

**CARNEGIE ENDOWMENT FOR
INTERNATIONAL PEACE**

“THREATS TO AFGHANISTAN’S TRANSITION”

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FREDERIC GRARE: Well, good morning, ladies and gentlemen, and welcome to the Carnegie Endowment for International Peace. Please excuse this slight delay, but Australia is far away, and therefore, our guest can be excused this morning. (Laughter.)

The topic we are going to speak once again in the city is Afghanistan. Not so long ago it was counted as a success story, the example of the successful regime change done with the support and participation of substantial part of the international community. The story seems to read very differently today. I mean, about, since two years ago, the security situation started to deteriorate sharply, and is just getting worse and worse and worse. We are seeing offensive after offensive, the Taliban first, of ISAF later, and so on and so forth, and we are in a cycle, which is difficult to predict which direction it's going to go.

At the same time, the transition process itself is in creating the question. What again was a success story is going in the direction that no one, again, can predict for a reason which are perhaps not yet very well understood. And this is to try to address some of these issues, both purely Afghan, others regional, others of course international that we are deciding to organize this panel this morning.

To address those quite difficult questions, we asked three experts. The first of them is William Maley, who is professor and director of the Asia Pacific College of Diplomacy at the Australian National University, and has served in the past as a visiting professor at the Russian diplomatic academy, a visiting fellow at the Center for the Study of Public Policy at the University of – excuse my pronunciation – Strathclyde, and a visiting research fellow in the refugee studies program at Oxford University.

But more relevant to what we are doing today, he is just back from two recent trips in Afghanistan of which he is a recognized and well-known expert. I would just like to recommend to whoever hasn't read it, his last book, "Rescuing Afghanistan," published in 2006.

We also have with us this morning Dr. Marvin Weinbaum, who is a scholar in residence at the Public Policy Center in the Middle East Institute. He is a professor emeritus at the University of Illinois, and as director of the program in South Asian studies and Middle Eastern Studies. His previous position include a post at the U.S. Department of State, serving as an analyst of Afghanistan and Pakistan at the Bureau of Intelligence Research, therefore, he is also highly qualified, and has gone to the region also recently. He will tell us about the relations between Pakistan and Afghanistan, and its implication for the security of the region.

Last but not least is Ambassador Tessi Schaffer. Ambassador Schaffer was – is currently, as you all know, at the Center for Strategic and International Securities Studies,

which she has joined since August 1998 after a 30-year career in the U.S. Foreign Service. And it is well known she has devoted most of her career to South Asia, on which she was one of the State Department principal expert and from '89 to 1992, she served as deputy assistant secretary of State for South Asia, at that time, the senior South Asian position in the department.

I will stop right there. We will have three presentations of 15 to 20 minutes maximum, and then we'll open up to a Q&A session. But we will start with what is the title of today's session: "Threat to Transition in Afghanistan, Old and News," with Bill Maley.

WILLIAM MALEY: Thank you very much, Frederic. It is a great pleasure to be back at the Carnegie Endowment and have an opportunity to talk about issues relating to Afghanistan because if there is a theme that underpins my remarks, it's that the transition in Afghanistan has not been going nearly as smoothly as some of the reports might have suggested, and that a number of reasons that account for this are long-term rather than short-term developments, to some degree imminent in weaknesses that have long been present in the transition process there, which it's important to identify in order to be able properly to lay the foundation for some remedial action.

I want to begin by making some comments about the context in Afghanistan and then a few brief observations about the Bonn Agreement of 2001 and its weaknesses before moving on to highlight some factors which I think have been troublesome in the phases of Afghanistan's transition since then.

The Afghan context was about as adverse for transition as one could wish to find, as it was marked by a combination of extremely threatening developments, notably the collapse of the Afghan state, which, in a sense, really occurred back in the late 1970s when the regime lost its taxing capacity over the countryside, but which was disguised by Soviet support over a long period of time and only became palpable when the communist regime collapsed in 1992, combined with the problem of severe elite fragmentation across the board, massive social dislocation in Afghanistan, which saw a very large proportion of the population displaced into neighboring countries and detached from traditional forms of economic activity in which people would have been socialized, combined with a regional environment in which meddling on the territory of Afghanistan became a norm rather than the exception, something which continues to do this day and remains a blight on attempts to promote a smooth transition process.

Now, of course when the Taliban regime was ejected by virtue of Operation Enduring Freedom in 2001, it was necessary to find mechanisms by which new arrangements could be put in place to try to establish political structures for the country.

And the Bonn process, orchestrated by the United Nations, but with significant help from the United States, culminated in an agreement on the 5th of December 2001, which set out a credible path for design of basic institutions in Afghanistan, as well as, crucially, for the enhancement of their capacity and legitimacy. And it was a significant

step forward compared with earlier attempts at elite settlements in Afghanistan because it recognized that a key challenge was not simply the constitution of a group of individuals who could be called the government, but rather the laying out of a roadmap for the reconstitution of the state.

It was also about as inclusive as it was possible to achieve at the time. There have been since then some suggestions that perhaps earlier efforts might have been made to reengage with the Taliban, but I'm very skeptical of that partly because of the international environment, which was prevailing at the time, but also because of the genuine difficulty in identifying exactly what one means by an expression such as the Taliban.

It's also worth noting that a number of the key benchmarks which were set out in the Bonn agreement ended up being met: the drafting of a new constitution, the holding of a presidential election in October 2004, and then the holding of elections for the lower house of the new parliament as well as for provincial councils in 2005. And in that sense, from a formal point of view, the Bonn process has come to a conclusion.

Nonetheless, there were a number of limitations associated both with the agreement and with the process, which have had long-term effect, and there are a couple which I would like to highlight at this point.

The first was that decisions relating to the administrative structure of the Afghan state were taken at the Bonn conference without adequate appreciation of some of their implications. Most fundamentally, there was no root-and-branch reevaluation of what kind of state Afghanistan might need for the future. And so instead, the old ministerial structure of the previously dysfunctional Afghan state was taken as a part of departure, and ministerial officers were then doled out to representatives of different political groups as if they were door prizes at a children's party. And the long-term consequence of this was to encourage nepotism within ministries and intense rivalry between ministries, whose formal responsibilities were far from clear. And this has been a real curse for the Afghan transition process ever since.

The other problem which afflicted the Bonn process was that it was not capable of offering any immediate solution to the problem, but insecurity for ordinary Afghans. Now, one shouldn't be too harsh on the participants of Bonn for that. They did at least anticipate in the agreement the establishment of an international security assistance force, which might try to plug the security gap that manifestly was going to open between the collapse of the Taliban regime and the constitution of a new Afghan national army, an Afghan national police.

Because of course, although in the long run, it is very important to reestablish the instrumentalities of the security sector, this is not something that can be done swiftly because rebuilding armies and rebuilding police is not just a matter of putting people through basic training; it's actually a matter of establishing middle management structures for the police, establishing credible fiscally sustainable funding mechanisms

for such institutions, and most importantly, it's a matter of establishing an ethos of loyalty to the civil power, which historically has not been present in Afghanistan, and in the absence of which, one can only expect mayhem to result.

Now, very unfortunately, the expansion of the international security systems force did not go ahead in the way in which it was anticipated. And this became the first, and in some ways, one of the most significant weaknesses that surfaced after the Bonn agreement had been signed, and then affected the implementation process. As I think everyone here would be aware, in as early as March 2002, it became clear that the International Security Assistance Force was going to be limited in its writ to Kabul. Indeed, there was a story published in *The Washington Post* in March 2002 by Alan Spires, entitled, "Peacekeepers Won't Go Beyond Kabul, Cheney says," unquote.

