described the study of institutional economics as the evaluation of the rules which restrain behavior in conflicts of interest, the economic transaction, and violence. It was Douglas North who updated the old institutional view with the Transaction Cost school of thought from Coase and Williamson (Bush, 1987). The institutional view was formalized by Acemoglu, Johnson and Robinson (2006)who demonstrated that the institutions which emerged from a society’s existing distribution of power were the most significant predictor of economic growth. Within the PoI, political power among elites is the starting point for analysis, and there are strong inferences for institutional change by the exogenous selection of ‘right’ institutions as a means to democracy and economic growth (Acemoglu et al., 2006; Czeglédi, 2013; Paldam & Gundlach, 2007). Concerning institutional change, Acemoglu et. al. (2006, p. 463) argued that one method of change “takes place when those who benefit from the existing set of institutions are forced to accept change […] because they are the losers in a process of fighting.” However, they concluded that they too were short of discovering the “Holy Grail of political economy research” (2006, p. 464). In both Iraq and Afghanistan, elections for democratic governments were held and constitutions written within three years following the initiation of hostilities. U.S. nation building efforts similarly reflect the hope that the exogenous choice of the ‘right’ institutions can be imposed during post-conflict reconstructions to achieve lasting democracy and growth. In her studies of limited order societies and public goods, Ostrom found that external actors can destroy the existing indigenous system of exchange by imposing formal rules that are not aligned with informal rules. The political institutions imposed over Afghan tribal communities poorly aligned with the existing informal norms; they increased the uncertainty and the transaction costs of the exchange that sought to gain their willing cooperation and active participation in the new institutions of governance. In the sense of the traditional prisoners dilemma game, the dominate strategy remained to defect. The increase in distrust across Afghanistan reduced the number of trustworthy agents which, according to Francoisa and Zabojnikc (2002), has the reciprocity effect of converting current trustworthy agents into the cheating type as the probability of finding a trustworthy trading partner decreases. Year after year, six month deployment cycles rotate commanders which bring new promises and ignore those made by others in the past; this has had a devastating effect on the cross-cultural exchange in Afghanistan.

The Grand Transition (GT) was previously the mainstream view and operative paradigm for U.S. interventions following WWII; the various theories within it suggested the line of causality ran from income originating from economic development to democracy (Paldam & Gundlach, 2007). Writing during a period of great social upheaval following WWII, its author Martin Lipset (1959) found that income and education strongly correlated with democratic political institutions. Investment in human and physical capital would allow individuals to reallocate their time and resources towards political participation and civic association. To Lipset (1959), economic development following the creation of a new democracy created a middle class incentivized to seek greater civil rights which, in turn, increased the probability the society would choose to demand greater democratic institutions. Lipset (1959, p.103) warned that, while economic development increased the likelihood that a population would choose to continue in a newly created democracy and economic development, it “does not justify the optimistic liberal’s hope […for] the spread of democracy or the stabilizing of democracy.” Although somewhat supplanted by the PoI view, human and physical capital investment remains a critical aspect of economic growth if contained within institutions that limited the ability of the government to excessively extract rent. The U.S. Department of State and Department of Agriculture has spent over 50 billion dollars on reconstruction in Afghanistan aimed towards investments in human and physical capital; this does not include the vast sum of money spent by the Department of Defense in support of these activities. In the military’s report (J-7, 2014, p. 14) on Afghan corruption, the authors document the belief among senior leaders that “putting cash in people’s hand was the way to win hearts and minds, they graded [lower-level] commanders on the number of […] projects they could get obligated.” Calling the unintended consequences of these types of actions the Samaritan Problem, Buchanan (1997) warned that developing nations would be unable to transition away from the aid to self-sustaining state action. The corruption report found that the result of the massive expenditures during the war caused the “bolstering of a false economy that further strained Afghanistan’s absorptive capacity” that has crippled the effects of economic development.

 Neither the attempts to shift political power towards a more egalitarian society or to reinforce the exogenous selections of institutions with economic development have increased the likelihood that Afghans will choose democracy in the future, let alone currently, as a result of a changed incentive structure. Williamson (2000) and many others view a hierarchy of nested relationships between aspects of social order, such that the formal institutions of governance, markets, and law are ‘embedded’ within the informal institutions of culture (Pei & Kasper, 2009; Platteau, 1994). This hierarchy forms the foundation of the concept of path-dependency, (Mahoney & Thelen, 2010; North, 1995) where early choices constrain future possibilities for the society. While path-dependent processes are also related to formal institutions, they are mainly caused by informal institutions like social norms. Echoing Hayek’s views on the emergence of morality, Platteau (1994, p. 536) argued that the cultural endowment of a community created “diverse institutional structures […and] place societies on different trajectories of economic growth.” The early decisions to create formal institutions are powerfully influenced by the socialization of a culture’s values and norms. In what he called organic Contract Enforcing Institutions (CEIs), Greif (2005) described trust-based human networks that efficiently reduced transaction costs largely by reputational sanctions. As the reputation oriented trade became a strong prerequisite for trade, these informal institutions created strong disincentives for developing mechanisms for impersonal exchange needed for a transition to an open order society (Greif, 2005). Institutions contain systems of incentives and disincentives which, in the natural state, are based in interpersonal relationships. Gellner (2000) wrote that where anarchy promoted trust, effective government destroyed it because individuals came to rely more on impersonal institutions rather than the personal relations of the primal and limited order. Granovetter (1985) argued a similar point by saying that government attempts to provide a “functional substitute for trust”, in the sense trust only exists between individuals. Social norms can play both a facilitating and a limiting role in the transition to an open society. Even in societies that make the transition to open societies, social norms continue to play a vital role. Social capital is a broadly defined term that in general refers to the productive resources, such as social norms, trust, relationships, and conventions, contained within human networks that increase cooperation and coordination (Putnam, 1993). Holding all things equal, social capital provides distinct advantages to individuals, groups, and organizations because it improves the flow of information (Burt, 2000; Granovetter, 1985; Ostrom, 1995), reduces transaction costs (Coleman, 1987; Williamson, 1981), and increases productivity (Fukuyama, 2001) that accounts for differences in the performance (Bourdieu, 1983; Nahapiet & Ghoshal, 1998). Fukuyama (2001) describes a valuable aspect of social capital, the “radius of trust” which governs whether the group’s social norms extend over out-groups during interactions. The Afghan tribes are built around trust-based networks of trade, similar to Greif’s description of CEIs. However, they have a narrow radius of trust that rarely extends beyond the tribe. The early institutional choices of a society, which are defined by their cultural endowment, lock them into institutional configurations or path-dependent processes (P. Boettke, 1996). Most underdeveloped nations such as Afghanistan are locked into path-dependent processes that make the transition to an open access order highly unlikely.

