



SPECIAL REPORT

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ABOUT THE REPORT

The record of countries coming out of war or chaos is dismal: Roughly half of them fall back into crises, and among the other half, most end up highly aid dependent. This report, sponsored by the Center for Sustainable Economies, seeks to develop rules or guidelines to improve aid effectiveness in such countries. The author is grateful for the many comments and suggestions she received on a previous draft.

ABOUT THE AUTHOR

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Graciana del Castillo

The Economics of Peace

Five Rules for Effective Reconstruction

Summary

- The United States' longest war, in Afghanistan, and one of the largest relief efforts in U.S. history, in Haiti, are testing U.S. leadership in the world, as well as its determination to deal with fiscal imbalances, the debt burden, and economic malaise at home.
- U.S.-led reconstruction in both countries is lagging and becoming increasingly expensive, and it will not succeed without a major change in strategy. U.S. goals in both countries will be elusive unless the misguided policies and misplaced priorities under which reconstruction has been taking place change in fundamental ways.
- Each country is different and will need to develop its own strategy. Nevertheless, we have identified basic rules, lessons, and best practices that national policymakers and the international community should keep in mind to improve the provision of aid and technical assistance.
- During the immediate transition from war or chaos, reconstruction is not development as usual: The peace (or political) objective should prevail at all times over the development (or economic) objective. Without peace there cannot be development.
- Policymaking should be tailored to four major differences from development as usual. Emergency policies should be adopted without delay, aid to groups most affected by crises should be prioritized, corruption should be checked, and national ownership of reconstruction policies must be assured.
- For both Afghanistan and Haiti, a broad-based debate—including national leaders, U.S. government officials, members of Congress, military leaders, academics, think tanks, and aid practitioners in these countries—is urgently needed and should take place without delay, as it did at the time of the Marshall Plan.

Countries coming out of civil war or other internal chaos cannot engage in sustainable long-term development unless they first go through an interim phase: economic reconstruction or the economics of peace. The challenge of this phase is to reactivate the economy while simultaneously consolidating peace. During this phase, the economics of war or chaos—in

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which there is no rule of law and illicit activities favoring specific groups predominate—need to be reversed so that licit, broad-based, inclusive, and sustainable economic activity can be jump-started.

All of the above needs to take place under the serious political and security constraints needed to minimize the chances of reverting to conflict or chaos. To engage productively in the economics of peace so that normal development can take root, countries need an integrated strategy for economic reconstruction in which security, political, social, and economic issues are addressed together, rather than separately.¹ Today, the United States is grappling with these challenges as it attempts to lead humanitarian and reconstruction efforts in Afghanistan and Haiti.

Economic reconstruction has proved particularly difficult since the Cold War, as it has taken place in countries coming out of internal conflicts—although often with regional implications. Such conflicts require special efforts at national reconciliation so that warring groups can live together in peace. At the same time, reconstruction has taken place in countries at low levels of development—often fragile or failed states. Most of them lack basic resources and capabilities, require large amounts of humanitarian assistance, and need to lure spoilers away from the illicit and profitable war economy.

In countries emerging from complex crises, reconstruction usually is part of a multifaceted transition to peace and stability. Crime and violence must surrender to public security (the security transition). Lawlessness and political exclusion must give way to the rule of law, political participation, good governance, and respect for human and property rights (the political transition). Ethnic, religious, class, or other confrontation must be addressed (the social transition). War-ravaged or chaos-affected countries must become functioning economies that enable crises-affected groups and other ordinary people to make a decent and honest living (the economic transition).

That war-torn countries have roughly a fifty-fifty chance of reverting to war or chaos or ending up highly aid dependent² makes reconstruction a high risk–high reward investment for both the countries and the international community that supports them. This makes economic reconstruction necessary, demanding, and promising. Failure is directly linked to the large human, financial, and environmental consequences associated with the economics of war—as has happened in Afghanistan, a perfect example of reconstruction gone sour as the economics of peace have not taken hold since the military intervention a decade ago.

Meanwhile, although natural disasters—including earthquakes, hurricanes, floods, and droughts—hit rich and poor countries alike, such events can have far more dire economic, political, and security consequences in countries that are more vulnerable as a result of past conflicts and chaos. Serious natural disasters in these countries may lead to renewed conflict as different groups fight to have their losses and grievances redressed. Haiti is a good example of this. Hit by both natural disasters and conflicts in the past, Haiti has had a series of weak and mostly ineffective governments, class confrontations, insecurity, five peacekeeping operations, and a largely dilapidated, distorted, and corrupt economy. The earthquake made Haiti more insecure and politically unstable, even as the country has embarked on a difficult transition, not unlike that of countries coming out of internal conflict, to elect a new government and improve security, alleviate the dreadful conditions that people most affected by the disaster are living in, and reconstruct the economy.

Economic reconstruction amid the complex transition to peace is fundamentally different from long-term development. However, because countries coming out of war or other internal chaos in the past two decades have been at low levels of development, international assistance has largely followed a misguided development-as-usual approach.

The dismal record of economic reconstruction mentioned earlier is the result.³ To improve this record, this paper identifies five rules for effective economic reconstruction to ensure lasting peace.

The Challenge of Economic Reconstruction

At the time of the Marshall Plan, the term economic reconstruction was used for the rebuilding of infrastructure and services in market-based economies that had strong economic institutions and were coming out of an interstate war. Because economic reconstruction in the present context takes place in countries at low levels of development coming out of civil war or internal conflicts, it needs to be broadly defined to include not only the rehabilitation of basic services and infrastructure, but also the establishment of an adequate basic economic framework necessary for effective policymaking in a market-based economy, productive utilization of large volumes of aid, and creation of national reconciliation programs.⁴

That economic reconstruction occurs amid a complex transition to peace and stability does not mean, however, that countries can afford to wait to have the elected authorities, the institutions, the policies, the good governance, the security, and the human capacity in place before they engage in production. Reconstruction needs to happen within whatever conditions exist; it cannot be postponed while the international community gets its act together, or while civil servants are trained so that they can do it right. As T. E. Lawrence said in 1917, “Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them.”⁵ Mistakes inevitably will be made in such complex situations.