And whilst in October 2003, the U.N. Security Council did finally adopt a resolution which permitted the expansion of ISEF beyond Kabul, by that stage, a great deal of the momentum of the transition had been lost as a result. And I would mention parenthetically that momentum in these kind of situations is enormously important because it defines the attitudes that people who are inclined to sit on the fence after years of being caught napping will take in these sorts of situations.

As a friend of Hollywood, I have always recalled the exchange in the film *Casablanca* where the German officer says to the French policeman, Captain Renault, are you quite sure what side you're on, and Captain Renault replies, I have no convictions; I blow with the wind, and the prevailing wind happens to be from Vichy. Now, this is actually characteristic of the attitude that large numbers of ordinary people take in transitional societies because their past experience has typically been that you get it in the nick if you get too far ahead of the crowd.

And so momentum is very important, that signals be sent by both word and deed that there is no going back, and that the wider world is committed strongly to maintaining and effective transition. And this is precisely what the slowing of the ISEF expansion thwarted.

There has also been the problem of the under-resourcing of transition in Afghanistan, which has been widely documented, which I don't really need to elaborate compared per capita to venues such as East Timor, Kosovo. Far fewer resources have gone into Afghanistan. And that of course, again, sends a signal to ordinary people about the expectations that they can entertain from the transition.

It's worth noting here, by the way, that the evidence suggests that roughly 70 percent of Afghans listen to international short-wave radio broadcast on a daily basis, which means that far from being ignorant of the world, many Afghans are extremely well informed about the world. I never cease to be surprised by non-literate people who engage me in discussions about international politics in quite remote theaters of operation that wouldn't seem to be relevant to Afghanistan at all.

Third problem that has affected the transition has been the prevalence within the Afghan state of what one might call Peshawar politics. And it's worth remembering that many people who are members of the Afghan political elite cut their teeth politically with the Afghan resistance in the 1980s in a political environment, which was notably free of the state and of policymaking. And so the approach to politics which many people have adopted is much more based on alliance building and clientelism than it is on detailed formation and implication of policy.

And weaknesses in policy implementation by what has proved to be a rather dysfunctional central state have provided some openings for opponents of the state to try to market their particular cases to people in outlying areas.

Now, a particularly frightening manifestation of this came, when in the aftermath of the blacking of the expansion of ISEF, President Karzai, almost for want of any other measures to provide stability in outlying areas, found himself increasingly offering positions in the state to rather unappetizing individuals in various localities who were potential spoilers. Now, in a way, this was an understandable manifestation, both as an approach to politics and the needs of the situation.

But the longer-term consequence has been that quite a number of state officer local levels have contaminated rather than enhanced the reputation of the state, and, again, opened the door for other kinds of forces to market their cases.

Now, if one puts this problem at the local level, together with another problem at the central level, one begins to get a sense of the broader dysfunctionality of the state. The constitution of 2004 created on paper a strongly presidential system in which the office of the president is accorded a great deal of responsibility for policy innovation and implementation. But if one has, as an occupant of that office, a person whose skills are different, the risks then is that, at best, that there will be a degree of stasis in policymaking, and at the worst, there could be something approaching total paralysis.

Now, the combination of this policy paralysis and the strength of the presidency on paper has meant that a great deal of politics in Kabul is focused on competition for the president's ear, or, to put it another way, competition to deny one's opponents access to the president. And this has created a poisonous political climate within the Kabul elite. I think very few people in the wider world have an appreciation of just how filthy Afghan elite politics has become.

And the consequence of this is that some of the best officials of the Afghan government, the most skilled, the most idealistic, the people who are not interested in having manure flung in their faces on a daily basis are now working; they are abandoning positions in the Afghan state on the realistic basis that they are not in a position to add value in that particular kind of climate, and this is a very unfortunate development, again.

There have always been problems that have arisen from the electoral processes. President Karzai's apparently strong mandate in 2004 with 55.4 percent of the popular

vote in the presidential election doesn't necessarily mean quite what such a victory would mean in a country such as the United States where there is a consolidated democratic order with a strong commitment to process. In transitional societies, even a robust victory of this sort often amounts to little more than a mandate to attempt to rule the country, but with the real risk that the legitimacy of a ruler will erode rapidly if delivering the goods proves to be a difficult challenge, which almost inevitably it will be in a place such as Afghanistan.

Likewise, the lower house of the parliament the Wolesi Jirga, which, because of the electoral system, is virtually a chamber of independence, has increasingly been a theater for the ethnicization (?) of Afghan politics because when one elect strong party structures in a legislature, around which it's possible to try to build cohesive blocks to secure support for budgets and selection of ministers, there is a risk in a society such as Afghanistan that ethnicity will be the obvious basis for mobilizing a block within parliament in order to secure a legislative majority, and to some degree that has happened as well.

A further source of instability has been the multiple disenfranchisement of the traditional tribal leaders in Afghanistan, who are disenfranchised at the level of the central state because its focus is very significantly interfacing with the donor community and one can't really take a tribal leader from rural Uruzgan and put him into a negotiation on technical assistance with the World Bank.

But at the same time, the problem that I mentioned earlier of the doling out of state offices in rural areas to potential spoilers has also denied traditional tribal leaders access to positions of power at the local level as well. And this has created a great deal of frustration and even anger amongst people in that sphere of social life. And being fed mountainous piles of rice is not really a compensation for lack of real significance when one returns and confronts the instrumentalities of the state at a local level.

There are also two international factors which have seriously affected the Afghanistan situation. One of course is the continuing interference of Pakistan, which has been pretty relentless in the South in recent times, and which was highlighted by Mr. John Negroponte in his report to Congress in January this year when he referred to the sanctuaries that al Qaeda and the Taliban continue to enjoy in Pakistan. It has also been the case of course that to a degree, the Iraq campaign has sucked oxygen out of the Afghan theater of operations, not totally, but sufficiently to make a difference at the margin in various places and at various times when a more robust international commitment might have been required.

I don't think there is any magic or rapid solution to the kinds of problems which have accumulated in Afghanistan, but there are a number of steps that might be taken. One is bigger coordination of the signals into Afghanistan which are emanating from its supporters in the wider world. And there, I never cease to be struck by the dis-coordination of the signaling to which places like Afghanistan are exposed. Now, again,

I'm far from sanguine about the difficulties in coordinating the different hats that need to be herded in this sort of situation, but some progress will be helpful.

And it's worth noting here, just as an example, that whenever there is a NATO summit prior to which the NATO secretary general asks for several thousand troops to Afghanistan and only a few hundred are committed, this is immediately transmitted back into Afghanistan and interpreted by ordinary people as an indication of dwindling international support.

Secondly, I think it's important that there be ongoing pressure through both positive and negative sanctions to support the establishment of a cleaner and more competent Afghan administration. At one level, the disinformation of the wider world to channel resources to that administration is understandable, but with something like three-quarters of state-like assistance to Afghanistan bypassing the Afghan state and going through the U.N system or NGOs or commercial contractors, there is perhaps less leverage available to encourage clean administration than one might have hoped.

Third, I think there does need to be much heavier pressure on Pakistan to moderate its behavior. And there, again, signals tend to be rather mixed. And for every occasion on which there is apparent behind-the-scenes pressure on President Musharraf, we then see people such as Deputy Assistant Secretary of State Gastright singing the praises for President Musharraf to the skies. And if there is one thing I have picked up over more than 20 years of observing Pakistani politics, it's that the elite is very good at hearing the messages that are palatable and rather good, and also blocking out messages that are less palatable. And so one needs to be rather careful about that kind of signaling.

But finally, I think the seriousness of the situation in Afghanistan really needs to be properly grasped. And there I am struck by the concluding comments that in a different context the Nobel Prize-winning physicist Richard Feynman made in his minority report on the 1986 Shuttle explosion, where he concluded his analysis of the administrative failings of NASA with the observation that for a successful technology, reality must take precedence over public relations, for nature cannot be fooled. By this point, I think the Afghans are not in a position to be fooled either. Thank you.