How these institutions change is a matter of debate. Endogenous view holds that institutions gradually change along evolutionary timelines from internal shift (Mahoney & Thelen, 2010; North, 1993a); these evolutionary concepts are expanded upon with descriptions of evolutionary drift (Binmore & Samuelson, 1999), critical junctures (Hogan, 2006), and punctuated equilibrium (Romanelli, 1994). The proponents of endogenous change argue that institutional change is the outcome of individual actors, within permissive learning environments, seeking to maximize desired ends (Wallis & North, 2011). Their entrepreneurial actions update beliefs and change behavior, the dissemination of which gradually nudge the production possibilities frontier, as determined by the formal and informal norms, cooperatively outward. In summary, it is the changes to technology or production that result from the actions of indigenous agents that slowly create a weight of cumulative effects capable of breaking path-dependency. The other view holds that institutions require an exogenous shock to deviate from path-dependent processes. Olsen (1993) found that the growth of groups lessens the ability to reach voluntary agreements and places strains on the informal rules; formalization of existing rules would be required to maintain continuity or the group would split. This is supported by Fama and Jensen (1983) who discussed the metering challenges of allocating benefits according to contributions when individual contributions are lost within team production. Agency costs rise in these situations requiring greater organization and formalization of informal rules and power structures. Both instances necessitate the formalization of informal norms. When outsiders to the society enter an indigenous market, as portrayed by Colombatto (2002) the exogenous shock undermines the functioning of current rules because of asymmetric information; this became an impetus to formalize existing norms and conventions in a manner that can be transported instead of simply socialized. The previous examples coincide with North’s (1995) view that increased trade, specialization and the division of labor in a society likewise increased the complexity of the human system; both of which necessitated the evolution of informal to formal rules to lessen costs and increase benefits. The views on exogenous change have provided a means by which international actors justify interventions in weak and failed states (Coyne, 2006). We agree that exogenous shocks disrupt the rules and provide an opportunity for exogenous actors to engage in exchange that can modify the rules. However, Afghanistan was a place that an American could visit and travel with a mere fraction of the risk they incur today; endogenous change through an indirect engagement style is preferred.

Boettke, Coyne, and Lesson (2008, p. 334) make a distinction between institutions that emerge as Hayek and Mises described, and those that are “constructed and imposed by ‘outsiders’.” Their thesis is that when institutions are created their grounding, or lack of it, in the mētis of a society determines the long term performance of that institution. These institutions fall into three categories: indigenously introduced endogenous institutions (IEN), indigenously introduced exogenous institutions (IEX), and foreign introduced exogenous institutions (FEX) (Boet p 334-335). We agree with this conclusion. The operational design of Special Forces is to create IEN type institutions and we intend to show how this is accomplished. However, in practice, USSF is employed towards the creation and enforcement of FEX type institutions that fail to produce lasting benefits beyond short term goodwill. It is important to note that IEX type institutions are a product of a bottom up approach that produces a new, bi-cultural mētis. Existing mētis, which produces ineffectual or undesirable results, may require more than the addition of U.S. know-what and the resources to accomplish it. We know a great deal about the values and culture necessary to support capitalism and democracy, and formal institutions play a role in maintaining these values and a negligible role in creating them. To the extent that the cultural endowment does not support these institutions, conceptual change of indigenous beliefs is required for an indigenous population to introduce, which we read as support, an exogenous institution.

**Section III. The Special Forces Know-How**

## Background

 Speaking on national television from West Point on 1 December 2009, President Obama outlined his reasoning and intent for the surge of military and civilian personnel into Afghanistan. During the speech, President Obama (2009) said, “Although a legitimate government was elected by the Afghan people, it’s been hampered by corruption, the drug trade, an under-developed economy and insufficient security forces.” The invasion of Marjeh, or Operation Mostarak (translated as ‘together’ in Dari), commenced on 12 February 2010 as the kickoff event of the new Afghan surge strategy. The 7th Marine Regimental Combat Team (RCT), under the command of Colonel Randy Newman, would control the ground forces, 1st Battalion, 6th Marine Regiment, 3rd Battalion, 6th Marine Regiment, and the Special Forces Operational Detachment (SFODA) 3121 who combat advised the 3rd Battalion, 4th Brigade of the 205th Corps of the Afghan National Army (ANA). The plan, which would deliver a ‘government in a box’ to local Afghans in the city, promised to be the model for the ‘correct’ sequencing of the ‘right’ sets of economic and institutional development programs that would definitively link Afghans with a functioning Afghan government. This government in package form contained a complete set of Afghan bureaucrats who would assume leadership roles in education, law, public administration, agriculture, and security once the ‘clear’ phase of the operation ended (Dressler, 2010).