On the other hand, the international community’s prevalent practice of carrying out reconstruction tasks on its own is just as unacceptable as waiting for an improved framework to be in place before local activities are supported. In the first case, local capacity will not be built and there will be no national ownership, making reconstruction unsustainable. In the second case, it may take a long time and the country could revert to conflict or chaos in the process. Current practices need to change so that reconstruction aid for reactivating agriculture, legitimate business activity, and other job-creating investment in basic services and infrastructure can start in the very early stages of the reconstruction process. Elections, institutions, policies, governance, security, and human capacity may have to follow.

It can seem overwhelming to create the basis for a just, viable, and sustainable economy in the long run while maintaining a fragile peace, political stability, and security in the short run. Political transitions in countries emerging from crises can be slow and painful.⁶ Governments often lack political legitimacy and may not control parts of their own country. There may be great interference from the international community, in some cases even involving foreign military forces.

But a dynamic reactivation of the economy is crucial to provide citizens—particularly those most affected by the crisis—with self-employment opportunities, jobs, and basic infrastructure and services, which would allow them to have honest, fair, and sustainable incomes. The short-run objective is to address the grievances of crises-affected groups; it is important to ensure that they get an immediate dividend in the form of better living conditions, without which peace and stability will not last.

During reconstruction, the yardstick to measure success should not be how much the country improves in terms of development indicators. Poverty alleviation, achievement of the Millennium Development Goals (MDGs), improved higher education, and other facets of development are long-term objectives that will remain elusive unless short-term gains are consolidated. John Maynard Keynes’s dictum that “in the long run we are all dead” may apply quite literally to situations where peace is so fragile.⁷

Reconstruction needs to happen within whatever conditions exist; it cannot be postponed while the international community gets its act together, or while civil servants are trained so that they can do it right.

Short-term transitions to peace and stability have proved incredibly difficult, not only for the countries involved, but also for the international community, which has been ill-prepared to support them effectively. Immediate humanitarian assistance directed toward refugees and displaced populations, with the aim of reducing hunger and critical health conditions, has been rather effective and a number of specialized agencies and non-governmental organizations (NGOs) have taken it on. But reconstruction, according to Jeffrey Sachs, has proved to be an institutional orphan: No one organization has a specific mandate to address it.⁸

Ignoring the peculiarities and special needs of conflict-prone countries, as well as carrying out reconstruction under misguided policies and misplaced priorities, has been a major factor in the dismal record of reconstruction since the end of the Cold War.⁹ Relapses into conflict and chaos have led to more human tragedy, large numbers of refugees and internally displaced populations, and huge costs in military interventions and peacekeeping forces. Failed states are incubators for terrorism, trafficking of drugs and women, other forms of violence against women, piracy, and other illicit activities that often have costly regional and global repercussions.

Moreover, the aid dependency created during reconstruction in countries as far apart as Haiti, Mozambique, Afghanistan, and Liberia is hardly sustainable—particularly in the aftermath of the global financial crisis, with its higher unemployment, crumbling infrastructure, fiscal imbalances, and taxpayer scrutiny in donor countries, as well as the significant competing needs of normal development, dealing with pandemics, and environmental problems. Only a few countries have managed to move successfully from economic reconstruction to a normal development path in which they can be weaned off this high aid dependency.¹⁰

While security operations, political processes, and other aspects of the transition to peace have been widely debated, a serious debate on aid and reconstruction akin to that promoted by Allen Dulles's Marshall Plan, written in the winter of 1947–48 as the U.S. Congress was building support for it, has been notoriously lacking in the post-Cold War period. The Marshall Plan debate included policymakers, members of Congress, academics, and practitioners.¹¹ In the absence of such debate today, the reconstruction failures in Afghanistan and Haiti are testing U.S. leadership in the world even as it also must contend with fiscal imbalances, the debt burden, and economic malaise at home. U.S.-led reconstruction efforts in both countries are lagging and have become increasingly expensive, and they will not succeed without a major change in strategy. Such a change is always difficult, but the economics of peace deserve a fair chance of success.

U.S.-led reconstruction efforts in Afghanistan and Haiti are lagging and have become increasingly expensive, and they will not succeed without a major change in strategy.

Rules for Effective Reconstruction

Lessons—both good and bad—from the experience of the past two decades allows identification of the special needs and policy constraints of war-torn and disaster-affected countries, suggesting a number of basic rules as key to effective reconstruction. In many countries, ignoring some of these has often led to misguided policies, setbacks, and even the collapse of peace processes.

1. Economic Reconstruction Is Not Development as Usual: The Peace Objective Should Prevail over Development at All Times

Economic reconstruction in war-torn countries takes place within the context of a multifaceted transition to peace, not independently from it. It requires a number of specific peace-related activities that are complex and costly, but key to keeping the peace. This requirement makes economic reconstruction fundamentally different from development as usual.

War-torn countries share some characteristics with countries at low levels of development, which often leads to their conflation. The former, however, have to reconcile the development challenge with the additional burden of carrying out peace-related activities, such as the demobilization, disarmament, and reintegration (DDR) of former combatants and other war-affected groups; the rehabilitation of services and infrastructure in former war zones; demining; and other such programs. These additional activities have important financial consequences and need to be given priority in budgetary allocations, where peace and development objectives have often clashed.¹²

The first and most important rule for effective reconstruction is that, during the immediate transition from war, reconstruction is not development as usual: The peace (or political) objective should prevail at all times over the development (or economic) objective. All stakeholders, both national and international, must accept this on the grounds that, should the country revert to conflict—which, as mentioned earlier, happens roughly half the time—there is hardly any chance at long-term development.

Countries coming out of natural disasters or other chaos also need to prevent conflict, which is always brewing during crises. Just as countries emerging from war need additional activities to ensure that the peace process is sustainable, countries hit by natural disasters or financial collapse need to address the immediate needs of groups most affected by the crisis, which also creates serious financial constraints. Thus, the first and most important rule of reconstruction applies equally to Haiti and Afghanistan. Many of the setbacks of the past—from Afghanistan to Iraq, to several countries in Africa, Central America, and the Balkans—can be directly attributed to ignoring this rule and proceeding with development as usual.¹³

2. Policymaking Should Be Tailored to Four Major Differences from Development as Usual

Economic policymaking in countries coming out of crises—wars, natural disasters, and even financial chaos—is distinctly different from policymaking under normal development for four main reasons. The differences arise regarding the horizon over which economic policies can be planned (i.e., short term versus medium and long term); the amount of aid (i.e., sharp spikes versus low and stable flows); the treatment of different groups (i.e., preferences versus equal treatment for all); and the involvement of the international community in national affairs (intense and intrusive versus nonexistent). Again, as the overriding objective of post-crises situations is to avoid reverting to war or creating social conflict, the second rule for effective reconstruction is that economic policymaking in crisis-affected countries should be geared toward four objectives: adopting emergency policies without delay, prioritizing the needs of crisis-affected groups, maximizing the effect of aid and avoiding corruption, and reining in the international community and ensuring national ownership of policy.