MR. GRARE: Thank you very much, Bill. Since we are running a little late, I will give the floor immediately to Marvin Weinbaum.

MARVIN WEINBAUM: Thank you, Frederic. Let me begin by noting that sanctuaries are key to any successful insurgency; and secondly, that there should be no question at this time that Pakistan offers a sanctuary for the Afghan insurgency, and that whatever failures of the Afghan state, which have allowed the fertile ground for the insurgency to root, even without Pakistan's challenge here of sanctuary, this would not be the serious insurgency that it is. And that regardless about – (inaudible) – forces in Afghanistan improve or not, we're not going to see a success here without Pakistan.

Now, all – (inaudible) – Pakistan’s closeness to the insurgency, let me suggest there are four questions which come to my mind here, which we have to look at. One is, what is the extent of the Pakistan involvement, conceding that there is involvement? Or what explains this involvement? How has Pakistan dealt with the issue, and what would take for a policy change – Pakistan.

So firstly, the extent of the involvement: It’s the full spectrum, the full panoply of support for insurgency is available: recruitment, training, weapons, intelligences, financial resource, and tactical advice. We know that command and control remains in Pakistan, although not exclusively in Pakistan now. We know – intelligence sources know indeed where some of these camps are, where many of them are. And if we know them, you can be sure the ISI knows them.

We know, for example, that the greatest degree of insurgency is from Northern Balochistan, and not from those areas, which have been receiving all of the attention, Waziristan and Bajaur.

As to what the role of Pakistan’s government, specifically, ISI is doing – it’s difficult to assess. There is evidence – indeed, there is good evidence of ISI elements facilitating Taliban activities, as, at the same time, cooperation with American intelligence, although that cooperation, I should remark, has been much more concentrated on foreigners or al Qaeda than it has been with the Taliban. And one of the reasons for that is, that was our priority until relatively recently.

There is reason to think that conceivably there is more than one ISI, or that ISI has no problem in doing two things at the same time, which seem contradictory. Whether the relationship between the ISI and military intelligence itself contributes to some of the contradictions that we see, what we also know here is that the insurgency has a symbiotic relationship with Islamic extremism that has taken hold inside Pakistan. And of course, those extremists that I’m referring to call themselves Pakistani Taliban. That is not our term; that is what they call themselves.

There are various components, we recognize of the insurgency operating from Pakistan. There is every reason to believe that there is coordination among these groups, although not necessarily close coordination, and the fact that they do have different agendas. For example, the old line Taliban itself, which we associate with Mullah Omar, there is reason to believe that there are differences even within the old high command.

We know of the dissident mujahadin elements which operated particularly out of Waziristan and Bajaur agency, associated with a Hakani with Gulbuddin Hekmatyar. We know that these are factors, are players in this insurgency. There are volunteers from the Pakistani Taliban who are involved here, foreigners, as well as al Qaeda.

Now, just a word about al Qaeda because certainly al Qaeda has been able to flourish in the space that has been afforded to the Pakistani Taliban their ability here to work with impunity, as we’ll speak about in a moment, is a large part of al Qaeda’s

ability to reassert cells into the frontier areas. There have been al Qaeda cells for some time now, but they have expanded not necessarily camps similar to what they had earlier, but they are present there.

Let us note, though, that it is our best guess that al Qaeda's primary interest now is in instability in Pakistan and less so in Afghanistan. That is debatable, but I think there is evidence to demonstrate that. And in that sense, al Qaeda's closest ties are with those sectarian elements and other elements, jihadi elements inside Pakistan that are also concerned about a Pakistan agenda rather than Afghanistan agenda.

Now, what explains the evolvement? There is debate on this. The extent to which Pakistan government policy ranges in the in the debate on one hand from those – and there are some people who have been here in Washington recently telling our security people that the directors have come from the very top to the insurgency that we are we are with you, to many who would insist, yes, of course Pakistan knows a great deal, but there is a great deal it still lies outside the knowledge of Pakistan authorities, maybe deliberately so.

I would have to acknowledge though that Pakistan – official Pakistan recognizes the value of stability in Afghanistan, mostly for reasons having to do with commerce, and in order to please the international community. So I do believe this constrains Pakistan's behavior, and makes Pakistan willing to engage in discussions with Afghanistan and to present a facet o the international community that it is being cooperative here.

At the same time, Pakistan – and I have written about this in greater length elsewhere – Pakistan maintains a jihadi policy, its Pashtun card, which, as we know, is there in the event of Afghan state failure, which is predicated on the fact that many people in Pakistan, as in Afghanistan, do not believe the United States and the international community are there for the long run. They never seriously reigned in the Taliban community because, as we recognizes, it represents that Pashtun card, that reserve card.

Now, these two policies run counter to one another obviously. I also have to add to this that we have to recognize that Pakistan's policy is predicated on the fact that most Pakistanis have never accepted that the war in Afghanistan, or even, for that matter, the struggle in the frontier against extremist elements are their war. And I'm not talking about those people who are necessarily sympathetic to the Taliban and to al Qaeda, but I'm talking about many ordinary Pakistanis have always seen this conflict as one which has been fought on behalf – Pakistan on behalf of the United States, and that does play into this.

I want to mention here, though, when we talk about Talibanization, it does include now areas in the settled areas which go beyond the tribal areas, and we have – any visit to places like Banu (ph) and even the – (inaudible) – agency today, which we generally consider to be of somewhat different coloration is showing effects here. The Khurram (ph) agency, recently Sunni-Shia friction, difficulties here, a new organization – or we

should say an older organization's rule emerged in the Malikan (ph) and the Shwat (ph) area.

Okay, how has Pakistan government deal with the issue? Of course it has been in denial for a great deal of time. That denial has dropped off because of the fact that it could not ignore the statements that were being made, the evidence which is being presented. It is familiar in Pakistan policy – again, I'll use this term marginal satisfier – that General Musharraf has been very capable of minimally satisfying role parties. And of course his policy there has fit that description.

And his military policy, which began in 2003 in the frontier area, as you know, failed miserably. It is a demonstration of the poor counterinsurgency capacity of the Pakistan forces, which were poorly – which were not trained, which were not equipped, and not motivated to take on that kind of insurgency against the tribal groups and their allies in the foreign community and al Qaeda.

The negotiated Waziristan agreement is nothing more than a capitulation to reality could accept just so many humiliations in the tribal area. We also know, at the same time, that in this agreement, it was the JUI Party, which was a major factor here. Now I'm talking about this capitulation – this negotiation. In the negotiations, it was not with the tribal elders; it was with Fazul Rahman, leader of the JUI Party, and it involved, on the government side, General al Raczi (sp).

For the Afghan Taliban, the Pakistan – the objective here in reaching any kind of agreement is to get the Pakistan military off their back and to introduce as much as they can a Shari's state, to free up energies for the insurgency in Afghanistan. Now, the governments talk about restoring the Malik system. That is not going to work. It was designed for another era, and in any event, the elements that would provide the support for that have by in large been superceded by young, unemployed Afghans working together with their mullahs. And this has become an ideological state within a state.

What to make of the fighting with the Uzbeks? Well, I don't want to spend much time on this except to underscore that the fighting with the Uzbeks has very little to do directly with Afghanistan. In fact, one of the claims against the Uzbeks was they did not take the fighting in Afghanistan seriously enough. Let's make no mistake that the people who negotiated the agreement, the people who are – that elements, that tribal element in South Waziristan that has been fighting the Uzbeks is entirely in sympathy with the Taliban. Mullah Nasir, who is generally identified here, has close links we believe to the Haqqani group.

