

The Value of Civil Affairs

Good Evening, Everyone! Thank you, Joe, for that kind introduction. I want to start off by acknowledging – especially for those of you who received the agenda early and were looking forward tonight to the topic of Integrating Civil Affairs in an Information Environment – that, first of all, I think that would be an interesting topic, and second of all, it is a topic I cannot deliver. I am here tonight because of 3 things: the need to jump in when Lieutenant General Reynolds became unavailable; secondly, the positive relationship between your organization, the Civil Affairs Association, and the Association of the United States Army; and third, my great respect for the work you do.

I want to welcome you all – Ms. Gabrielle from Department of State, General Officers, Allied Guests, Interagency community members, Board members of the Civil Affairs Association, Business Leaders, Professors, fellow Soldiers and Marines, and Distinguished Guests – and you are all distinguished guests by your presence here tonight. I think you can see by this long list of recognized guests, there is a rich diversity in perspectives in the room, that is very positive for progress in your conference objectives. I especially want to recognize and thank military spouses here tonight – your selfless sacrifice and support is enabling to our Army, and I appreciate your support.

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Tonight I want to deliver two messages:

- my own experience in the value that Civil Affairs brings to the fight, and,
- the new direction from Army Senior Leaders, just announced this week.

In getting organized for my being here, Joe Kirlin interviewed me on my connection to Civil Affairs. After he educated me on the very rich history of Civil Affairs, he listened to my story and said I could tell it here. Out of this story I think you will see where I gained my deep appreciation for what you do.

There I was.... All good war stories start there... a Finance Brigade Commander with four finance battalions and formations formed from across the active, National Guard and Reserve Army. One Battalion, the 376th Finance Battalion from Wisconsin, was led by then, LTC Greg Mosser, who was a banker in his civilian job. He is just one example of the civilian expertise that helped us think through challenges to find creative solutions in a dynamic battle space. Today, Greg is Major General Greg Mosser, the 377th Theater Support Command commander, where his leadership continues to influence Army operations. His background in banking helped us in our mission.

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Our job was to: manage the commodity of cash money – from acquisition, transportation, storage, security, distribution, tracking spending, and ultimately, to accountability back to the American people of their taxpayer dollars. We were the “Bank on the Battlefield.” It was big business in 2006 – contract payments to big American or European companies were electronically paid, but contracts to local vendors were all paid in cash and we were issuing Gen Petraeus’s “ammunition” – you’ll recall the program he put in place, giving money to leaders so that they could, in their patrols and where they found a need, put local people to workimmediately. He said his most important ammunition was money. It was our job to deliver and account for that ammunition. We were paying in dollars – contributing to the dollarization of the economy, which is where a country’s currency is supplanted by another – in this case the Iraqi Dinar was supplanted by the American dollar. The terms of our contracts mandated payment in dollars and there was not much demand for dinars. We had no account in an Iraqi bank – the banking infrastructure was just being rebuilt in 2006.

We recognized the dollarization of the Iraq economy was suppressing growth of its own financial industry and, because the dollar is very marketable but the Iraqi Dinar was not, it allowed cash to exit the country and not be locally reinvested. So we started thinking about how we could turn this around. New Iraqi Dinar had been implemented but

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we were not using it. Working through the 8th Finance Battalion at Balad, where our central vault was, we started to see if we could implement electronic funds transactions for big contract payments. We worked with HSBC, who was interested in the financial infrastructure in Iraq; the National Bank of Kuwait, where we had depository accounts, and the National Bank of Iraq, who was a reluctant player. It's a long story but after several months and interesting meetings developing requirements for letters of intent and understanding among the players in the financial network, the first electronic funds payment was made. It took ten days for the money to travel from the United States Treasury to the bank in Baghdad. Not only did that payment reach a vendor's account -- it opened a door.

But change is slow, and during my tenure we still paid most everything in cash dollars. Big payments were good candidates for EFT transactions, but we wondered what other options were out there. As we were thinking through how we could start paying cash payments in Iraqi Dinar, my 8th Battalion Commander, COL Steve Carrigan, invited me to go with his Disbursing Officer, then LT Carissa Schessow, to see something interesting that was going on and that could help us achieve our strategic effort of reducing the dollarization of the economy. So, on my next visit, we flew to a FOB east of Balad to meet with someone who was paying contracts using Iraqi dinar – a Sergeant, E-5 Civil

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Affairs NCO who was an economist in his civilian job. He too recognized the problems of dollarization and had, on his own, gained his commander's approval to implement payments under \$2,500 in Iraqi dinar. He had opened a door.

Inspired by his success we began to expand his initiative across Iraq. Here, too, we found reluctant players – this time our own contracting commander who did not want to force local currency payments as a condition of the contract, which would be needed to effect the change. The reason was that changing contract payment conditions may have been perceived to interrupt momentum of “effects-based contracting,” which was a successful initiative at the time. So we started small, working with vendors who were voluntarily willing to accept payment in their own currency. It was dangerous – traveling to Iraqi banks to acquire the cash, and payments could be bulky and obvious for the payee because the dinar denominations are small. But, starting with one vendor at a time, we opened the door a little more.

I could go on and on but I think you get the point that this NCO, from your community, changed the game and opened the door for changing an economy through use of its own currency. If we have an economist in our audience, I know you must be thinking this is an obvious observation with a relatively easy solution. But as you know in your

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work in Civil Affairs, there are no easy solutions in the aftermath of armed conflict, let alone while the war was still going on. This NCO employed his functional skills to effect change – incremental and small at first. But then, lasting change followed -- contract conditions evolved to mandate EFT payments, forcing use of local banks, allowing the financial structure to rebuild, and negating the need for dollar cash on the battlefield. The functional support your community provided allowed us to ultimately achieve strategic gains in Iraq.