Adopting Emergency Policies without Delay In normal development, economic policies and programs aimed at addressing economic stagnation, backwardness, weak institutions, poor human resources, poverty, and other pathologies of underdevelopment are planned with a medium- and long-term horizon in mind. No such luxury exists following crises. Emergency policies, adopted with resolution and without delay, are needed to deal with homeless populations, hunger and disease, demobilizing soldiers, returnees, and displaced populations, as well as all other immediate needs the crises create. These policies often serve a short-term humanitarian, political, or security purpose. However, they can often distort and have unintended consequences on medium- and long-term development. In Kosovo, for example, where 75 percent of the housing had been destroyed by the war in the summer of 1999, the emergency led to a short-term solution: Aid was used to purchase kits to winterize houses.

After crises, policymakers often need to put aside the guiding equity or development principle in favor of the political or reconstruction principle, which justifies giving special treatment to groups most affected by crises.

It was clear that this policy would be expensive and would not address the longer-term need to rebuild the housing stock, which had to start from scratch in the spring. The imperative of having roofs during the cold winter, however, together with EU restrictions on using local inputs and companies not belonging to member states, led to the policy's adoption. It was necessary under the circumstances, but not in line with longer-term economic objectives.

The development-as-usual approach of development organizations has often led to misguided priorities and delays in approving disbursement of funds, which have often impeded effective reconstruction. In Haiti, for example, the Inter-American Development Bank (IADB) has focused on medium- and long-term projects in education reform and transportation, while hundreds of thousands of people still live in weather-beaten tents eighteen months after the earthquake and more than a quarter million people have been infected by cholera, a disease that had not been seen in Haiti for sixty years.¹⁴ Unless policies and funding are focused on addressing the emergency needs of the quake-affected country, normal development will never take root in Haiti.

Prioritizing Crisis-Affected Groups After crises, policymakers often need to put aside the guiding equity or development principle—that is, the principle of treating all groups with the same needs equally—in favor of the political or reconstruction principle, which justifies giving special treatment to groups most affected by crises, even in the presence of others with similar needs. For peace to last, policymaking should be targeted toward alleviating the grievances of the afflicted and engaging in national reconciliation, which likely involves the effective DDR of former combatants and other conflict-affected groups.¹⁵

Development institutions resisted such preferential treatment in the past. After twelve years of war in El Salvador, the main objective of the 1992 arms-for-land program was to ensure that former combatants were involved in productive activities and would not return to fighting. This program was part of the UN-brokered peace agreement, but development institutions—most notably the World Bank, but also the United Nations Development Programme (UNDP)—had problems accepting it. Following the equity principle rather than the reconstruction principle, World Bank officials responsible for El Salvador argued in 1993 that there were 300,000 peasants without land in El Salvador, and that they could not support special treatment of former combatants and Farabundo Marti National Liberation Front (FMLN) supporters.¹⁶

In other cases, the failure of DDR programs has been a major factor in reinvigorating an insurgency. In Afghanistan, after the military intervention to remove the Taliban from power and the signing of the Bonn Agreement in 2001, reconstruction focused on misplaced long-term development objectives, such as poverty alleviation and the MDGs, rather than actively pursuing programs to reintegrate the Taliban, warlords, and other armed groups into society.¹⁷

Likewise, in disaster-affected countries, policymaking should be targeted toward addressing the needs of those groups directly hit by the crisis who may be homeless and more vulnerable to hunger and disease. In Haiti, the cholera epidemic and the increased political and security risks came as no surprise in October 2010, ten months after the quake, as the government and international community had failed to provide basic health, shelter, and security for those living in camps and other vulnerable conditions. The international community should have focused on basic services and improved housing so that people could move out of the camps as soon as possible. Delays in emergency policies brewed disease and insecurity.

Maximizing the Effect of Aid and Avoiding Corruption Foreign aid spikes sharply right after crises as media attention focuses on the plight of raped women, starving children, homeless populations, physical destruction, and other tragedies. World Bank data show that official development assistance (ODA) following serious crises can reach as high as 50 to 100

percent of the recipient countries' gross national income (GNI).¹⁸ By contrast, aid during normal development fluctuates much less and remains at much lower levels, between 3 and 5 percent of GNI. Media frenzies following crises are short-lived, so aid flows soon return to the low and stable levels that characterize normal development.¹⁹ The short-lived increase in aid, the improvised way in which it is channeled, low absorptive capacity, weak institutions, and procurement policies put special pressure on both governments and donors to use aid effectively and avoid corruption during the transition to peace.

Reining in the International Community and Ensuring National Policy Ownership

With large volumes of aid, technical assistance, and foreign troops in crisis-affected countries, it is inevitable that the political involvement of the international community in the internal affairs of recipient countries is intense and intrusive. Under normal development, this would be considered unacceptable interference in national affairs. Policies should not be imposed from abroad or even by unrepresentative elites within the government; national leaders should design policies, set priorities, and build broad support for them. National ownership, national capacity and ingenuity, and national consensus building are essential to sustain the peace.

Policymakers need to present a vision to their population showing them where they expect to lead the country in the short and medium terms. Government ministers and other public officials need to visit the local communities to engage the population in this tough process. National ownership during reconstruction, however, is more challenging than it is during normal development because of the great variety of stakeholders involved, the key role that donors play in financing reconstruction, and the donors' tendency to impose their own priorities and agendas on weak national governments.

In the early 1990s, Alvaro de Soto and the author argued that

as a general rule, it is the role of the government to harmonize policies and set priorities. But this theoretical notion is sometimes difficult to apply when small or weak countries face conflicting external pressures that jeopardize such vital concerns as preserving internal peace and maintaining external financial lifelines. Sometimes a government dares not put its foot down and insist on terms for external financing that take into account its particular political predicament, for fear of losing financing.