Now, if you go to Pakistan these days, the military will tell you; not to worry, we have a plan. And it's a stage plan, and this Uzbek fighting, as well as – (inaudible) – this is all part of the plan. To the extent that they have a plan, the plan really does not have much to do with Afghanistan; it is to reduce the terrorist threat on Pakistan. And what they are trying to do is, in a way, to do that, and conceivably not carry very much whether or not it has implications for Afghanistan. This involves exploiting tribal

differences, and that is what the Uzbek – fighting against the Uzbek represents. They are in a bidding war as well. We are talking about Kashmir. That is part of their plan, if you want to call it that.

Fencing is not going to work. I think everybody recognizes that. And the *jirgas* is a good concept if they were left a traditional leadership. In any case, the form that the *jirgas* are taking, if you are following this, shows that it really will not be able to answer to the questions that are here.

Now, what it would take for a policy change? I want to move quickly. The Ankara Accord that you heard about last week. It sounds great, in terms it has everything that you would want to put into such an agreement, but it pretends that both governments have a capacity to do things that they can't do. I think that we have to be highly skeptical of this. We have to recognize that the antagonism that has emerged – that exists between Afghanistan and Pakistan is of longstanding, and it makes good strategic sense as far as both sides are concerned.

The bottom line in all of this is that my view – Musharraf lacks the capacity to deliver much more on the frontier. Yes, he could do some more. Islamabad's control is in fact growing weaker, not stronger. One can look now at the way in which justice, education, morals, and the very security of the area has been taken away from the state. The army faces no-go areas from Northern Baluchistan to Bajaur.

What has been going on with the chief-justice issue and the mosque Lal Masjid (ph) today are at – in the most benign – (inaudible) – a distraction, but it is far more than that. These, I think we have to acknowledge, are severely weakening Musharraf. In fact, the possibility now – the possibility now that Musharraf's days are very much numbered after what happened in the Punjab just a few days ago mean that he is ever less likely to take any risks on the frontier. So I think if there were any likelihood that he would do so, I think that that has been diminished greatly.

What I think we have to recognize here is that at this point in time, President Musharraf lacks the political capacity to do what we know he needs to do if the Afghan insurgency is to be faced directly. I would like to believe that, rather than going to a soft marshal law, which is where we seem to be headed in Pakistan, we were going to an opening of the political system.

This would have a great deal of impact? I can't promise that; I don't think anybody can. It would be a step in the right direction because if the progressive forces in Pakistan could be harnessed, this could give Musharraf the capacity, that political capacity. There is every reason to worry, though, that even with the centrists parties, again, back in, if not in the saddle, at least to be major factors here in foreign – they never were a major factor in foreign policy, but where they to be so, whether they have it within them, despite what their rhetoric is to follow through on this.

And so let me conclude that coming back to the threat on Afghanistan, I that threat is every to be satisfactorily dealt with, it is going to have to involve Pakistan. They must find ways, eventually to cooperate. The signs do not suggest that this is likely any time soon, but above all, their destinies are locked together. If Afghanistan fails again as a state, if Pakistan comes apart in whatever way that happens, if it radicalizes, if the Taliban are able as a default option to survive in Afghanistan, the threat exists not just to Afghanistan, but to Pakistan as well. And in the end, we have every reason to worry more about Pakistan in terms of American policy than we do even Afghanistan. Thank you.

MR. GRARE: Thank you very much, Marvin. That was a nice transition towards the international dimension of the problem or perhaps a dissolution – I don't know; I'm not sure of either way. And I will nod to Tazie Schaffer.

AMBASSADOR TERESITA SCHAFFER: Thank you very much, Frederic. And it's a great pleasure to be here, to see Bill Maley again after a long time, and Marvin after not such a long time. (Laughter.)

I'm going to talk primarily about what all of this means to the United States. And it seems to me that the United States has essentially three Afghanistan-centered policy issues that it is dealing with, and one nasty collection of neighborhood issues.

The Afghanistan-centered issues are, first of all, developing an effective strategy. This sounds very basic. To be fair, I think it's a moving target. But since the trend lines for violence, and the trend lines for government control and for personal security are all in the wrong direction – there is lots of ways of measuring this. Bill has given eloquent descriptions of it. A couple of colleagues of mine have also recently released a report on Afghanistan. This is at the post-conflict resolution program at CSIS, which uses a very extensive base of personal interviews and reaches substantially the same conclusion.

In these circumstances, you have to conclude that whatever strategy and tactics you have been using now haven't worked. So, there is the problem of developing both military strategy, and aid strategy, and a political strategy, hopefully that all get integrated. I think the political part of it is the one that has been most missing. I don't have a ready solution to it, but I'm going to come back to this theme later.

The second issue is alliance management. NATO is of course the principal military presence in Afghanistan, especially since areas that were – where the so-called coalition as a predominant force have now been turned over to NATO responsibility. You still have NATO and the U.S.-led coalition as separate military entities there, but the needle has shifted in the direction of NATO. That provides an opportunity to show international solidarity, although, as Bill noted, that gets undercut every time the NATO authorities asked for more troop contributions and come up very short.

But it also represents a problem. As many of you probably know, each NATO country contributes its troops with its own set of ground rules or caveats. This is a

terrible problem for a military manager however much one may understand the reasons that some countries are not willing to get involved in potential combat operations. Some people – some countries are willing to go to some places and not other. Basically, the differences align pretty well with how much risk the different national contingents are prepared to take. But when you're the commanding officer and trying to deploy your resources, this makes it quite a jigsaw puzzle.

The third Afghanistan-based policy problem is narcotics. Narcotics took a backseat for a long time. I would say it is still taking a backseat. Maybe that is inevitable under the present unsettled circumstances in Afghanistan, but Afghanistan, having been part of this world's second-largest producer of opium and opiates has now become by far the world's largest producer. And this is a problem that is only going to get bigger, and that at the moment, we can't handle in the way that one normally would, which is by looking to the local government to take the lead in cleaning things up with the addition of resources, pressure, et cetera, from the outside, because quite clearly, the government in Kabul isn't capable of that.

When I was in Afghanistan about a year ago, I was given a briefing by a British brigadier who was working the narcotics account, and his first slide showed five different government agencies in Afghanistan that were involved in handling narcotics work. It almost doesn't matter what the rest of the slides showed because if you had five different agencies in a government like that of Afghanistan, where you have never had a strong central government, you know right off the bat that this is a structure they are not capable of working through, and that we, therefore, can't expect anything from.

The final, as I said, nasty complex of policy issues, and the one I would like to spend the most time on has to do with the neighbor movement. And here I am going to talk about Pakistan, and more briefly about Afghanistan. Marvin has described eloquently again the complexity of Pakistan's relationship to Afghanistan. He has touched on the way that this backwashes onto Pakistani politics.

The striking thing is that Afghanistan is by far the biggest issue in U.S.-Pakistan relations. When I was last in Pakistan a couple of months ago, nobody wanted to talk about India. I have been in and out of Afghanistan for 30 years. This is a first. Let me be clear that I don't think the India problem has gone away, either in the minds of the Pakistanis or as a problem, but clearly, Afghanistan is the issue that Pakistanis fear will both have disastrous consequences for their country and have catastrophic consequences for U.S.-Pakistan relations.

Since January, when I was there, you have had a number of incidents which will only reinforce this phenomenon, including the attack in Bajaur, which was widely attributed to the United States, including the sudden visit of Vice President Cheney; including John Negroponte's already-quoted statement.

But Pakistanis see their relationship with the United States over the years as an up-and-down affair. The way they tell the story is the United States has used Pakistan

when it was convenient and has abandoned it when it was no longer convenient. We have a different way of telling that history, but this is how it is seen in Pakistan. And increasingly, Pakistanis see the third divorce from the United States as being not too far off.

This causes enormous anxiety about dealing with the United States, and it also contributes to the phenomenon that Marvin noted about the need for essentially an insurance policy against the possibility that their primary official policy of working with the Karzai government will fail.

