

The Political Economy of UN Nation-Building 1946-2000

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Abstract

The United Nations increasingly finds itself in operations that seek to build or re-build the institutions of a state. However, the challenges facing the UN in such state-building activities are enormous. Three sorts of challenges can be thought of: those arising from a lack of conceptual clarity on the aim of state-building, those resulting from the transformed strategic environment, and those operational and strategic challenges inherent to the complex task of state-building. I focus in this paper on a fourth one which is hardly discussed in the literature in this context. The financial aid offered to states can have a huge impact on the probability of post-conflict re-building efforts. This paper aims at filling this gap in the empirical literature on the UN by investigating empirically the relationship between the quality of governments that emerge once foreign military occupations end in a large cross-section of countries and the aid received from the UN for the purpose of state-building. To assess government performance I use measures of political freedom, human rights violations, size of government, economic growth, level of corruption, and government accountability. Finally, I assess the cases in which states received UN aid vs the cases in which the states did not receive such aid, and to see whether the UN's economic aid has, indeed, a positive impact. The analysis is conducted on all cases of foreign military occupations post-1945, and uses an original data set on all military occupations during this period.

Introduction

The recent occupation of Iraq by the United States and its allies raises some important questions the international relations scholarly literature is only beginning to address. Those questions include the prospects of rebuilding Iraq, the duration of the occupation, the future relations between the two states, the regional implications of the events in Iraq, and the inherent dilemma within international law between the need to reconstruct Iraq and the imperative need for respect of Iraq's sovereignty.¹

A poll in February 2006 of U.S. military personnel determined that the overwhelming majority of U.S. troops think that the occupation of Iraq should be ended. The Zogby poll found:

- "An overwhelming majority of 72% of American troops serving in Iraq think the U.S. should exit the country within the next year, and nearly one in four say the troops should leave immediately"
- "89% of reserves and 82% of those in the National Guard said the U.S. should leave Iraq within a year, 58% of Marines think so."

On August 14, 2005 the Washington Post quoted one anonymous U.S. senior official expressing that "the United States no longer expects to see a model new democracy, a self-supporting oil industry or a society in which the majority of people are free from serious security or economic challenges... 'What we expected to achieve was never realistic given the timetable or what unfolded on the ground'".

Given these numbers and statements one should ask herself what is the 'right' time occupying forces should stay in a state they have occupied? Is there an average time states occupy other states? What has been the average duration of interstate military occupations in the past? And how are the answers to these questions vary across regimes types of the occupier and the occupied states?

¹ . I will not define the concept of sovereignty as it is not essential to the questions I address in this paper.

The invasion in Iraq has been also characterized by the deposition of the leader in the occupied state. Is that a common occurrence in interstate wars? And how is this related to the states' domestic institutions and their population size? Moreover, is the deposition of the leader a useful mechanism of restoring order and the rule of law to the vanquished state? Or maybe leaving the defeated leader in power is a better bet when it comes to post-occupation recovery?

This paper is concerned with some of these questions. It is part of a larger project that addresses the myriad of connections between military occupations and state building processes. A large body of rules of international law governs military occupations, but how relevant is it to prolonged occupations lasting for five years or more? There have been many prolonged occupations in the post-1945 period (and before 1945 as well), including in Germany, Japan, Namibia, Cyprus, Western Sahara, and Kampuchea. The 1949 Geneva Convention IV did not address the question of prolonged occupation successfully, but its provisions remain applicable. The laws of war, and international practice since 1945, indicate that occupations can end, and can also continue beyond their proclaimed ending, in a variety of ways.

The purpose of the larger project is to investigate empirically the relationship between the quality of governments that emerge once foreign military occupations end in a large cross-section of countries and the aid received from the UN for the purpose of state-building. To assess government performance I use measures of political freedom, human rights violations, size of government, economic growth, level of corruption, and government accountability. Moreover, I look at political domestic institutions in the occupied states in the post-occupation periods, and discuss whether those made a difference. I also analyze whether the length of the occupation had any impact on the variables mentioned above in the occupied state. The analysis is conducted on all cases of foreign military occupations post-1945, and uses an original data set on all military occupations during this period, and the fate of the leaders in the occupied states.