They warned that "an arbitrary model of 'nation building' should not be imposed on reluctant, sometimes faraway countries," stressing the "need for assisting a state in achieving its own goals at a shaky period in its history." They finally recommended that "international organizations should support a country thus beset and help it avoid a collision between competing processes, insisting on the preeminence of peace over narrow economic objectives."²⁰

The International Monetary Fund (IMF) largely ignored the issue of national ownership at the time, setting the terms of the programs it was willing to support financially. Since then, the IMF has recognized, at the highest level, that ownership of national policies is key to achieving good results and sustainable policies. Following the donors' meeting on Haiti at the end of March 2010, the IMF managing director noted that for reconstruction to work, "the Haitian authorities need to be on the driver's seat. The IMF experience is that, for such a program to work there needs to be real ownership by the country."²¹

3. First-Best Policies Should Not Be Pursued during Reconstruction

Because the political or peace objective should prevail over the economic or development objective, and because countries in crisis have to adopt emergency policies, which are often distortionary and not conducive to long-term development, first-best economic policies are not possible or desirable during reconstruction. In 1995 the author wrote that in postconflict situations where countries had to integrate political, security, social, and economic issues, they had to "settle for less than optimal policies in their economic reform efforts so as to accommodate the additional financial burden of reconstruction and peace consolidation."²²

In 2001, the author argued further that assistance to postconflict countries required the rethinking of analytical and operational issues, framing them in a multidisciplinary strategy in which “first-best policies based on purely economic profit-maximizing criteria are often not appropriate or even recommended.”²³

Many at the IMF judged the above view as heresy at the time, and the Fund carried out its activities in the 1990s always targeting first-best policies—as if war-torn countries could isolate their economic programs from the political and security realities of the aftermath of war. The IMF was not alone in this; other international and development organizations acted in the same way. In fact, the UNDP and the World Bank regarded transitions out of conflict and chaos as special cases of normal development. As the IMF gained experience in countries emerging from war, however, the organization came to accept political and security constraints in some cases. In a 2005 IMF study on rebuilding fiscal institutions in postconflict countries, the authors mentioned that the tax policies in these countries might require adopting specific policies that are not “first best” in terms of efficiency. When the IMF’s board of directors discussed the study, they agreed that first-best policies may not be immediately appropriate, but that policies that are not optimal should be phased out as soon as feasible.²⁴ The author agrees that the latter is a must.

In 2003, the World Bank acknowledged the special nature of conflict countries for the first time, arguing that

economic development is central to reducing the global incidence of conflict; however, this does not mean that the standard elements of development strategy—market access, policy reform, and aid—are sufficient, or even appropriate, to address the problem. At the most basic level, development has to reach countries that it has so far missed. Beyond this, development strategies should look different in countries facing a high risk of conflict, where the problems and priorities are distinctive.²⁵

A few years later, Paul Collier, who had led the 2003 World Bank study, also recognized that both governments’ and donors’ policies need to be distinct during reconstruction and “not simply development as usual.”²⁶

Not surprisingly, the pursuit of first-best policies as if there were no political and security constraints took its toll, as Robert Zoellick, the president of the World Bank, recognized in January 2009. In a speech at the U.S. Institute of Peace, Zoellick acknowledged and expressed concern about the poor record of conflict-affected countries and unveiled a major change in vision and policy for the organization.²⁷ He not only accepted that reconstruction is not development as usual, but called for an integrated approach to economic, political, and security issues. This is precisely the concept of human security that UN Secretary-General Boutros Boutros-Ghali elaborated in 1992 as the best and only way to address the root causes of conflict.²⁸ It is encouraging that the World Bank has finally adopted this concept, which renders optimal economic policies infeasible or even desirable in the immediate postcrisis period.²⁹

Zoellick also explicitly acknowledged that in the aftermath of war or chaos, countries needed first to consolidate peace and security before development could take root. In his own words,

too often, the development community has treated states affected by fragility and conflict simply as harder cases of development. . . . Yet, these situations require looking beyond the analytics of both security studies and development—to a different framework of building security, legitimacy, governance, and economy. This is not security as usual or development as usual. Nor is this about what we have come to think of as peacebuilding or peacekeeping. This is about securing development—bringing security and development together first to smooth the transition from conflict to peace and then to embed stability so that development can take hold over a decade and beyond. Only by securing development can we put down roots deep enough to break the cycle of fragility and violence. . . . Too many perfect economic plans have floundered upon the rocks of political impossibility.³⁰

It will be interesting to see whether the important changes in vision at the top of the Bretton Woods institutions—the IMF and the World Bank—have a practical effect on the

way these organizations provide their policy advice and technical assistance in the future. Will these organizations be more willing to accept the basic rules for effective reconstruction and recommend second-best economic policies to keep the peace, even if it means delaying economic stabilization and structural reform? The position of the IMF's new managing director on these issues remains to be seen.

More generally, it will also be interesting to see whether the international organizations are willing to create more permanent infrastructure and financing mechanisms to address the specific problems of conflict countries. As Zoellick mentions, support needs to be committed for the long haul; it also must move beyond ad hoc remedies. Funding mechanisms need to ensure continuity and stability of resources over a decade or more. Ways also have to be found to ensure the proper and timely disbursement of funds from the trust funds for budgetary support or project financing that the World Bank often administers.³¹

4. Aid Should Be Channeled through the Government to Support a National Integrated Reconstruction Strategy

Aid-related problems are widespread in countries coming out of war or other chaos, but Afghanistan and Haiti stand out as among the worst. These countries' sharp reliance on aid flows in relation to the sizes of their economies, as well as the large number of donors, international agencies, and NGOs involved in relation to their respective national capacities, have brought some of the problems with aid to the forefront. In these countries, as in others, donors need to increase the effectiveness of aid delivery and the accountability of aid providers, at both the national and international levels.

The objective of aid should be to allow countries to stand on their own feet as soon as possible by supporting effective reconstruction, taking into consideration that this may take a number of years in countries at low levels of development. Aid in general has clearly failed to support reconstruction in Afghanistan and Haiti. In both countries, it has created serious distortions: The main sources of growth relate directly to the bubbles created by huge volumes of humanitarian aid and the large presence of the international community and foreign troops. Like all bubbles, these are not sustainable. Growth is also related indirectly to the illicit drug economy in Afghanistan and to drug trafficking and other illicit activities in Haiti. These activities have thrived as aid has failed to support alternative remunerative activities, and security has deteriorated as a result.