That schizophrenia in a way is mirrored on the U.S. side. The United States clearly still sees Musharraf as the best bet in Pakistan. They recognize that events of the past couple of months are not just the decision, the controversy following Musharraf's decision to suspend the chief justice, but also the fact that there is this kidnapping incident in Islamabad, which I'm sure Gretchen knows this, and many of you also, is normally a sleepy little suburb where essentially nothing happens.

The U.S. government recognizes that Musharraf is weaker now than he was a few months ago. There isn't a plan B in place; there isn't going to be a plan B in place if history is any guide. But the anxiety to shore up Musharraf and help him become more capable of dealing with all of these nasty problems competes with growing anxiety about what Pakistan is up to in Afghanistan. And whereas the U.S. government I think at the senior levels chose not to see intelligence that was essentially ambiguous for a long time, I think that time is over.

So what is happening now is an alternation between public support for Musharraf and private and increasingly, also, public pressure on him. I have lots of sympathy for the reasons for the pressure; I have grave doubts that they will make much difference.

It's interesting to think about what Pakistan's interests are in Afghanistan. The animosity between the two goes back certainly to the beginning of Pakistan's days as an independent country, and at that time could be traced to the relationship between a number of Pashtun political personalities, both in Afghanistan and Pakistan with India.

Traditionally, Pakistan's position has been very solicitous of the Pashtuns of Afghanistan, which are variously described as having 40 to 60 percent of the population, but nobody really knows. But in fact, the issues on which Pakistan and Afghanistan have differences are in many cases Pashtun issues as well; that is, the Pashtuns of Afghanistan who have resisted recognizing the border.

So in a very real sense – and any Pakistani official will reinforce this with some heat – Pakistan's biggest interest in Afghanistan is having a stable government next door, but one that is friendly. The problem is a lot of Pakistanis despair at this point of having a stable government, and so they are going to continue playing with the people who, at least at one time, represented a friendly one, in spite of the fact that they have great

concerns about what the Taliban's friends might be doing or might eventually be doing in Pakistan

What are some strategies that one might develop to deal both with the Afghan-centered problems and with the Pakistan problem? I don't have answers that are terribly satisfying to me at least, and I hoping that in the conversation we may be able to do better. But basically, the two ingredients are a border strategy and a political strategy inside Afghanistan.

The border strategy is what is on everyone's lips in Pakistan, the idea being to seal off the borders so that even if there are sanctuaries they can't effectively be used. This is a notoriously porous border so that devices like electronic border crossing cards, which a very senior official assured us were about to happen at the crossing point where there are 30,000 people crossing each day. If you believe that that can be implemented in the short term, I have got a great bridge connecting New York and Brooklyn which I will be happy to sell you cheap.

One has also heard about the fence. At one time, there were substantial Pakistani military reinforcements on the border, but of course the saliency of that has gone down with the Waziristan agreement. Are there other border strategies? In Pakistan, there is a big effort being made now to develop the federal aid (?) minister tribal areas, which may not be the heart of sanctuary land, but they certainly are important, and they certainly are potential sanctuaries.

Balochistan has rather missed out in the development game. I don't know whether there is a viable Afghan side of the border, part of the border strategy. One also hears about hot pursuit and the possibility of greater of American or international troops actually making encouragements into Pakistan. That – it may come to that, but that is a tactic that will have very heavy consequences for Pakistan, and it would be a really bad bargain to save Afghanistan and lose Pakistan. We really have to rescue both

A political strategy, it seems to me, also needs to be part of the mix, however. And ideally, one would like to see the United States, Pakistan, and Afghanistan coming together on at least some elements of what a political strategy ought to be so that Pakistan felt it had some buy-in to the process. Ideally, the Ankara agreement would have been a starting point.

Unfortunately at this point, the personal relationships between Musharraf and Karzai are so bad that it is very hard to see this emerging in summit-level diplomacy. I don't know if any of you saw the televised preamble to the three-way dinner those to had with President Bush, but both Musharraf and Karzai looked like they wanted to be (on ?) two different planets. And so they have got some fairly important personal issues to overcome in addition to the already daunting political and strategic one.

Let me move very briefly to Iran. In Iran – I mean, Iran's interests in Afghanistan, as we have understood them in the past, were actually fairly close to the

U.S. They want stability. They want the moderates in charge because the Taliban and their friends have been very anti-Shi'a in the past. At one point, Afghanistan was actually an issue on which the U.S. and Iran were willing to talk. That has pretty much broken down, and a more disturbing question is, with all of the other things going on between the United States and Iran, whether Iran too has despaired of having its preferred solution and has concluded that the second best is simply to make life hot for the United States and Afghanistan.

I don't – I'm not saying that; I'm asking the question, but I have heard others who are closer to the subject ask the same question, which suggests that we may be further from the ideal of having some kind of agreement among Afghanistan's neighbors, even than we were a couple of years back.

So I conclude really with far more questions than answers, though with a very unnerving sense that the issue that we should have been able to lock in, in the immediate aftermath of September 11th is in serious danger of failing. And that the path to a strategy that can turn that around has got a lot more potholes in it than it used to.

MR. GRARE: Thank you very much, Tazie, and thank you very much to the three presenters for a very dense presentation, precisely. I must say that the overall picture is not exactly very rosy, but quite depressing. I mean, on the one side, we have advanced (?) strategies and wrong policies in Afghanistan, and we have – (inaudible) – Pakistan and we have contradiction on the U.S. foreign policy. I don't know where we can go with that, but this is definitely not the best – this is not a recipe for success at the moment.

We have now some 45 minutes for Q&A. I'll each of you to introduce yourself before you ask your question. And I turn to you. Who wants to raise questions? Yes, please, sir.

Q: Mohammad Ali (sp), Voice of America. It was a very insightful and informative session. I just would like to draw the attention the panel about some of the recent statements emerging from Washington about the rule of Iran in cooperating with some of the terrorist outfits in Afghanistan. How do you view that, considering the context which Mr. Weinbaum laid out from the point of view of al Qaeda's interests in destabilizing Pakistan. How does that reconcile the reports that al Qaeda might be cooperating with Iran. Thank you.

MR. WEINBAUM: That is a step too far I think at the moment. I would agree with Tazie here that – what I think Tazie is suggesting. At this point Iran has decided that there is no pay off for cooperation, and that given the larger issues of the United States, that it is in their interest to make life more difficult for the United States. And at the same time, to maintain a policy with the Karzai government which recognizes this still is their best bet. It would be a step pretty far for them to throw their lot in with al Qaeda. Given the history here, they have always thought of al Qaeda as – in fact, as an instrumentality of the United States in Saudi Arabia.

So could it come to that? Yes, I think that if it looked like al Qaeda was going to be in the ascendancy here, ultimately Iran would have to come to terms with al Qaeda. But at this stage, one thing we do know is clear: they are putting money into Afghanistan. They are using it for propaganda reasons. They are more active than ever in the Western part of the country because if it falls apart, that will become their sphere of influence, and that is what their – if Pakistan takes the Pashtun south and east, they will take the west.

And I think we also have to acknowledge that what they are doing here is cooperation on a very important level here. They are, far more than Pakistan – although sometimes Afghanistan just doesn't want to accept Pakistan's aid – they are providing electrical grid; they are talking about – they have improved the roads. There is going to be additional road source now out into Iran. So they are actually – it is to their interest as well to see that – (inaudible) – continue to develop. And their aid package now is rather substantial.

MR. MALEY: Yes, I agree with Marvin's comment there, but I just had one footnote. When I was in Kabul a couple of weeks ago, I was raising this issue with quite senior officials in the Afghan government, and they gave no weight to claims of increasing connections between Iran and al Qaeda. It's a rather implausible kind of line for the reasons that Marvin has put out. Frankly, I think it has more to do with American politics than Afghan politics.