Moreover, the UN increasingly finds itself in operations that seek to build or re-build the institutions of a state. However, the challenges facing the UN in such state-building activities are enormous. Three sorts of challenges can be thought of: those arising from a lack of conceptual clarity on the aim of state-building, those resulting from the transformed strategic environment, and those operational and strategic challenges inherent to the complex task of state-building. One of the foci in the larger project in general, and in this paper in particular, is hardly discussed in the literature in this context. The financial aid offered to states can have a huge impact on the probability of post-conflict re-building efforts. This paper aims at filling this gap in the empirical literature on the UN. The final task that the project aims at tackling is to assess the cases in which states received UN aid vs the cases in which the states did not receive such aid, and to see whether the UN's economic aid has, indeed, a positive impact.

This paper presents some initial findings and provides a major overview of the literature on the topic. It proceeds in the following way -- the next section provides a literature review, places this paper within it, offers a theoretical framework, and derives hypotheses based on the theoretical model. The second section offers a research design that addresses the specifications of the model, and proposes ways to test it. The concluding section discusses the findings and offers some policy implications.

Literature Review

The literature review here refers to several bodies of scholarship that developed in parallel and without much dialogue between them. Let me start with the literature on military occupations. Despite the frequent occurrence of interstate military occupations, it is quite surprising how little has been written on it in a systematic manner. The scholarly literature on the topic is primarily divided between political science and international law. In political science the focus has been until recently on historical and comparative case studies. As much as those provide an in-depth account of some of the military occupations in the past, it is hard to reach any generalizable conclusions.

But let me start with a review of the work in international law. The rules of international law deal with military interstate occupation and are traditionally considered to be part of

the law of war. The first of these rules, the Hague Convention Regulations, sets forth the ideal of the military occupier as the trustee of the occupied territory exercising minimal interference in the lives of the local population but also possessing sufficient authority to protect its military operations. Military occupations a matter between the belligerent states to be resolved after the end of the conflict. Such occupation is not considered to lead to permanent changes in territorial control unless the changes are agreed to in a peace agreement. The newer rules set forth in the Fourth Geneva Convention attempt to provide a bill of rights for the local inhabitants and thereby shift the emphasis away from military occupation as a matter between states to a concern with the with the rights of the local population, the newer rules do not provide though an effective formula to balance the competing political and economic interests of the local population and the military and political interests of the occupier.

Although these rules usually receive lip service from states, Benvenisti's study (1993), which is the major work on the topic, illustrates that in most instances the occupier either denies the applicability of the rules or ignores them to pursue its own agenda in the occupied territory. The occupier is no longer an objective, if not disinterested, trustee; rather the occupier has its own political, economic, and security agenda which may not be compatible with the interests or needs of the local population. The application and effectiveness of the traditional rules have also been complicated by the willingness of either the occupier or the local population (in some cases both parties, like Bangladesh) to reject the law of war and to assert alternative claims under international legal norms promoting human rights, including the right of self-determination of the local population against the original state.

Benvenisti (1993) reviews several examples of military occupations ranging from the German occupation of Belgium in WWI to more recent occupations in Afghanistan and Grenada, and devotes the greatest attention to the Israeli occupation of the West Bank and Gaza.

Carlton's book (1992) presents comparative case studies of several military interstate occupations.² The analysis focuses on ideological dimensions of military occupations through which occupying states seek to alter political and economic conditions in the occupied state. He argues that the coupling of ideology and socio-biological theories influenced the occupiers' strategies of occupation as well as the occupation duration and its success.

Rosecrance (1986) presents a different type of analysis, and argues that an open trading system offers states ways to transform their positions through economic growth rather than through military occupation. All states can benefit from the enhanced growth. He claims (p. 227) that "the basic thrust of trade today is entirely different from what it was in the 1830s, the 1880s, and the 1930s." What is different in the post-1945 world "is that a peaceful trading is enjoying much greater efficacy than ever before...".