None of the existing sources of growth in Afghanistan or Haiti offer much hope for effective economic reconstruction and an eventual move to genuine economic development in the long run; growth in both countries has resulted in large price and wage distortions that have discouraged investment and work. More troublesome, it has deprived the civil service of needed expertise, since professionals and other skilled people often prefer to work as drivers, interpreters, and secretaries with higher-paying multilateral and bilateral agencies and NGOs. This affects not only the government's capacity to provide services and security, but also the current and future productive capacity of the country, since the few skilled people are not using their skills and will lose them over time.

Food aid together with policies imposed by donors—including the international development and financial institutions as well as bilateral donors—have led Haiti to cut tariffs on rice and other products. Both have deterred food security and have often led to floods of imports that the country can ill afford.³² Aid also has failed to create dynamic private sectors that could produce the jobs and other employment opportunities required to absorb young populations. This is partly because of the poor business conditions and high risks in countries coming out of war or chaos, and partly the result of the institutional and operational nature

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of the aid community, which has been far from business oriented and does not have the right tools, expertise, or vision to support business activities.

The aid system has been more effective in creating health systems and rebuilding schools, roads, and other infrastructure,³³ but this has not gone without problems. In both Afghanistan and Haiti, the governments' inability to provide basic services, effective security, justice, and human rights protection to the population has hobbled their efforts to establish their legitimacy. For the Karzai government, legitimacy has been elusive for three main reasons. First, the business-as-usual macroeconomic framework, established with IMF and World Bank support, does not allow the government the flexibility to print money to finance critical peace-related programs. Second, donors have channeled as much as 80 percent of aid outside government control, which has allowed them to set their own priorities (rather than the government's) and use their own contractors and goods. Third, the government has been unable to raise tax revenues to reasonable levels, in large part because a number of warlords in border provinces control customs revenue that they are not inclined to share with the government.³⁴

Aid to Afghanistan and Haiti over the years has failed to build the national capacity of government employees so that they can perform their basic functions, and to promote local entrepreneurship so as to increase local production of goods and services. Rather, aid has largely relied on donors' contractors for services and on goods produced by their own companies back home, in what is known as tied aid. At the same time, procurement of U.S. and North Atlantic Treaty Organization (NATO) forces in Afghanistan, as well as procurement of the UN and many other stakeholders in these countries, is largely done internationally, providing little incentive for local production or job creation.

As the rule indicates, for reconstruction to be effective and cost-efficient, it has to be channeled through the government budget. Only this would allow for a well-integrated strategy based on national priorities. As Herman Schaper argued for Afghanistan, "The best way to build capacity is not to deal with dozens of different programs devised by individual donors, but to have donors fund programs that are well-coordinated on the basis of Afghan priorities and with an Afghan lead."³⁵ Moreover, as Alastair McKechnie emphasized,³⁶

experience demonstrates that channeling aid through government is more cost-effective. To take one example, a basic package of health services contracted outside government channels can be 50 percent more expensive than the package contracted by the government on a competitive basis. Furthermore, the credibility of the government is increased as it demonstrates its ability to oversee services and become accountable for results to its people and the newly elected parliament.

By channeling a large part of their aid through their own projects based on their own agendas and priorities, rather than promoting government ownership, donors have clearly created a fragmented rather than an integrated development strategy. This has been as much of a problem in Afghanistan as it has been in Haiti. The parallel systems that aid has created need to be eliminated as soon as feasible, as the fragmentation and lack of ownership have not only led to unsustainable projects but also facilitated corruption.

With large amounts of aid circulating in Afghanistan and Haiti outside government control, it is hardly surprising that impoverished low-level officials and their superiors collect bribes as much as they can from expatriates and others trying to carry out projects in the country.³⁷ Contrary to popular belief, however, corruption is not a major factor in the U.S. taxpayers' money going into the Afghan budget. First, less than a quarter of aid continues to be channeled this way. Second, most of this money is channeled through the Afghanistan Reconstruction Trust Fund (ARTF) administered by the World Bank under transparency and accountability best practices.

The way aid is channeled has proved to be a serious problem, in that national policy-makers often have to make plans without knowing what kind of financial assistance they

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can count on, for three reasons. First, there is scant information on aid channeled outside the government budget. Second, donors often pledge money at one forum that they have already pledged somewhere else, or fail to disburse what they have pledged. Third, when donors make deposits into trust funds administered by the World Bank, transparency and accountability controls often result in slow disbursement. The third factor has been a particular problem in Afghanistan, but all three are present in both countries.

There is clearly no need for larger volumes of aid. There is, however, a desperate need for more effective use of aid. Aid targeted to reconstruction in Afghanistan and Haiti is associated with an unusual amount of waste, in part because of the large number of organizations working there. The reports and conferences on Afghanistan and Haiti generated by different UN bodies, international financial institutions, other multilateral and regional organizations, and bilateral development agencies—in addition to think tanks, NGOs, the two governments, the United States, and others—are not only quite numerous, but also largely repetitive and incredibly expensive. In 2009 a *New York Times* article mentioned that it cost the United Nations an average of \$2,473 per page to create every single document that the organization produces in its six official languages, a charge that the organization did not refute.³⁸ For the sake of transparency and to evaluate the cost effectiveness of international assistance, the World Bank officially reported the cost of producing the *World Development Report 2011: Conflict, Security, and Development*, which apparently amounted to about \$10 million, or roughly \$27,000 per page.³⁹ A debate should follow on whether these organizations should use their resources for repetitive reports, conferences, and first-class travel for their staff, or whether they should be better geared toward supporting countries to create local jobs, local capacity, and local livelihoods.

Furthermore, the numerous organizations' overhead accounts for a large percentage of the aid allocated to particular projects without much accountability for results. Ashraf Ghani and Clare Lockhart report that, from 2002 to 2004, while Ghani was Afghanistan's minister of finance, "the Afghan government and citizens continuously and publicly requested disclosure of the management of funds provided by the UN agencies and the outcomes they had achieved. The UN agencies refused to comply with the request. Estimates were that up to 70 percent of these funds had been spent on the international costs—for international salaries, white Land Cruisers, satellite communications, and specially chartered airlines—to set up a UN agency presence." Not surprisingly, the Afghan people, the majority of whom live on less than a dollar a day, feel cheated by such use of foreign aid—feelings that the insurgency uses wisely to add to its ranks. In 2007 Barnett Rubin reported that donors spent \$500 million on poorly designed and uncoordinated technical assistance in Afghanistan.⁴⁰

Coordination is a common buzzword among the aid community, but no one wants to be coordinated. Thus a truly integrated approach among the different organizations has remained difficult to achieve, despite significant improvements in their collaboration over the years. Aid providers should work together to use the existing capacity and financial resources in an optimal way. Donors and other stakeholders, including heads of UN agencies, NGOs, and congressional leaders, should limit visits to the country, since they tax the capacity of the few government officials that speak the language, thus distracting them from the key role they play in national reconstruction.