MR. GRARE: But then there was an issue about serious rapprochement between Iran and the Taliban, which is not exactly the same thing.

MR. MALEY: That I think is also much less plausible in the long run because of the historical relationship between the Taliban and Iran that nearly went to war with each other in 1998 after the killing of Iranian consul staff in Mazari Sharif. Iran has quite a lot to fear from a major upsurge of violence within Afghanistan, which would likely see a lot of Afghans seeking to cross the border into Iran creating a potentially significant humanitarian crisis on Iran's eastern frontier. So whilst in certain circumstances, the Iranians certainly may have an interest in stirring up trouble for the United States, I think it would be more likely to take place in Iraq, where they still have a significant unexploited spoiler capacity than within Afghanistan. I hope I'm right about that.

MR. GRARE: Although there have been some British reports saying that this rapprochement is very effective. Another question? Yes, sir.

Q: My name is Bill Root (sp), an alumnus of the State Department and export control consultant. My question is, what is our exit strategy from Afghanistan? I recall a headline right after we started bombing that the Taliban offered to deliver Osama bin Laden if we would stop the bombing, and we did not put that to the test. My understanding is that we went into Afghanistan not to defeat the Taliban, but rather to get Osama bin Laden. At the moment, the Karzai government is distraught at the military actions, which are killing many civilians, and we seem to be opposed to practical

solutions to use the local warlords to pacify regions if Karzai isn't completely in control. I see nothing positive coming out of what we are now doing, and how do we ever get out?

AMB. SCHAFFER: I don't think there is an exit strategy, but we went into Afghanistan not just to get Osama bin Laden, but also to destroy the sanctuary from which al Qaeda had benefited during his tendency in Afghanistan, and that meant we were trying to get rid of the Taliban government. In fact, we worked with the Northern Alliance, which was the group to which Karzai, with which Karzai was associated, and which had been the one remaining pocket of resistance to the Taliban government.

I think that where we went wrong was in assuming that everything would fall into place once that military action had been taken. We put a lot of pressure into the Bonn conference, which Bill Maley described, but for a considerable period of time, a year, pushing to years, the U.S. was basically looking for ways to get its troops out of Afghanistan and not to get them involved too deeply in the nitty-gritty of counterinsurgency or, god forbid, nation building.

And then eventually, what we discovered was that you couldn't do this job without helping Afghanistan recreate a state. By that time, we had lost a lot of time. I can't be sure that the result would have been very different if we hadn't lost all of that time; I think it would. At this point, though, I think we are condemned to keep trying. And I think it's not all together lost, but it is in trouble.

MR. GRARE: Well, talking about mixed negative signals into Afghanistan, that could be one definitely. Bill, please.

MR. MALEY: Yeah, this is an interesting point. In 1992, when the communist regime collapsed in Afghanistan, a diplomat in the U.S. Embassy in Washington said to a friend of mine in the Australian high commission that this provided an opportunity for Afghanistan to return to the obscurity which it so richly observed. (Laughter.) The comment I would make, therefore, in response to your question, is that if the United States develops an exit strategy from Afghanistan, it would be a good idea to develop a re-entry strategy at the same time. (Laughter.)

MR. WEINBAUM: You know, the question is, I think, half right. There was a time leading up to the 11th hour when we would have indeed have given the Taliban a pass if they had turned – Jeff is shaking his head. Jeff was – we worked together at the time. We had sent messages that are – we were not specifically interested in regime change. We were interested in bin Laden and the network. It wasn't just rendering up – we needed the whole network taken out. It was very clear, and we sent this through the Pakistanis, and it was very clear, at least by that point – it might have been different earlier, but by that point, they were so cemented together, al Qaeda and the Taliban, that there was no luck.

And then, in any case, they didn't believe that we were going to attack. And their fallback position was, if they do attack, we will win. So that was the – because god is on our side, or in any case, we will eventually win.

So as far as giving the warlords – they are the problem. I mean, they are the people who are preying on the local population. If there is a solution in the Afghan community, it lies with village councils, it lies with showas (ph), jirgas, empowering them, giving them responsibility, giving them a stake in a Karzai government. It is not with the warlords.

MR. GRARE: Sir, please.

Q: Jeff Lunstead from American University and participant in some of these debates earlier. And, first, Marvin, you're absolutely right: Before September 11th, the U.S. message to the Taliban was, we don't like you, but we can live with you if you get rid of al Qaeda and Osama bin Laden.

But I wanted to talk about Iran, which we were discussing. And I think the important thing, which really has not been picked up, is that there is not – was not and is not a single Iran policy for power center on Afghanistan. And while the U.S. and elements of the Iranian government from the foreign ministry were able to talk to each other and look for ways to cooperate both before September 11th and after September 11th, there were other elements in Iran – the Revolutionary Guards – who were pursuing other policies.

Now, neither of these policies were pro-Taliban, but one was willing to cooperate with the U.S. on Afghanistan; one was not willing to cooperate with the U.S. And that is where the great divide was. And you have to keep that in mind. And of course, the power has shifted far away from those who are willing to cooperate with the U.S. It doesn't mean they are any more willing to work with the Taliban or al Qaeda because neither – they were never in that position. So I think that discussion was important to keep in mind.

MR. GRARE: That is the problem exclusively in the Iran division or also on the contradiction of U.S. policy. (Off mike.)

AMB. SCHAFFER: I don't think that was a question; I think it was an observation, and I'm glad you made it.

MR. GRARE: Okay, other comments or questions? Please.

Q: Hi, I'm Wayde Channel (sp) from USAID. Ambassador Schaffer, you mentioned as one of the issues. In your view, or in the panel's view, how are we doing? Is the provision of aid actually stabilizing? Are we doing things in a way that are leading to stability? Is it neutral? Is it negative? What changes would you suggest if any are needed?

AMB. SCHAFFER: I think a real answer to that question would require a lot more detailed knowledge of different sub-regions within Afghanistan than I can bring to the table. In general, my sense is that there are parts of the country in which our aid has been reasonably effective, and they tend to be those where the violence is less. I mean, it's surely no surprise to you that it's easier to do development if people aren't totally consumed by personal insecurity.

The aid donors and aid in particular have pioneered this mechanism of the provincial reconstruction teams in Afghanistan. It sounds as if that is one model; it's actually a whole collection of models, which have in common the quality that they combine, aid workers, both government and non-government, and military presence. Who dominates those teams depends very much on the circumstances of the province to which they are sent, and the particular nationality that has the lead.

Partly because of this flexibility, I think, that has been a reasonably effective model. The idea that you have to have security built into the aid-giving process I think has been pretty widely accepted, although it has been somewhat difficult for both aid workers and the military contingent to figure out how to bridge their particular cultural divide.

So I think that we're doing a fair number of the right things, but the parts of Afghanistan in which my impression is it has worked less are also those where the insurgency is most intense. There is an argument made, and I'm not sure whether there is much empirical evidence behind it, that one needs to develop a different aid strategy for the high-insurgency area, one that gets very much down to the micro level, that doesn't create big assets that can be blown up, but the focus is on the individual farmer and the individual agricultural markets and so on. Intuitively, that sounds interesting, but I think it's really important to look at the empirical evidence as we try things out because that is the only way that we are going to discover whether we are doing anything effective.

The other interesting approach that I have heard about, but I don't know if it has been tried, has to do with the nexus between development and narcotics. And one argument that I have heard is that you need to provide alternative employment in the first instance for the narcotics brokers because if you could – that is a small number of people. Unfortunately, they are also making more money. But unless one gets them into a different line of work, you haven't a prayer of dealing with the farmers.