Now I want to shift and bring you the messages we heard this week at AUSA's Annual Meeting & Exposition in Washington DC. The theme this year was "America's Army: Ready Now, Investing in the Future." The forum was attended by more than 30,000 people – Soldiers and members of sister services, spouses, civilians, International soldiers and corporate companies who support American's Army. This is a professional development forum that updates on Army vision, strategy, and policy changes for the future. AUSA – a voice for the Army and support for the Soldier – has more than 160,000 members and its collaboration with partners like the Civil Affairs Association strengthens the Army through sharing of ideas and educating inside and outside the Army. It's a great organization – if you are not familiar with it, I invite you to check out their website. And if you haven't had a chance to visit

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one of the Annual Meetings, I encourage you to do so – it is a tremendous professional development venue.

This week's meeting was especially notable because we heard from the Army's new leaders – Secretary of the Army Ryan McCarthy, sworn in last week but no stranger to the Army; Chief of Staff of the Army, General Jim McConville; and SMA Michael Grinston, both of whom came into their jobs this summer. They are leading the Army into a new direction that some are calling an inflection point. When I left the Army the clear priority was Readiness. There was a recognition that years of war, coupled with unstable funding and sequestration, had created readiness gaps in our units, and more importantly, was closing gaps on the overmatch between us and our adversaries. The message this week was positive on the Readiness front, with an update that today, we have the highest readiness levels in our BCTs in recent years, and the need *now* is to shift to a more balanced approach across Readiness, Modernization and Reform. This is not hot-off-the-press news, but it's important to understand this big shift – this new direction and priorities - - will drive funding and operational priorities in the future.

One big change, already started, is the formation of Army Futures Command, led by a 4-star general officer, GEN Mike Murray. Its location in Austin TX is change in and of itself – not located on an

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existing military installation. Its mission is to create concepts for how the Army will fight in the future, and then develop requirements that will drive the Army Acquisition process and resource allocation. Essentially, the Army put a command structure over the disparate players in modernization and is bringing clear focus on priorities. The plan right now is to shift about \$10 Billion into modernization programs – there are 31 systems across an array of capabilities – all of which were on display at the AUSA Annual Meeting this week – focused on six capabilities priorities (combat vehicles, future vertical lift systems, long-range precision fires, network capacities, soldier lethality and missile defense). What is really new and exciting is the focus across the Army on moving toward this strategic priority of modernization and the partnership with universities, the industrial base and small businesses to develop and employ leading edge technology. Army Futures Command is leveraging talent from across our nation and creating future capabilities that will widen the overmatch gap between us and our adversaries.

The third priority is Reform, which is about shifting how we do things from the industrial age to the information age. It's about doing things better, cheaper or not at all. One key area talked about at AUSA this week is Talent Management and the Army's new system for assignments, promotions and pay, which will touch everyone in uniform

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across the Army. This kind of large change forces us all to think about how we adapt to a new environment, enabled by technology and improved processes for almost everything.

The 40th Chief of Staff of the Army, GEN McConville, began his speech with a mantra and motivational message, “winning matters!” He announced his number one priority is ... PEOPLE. Central to the priority of PEOPLE is the idea that Soldiers, enabled *as* our most important weapons system, and our civilian workforce will modernize the Army and win in the growing global power competition. Soldiers, civilians and families will achieve our future success.

He outlined five Quality of Life priorities for taking care of Soldiers and families:

- Housing
- Health Care
- Child Care
- Spouse employment
- And, PCS moves.

He announced several policies that will drive immediate change in some of these areas, like paying DITY moves up front without requiring weight tickets – making it easier to make a DITY move for those who want to. In the interest of time, I won't go into detail here on quality of

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life policies but am happy to talk with anyone who may have an interest in this.

I bring these messages into the room tonight because understanding where we are and where are going is essential to driving change toward strategic objectives. This is true at all levels, from Army to your Civil Affairs units. You know this well from your own history. Since the recognition of Civil Affairs' significant, albeit somewhat controversial, role in World War II – and, through every conflict since, when the dust settles and needs of the local populace and government emerge, calling for governance support; or infrastructure re-development; or, even to changing the dollarization of an economy – Civil Affairs has brought critical skills to the battle space, consolidating military/security gains into political/civil outcomes in stabilization, truly “Securing the Victory.”

I want to commend you for your symposium, “Integrating Civil Affairs.” Your issue papers and agenda this weekend reflect a serious study of how you can best organize, train, man and equip yourselves for an Army that is modernizing toward a growing global competition. Your diverse and collective thoughts on issues you are discussing this weekend will shape your future.

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Just as a young NCO proved his value to improve an economy in 2006 in Iraq, your branch with its diverse functional skills has been, and continues to be, a valuable part of America's Army. Shaping your future investment to build, adapt, and enhance your contributions to the fight and ensuing stabilization will remain critical – a modernized fight cannot win the political/civil outcomes in stabilization. As the Chief said, “winning matters.” But, People must win in this space.

Thank you for listening to my war story, a tactical example of how Civil Affairs creates strategic impact, and the top level messages from AUSA's Annual Meeting, and for allowing me to share this evening with you. I wish you a very productive symposium and safe travels. Thank you.