The main thread of his argument lies in the relationship between the strategy selected by states, the evolution of military technology, and the cohesion of states as political units, such that the relative invulnerability of strong states to attack, as well as the small groups supporting decision-makers, encouraged selection of the political-military strategy historically, while the advent of nuclear weapons and the expansion of the political franchise stimulated state selection of trading strategy. Based on this explanation, he concludes that occupation should become an increasingly unattractive outcome for states, as the uncertainty of victory, the destruction associated with modern war that can actually hurt the occupying state, combined with the difficulty of ruling the population of an occupied state create an increasing disincentive for occupation and an increasing reliance on gains through economic interdependence. Ultimately, then, Rosecrance argues that there is interdependence between the political, military, and economic conditions at the state and the international system levels, and this reduces the likelihood of territorial (or military) occupation.

² . The cases he includes are the Roman Empire, British colonialism in India, US invasions in Latin America, the Macedonian Empire of Alexander the Great, Japan, Mussolini and the Italian African Empire, Spain in Peru, Nazi Germany, and the Iraqi occupation of Kuwait

Lieberman (1996) defines imperial profits in a narrow sense: as “extracted resources less the costs of administration and repression.” (p. 31). Costs associated with the broader strategic implications of conquest, such as potential conflicts with third parties, are not included in the balance. Measuring profitability involves calculating the extent to which the economies of the occupied state and the occupier are “cumulative” in the sense that resources of the occupied state are added to the occupier’s total economy base.

Lieberman (1996) examines six case studies of interstate military occupation: Belgium-Luxembourg during WWI, Ruhr-Rhineland (1923-1924), Western Europe (1940-1944), East Germany (1945-1953), the Japanese Empire (1910-1945), and the Soviet East-European Empire (1945-1989). He concludes that conquest did indeed pay in most of these cases. Conspicuous “successes” are the Nazi occupation of Western Europe and the Soviet extraction of reparations from East Germany after WWII.

His main argument is that an occupier can successfully exploit industrial societies. The coercion and repression exercised by the occupier will eventually balance the rise in nationalistic feelings in the occupied state, and will minimize the resistance to the occupation, so societies that are more modern, and have centralized systems of diffusing information and communication can be more vulnerable because the occupier can detect resistance movements much easier.

Lieberman (1996) finds evidence to support these hypotheses across most of his cases. In fact, two of the cases (Belgium-Luxembourg 1914-1918, and Ruhr-Rhineland 1923) are classified as failed attempts to extract imperial profit. These cases, however, support the main argument in that the occupiers were morally or otherwise restrained and, therefore, faced costly political and economic resistance. There is, however, a notable variation within the cases he analyzes. In particular, the evidence regarding the profitability of long-term occupations by Japan and the Soviet Union is quite ambiguous. Moreover, his cases represent a selection bias in that only cases in which an occupier tried to extract resources from the defeated states were included in the analysis.

Brooks (1999) highlights this selection bias in his study. Furthermore, he points out that this biased set of cases biases also the conclusions of the study in favor of “conquest pays.” Brooks’ second argument (p. 657-658) is that benefits of occupation are changing over time, a consequence of the shift from industrial to knowledge-based economies during the second half of the 20th century.

Edelstein (2004) asks why some military occupations succeed whereas others fail. He looks at all cases in the COW data set in addition to occupations that did not follow wars. His data set includes 24 cases of military occupations. He argues that occupation success is “largely influenced by structural factors that occupying powers cannot easily manipulate.” (p. 81) Moreover, some occupations have been undone by a failure to “clearly establish the goals of the occupation and appropriately train occupiers.” (p. 81).

Edelstein’s argument (2004, 51) stands on three pillars. He argues that three factors contribute to the success of occupations. The first is the recognition by the occupied population of the need for occupation. The second is the perception of both occupier and occupied states of an existing threat to the occupied state (or territory). The third is a credible guarantee by the occupier that it would withdraw from the occupied state (or territory) in a timely manner. According to Edelstein these are necessary conditions and in their absence, occupying powers are likely to withdraw prematurely from occupied territories or continue the occupation as the costs (monetary, casualties, etc) increase.