MR. WEINBAUM: I would take that. You know, I don't think it is a question of objective reality here. Obviously, we have spent altogether about \$3 billion in Afghanistan, in these five-plus years. It's perception. And it's very clear that overwhelmingly now, the Afghans don't feel the impact of our aid program or aid in general. It's a matter of expectations of course. And as Tazie has alluded to, we have virtually no aid program, nor whether it's U.S. or international or NGOs, whatever, in those very provinces that have become so problematic for obvious security reasons partly

because we waited as long as we did so that whatever has to be done is that much more difficult. But let me just suggest one other thing.

We're going to have to face the reality that the way we are delivering aid – and here the Afghans are right – they say we are not seeing it because it's going somewhere else. There is pretty good evidence now that probably 70 percent of our aid never gets to the ground; it gets eaten up – some of it never leaves this country. Now, part of that is our system, so that we have got to be ready now to address that issue of maybe we need another paradigm here. You know, without getting out of the business, obviously we are going to be the bankers. But we may need another paradigm. And it maybe that we are going to have to work out the modalities here of an approach which is going to focus specifically on how we can inject that aid and how we can better use indigenous capacity than we have. I think that is going to be the issue.

I might add to that only that that is going to be tied in with what I think isn't going to be aid's new thrust, and that is looking to tie that together with the need for better governance.

AMB. SCHAFFER: Can I make one observation? The idea of using local capacity is a very good one. But I think it's a mistake to try to measure the effectiveness of our aid by assessing how much of it trickles down to the individual Afghan farmer. There is a reason that the price tag is as high as \$3 billion. The biggest part of that reason is that if you have any expats at all in Afghanistan, they are extremely expensive to maintain. Housing is expensive; security is hideously expensive; you can't not do those things.

The fact that so much of it stays in this country has to do with the fact that we tend to contract with people who give technical assistance. And as much as I would like to see us making greater use of local capacity, I am impressed by the briefing I received from a Bangladeshi woman who was in the U.N. Coordination Office, and who said that Afghanistan was, according to the received wisdom in the U.N. aid-giving apparatus, the country that had the least capacity to administer this kind of thing. That is not surprising.

Think about the fact that of the population they had in about 1990, approximately one-third were in exile in Pakistan and Iran, and another 20 percent had been killed. You have had social dislocation on a scale that nobody even thinks about, and that is part of the problem you're dealing with.

MR. WEINBAUM: Some of it is self-fulfilling. Some of it is self-fulfilling, and I agree with you. And given the paradigm we have now, it's going to go to – how else are you going to get people to go over there if you're not going to keep them safe and you're not going to pay them to put their lives at risk. I agree. But the point is that if it continues this way, what we are doing is – there is every – I get these e-mails from people who are coming back saying we are alienating them. We are not – things aren't – and this together with the collateral damage. We are losing these people. We can't have

an exit strategy; we know that. This is not Iraq. You can't turn it over anybody. If anybody – if it's turned over to anybody, it's going to be the bad guys.

MR. GRARE: So we do have the beginning of a debate here, so let's turn to Bill who of course he immediately jump in. I'm sure you'll just add some more heat.

MR. MALEY: Yes. I think this is a very interesting discussion on aid. There is one comment I would make in response to Tazie's observation and then some data I would like to point – it is certainly the case that there was huge population displacement and de-scaling as a result of the refuge movements of the 1980s.

What is sometimes not noted, however, is that there was a parallel process up-scaling amongst the Afghan refugees as well, that a lot of young Afghans who were drawn into working for U.N. agencies or the International Rescue Committee, or a whole range of the NGOs, which were set up to look after the Afghan refugee population during the '80s and '90s, and my sense is that not nearly enough use has been made since 2001 of these people who may not have university degrees or recognizable technical expertise, but who were in fact very skilled in some of the areas in which there is demand for expertise at the moment

The other comment I would like to make is a reinforcement of Marvin's observation about the importance of perception. In 2004, the Asia Foundation carried out a survey in Afghanistan which quizzed people as to their attitudes as to whether the situation was going in the right direction or the wrong direction. In 2004, 64 percent of the respondents said that things were going in the right direction, and only 11 percent said that things were going in the wrong direction. The same question was asked last year, about two years after the first survey, again, by the Asia Foundation. And the response on this occasion was that 44 percent thought things were going in the right direction and 21 percent thought things were going in the wrong direction. Now, maybe 21 percent is not that great a figure, but the shift is fairly disturbing.

Aid I think is only one small element of that shift in perception, but I think it is an element, that increasingly Afghans say all of this money is coming in, but what is there to show for it. And I think that actually opens a much broader question for aid agencies right around the world about the balance between rigorous accountability mechanisms for the expenditure of public moneys, which can often militate against aid hitting the ground rapidly, and on the other hand, the need to produce swift and palpable political effects if one is to be able to use aid to reinforce processes of positive political transition.

MR. GRARE: Next question or comment. Sir.

Q: David Turbel (sp), State Department. I'm curious to know, other than more troops, more resources, getting rid of caveats, is there other things NATO needs to focus on in Afghanistan. Are there other areas where they can improve or are those kind of the key focus?

MR. GRARE: I mean, that is, if I may, a strange way to phrase the question because you're specifically asking about NATO. What else can they do about – other than military? But I mean, who wants to answer that?

MR. MALEY: I would simply repeat the need for better coordination of signaling from NATO. NATO has always been an alliance which has been somewhat prone to intramural crises. But when intramural crises take place in a powerful public spotlight, the net effect at the end of the day can be worse than if NATO had not be engaged in particular sorts of operations in the first place. Again, I think the psychology of these kinds of transitions is at least as important as what goes on on the ground because, as Marvin said, it's perceptions that matter.

And very often the way in which relations between the NATO powers are managed tends to undercut the benefit of the practical military deployments in which people are engaged because, again, people have different timeframes. People in Afghanistan are not just interested in what is happening now, but in what the situation is going to be in five years or 10 years. And this is why the Taliban say our enemies have watches, but we have time.

AMB. SCHAFFER: I would add one thing, and that is that I think that NATO needs to give some serious thought to the relationship between its efforts and narcotics. The textbook answer at this point from NATO is, we don't do narcotics. I understand that this has been part of the debate in Brussels, but they also recognize that what does or doesn't happen on narcotics is of critical importance for them, and they need to figure out how to plug those two in together.

MR. WEINBAUM: Yeah, it's true that they have made it pretty clear that, although the British have technically the responsibility, they see that as working against them. They think that if they get more deeply into narcotics, their job is going to get tougher, not easier. And there is something to that, you know. Our military does not take on the narcotics issue head on either for pretty much the same reason. I think we have to address that, but it can only be done in the context that we have alternatives. And at the moment, we don't have those alternatives.

Another way of looking at this is that narcotics have to be confronted head on after we have made progress in setting the framework in which a narcotics picture can improve. It can't be upfront. It can't be the lead strategy, and I for one always take the opportunity to make a plug for the fact – of heaven's sake, take the billion dollars that you're spending on eradication and simply subsidize legitimate crops: wheat, cotton, put soybeans in there.

We have got a – we have got something called Bumpers amendment here which prevents us from helping anybody develop soybeans. And aid has been on the barriers here. Even though it is not competitive – it will never be competitive with – and that is what the Bumpers amendment was, but it has been interpreted as blocking our ability – soybeans would give them the proteins that they lack so greatly in their diet, so that is

where I think it should go. It's transitional, and that buys you time. After all, we wrote the book on how to subsidize wheat.

MR. GRARE: I mean, the narcotic issue is undoubtedly a key element, but before we turn to that, it seems to that there is a missing dimension. It is not clear whether we speak of counterinsurgency – narcotics as a source of income or as anti-state strategy, which are not exactly the same thing. In one case we speak of development policies; in the other one, we speak of counter-insurgency. We think that it's an important debate. Bill.