The reasons behind the selection of Marjeh as the starting point for the Afghan surge were both strategic and political. As the poppy breadbasket of Afghanistan, Marjeh was strategically and ideologically important to the Taliban; it was reasonably and, for the most part, accurately predicted that they would commit to an extended engagement with coalition forces. Politically, international and domestic support for the Afghan war was reaching a tipping point and Marjeh promised to provide the ground for a highly visible victory (Chaudhuri, 2011). The city of Marjeh, located in the central part of the Helmand Province along the Helmand River, is a feat of American engineering and a hallmark of U.S State Department development initiatives. The area around the city was reclaimed from the desert through a series of interconnected canals and a system of locks that diverted the Helmand River to create an agricultural center for Afghanistan that would spur economic production.

 Despite significant gains in security and relationship development with the local population, government in a box never arrived. The resources for infrastructure development were contingent on the arrival of the Afghan government officials. The military’s ability to spend was curtailed so that ‘right’ Afghan institutions could present the ‘Afghan face’ of development, governance, and security. As a result of the delay of the government in a box, most of the promised economic development was postponed for over a year. The strategic failure of Operation Moshtarak quickly turned international and domestic enthusiasm for the Afghan surge strategy into buyer’s remorse; General McChrystal replaced his characterization of the invasion as providing a ‘government in a box’ to its being a ‘bleeding ulcer’ of support for the operation.

## Understand the Operational Environment

Special Forces are employed in hostile areas, at times beyond the immediate help of regular military forces and in small teams to conduct Unconventional Warfare (UW) which is the “operations conducted by, with, or through irregular forces in support of a resistance movement, an insurgency, or conventional military operations” (Army). Not only does our mission depend on the active participation and cooperation of the indigenous population, our survival does as well. Mises (1949) described a body of knowledge which can be known a priori by the empirical examination of human action as means to achieve desired ends. The Special Forces perspective on nation building would rightly be called *praxeological* in nature. Integrating into the indigenous culture, or becoming ‘insiders’ when we begin as an out-group, is an essential means to accomplishing our desired ends of mission accomplishment and survival. This position provides a unique and similarly praxeological view on indigenous culture as well. We want to understand what the indigenous population is trying to accomplish, how they go about achieving those ends, and the rationale of these specific means towards the desired means.

The environment of Afghanistan, in every way imaginable is hostile; sources of protein and potable water are scarce, the weather is full of extremes, arable land is minimal due to the mountains, and the soil is inhospitable to many of the crops that would change their standard of living with the exception of poppy. Even a cursory understanding of the Afghanistan’s topography and the ruggedness of the poppy plant is enough to convince that the area and its similarly rugged people were made to grow and produce opium. For Afghans, opium production is not a moral argument nor do they balk when we make it one; their response is simply show us how we can do something different. Afghans are not over-socialized clockwork oranges of the Taliban or the tribal culture of Pashtunwali. Afghans in great numbers live outside of the dictates of religion as do people across the globe, but maintain a public profile commiserate with the views of the company they keep. Nor does this leave them at the door of the under-socialized versions of man. They have variances of views and opinions based on their experiences and learning within their unique environment; they are capable of great adaptation when presented with opportunities. The limitations of their environment have likely made them the most efficient converters of items that Westerners would regard as refuse into productive uses. They rationally act within the constraints of their austere environment and use the available, even evolutionarily selected protocols and know-how, to solve their problems of survival, trade, and inter-tribe relations. They often temporarily unite to repel invaders. We share many concepts of value and self-interest with Afghans, but we do have different mental models from our respective culture that strongly differentiate our views in some areas.

Afghans are largely desensitized to exogenous shocks which have occurred nearly once for every living generation; defending family and property from foreign invaders is a part of their culture. Unlike the rest of the Afghan countryside, which has been saturated with coalition presence, Marjeh was an anomaly. Because the Taliban and opium traffickers maintained such a strong presence in and around Marjeh, the only experience local Afghans had with foreign elements occurred during the rare air assaults by Special Operations Forces which happened at night and involved almost no interaction. The lack of previous experience with coalition forces was a distinct advantage; we were facing a set of mental models closer to their original form than any in the country. In Afghanistan, the process of socialization is one of the country’s many battlegrounds and one that began during the Soviet invasion of Afghanistan. There are two distinct mental models of significance although the lines are blurring considerably. We wanted to erode one while working within the other.

We would seek to work within the paradigm of a tribesman. It might come as a surprise that Afghan culture is not completely antithetical to democracy and that it has a great deal in common with the culture of an SFODA, particularly SFODA 3121. In the paper that would provide the impetus behind the Afghan COIN strategy in 2009, Special Forces Major (retired) Jim Gant stressed the need for coalition forces to work within the tribal system to combat the Taliban; he felt that “a tribe is a natural democracy” (2009, p. 14) and the engagement would alter the trajectory of Afghan governance. Pashtunwali, the dominant set of tribal norms, places heavy emphasis on honor, revenge, the protection of women, and hospitality to guests. Major (retired) Gant spent nearly two continuous years living with the Mohmand tribe in the Konar province of Afghanistan; this tribe has over ten thousand members under the immediate control of a small group of elders headed by Malik Noor Afzal. Gant’s experience among many others confirms that tribes protect property rights, provide justice and rule of law, make treaties, and maintain small market economies with significant economic capital engaged in production. Tribal decision making is communal and relations between tribes are managed by a distinct set of informal norms known to every Afghan. In short, Afghans are capable of valuing the institutions that support democracy and the free market. The problem of governance in Afghanistan has less to do with the perceived value of Western democracy or capitalism and more to do with rampant corruption and incompetence. It is clear to every American service member on the ground in Afghanistan that justifying or defending the Afghan government in Afghan villages is an exercise in futility; an exercise reserved for politicians and generals in Washington D.C and Kabul.