The most recent study on interstate military occupations is by Enterline and Sarli (2005). In their excellent study they advance an expected-utility model on the duration of occupations and derive several hypotheses regarding the duration of the occupations and the regime type of both occupier and occupied states. They test the hypotheses on a sample of 89 interstate occupations during 1795-2000 and find that the decision to continue an occupation is a rational one in which the occupier considers the costs of withdrawal, the cost of continuing occupation, and the occupier’s regime type. They also analyze the likelihood of successful or failed occupations. They define a successful occupation as one that accomplishes one of the following: annexation of the occupied state, the creation of puppet governments, or the occupied state is allowed to regain its

independence. Enterline and Sarli's study represents a significant advance in the systematic study of interstate military occupations in the international relations literature. It is also compatible (or at least not theoretically in contradiction) with Benvenisti's study. This study builds upon their study in the approach but from a different angle.

I use a subset of their data set that includes all military occupations between the years 1945-2000. I restrict it to these years because I am mostly interested in this paper in investigating the financial role of the UN in post-occupation nation-building efforts.

[Table 1 about here]

Let me turn now to the recent scholarly literature on the role of the UN in nation-building. The most comprehensive volume on this is the Rand report (Dobbins et al, 2005). The volume came as a sequence to the one discussing US role in nation building that came out a year earlier (Dobbins et al, 2004). The conclusions in the two volumes are quite interesting. The US and the UN have developed quite distinctive styles of nation building derived mainly from their capabilities. For the purposes of this paper, I will focus only on the UN. Its operations have almost always been undermanned and under resourced (Dobbins et al 2005: 243). It is not necessarily because the UN managers believe smaller is better, though some do, but rather because member states are rarely willing to commit the manpower or the money the military commanders would want. As a result, small, weak UN forces are routinely deployed into "what they hope, on the basis of best-case assumptions, will prove to be post-conflict situations. Where such assumptions prove ill-founded, UN forces have had to be reinforced, withdrawn, or, in extreme cases, rescued." (Dobbins et al 2005: 243).

[Table 2 about here]

[Table 3 about here]

One major conclusion of the study is that as the 1980s ended and the Cold War ended, the main goals of the UN peacekeeping missions began to increase. Throughout the preceding four decades, East-West confrontations prevented in most cases any type of

cooperation on international military action. The few UN military operations that were agreed on were limited in scale and scope. As Dobbins et al (2005) say: “UN peacekeepers monitored cease-fires and patrolled disengagement zones on contested ground in places such as Cyprus, Palestine, and Kashmir. Their purpose was not to enforce resolution of these longstanding disputes but rather to discourage their escalation.” (p. 213)

The study looks at inputs and outputs. It considers as inputs variables such as military presence, international police presence, duration of mission, timing of elections, and economic assistance. The variables associated with outputs are military casualties (negative measure), refugee returns, GDP, a qualitative measure of sustained peace, and a qualitative assessment of whether or not a country’s government became and has remained democratic.

However, as useful those measures as they are, they do not measure the quality of governance in the states that experienced occupation. Moreover, in order to examine the effect that UN assistance had on nation-building processes, one needs to look at all cases in which the UN has intervened and compare the cases in which the UN has offered aid vs the cases in which it didn’t.

[Table 4 about here]³

As table 4 demonstrates, the UN intervened in 55 interstate and intrastate wars in the period 1946-2000. In 22 of those cases, the *polity* scores of the country improved. Furthermore, in 10 cases of the 22 the *polity* score was higher than 6 (Peceny and Pickering 2006: 143). It seems like the UN has been more successful in promoting democracy than the US (ibid, ibid). The US has intervened in 36 instances, and in only 11 cases the country reached higher scores of *polity*. In 7 cases out of the 11 the country had a *polity* score higher than 6.

[Table 5 about here]

³ . Source: Peceny and Pickering, 2006

The main hypothesis to be tested in this paper is that higher financial aid given by the UN will increase the likelihood of the country to score on variables that are proxies for good governance – rule of law, political freedom, human rights violations, economic growth, level of corruption, and government accountability. Let me turn now to describe the research design that addresses the specifications of the model, the ways to test it, and the variables used in the model.

Research Design

In order to test the hypothesis described above I examine two specifications – one that looks at *all* military interventions⁴ as the main reference, and at the cases in which the UN has provided financial aid at the end of the intervention. The second looks at all UN interventions as the main set of cases, and at the cases in which the UN has provided financial assistance in the post-intervention era.