MR. MALEY: Yes, if I could just put in a plea for a nuanced approach to the narcotics issue in Afghanistan. This is particularly an area in which there is no quick-fix solution, and anything that is going to work has to be long term and integrated.

The studies that have been done of narcotics or production in Afghanistan and the opium cultivation suggest that we're talking about a really complex phenomenon, that the bulk of people who are growing the opium poppy are growing it only as a minority of the crops that they produce, the 3 million tons of cereals get produced in Afghanistan each year as opposed to 6.5 thousand tons of opium, that it is integrally related to the absence of a banking system so that people who are seeking rural credit find themselves in hawk to the drug producers because they are the only people who can provide them with lands to renew equipment for use in the cereal sector.

All of these kinds of things then come into play which suggests that we need to be looking at things like microcredit. We need to be looking at alternative livelihoods. We need to be looking at the ways in which we can win people from opium cultivation without creating a moral hazard problem at the same time. I think the danger of talking about eradication as a strategy is that it produces the equivalent of the Great Depression in the Afghan economy, and emiserates (ph) the key constituency on which President Karzai is dependent in the south, which is not exactly a favor to the transition process.

MR. GRARE: Well, we are now approaching the end of this presentation. We still have time for two questions. Please sir.

Q: Hi. I'm Ferill Tolkin (ph) from the British Embassy. I would like to make a comment first and then ask a question to Professor Maley about the Ankara declaration, Ankara meeting. The Turkish president – (inaudible) – Presidents Karzai and Musharraf to Turkey because Turkey has historical ties with these two countries and the full confidence. So the meetings went pretty good, actually, comprehensive, cordial, and useful talks, and where a joint declaration was adopted, and that was a powerful political document which was a good start. And the adjoined working group will be established on that to work on the confidence-building measures between the two countries.

Actually what we, the international community should focus on is to encourage Pakistan and Afghanistan to increase their dialogue at all levels, which is important, and I think President Bush – (inaudible) – last September – (inaudible) – initiative last month.

My question is to Professor Maley about the political climate at the moment in Afghanistan, where a largely political opposition – (inaudible) – fought the United Front, which has had about ex-Northern Alliance neighbors, like Rabbani, Halili (ph), Nosterate (ph), and – (inaudible). How do you see the situation and its implications for the future political scene?

MR. MALEY: Yeah, this – (inaudible) – is an interesting one because it balances together not just President Rabbani, but also Karzai's vice president, Ahmad Zia Masood, and perhaps for those of us with long memories rather more starkly, the former communist interior minister, Sayyid Muhammad Gulabzoi, which suggests that this is a new bed it's a pretty large one. The – it's essentially an anti-Karzai group, which has been founded in anticipation of the next presidential election. It is pretty clear that if they have a candidate, it's likely to be the speaker of the Wolesi Jirga, Yunis Kanoli (ph).

Apart from some proposals for constitutional change, some of which I think are quite sensible ones, it has no policy settings worth speaking about. If you actually interrogate the members of the Jabimili (ph) on issues such as through what mechanisms they hope to enhance the welfare of ordinary Afghans, you get blank looks. And to that extent, it is rather a reflection of the sclerotic atmosphere of Afghan elite politics at the moment where so much is focused on personalities and so little is focused on genuine policy settings.

Now, these aren't the only people who are positioning themselves for a run at the presidencies. The wife of one of Karza's most trusted ministers recently assured a friend of mine that her husband was planning to run for the presidency when the election is next held too. So I think we'll see an increasing number of individuals positioning themselves as possible candidates for the next election. Now, maybe they have just taken their lead from the United States where the presidential race seems to have started earlier than ever, but I think what we need to be careful not to do is assume that there is a deep policy agenda that is running here. It is very much to do with the out group trying to position itself to be the in group in a couple of year's time.

MR. GRARE: Last question.

Q: It is more of a comment than a question. My name is Gretchen Peters. I'm the reporter for ABC in Pakistan and Afghanistan. I'm back now in the states working on a project on the narcotics trade along the border, taking some time off from my normal work. Bill was talking about trying to find new approaches to the drug strategy, which – sorry, to the narcotics problem, which is generally described as an Afghan problem. One thing I think needs to be worked on immediately is that this is a regional problem and that there is needs to be a regional approach.

One issue that I feel very strongly about and don't see any work being done is that we hear over and over again about planned programs to spray most of Southern Afghanistan to destroy hundreds and thousands of acres of crops, which will almost

inevitably alienate hundreds of thousands of Afghan farmers. And yet, very little effort has put – has been put in, as far as I can work out, into interdicting the probably or so people who run the trade and profit most from it. Those people live in countries with police forces, with jails, with judiciary systems that function. They are mostly in Karachi, they are in Dubai, they are in Sharjah. Everybody knows who they are. I'm not sure why we are not going out and arresting those people, as opposed to making Afghan farmers sort of victims all over again.

MR. WEINBAUM: You know, they are untouchable. One of the unintended consequences of – (inaudible) – interdiction is that we have gotten a lot of the small guys, and we have therefore consolidated a lot of this trade so it's now in the hands of people who are largely untouchable. And with respect to – you know, you also have to keep in mind that as long as the demand – and I thought this is where you were going – as long as the demand remains in Europe and Iran and everywhere else, somebody is going to fill the demand. So let's not kid ourselves that there aren't going to be drug traffickers doing this sort of thing at that end.

I just wanted to also underscore something that Bill said. We tend to see this in terms of price, of getting price right. But what I wanted to stress was credit. Unless you deal with both of these, you haven't really addressed it. And so we don't necessarily have to make them as, quote, “wealthy as they are now” through the drug trade, but we have to be able to give them a better life. We have got to be able to improve the standard so that there – and most of them, we understand – most of them are prepared to give up this – it's somewhat distasteful for them, but on the other hand still attractive to them.

So that is part of that alternative that we have – they have got now. Especially 2 million farm families are in debt, and you cannot leave them that way. Certainly spraying – fortunately, it seems like spraying is off the table for the time being.

GRARE: Bill, last comment.

MR. MALEY: Yes, I think a lot of us are looking forward to Gretchen's book because I think this line of argument is one which has not been sufficiently discussed up to this point. And with – all of the evidence suggests that only about 20 percent of the profit from the narcotics industry gets to the farm gate, and 90 percent is going to a small number of people who are up the chain, which in a sense gives them a capacity to try to corrupt the instrumentalities of the states in which they physically locate themselves. But in a way, that is what Interpol and such agencies are for.

To some degree, even a naming-and-shaming campaign run by major countries relating to the location safely within the territory of others could be a contribution to isolating to some degree the people who engaged in this kind of activity. I think anything that directs the focus away from simply the farmers onto the wider confluence of forces that are involved in the narcotics trade is a useful step forward in terms of appropriate public policy responses.

MR. GRARE: With this last comment, we now come to the end of the – oh, you wanted to say something.

AMB. SCHAFFER: Since we are in a sense making final comments, I would like to bring the discussion back to Pakistan because I think this is really a very central problem for both the future of Afghanistan and for U.S. policy, and to reiterate that I think one can't simply look to pressure, although that is obviously going to be part of the mix. But the importance of trying to find some elements of a common political strategy are something I feel very strongly about.

MR. GRARE: Thank you very much. The time has now come to wrap up this session. I can't refrain from noting that although Pakistan was very much at the center of almost each and every presentation here, it was remarkably absent from the debate, and a number of things were absent, which seems to be taken for granted, but, I mean, I supposed that this will be the occasion of another panel, another meeting.

And for the time being, I will just give you our last meeting, which will be actually this afternoon with the role of Bangladesh in South Asian cooperation.

With that, I would like to thank all of our panelists. Thank you for your presence here. And please join me in thanking the three speakers of this morning. (Applause.) Thank you very much and have a good day.

(END)