5. Humanitarian and Reconstruction Assistance Should Not Be Conflated: Disbursement of Reconstruction Aid Should Not Be Delayed

Humanitarian aid (or charity) to provide food, shelter, potable water, medical care, and resettlement helps to support life and to provide minimum levels of consumption for subsistence in the short run. Delivering such aid through UN agencies and NGOs has proved

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relatively easy and financing has been generally available, though not always in the amounts requested. However, by affecting relative prices and discouraging labor supply and domestic production, this type of aid creates all kinds of price and wage distortions, making effective reconstruction and an eventual move toward normal development more difficult. Humanitarian relief thus should be phased out as soon as feasible. Although food aid and other safety nets can save lives, they will increase aid dependency, a serious problem in countries in the transition from war or other chaos.

Phasing out humanitarian aid, however, has not proved easy for donors. Their farmers and other suppliers support it, as they see their production and prices for their products rise as a result. It has not proved easy for national leaders either. It was both courageous and visionary of President Alfredo Cristiani of El Salvador to give up, soon after the signature of the peace agreements in January 1992, benefits under U.S. Government Public Law 480.⁴¹ At the time, his government decided that the long-term benefit of reactivating basic grain production was more important for the country than the short-term benefit of receiving such grains.

Since reactivating production and job opportunities is an urgent challenge in countries emerging from war or chaos, the question involves what kind of assistance would be most effective in creating productive capacity and local capabilities. Only reconstruction (or economic) aid targeting investment opportunities that use local capabilities, land, and natural resources can increase productive capacity. Its economic effect, however, will depend on how productively the aid is invested and the effects it has on the labor market, on the exchange rate, on reactivating production and trade, and on protecting the environment.⁴²

The disbursement of reconstruction aid should not be delayed—as is often the existing practice—in waiting for the country to have the right conditions in political leadership, governance, institutions, and human capacity. In the meantime, humanitarian assistance continues to be disbursed. A serious problem with aid in Afghanistan and Haiti has been the exorbitant humanitarian aid for consumption purposes in relation to reconstruction aid for investment provided over the years.

The difference between humanitarian and reconstruction aid, which has become blurred in recent years as the same agencies, NGOs, or military forces often provide both, was actively debated at the time of the Marshall Plan. Dulles argued that it would be a waste of money merely to provide humanitarian aid to feed the Europeans for a year or two. Rather, reconstruction aid was necessary to give them the tools without which they would have little chance of righting their own postwar economies. Dulles stressed that policies adopted in the first year of the Marshall Plan would be decisive in determining how effectively reconstruction proceeded.⁴³ The same is still true today.

Reconstruction aid cannot follow a piecemeal approach in which one donor builds a school here, another donor a road there, and still a third donor a dam elsewhere. Nor can such aid follow the policy of spending as much as possible on many projects, hoping that some will stick, as the U.S. military has done in Afghanistan and Iraq.⁴⁴ To be effective, reconstruction aid needs to be provided in an integrated manner and be considerate of local conditions and needs.⁴⁵

Conclusion

The crises in Afghanistan and Haiti—the United States' longest war and “one of the largest relief efforts in U.S. history,”⁴⁶ respectively—are testing U.S. leadership in the world, as well as its determination to deal with fiscal imbalances, the debt burden, and economic malaise at home. U.S.-led reconstruction in both Afghanistan and Haiti is lagging and becoming increasingly expensive, and will not succeed without a major change in strategy.

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The stakes are high in each country for different reasons, but the U.S. goals in both countries will be elusive unless the misguided policies and misplaced priorities under which reconstruction has been taking place change in fundamental ways. Each country is different and will need to develop its own strategy. Nevertheless, there are basic rules, lessons, and best practices that national policymakers and the international community should keep in mind to improve the provision of aid and technical assistance to countries during the process of reconstruction.

For both Afghanistan and Haiti, broad-based debate—including national leaders, U.S. government officials, military leaders, members of Congress, academics, think tanks, and aid practitioners in these countries—is urgently needed and should take place without delay. If the international community continues to ignore the critical juncture in which these countries find themselves, it will do so only at its own peril.