The other model is one we would like to undermine. The Soviet war in Afghanistan and the destructive period of banditry that followed altered the trajectory of the country. To escape the chaos, Afghan families sent their children to Pakistan to be educated in madrassas which received heavy investment from Saudi Arabia and the Pakistani Intelligence Services (ISI) (Giustozzi, 2008). This was an atypical event because of the ferocity of the war; youth were typically educated in the madrassas of the village under mullahs who largely maintained the traditions of Pashtunwali. Several generations of Afghan youth were educated in the Deobandi version of Islam which placed strong “importance of ritual and modes of behavior […and] favored the reduction of penal and criminal laws to a very narrow interpretation of the Sharia” (Giustozzi, 2008, p. 12). Afghan youth received a common education in the Deobandi ideology of the Taliban which created a store of social capital never before seen in Afghanistan. When these Taliban mullahs returned to their villages, they possessed a cross-tribal and cross-ethnic set of shared mental models that posed a greater threat to the tribal system than the Russians or even the Greeks under Alexander the Great. They aggressively began to erode the power of the tribal elders and the informal norms of Pashtunwali which rivaled for control of the countryside (Giustozzi, 2008). The Taliban has layered its own tribal brand over the existing tribal system across the country except for the east where it has settled for cooption. The austere terrain of the east continues to shield tribes from external influence, while the tribes of the plains have borne the brunt of the Taliban’s influence. The tension between tribal leadership and the mullahs is evident; mullahs possess a veto authority over tribal affairs and tribes pay dearly for ignoring it.

 For Special Forces, “the essential task […] is to understand the operational environment in its complex entirety and identify the sources of informational influence that contribute to that complexity” (Army, 2008). We intently study human behavior and find advantage in its complexity; we do not need to make assumptions about human action to simplify our planning processes. Culture is not static or fixed; it is constantly evolving as individuals learn through interactions with their environment and with other people (Arrow, 1994) to find new means to satisfy desired ends. We miss battlefield opportunities when our lack of understanding limits our ability to perceive or appropriately react to the signals in the environment. Human behavior in Afghanistan defies central planning; the ability to exploit opportunities on the human battlefield in Afghanistan is available only for the ‘man on the spot’ (F. Hayek, 1945). The SF maxim of ‘Understand the Operational Environment’ imparts the necessary realization that mission accomplishment and survival depend on our comprehension and employment of these concepts.

## Establish Rapport

Homans (1958) was the first to propose that human interactions could be analyzed as an exchange (Coleman, 1987; Cropanzano & Mitchell, 2005). We similarly view interactions with indigenous populations as a type of cross-cultural reciprocity exchange. Cross-cultural interactions carry significant risks and uncertainty for both parties; success requires that the exchange is willing, not compelled. Thus, both parties must: (1) perceive an item of value to be exchanged and (2) perceive that the probability of attaining the benefits is greater than the probability of incurring the costs. There are multiple sub-games of conflict ongoing in Afghanistan, many of which are well outside of the preview of even the most experienced SF operators in Afghanistan and often have nothing to do with coalition forces but alter the payoff structure for interacting with coalition forces (Coyne, 2006; Schelling, 1960). In Afghanistan, shared mental model views on the invader and the presence of the Taliban make this transaction unlikely for coalition forces; Green Berets must continually update their awareness and reactions to the signals in the environment. This is an art that few people do well for it often requires a Green Beret to transition from a display of compassion to committed violence of action and back again in the same moment.

*Vignette 1: My mind was intent on the breach we would perform to cross a 15 meter wide canal and bypass an obstacle belt of Improvised Explosive Devices (IEDs) located at the only vehicle capable entrance in the southwest corner of the city. As we crested a wadi and Marjeh came into view, I could see hundreds of civilians about half of a mile to the north fleeing the city into the desert. My mind was intent on the breach, but my gut said this was important. My vehicle broke off from the convoy to make link up with these local Afghans whose pace only increased as we approached. Even when I dismounted my vehicle to approach them on foot, the stampede of locals was unimpeded; it was surreal. Not a shot had been fired, but I knew what was going on. I stopped an old man with a procession of women and children behind him; I saw the despair on his face. He began to beg for his life and that of his family. I gave him a hug; the only appropriate response for that moment and then directed my interpreter to tell the man that he faced the commander of these forces and he had nothing to fear from us. In disbelief, he relayed to me the atrocities he expected at our hand as articulated by the Taliban. After a few more hugs and several explanations of what we were there to do, he began to accept that he and his family were safe. As tears began to flow down his face, he asked if he could go home. It was humbling to tell him yes.*

The imperative of ‘Establish Rapport’ stresses that every interaction with the indigenous population is an opportunity to send the appropriate signals to facilitate the future exchange of information, support, resources, and potentially institutions. Opportunities for cross-cultural exchanges that occur within the boundaries of indigenous culture can provide highly productive and abundantly available learning opportunities for both parties. Trust is important when control over the performance of the other party to the exchange is unavailable (Das & Teng, 2004); it becomes exceedingly important in the cross cultural exchange when the signals of constraint are absent in nearly every case. This type of exchange is the most common between exogenous actors and the indigenous population. Sadly, it rarely goes well due to the signals each send that create uncertainty about the constraints, goals, and motivations of the other party. The UW manual (Army, 2008) reads that, “Building rapport is a difficult and complicated process that is based largely on mutual trust, confidence, and understanding; it is rarely accomplished overnight.” When exogenous agents operate without these signals or use ethno-centric signals, indigenous agents view these agents under an in-group/out-group paradigm. Every interaction with the indigenous population is a learning opportunity that is transmitted through highly robust human networks of social capital; thus these interactions either solidify or induce dissatisfaction with individual mental models for network effects. As a result, most nation builders and counterinsurgents are never presented with the opportunity to conduct a more meaningful future exchange because they lack the ability to send signals that reduce risk and uncertainty.