The dependent variable is the *Quality of Governance*. But the concept of *governance* is problematic. The most comprehensive studies on the quality of government and the quality of governance include many indicators that cover various periods and different dimensions.⁵ In terms of governance indicators, the most currently used data set is by Kaufman, Kraay, and Mastruzzi (2006), and those include six indicators –

- **Voice and Accountability** – the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
- **Political Instability and Absence of Violence** - perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.
- **Government Effectiveness** – the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.

⁴ . I use Regan’s data set (1996)

⁵ . LaPorta, de Silanes, Shleifer, and Vishny (1998), Adsera, Boix, and Payne (2003)

- **Regulatory Quality** – the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
- **Rule of Law** – the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.
- **Control of Corruption** – the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

Table 1 – Interstate Military Occupations 1945-2000

Japan	United States	8/26/1945	11/18/1951	2,275
Hungary	Russia	11/4/1956	3/28/1957	144
S. Vietnam	United States	2/7/1965	3/29/1973	2,972
Dominican Rep.	United States	4/28/1965	9/21/1966	511
Czechoslovakia	Russia	8/20/1968	10/20/1968	61
Lebanon	Syria	3/15/1976	5/15/1991	5,539
Cambodia	Vietnam	1/15/1979	10/23/1991	4,664
Uganda	Tanzania	4/11/1979	12/10/1980	609
Afghanistan	Russia	12/25/1979	2/15/1989	3,340
Grenada	United States	10/29/1983	12/15/1983	47
Panama	United States	12/21/1989	2/13/1990	54
Kuwait	Iraq	8/2/1990	2/23/1991	205
Haiti	United States	9/19/1994	3/31/1995	193
Sierra Leone	Nigeria	2/13/1998	7/7/1999	509

Table 4 – UN Military Interventions and Democratization

<i>Negative Change</i>	<i>No Change</i>	<i>Positive Change</i>
Indonesia 1947	Lebanon 1948	Jordan 1948
Greece 1948	Egypt 1948	Pakistan 1949
Syria 1948	Israel 1948	Cyprus 1964
South Korea 1950	India 1950	Egypt 1973
North Yemen 1963	North Korea 1950	Cyprus 1974
Afghanistan 1988	Egypt 1956	Pakistan 1988
Croatia 1992	Lebanon 1958	Honduras 1989
Yugoslavia 1992	Congo 1960	El Salvador 1991
	Netherlands 1962	Namibia 1990
	India 1965	El Salvador 1991
	Pakistan 1965	Morocco 1991
	Israel 1973	Kuwait 1991
	Saudi Arabia 1973	Cambodia 1991
	Syria 1974	Mozambique 1992
	Lebanon 1978	Haiti 1993
	Iran 1988	Georgia 1993
	Iraq 1988	Liberia 1993
	Guatemala 1989	Uganda 1993
	Costa Rica 1989	Rwanda 1993
	Angola 1989	Chad 1994
	Nicaragua 1991	Tajikistan 1994
	Iraq 1991	Croatia 1996
	Somalia 1992	
	Libya 1994	
	Bosnia 1995	

Table 5 – US Military Interventions and Democratization

<i>Negative Change</i>	<i>No Change</i>	<i>Positive Change</i>
South Korea 1950	Liberia 1947	Cuba 1959
Laos 1961	North Korea 1950	Dominican Rep 1961
Dominican Republic 1965	Philippines 1951	Cambodia 1969
Cambodia 1975	Lebanon 1958	Iran 1980
Thailand 1975	South Vietnam 1961	El Salvador 1983
Guyana 1978	Thailand 1962	Honduras 1988
	Cambodia 1964	Panama 1988
	Laos 1965	Panama 1988
	South Vietnam 1965	Haiti 1994
	Lebanon 1982	Tanzania 1994
	Italy 1985	Rwanda 1994
	Philippines 1989	
	Liberia 1990	
	Iraq 1991	
	Kuwait 1993	
	Dem Rep of Congo 1994	
	Central African Rep 1996	
	Kuwait 1996	
	Rwanda 1996	