Notes

1. The economics of peace—or economic reconstruction—is a key but much neglected component of what the U.S. State Department refers to as postconflict stabilization and reconstruction, the United Nations refers to as peacebuilding, UNDP as early recovery, and the press as nation building. The terms *economics of peace*, *economic reconstruction*, and *reconstruction* are used interchangeably throughout this paper, as are the terms *long-term development*, *normal development*, and *development as usual*.
2. Aid refers to official assistance that provides some relief to the receiving country, and includes both grants (assistance without a quid pro quo) and concessional loans (loans at interest rates below commercial or market terms). The World Bank reports ODA data as a percentage of GNI; figures are available at World Bank, “Net ODA Received (% of GNI),” <http://data.worldbank.org/indicator/DI.ODA.ODAT.GN.ZS>.
3. For the details of the multifaceted transition to peace, see Chapter 1 in Graciana del Castillo, *Rebuilding War-Torn States: The Challenge of Post-Conflict Economic Reconstruction* (Oxford: Oxford University Press, 2008).
4. For a rigorous discussion of the required framework, see del Castillo, *Rebuilding*, chapters 6 and 13–15.
5. See T. E. Lawrence, “Twenty-Seven Articles,” *Arab Bulletin*, August 20, 1917.
6. This contrasts with reconstruction in countries such as Korea in the 1950s and Vietnam in the 1990s, which did not go through the political transition simultaneously. For a discussion of the differences see Graciana del Castillo, “Economic Reconstruction of War-Torn Countries: The Role of the International Financial Institutions,” *Seton Hall Law Review* 38, no. 4 (December 2008): 1265–95.
7. See John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: The Macmillan Press for The Royal Economic Society, 1936).
8. See Jeffrey Sachs’ introductory remarks at the Columbia University Conference on Peace Through Reconstruction in October 2009, <http://capitalism.columbia.edu/view/events/conference>. Some multilateral organizations and donor governments have created or expanded specialized departments to deal with the issue of reconstruction in war-torn countries, although most often these institutions have focused on the larger issue of fragile states. Fragile states share many of the vulnerabilities of war-torn and disaster-affected countries, but lack the high probability that the latter have of relapsing or falling into conflict.
9. Following a peace agreement, as in El Salvador in 1992, a military intervention, as in Afghanistan in 2001, or a natural disaster, as in Haiti in 2010, economic reconstruction can be expected to last at least three to five years—and often much longer—with the length of time depending on local conditions and available international assistance.
10. Many countries exhibit high aid dependency. ODA to Mozambique peaked at over 80 percent of GNI in 1992, the year after the peace agreement. It amounted to 55 percent ten years later, and it was still 21 percent in 2009, the last year for which there are data. El Salvador, a country that also signed its peace agreement in 1992, is one of the few countries that have avoided aid dependency. ODA fell from only 7 percent of GNI in 1992 to 2.5 percent in 1997, and it was only 1.4 percent of GNI in 2009, as compared to Mozambique’s 21 percent. Although official aid is sometimes channeled through NGOs, NGOs and other private sources assistance add to the total volume of ODA; see World Bank, “Net ODA Received.”
11. See Allen W. Dulles, *The Marshall Plan* (Providence and Oxford: Berg Publishers, 1993). The original 1947–48 manuscript is located in the Allen W. Dulles Papers at Princeton University. For a discussion of the Marshall Plan and how it is relevant to reconstruction in the present context, see del Castillo, *Rebuilding*.
12. See del Castillo, *Rebuilding*, 30–33.
13. See del Castillo, *Rebuilding*, Chapter 7 on El Salvador and chapters 8–10 on Kosovo, Afghanistan, and Iraq. In Graciana del Castillo, “Post-Conflict Peace-Building: The Challenge to the UN,” *CEPAL Review* 55, (October 1995): 27–38, the author had argued that the financial institutions “had not succeeded in moving away from their pattern of ‘business as usual’ when dealing with the unique conditions of postconflict peacebuilding—but unfortunately the same can be said of UNDP and other programs and agencies of the United Nations system.”
14. See Janet Reitman, “How the World Failed Haiti,” *Rolling Stone Magazine*, August 4, 2011.
15. Because women, children, and youth groups have been involved as both combatants and victims of violence, DDR programs are particularly important to address and redress some of these problems.
16. Independent evaluation bodies of the UNDP and the World Bank analyzed the role of these organizations in El Salvador and concluded that UNDP was “unprepared and ill equipped for the task at hand” and that the World Bank financing to the country had been for typical development projects rather than peace-related projects. See del Castillo, *Rebuilding*, Chapter 7.
17. The problems with DDR in Afghanistan in the years following the Bonn Agreement have been extensively analyzed. See footnote 16 in Graciana del Castillo, “Peace through Reconstruction: An Effective Strategy for Afghanistan,” *Brown Journal of World Affairs* 16, no. 2 (Spring/Summer 2010): 195–211.
18. In addition to Mozambique mentioned earlier, other countries receiving large volumes of aid have included Rwanda (95 percent of GNI in 1994) and Liberia (186 percent of GNI in 2008).
19. ODA to the group of low-income countries in 1995–2000 averaged between 2.5 and 3 percent of GNI. An exception is Malawi, which has avoided conflict but has had severe food shortages in the past and has received ODA flows amounting to 21 percent a year on average from 2000 to 2009.
20. See Alvaro de Soto and Graciana del Castillo, “Obstacles to Peacebuilding,” *Foreign Policy* 94, (Spring 1994): 69–83.
21. See IMF Survey Online, “IMF Chief Emphasizes Support for Haiti,” April 1, 2010, <http://www.imf.org/external/pubs/ft/survey/so/2010/car040110a.htm>.
22. In del Castillo, “Post-Conflict Peace-Building,” the author also argued that countries coming out of conflict “face a double challenge,” confronting the normal challenge of socioeconomic development and having to settle for less than optimal policies in their economic reform efforts to accommodate the additional financial burden of reconstruction and peace consolidation. See also Graciana del Castillo, “Economic Reconstruction in Post-Conflict Transitions,” in M. Malan and C. Lord, eds., *Prague to Pretoria: Towards a Global Consensus on the Doctrine of Peace Support Operations* (Prague: Institute of International Relations, 2000), 227–34.
23. See Graciana del Castillo, “Post-Conflict Reconstruction and the Challenge to the International Organizations: The Case of El Salvador,” *World Development* 29, no. 12 (December 2001): 1967–85.