*Vignette 2: Following a successful breach, we met the first obstacle belt of IEDs and came under direct enemy fire shortly after. In the first of many engagements that looked more like boys playing Cowboys and Indians than professionals engaged in maneuver warfare, I stumbled upon a group of Wardak elders. As the bullets cracked and snapped by, I took a seat next to them after showing them the courtesies youth give to their elders in Afghanistan. Amazed, they asked me what I was doing there and I responded with my personal message to the local Afghans of why we were in Marjeh. They allowed me to finish, but actually wanted to know why I was sitting with them in the open while I was being shot at. I told them that I did not fear the Taliban, but I had fought the Wardak tribe before; they were the fiercest, most adept, and intelligent fighters I had ever faced. They had my respect and I sought their friendship. I then took my leave, showing them the respect which was their due and returned to the fight. They nodded in approval, but remained slightly incredulous at this unusual American who seemed to have little regard for his own safety, but was highly interested in theirs.*

As we begin to discuss trust in more depth, it is necessary to provide some definitions and context. Das and Teng describe two modes of trust; relational trust is required when the intentions of the other agent in the exchange is paramount, and competence trust takes precedence when the ability of the other agent to complete the exchange is more important. A model of risk based view of trust created by Das and Bing-Sheng Teng (2004) is appropriate for this discussion. In this model, the presence of trust antecedents, which we ascribe to mētis, reduce the probability that the other agent will act opportunistically. Sending mētis-based signals is critical for beginning a process of meaningful engagement in Afghanistan. According to Das and Bing-Sheng Teng (2004), the recognition of these signals creates subjective trust, or a perception of reduced risk, that increases the agent’s proclivity to engage in behavioral trust. We use the definition provided by Sitkin and Roth (1993, p. 368) that subjective trust is a “belief, attitude, or expectation concerning the likelihood that the actions or outcomes of another individual, group or organization will be acceptable or will serve the actor’s interest” (as cited by Das & Teng, 2004, pp. 95-96). In the case of local Afghans, this simply means that they are willing to attempt a meaningful dialogue. The authors discuss two different aspects of subjective trust; Nooteboom (1996 pg 990) defines these two aspects of subjective trust as “concern a partner’s ability to perform according to agreements (competence trust), or his intentions to do so (goodwill trust)” (as cited byDas & Teng, 2004, p. 100). We find this a practical example of a shared mental model that is used by both Afghans and the Coalition forces subject to their respective social norms.

*Vignette 3:*  *One Afghan company of around 30 men with a handful of Green Beret advisors and Marine Engineers were heavily engaged with multiple groups of 3-5 Taliban that continued to maneuver around us. One of these groups had occupied a local home about 100 meters to the north and were suppressing our Afghans with a machine gun. With helicopter gunships overhead as well as some fixed-wing close air support platforms, my Marine combat controller asked me if I wanted to strike the compound. Given the proximity to my element and the noncombatants in the area, I decided against it. My medic, a few Marines and I broke off and maneuvered towards the enemy position. Unknown to us, the Taliban withdrew as we approached. When we entered the compound, we encountered two men in the courtyard. They had the faces of men condemned to die, paralyzed with terror. The casings from the machine gun were scattered everywhere. Huddled in a room crying were the wives and children of the two men. When they realized that we did not intend to harm them, they explained that the Taliban had kicked in their door when the fight started and used their home for a fighting position. We took a break from pursuing the group of Taliban to provide some money to repair the damage, leave some Afghans behind to protect them, and let them know that only cowards without honor violate the sanctity of a home and its women in order to hide behind them.*

Since informal rules dominate Afghan culture, indigenous agents ‘look’ for cultural indicators in the other agent that provides valuable information about their behavioral constraints, motivations, and goals in the exchange. Members of tribal and communal cultures like Afghanistan communicate and receive meaning indirectly, mainly through non-verbal cues like tone, gestures, and facial expressions. Less emphasis is placed on the actual words, which is highly frustrating to Westerners who typically deal in the ‘bottom line.’ In Afghan tribal culture, a great deal of sincerity, strength, respect, and good intentions are conveyed through self-restraint, difference to elders, and relationally based topics of conversation. Members of high context societies require time to develop genuine, trust based relationships before engaging in negotiations; to Afghans, social and business relationships are inseparable. As Colombatto (page 68 Cite) writes, “It may well be the case that individuals understand and appreciate trust and honesty not only as moral values, but also […] as a way to reduce transaction costs and thus enhance welfare”; so it goes in Afghanistan. The experiences of Gant and Tyson echo the writings of Gellner; “Kinship is vital. […] As tribal economies are based on subsistence, not surplus […] What little wealth there is in a tribe is invested in relationships.” Trust-based relationships are the *sine non qua* of all forms of exchange in Afghanistan.

