



The Rise of the Failed States

BY RICHARD W. RAHN

CRUMBLING NATIONS INTENSIFY THE DANGER OF GLOBAL TURMOIL

The greatest threat to global security is the rapidly increasing number of failed states. Even though there is no agreed-upon definition of a failed state, it is generally understood that when a government can no longer provide basic security to its people due to a rise in violence or extreme poverty, or loses control over part of its territory to domestic or foreign terrorist groups, the state has failed.

A major reason to be concerned about the increasing number of failed states is that they are natural breeding grounds for local or international terrorists. And given the increasing proliferation of weapons of mass destruction, including chemical and nuclear, the more failed states, the higher the probability of the bad actors being able to develop or acquire very lethal weapons. All of this leads to an increased probability of terrorists hitting targets in Europe, the United States and elsewhere.

There are failed states such as Haiti and Guinea-Bissau, resulting from decades of mismanagement and rampant corruption, which have left their populace in poverty. Those countries are a humanitarian tragedy, but provide little security danger to the rest of the world. Of much greater concern are failed states that

threaten the world around them. Somalia has been a failed state for several decades, causing it to be a breeding ground for radical Muslim terrorists and pirates, who plague shipping along the east coast of Africa.

Most recently, Yemen has become a failed state with no operating central government. There are now a number of independent groups operating within Yemen, ranging from Marxists to various shades of radical Muslims — not a pretty or encouraging picture. Yet it was only two years ago that President Obama was citing Yemen as a success story. Another Obama administration "triumph" is Libya, now a failed state without a functioning national government. Libya has also turned into a major arms supplier for the Islamic State, also called ISIS, and other radical groups, and is a breeding and training ground for terrorists.

Syria is a failed state with the government only controlling a small part of its territory, and hundreds of thousands of refugees fleeing to Lebanon and other neighboring countries. Lebanon has enjoyed a shaky peace since the end of its civil war a quarter of a century ago, which is increasingly being destabilized by the Syrian refugee crisis and the rise of competing Islamist groups. Lebanon may be on its way to becoming a failed state.

The Iraqi government now only controls the Shiite region of the country in the east while the Kurds are gaining more independence in the regions they control. Even if ISIS is defeated, the Sunni part of Iraq is unlikely to return under control of the Baghdad government, because the Iranians are in the process of turning the Shiite region of Iraq (including Baghdad) into a vassal state. Mark down Iraq as a likely failed state.

There are continuing questions of the ability of Afghanistan to be viable once the Americans and other NATO troops withdraw. Again, another likely failed state.

The drop in the real price of oil — which, as a result of fracking and other new technologies, is permanently increasing supply from many areas of the globe — will have a destabilizing effect on the traditional oil export-

dependent countries as their real incomes fall. Failed states could emerge in places such as Nigeria and Venezuela.

Debt-to-gross domestic product ratios have been increasing in most counties, and at some point there will be an unpleasant reckoning in many, as is currently happening in Greece. One can easily imagine a scenario of increasing political instability in Greece, coupled with increasing anarchy, leading to a dysfunctional state in Europe. As the "no" vote showed on Sunday, the leaders of Greece have no realistic plan for a turnaround. One can also envision Ukraine becoming a failed state in Europe as it loses more and more territory to the covert Russian invasion and is unable to put its fiscal house in order owing to pervasive corruption.

Greece and Ukraine have large stocks of relatively modern weapons. As we saw with the collapse of the Soviet Union a quarter of a century ago, under conditions of economic meltdown, weapons are often "spontaneously privatized" and then sold to rogue states or non-state actors.

One can confidently, but depressingly, predict that the situation will only get worse. We have learned that "nation-building" is likely to remain a mirage in countries with institutions, culture and religions that fail to recognize and support the secular rule of law, private property rights, and provide the incentives for entrepreneurship. The rich countries of Europe, the United States and Japan continue on the path of too much government spending, taxation and regulation, which has doomed their economies to slow or almost non-existent growth, which in turn diminishes their abilities to help and serve as role models for failing states.

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