24. See Sanjeev Gupta, Shamsuddin Tareq, Benedict Clements, Alex Segura-Ubiergo, Rina Bhattacharya, and Todd Mattina, "Rebuilding Fiscal Institutions in Post-Conflict Countries," IMF Occasional Paper no. 247, International Monetary Fund, Washington, DC, December 27, 2005. See also International Monetary Fund, Public Information Notice (PIN) no. 05/45, March 29, 2005, <http://www.imf.org/external/np/sec/pn/2005/pn0545.htm>.
25. See Paul Collier, V.L. Elliott, Håvard Hegre, Anke Hoeffler, Marta Reynal-Querol, and Nicholas Sambanis, *Breaking the Conflict Trap: Civil War and Development Policy* (Washington, DC: World Bank and Oxford University Press, 2003).
26. See Paul Collier, "Postconflict Economic Policy," in Charles T. Call, ed., *Building States to Build Peace* (Boulder, CO: Lynne Rienner Publishers, 2008).
27. See Robert B. Zoellick, "Securing Development," U.S. Institute of Peace, Washington, DC, January 8, 2009, available at <http://siteresources.worldbank.org/NEWS/Resources/RBZUSIPSpeech010809.pdf>.
28. Boutros Boutros-Ghali, *An Agenda for Peace* (New York: United Nations, 1992).
29. Criticisms of the World Bank's development-as-usual approach have even come from the World Bank's own Independent Evaluation Group. See Brian Knowlton, "World Bank Faults Itself for East Timor's Struggles," *The New York Times*, April 23, 2011, and The Bretton Woods Project, "World Bank Admits Failures in East Timor," <http://www.brettonwoodsproject.org/art-568592>.
30. See Zoellick, "Securing Development." Zoellick's acknowledgement of this was in line with the author's views expressed a decade earlier. In del Castillo, "Economic Reconstruction," the author wrote that she had been "arguing for a long time that these transitions are not 'development as usual,'" She mentioned this was not something everyone was willing to accept and that the UNDP in particular "would like to see these transitions as special cases of normal development."
31. The Bretton Woods institutions have come a long way since the end of the Cold War in the ways they support countries in the complex transition from war, both through policy advice and in terms of financing. Nevertheless, major changes are necessary for peace to have a chance. See Graciana del Castillo, "The Bretton Woods Institutions, Reconstruction, and Peacebuilding," in Mats Berdal and Achim Wennman, eds., *Ending Wars, Consolidating Peace: Economic Perspectives* (New York: Routledge and The International Institute for Strategic Studies, 2010).
32. Former U.S. President Clinton publicly apologized on March 2010 at the Senate Foreign Relations Committee for championing policies that destroyed Haiti's rice production. As he pointed out, "It may have been good for some of my farmers in Arkansas, but it has not worked. It was a mistake." See Jonathan M. Katz, "With Cheap Food Imports, Haiti Can't Feed Itself," *Washington Post*, March 20, 2010.
33. See, e.g., M. Ishaq Nadiri, "Economics as a Pre-Requisite for the Stability of Afghanistan and the Region," paper presented at the Columbia University Conference on Peace Through Reconstruction, <http://capitalism.columbia.edu/files/ccs/Nadiri%20Working%20Paper%2045.pdf>.
34. For details, see del Castillo, *Rebuilding*, 177–78.
35. Schaper is ambassador from the Netherlands to the UN and previously to NATO. The Netherlands was among the few donors in Afghanistan that rightly advocated channeling support through national Afghan programs. See video recording of his presentation at the above mentioned Columbia conference, Panel 2, <http://capitalism.columbia.edu/special-conference-peace-through-reconstruction-co-sponsored-earth-institute-columbia-university-0>.
36. McKechnie was director of the Fragile and Conflict-Affected Countries at the World Bank. See his presentation at the same Columbia University conference, Panel 2.
37. Corruption and other inefficiencies, however, are not by any means restricted to local officials. The U.S. Government Accountability Office (GAO), the special inspectors general for Afghanistan and Iraq reconstruction, numerous press reports, and serious academics have extensively recorded the large number of inefficiencies, lack of accountability, nepotism, and corruption among foreign contractors, the United Nations, the World Bank, the U.S. government, and other international actors in Afghanistan. See, e.g., the William Easterly presentation at the Columbia University conference, Panel 2. In *Fixing Failed States* (Oxford University Press, 2008), Ashraf Ghani and Clare Lockhart report a number of misuses of aid financing, including by the United Nations. In "Flaws Shown in Afghan Aid," *USA Today*, February 2, 2009, Ken Dilanian reports that USAID "continues to pay hundreds of millions of dollars annually to private contractors that frequently fail to demonstrate results . . . Of six different audits conducted by the agency's inspector general, only one found a program working largely as it was supposed to."
38. See Neil MacFarquhar, "Budget Fights Are Brewing at the United Nations," *The New York Times*, November 8, 2009.
39. This amount was cited in personal correspondence (August 10, 2011) with one of the report's directors, who admitted that it was an expensive report because it required various consultation visits and forums throughout the world in order to capture the experiences of practitioners in war-affected countries. The director argued that these experiences are not well recorded in the relevant literature. The thirty-four pages of bibliography in del Castillo, *Rebuilding*, however, suggest that this may not be the case. The literature since 2008 has become even larger and more fruitful, widely recording the experience of practitioners in those countries. The World Bank has preferred to ignore it, trying as always to reinvent the wheel and rehash arguments that have long been in the debate.
40. Ghani and Lockhart, *Fixing Failed States*, 93; Barnett R. Rubin, "Saving Afghanistan," *Foreign Affairs* 86, (January/February 2007).
41. Under Public Law 480, the U.S. government donated grains to the government of El Salvador, which the latter sold, using the revenue for economic development programs.
42. Development institutions—UNDP, other UN agencies, the World Bank, regional development banks, and the bilateral development agencies—can play a critical role as catalysts and coordinators of reconstruction aid. The World Bank and the UNDP also organize donors' meetings, including consultative group meetings and round tables, where donors pledge funds for reconstruction. Even at these donors' meetings, funding for humanitarian and reconstruction purposes are often conflated.
43. See Dulles, *Marshall Plan*.
44. As Jeff Peterson said at a USIP event entitled "A Fresh Look at Post-Conflict Economics: Theory, Experience, and Reality," this is what the U.S. military has done in Iraq. He attributes it to the lack of a doctrine or theory on how to do it. The author would attribute it to the lack of comparative advantage of the military in economic reconstruction, where their main objective relates to security rather than politics or economics. There is a broad literature, dating from the early 1990s, which has been often ignored in more recent experiences. For event information, see <http://www.usip.org/events/fresh-look-post-conflict-economics-theory-experience-and-reality>.

An online edition of this and related reports can be found on our website (www.usip.org), together with additional information on the subject.

45. For improved use of aid, I have proposed the creation of reconstruction zones—each consisting of an export-oriented and a local-production zone—to implement a coherent and integrated strategy for economic reconstruction that would allow countries to move to normal development as soon as feasible. For the details, see Graciana del Castillo, “The Economics of Peace: Proposal for the Creation of Reconstruction Zones in Afghanistan and Haiti,” U.S. Institute of Peace, Washington, DC, unpublished manuscript.
46. This is how President Obama referred to the crisis in Haiti. See Jonathan M. Katz, “Haiti Suffers Year of Crisis with Nobody in Charge,” *Washington Post*, January 8, 2011.

Of Related Interest

- *Guiding Principles for Stabilization and Reconstruction* (USIP Press, 2009)
- *The International Donor’s Conference and Support for Haiti’s Future* by Robert Maguire and Casie Copeland (Peace Brief, May 2010)
- *Employment Generation and Economic Development in Stabilization and Reconstruction Operations* by Johanna Mendelson-Forman and Merriam Mashatt (Special Report, March 2007)
- *Domestic Agencies in Reconstruction and Stabilization: The “4th D”* by Merriam Mashatt and Bob Polk (Peace Brief, June 2008)
- *Measuring Progress in Stabilization and Reconstruction* by Craig Cohen (Special Report, March 2006)



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