*Vignette 4:*  *It was our first shura after nearly two weeks of fighting that lasted from sunrise to sunset. Through local Afghans and the Afghan Army under my command, I began to disseminate the time and day of the shura three days before. It was during that time that the mosques in our area began to disseminate information as well; “Bring flowers for the six suicide bombers.” It made sense; we had their number when it came to the close fighting and they had taken losses. We were occupying their former headquarters, so when I was made aware of multiple attempts to locate our radio room, we began to prepare for this final assault. In these circumstances, I was surprised at the turn out of over thirty elderly men in their white robes and white beards; they were a perfect picture of what a typical westerner would expect a shura of tribal elders to look like. These were not the elders, these were the ears of the elders and the Taliban who were in most instances the same people. I waited till the shura was nearly complete to speak and when I did, it was brief and to the point. I told them that if the fighting continued as it had, I would ensure that the area was burned to the ground. We were American Special Forces and we were warriors; we loved to fight. However, that was not our intention. We loved Afghans and had no intention to enter their homes, violate the privacy of their women, nor interfere with the poppy harvest. I wanted to open a dialogue with the men who understood Marjeh and what it needed better than I who, as the commander, controlled the resources to improve the city. I asked for thirty days in which to demonstrate that our intentions were honorable and that we were there to help. I reminded them that this would likely be the last time the world cared about Afghanistan again and their one opportunity to alter the direction of their future. Should they find this unacceptable, then I looked forward to meeting them in battle.*

The concept of the warrior is well developed within tribes and inextricably tied to honor, function, and position within the human network. Gant and Tyson (2014, p. 70) write that “Tribal life is based on honor. […] If a tribal warrior is called to battle, he fights bravely and will not retreat […] Retreating to save oneself, though, is the most shameful act imaginable.” Trust in relationships and a warrior’s honor are for all purposes inseparable. The men of Afghan tribes show the same high participation rate in military and political operations of the tribe as observed by (cite Gellner). Functional mētis is the product of persistent engagement with Afghans in their particular circumstances of time and place so often discussed by Hayek; this requires foreigners to conduct themselves as warriors who protect their own ‘tribe’ as well as send signals of goodwill like respect and self-restraint. This shows indigenous agents that the SFODA possesses indigenous mētis such that we understand AND intend to operate by the Afghan rules of the game.

*Vignette 5:*  *Three days later, the local Afghans requested another shura with the SFODA. During this period, the area was eerily quiet after the weeks of fighting and IED explosions. We were continuing to fortify our position to absorb the suicide bombers. During this shura, there was a new arrival who was younger, though not a young man, than the other elders and he clearly commanded the unwavering respect, if not trepidation, of every other Afghan in the group. The subject of the shura had little significance to our concerns or our agenda and appeared to focus on issues of cursory importance to the Afghans. However, I fielded a number of sensitive topics about searches in homes, the sanctity of women, my understanding of Islam and the occupation of private property. In a private meeting with this individual following the conclusion of the shura, he told me that they were relieved to finally find an American that they could deal with. My interpreter was overawed with this individual in a manner similar to the elders. He told me that he had already visited all of the local mosques to announce that the fighting organizations intended to honor my request. I was told that there would be no suicide bombers and I had my thirty days.*

During the heavy fighting and sustained interactions with the local Afghans, the SFODA had consistently sent mētis-based signals that were perceived by the community as indicators not only of our goodwill, but also of our competence. The influence of the SFODA, assess to economic development, and combat power created a powerful set of incentives and disincentives for the Afghans. Afghans, like the tribes that Greif (2005) studied, engage in an evaluative process of potential trading partners through reciprocal exchanges. Kranton (1996, p. 830) defines these exchanges as “informally enforced agreements to give goods, services, information, or money in exchange for future compensation in kind. Low level reciprocity exchanges in Afghanistan begin with the run of the mill interactions; SFODA 3121 made this their top priority.

*Vignette 6: Within three weeks of entering the most hotly contested spot in Afghanistan, the southern third of Marjeh transitioned from daily close combat with large groups of Taliban and foreign fighters lasting up to 6 hours to near perfect calm. Local governance was established, commerce flourished, and opportunities to develop a market economy independent from poppy emerged. We provided dozens of visits in the subsequent months to senior ranking civilian and military leaders who were able to walk through our area without body armor, concern for enemy contact, or stepping on an improvised explosive device (IED). The poorly led, inexperienced, and disorganized Afghan National Army Kandak, which first made our acquaintance three weeks before Operation Moshtarak, emerged from 65 days of combat operations with ODA 3121 rated as one of only two Afghan infantry battalions capable of conducting unilateral counterinsurgency operations.*

For nearly the entire deployment, the SFODA was operating in multiple teams of 2-3 Green Berets across our entire area of operations with the intent of maintaining relationships and investing in relationships which are vital components of gaining and maintaining a position in tribal human networks (Bourdieu, 1983; Greif, 2005; Knack & Keefer, 1997; Lin, 1999). Social Exchange Theory (SET) holds that trust-based relationships result when transactions of tangible or symbolic value are defined by reciprocity between actors over time (Cropanzano & Mitchell, 2005). We enjoyed repeated interactions with the local populace because we lived with them, fighting for them as well as alongside them. In a 60 day period, our medical clinic run by Green Berets with several Marine medics treated approximately 1000 local Afghans. We executed multiple helicopter casualty evacuations for civilian victims of IEDs in addition to being the first responders to the scene in nearly every case. The exchanges of value ultimately resulted in the local population extending its radius of trust over the SFODA. In our case, it took nearly three weeks of heavy fighting and an additional month of demonstrated performance with local populace to become ‘insiders’.

## Working By, With and Through

Rapport building delivers two vital critical outcomes that justify the bottom-up approach as well as produce the ability to transform games of conflict into games of cooperation. Trust-based relationships, which are established through a series of reciprocity exchanges of increasing value, are an intermediate step between the acquisition mētis and the outcomes of purposeful influence and the new social capital. When we have identified key relationships, we work by, with, and through these indigenous actors to induce purposeful institutional change throughout their networks. This is how SF *know-how* transforms games of conflict into games of cooperation.

**Vetting:** Early indigenous supporters of U.S. nation building are entrepreneurs responding to opportunity; their cooperation with U.S. goals and objects are a means to a desirable ends which are typically less than transparent to outsiders. In most cases, these early entrepreneurs are primarily motivated by monetary gains and shifts in power dynamics that has been incentivized in the Afghan population. As already discussed, agency problems exist within military bureaucracies that extend beyond finances; we will leave this point for future discussion as it extends beyond the scope of this paper. In rare instances, these indigenous agents seek a more meaningful alignment to the ideologies and long term objectives of the United States. In the short-term, it is difficult to distinguish differences in the motivations and objectives between indigenous actors. For Special Forces, the long term engagement in reciprocity exchange serves a dual purpose. The first is to build trust-based relationships, or rapport, with indigenous actors. The second is to validate the quality of the relationship through time; exchanges that lack reciprocity or fail to increase in complexity do not receive additional resources. Free money does not solve our problems. There is an Afghan proverb that ‘one can rent an Afghan, but never buy him.’ The lack of discretion discussed in the report is found with greater frequency among mid-grade commanders who infrequently frequent the battlefield, as is modeled by their senior leadership (for more information, see Ricks, 2012; Yingling, 2007). On the ground commanders, in the ranks of Captains and below, generally have a far better understanding of the battlefield and have strong incentives to align financial resources to their most productive use. Productive use of resources occurs within a reciprocity exchange that continues to conform to expectations of performance, i.e. the absence of ex post opportunism, and continues to elevate in substance. We established one genuine, trust-based relationship with an individual who held significant social capital and influence within a critical human network in Afghanistan and abroad. This relationship would have combinatorial value during the deployment.

**Network Brokerage:** According to Hurd (1999), social systems create and sustain control over its members through the interdependent use of coercion, self-interest, and legitimacy. Hurd (1999, p. 381) defines legitimacy as the “normative belief by an actor that a rule or institution ought to be obeyed. It is a subjective quality, […] defined by the actor’s perception of the institution.” The purpose of building rapport through trust is to establish relative control over indigenous elements; SF influence without presence is relative control that does not require monitoring. This control cannot be established without trust, and without trust the SFODA cannot use its resources and position to great advantage. We found, consistent with many academic studies (Granovetter, 1985; Knack & Keefer, 1997), that relationship-based sanctions and network value of trading partners efficiently limit ex post opportunistic behavior in the exchange. However, despite the inclusion in the radius of trust, the SFODA is an honorary member, a tribe-like organization that operates within the formal institutions of the U.S. government and serves to accomplish strategic objectives. Thus the SFODA wields enormous power in the local environment and it must base this power in mētis as well.

*Vignette 7: The start of the invasion left very little time to show significant progress before the poppy harvest which would occur in May. During this time, the migrant workers and unemployed of Afghanistan would flock to the Helmand Province, in particular to Marjeh, to pick the poppy bulbs and produce the black tar opium. There was no plan for how ISAF elements in Marjeh would deal with the poppy harvest which held as much, if not more, economic significance for the population as it did the Taliban. Rumors circulated within military channels that the Afghan government intended to destroy the harvest; the residents of Marjeh clearly had heard the same since they hedged their bets by planting as much wheat as they did poppy. Destruction of the poppy harvest would have devastating effects for the future of coalition efforts in Marjeh as well as the credibility of the operations that were intended to follow. Feudal farming persists in Afghanistan. Local Afghans borrow against the upcoming harvest to plant in the current season. This effectively ties them to the land and makes them beholden to the interests of the landowners who typically are stakeholders within the transnational smuggling organizations in Afghanistan.*

*It continued to be a topic of every meeting, whether formal or informal, with both individuals and groups. If we plowed or burned the fields, we would be destroying the lives and families of those we were trying to assure of our intent to bring them prosperity. When we sought guidance about the poppy plan weeks after the invasion; the answer was that there was no plan. We were asked to generate potential options. After a few days and several meetings, we had secured an agreement with the key power brokers spanning our entire area of operations. To our higher headquarters, we proposed our collaborative solution to resolve the problem posed by the upcoming poppy harvest.*

*The Afghans volunteered to destroy their fields before the harvest thus eliminating the flow of people into the area that would bring additional fighters, guns, and money to bear against the coalition. In addition, it would deprive the Taliban of valuable funding received from the ‘protection and customs’ tax on the poppy. In return, they asked to be compensated for their loss. As part of the deal, they were willing to transition off of poppy and on to other produce. This would require the delivery of what had already been promised, the repair of the canal system which irrigated the city, as well as the supplies for alternative crops. The starting point for negotiating would be around the 2500 – 3000 dollars they received per hectare, which is approximately 2.5 acres.*

*We were confident that the price could be brought down considering the time and expenses saved by not having to conduct the full harvest process. In our view, destroying the poppy fields would guarantee that the fragile calm we had achieved would not regress to the intense and destructive conflict we experienced weeks before. We argued that the benefit of lives saved and the potential of permanently depriving the Taliban of poppy funds would far outweigh the cost of paying for the harvest. We also argued that avoiding the loss of vehicles from IEDs, such as the half of a million dollar Mine-Resistant Ambush Protected Vehicles (MRAP), would more than cover one poppy harvest. Although the initial price raised concerns, our plan overall was greeted with enthusiasm at the Marine Headquarters.*

Our bi-cultural metis and our valued position in the two groups, which are in conflict, both create a brokerage opportunity across a network gap. Burt (2000) argued that individuals with dual access to two separate closed social networks (Burt, 2000; Coleman, 1987; Putnam, 1993) are highly desirable to both parties. This creates entrepreneurial opportunities for the exchanges of information and resources previously unavailable. Burt finds that these brokerage opportunities are available in the short run; he assumes that efficient, profit maximizing organizations on both sides will work cooperatively with the network brokers. The new cooperative norms that formed between the groups would supplant the need for the broker, and the groups could directly interact thus creating new social capital. Our position, within the radius of trust as a network broker, allowed us to work on a collaborative solution with Afghan power brokers to resolve a strategic issue for Afghanistan and the coalition.

*Vignette 8: A few weeks later, the Afghan provincial government unilaterally announced the implementation of a plan strikingly similar to the one we proposed with one unexpected and devastating change. There would be no negotiation on the offering of 300 dollars per hectare. We learned this from our local Afghans; our Marine Headquarters was similarly surprised. When local Afghans appealed to the governor and the mayor of Marjah, the offer was reduced from 300 to less than 200 dollars per hectare. The poppy harvest would continue as it did every year before and after. This moment had great potential to positively change the course of Operation Moshtarak and possibly future operations as well.*

While we believe this accurately describes the designed role of an SFODA and, in most cases, the SFODA performs to this level, we have demonstrated that this is true to an insufficient extent. The ability of military bureaucracies, even those of the Special Forces regiment, to recognize value and evaluate the potential of trust-based relationships and social networks is minimal. A similar, but more tragic result occurred in the Konar Province that had far greater consequences. In a hasty reaction indicative of bureaucracies, Maj Jim Gant was forcibly removed from his position in the Mohmand tribe. The man who General Petraeus called the “perfect insurgent”, Osama bin Ladin viewed as the most significant threat to Al Qaeda in the region, and the Special Forces community heralded as their own ‘Lawrence of Arabia’ is now absent on the battlefield (Tyson, 2014). Activities like these reduce the value of the SFODA’s social capital by increasing uncertainty about the nature of our position within our own networks. This greatly undermines trust and reduces brokerage opportunities; these reciprocity exchanges must continue to perform or they will cease to function as intended. In essence, it simply cannot stop after we have the ‘hearts and minds’.

# Section IV: Conclusion and Recommendations

There are no new solutions for how international actors can successfully intervene in the circumstances of weak and failed states. Nation building advocates explicate the same causes for failure as the previous nation building effort; the message of try harder, coordinate more, plan better and spend more time and money has become its own discipline in apologetics. In nearly every case, the top down methods of nation building attempt to change the political balance of power and execute economic development without any understanding of the culture. This interference temporarily resolves internal sub-games of conflict for indigenous alliances against the exogenous elements which are viewed as invaders rather than liberators.

In war, like many other competitive arenas, there are no carrots if there are no sticks. Incentives and disincentives matter and derive much of their effect when used collaboratively. However, when legitimacy is lacking, shared mental models in limited order societies view all carrots and sticks as one and the same thing: coercion. Nation building efforts have created and continue to support a predatory government that is counter to the values, norms, and traditions contained in Afghan culture. One of the civilian governance advisors in the Helmand province remarked: “We wanted our guy [Karzai] in, but our guy was not supported by everyone else. He and his family started making deals with various warlords in order to keep themselves in power” (J-7, 2014, p. 9). This type of activity will not lead to an open access order. Military and civilian practitioners of nation building view legitimacy as an outcome of providing coercion, i.e. security, and incentives, i.e. stable democratic government. Legitimacy is a critically important factor requiring individual attention; it is currently in the hands of the Taliban. These methods effectively ‘push’ the Afghan mindset into the likely games of conflict described by Coyne and Cowen (2005). The indigenous population and legitimate authority are connected through mētis. According to Franck (1990, p. 26), “legitimacy exerts a pull to compliance which is powered by the quality of the rule or the rule-making institution and not by coercive authority.” As long as nation building efforts and its leaders remain disconnected from mētis, international interventions will continue to produce lackluster results.

A drastic shift in the way we approach nation building is required. Without a new paradigm, this dance of blood and excessive expenditure, intended to make the U.S. and the world safer by giving people what they did not ask for and do not understand, will continue to the same tune but with different dance partners. Many believe that the know-how for finding the Holy Grail of the New Institutional Economics has yet to be discovered. We argue that this know-how exists within the mētis of the U.S. Army Special Forces. The bottom-up approach of Special Forces teams establish trust-based relationships to become insiders; in this position Green Berets induce change into social networks and function as brokers across network gaps to transition games of conflict into games of cooperation. However, challenges posed by military bureaucracies and organizational paradigms prevent the use of this mētis to its fullest extent.

Looking backwards to the British Indirect style of rule in India, the amount of manpower and resources employed to manage the significant population and land mass in India provide lessons for future nation building efforts (Fisher, 1984). Indirect styles can provide efficiencies of scale for the production of control while a reduced footprint of exogenous agents minimizes the in-group / out-group dynamics which emerge from direct methods of institutional change. While there are many explanations for why the British chose indirect rule versus direct rule; most conclusions find that settler mortality rates and technological limitations made the establishment of bureaucratic management a situation where the ‘juice that was not worth the squeeze’ (Acemoglu, 2003; Hill, 2009; Shirley, 2003). The British chose an indirect style because monitoring was cost prohibitive; the U.S could choose this method and also choose to purposefully influence human action towards institutional paths of prosperity working through its trusted agents in Special Forces. The British Residents and Political Agents received a minimum level of guidance and were trusted to accomplish the intent of the British Crown (Fisher, 1984; Hill, 2009) There is great potential for the efficient employment of Special Forces in an indirect style; one that links economic know-what to the SF know-how. A vital characteristic of this organizational system would be considered counter-culture to bureaucracies and agency cost theory; relevant cultural knowledge, decision making authority for operations, and resource control must be located at the same node. While it may not require that these three aspects are located in one individual, it is critical that all three are positioned at the point of action where the particularities of time and place require immediate human action. Every problem ultimately is a people problem that must be addressed by other people with ability to follow through on the ‘right’ *know-how*.

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