

War and famine. Peace and milk.

— Somali proverb

The War in Afghanistan: Problems and Prospects in the Wake of Karzai's Visit Symposium Issue

The big question is how else to deploy the real resources we are expending on the wars, including the labor hours of the manpower employed in both fighting and support functions. Simply cutting spending by the \$700 billion will redeploy those resources to the unemployment line, to join the 30 million Americans already there waiting for a chance to go to work.

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Opening Remarks

James K. Galbraith

Good morning. I'm James Galbraith, chair of the board of Economists for Peace and Security. I welcome you to this symposium on "The War in Afghanistan: Problems and Prospects in the Wake of Karzai's Visit."

First of all, I would like to very cordially thank our partners in this endeavor, the New America Foundation, and particularly Steve Clemons, whose help in organizing and advertising this event has been utterly invaluable. I'd also like to thank the Ronald Reagan International Trade Center for making this very pleasant facility available to us. And I would like to welcome the audience we have here live, as well as the audience joining us online through web streaming on *The Washington Note*.

Economists for Peace and Security is a professional network of economists, based here in the United States, with affiliates in many countries around the world. Our primary mission is to call attention to the costs of war and to urge that the pursuit of security be conducted along paths that reduce violence, de-escalate conflict, and spare blood and treasure. We recognize that sometimes wars cannot be avoided, that some missions should be seen through. But experience also teaches that this is not true of all conflicts, and that it is better to disengage from a futile and fruitless mission than to persist when the costs

exceed the possibility of gain. It's in this spirit that we're convening this symposium this morning to take up the issue of the Afghanistan war.

We have two expert panels. The first will be largely concerned with the circumstances and costs of the conflict itself, and is composed of very senior and distinguished experts who've spent a great deal of time reflecting on these issues.

The second will try to set this question in the larger strategic and economic context. Our view is that when faced with not just one, but a series of security challenges, it is exceptionally important that they be considered together and in light of the priorities and demands on the resources of the larger society. This will be the function of the second panel — also composed of people with great depth of experience and knowledge in thinking about these larger economic and strategic questions.

Between the two panels, we will have a keynote speaker, an individual with recent diplomatic experience in Afghanistan and a long career of work in combat zones. That will be Ambassador Peter Galbraith, who happens also to be my brother.

Having said that, I would like now to invite the first panel to take the stage. That panel is being chaired by Michael Lind of the New America Foundation.

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ABOUT THIS ISSUE

On May 17, 2010, EPS hosted "The War in Afghanistan: Problems and Prospects in the Wake of Karzai's Visit," a half-day symposium in Washington DC. The event was co-sponsored by the New America Foundation and the Ronald Reagan International Trade Center Washington DC. Over 100 people were in attendance, while more than 3,000 viewed the live webcast. This issue of EPS Quarterly provides a summary of the symposium. For complete transcripts, with questions and answers, please visit our website.

Session One Summary: Unnecessary and Counter-productive

Chaired by Michael Lind

Michael Lind

Good morning. Thank you, and thanks to Economists for Peace and Security for allowing us at New America Foundation to co-sponsor this one in a series of very enlightening and provocative events that EPS has put on.

The subject of this first session this morning is “Unnecessary and Counter-productive.” We’ll be looking at the Afghan war, both in itself and in the context of US grand strategy. To help us think our way through this, we have some of the most provocative and insightful foreign policy thinkers in the United States: Paul Pillar, Matthew Hoh, Hillary Mann Leverett, Steve Clemons, and Thomas Andrews. So we clearly have a very impressive lineup to address this issue.

Paul Pillar

In the beginning, we need to remember why, supposedly, we are in Afghanistan. It’s supposed to be all about terrorism. We intervened with Operation Enduring Freedom as a direct response to the 9/11 terrorist attack nine years ago. At that time, Al Qaida had a haven and a partnership with the Afghan Taliban; it is essentially no longer there. According to the president, our goal is to prevent the re-establishment of a terrorist safe haven in Afghanistan. There is a key question underlying all of our discussion about this effort: is what we’re doing in Afghanistan achieving enough of a reduction in the terrorist threat to Americans to warrant the direct costs in blood and treasure, as well as the indirect ones?

The principle point I want to leave you with is about the benefits. Whatever protection from terrorists that we gain through our efforts in Afghanistan, in my judgment, nowhere near warrants the costs we are sustaining. It may even be a net zero, or worse. In support of that let me make several observations.

Firstly, Al Qaida itself is no longer in Afghanistan; to the extent it has a safe haven, it’s across the other side of the Duran Line in Pakistan. If they were to lose that, any number of places could

serve as safe havens — Somalia, Yemen, or elsewhere. More fundamentally, even the lack of a physical, territorial safe haven would not necessarily make an appreciable difference in the threat that Al Qaida (or any other terrorist group) poses. All we need to do is think about their preparations for 9/11 itself. Most of it took place not in Afghanistan or Pakistan, but in places like Hamburg and Spain, and most notably flight schools here in the United States. So, the standard against which to measure costs is how much incremental difference is made to the threat by eliminating safe havens.

[I]s what we’re doing in Afghanistan achieving enough of a reduction in the terrorist threat to Americans to warrant the direct costs in blood and treasure, as well as the indirect ones?

We’ve gotten into a conflict in the current counterinsurgency where we aren’t fighting Al Qaida; we’re fighting a surrogate enemy, most of which goes under the label of the Taliban. The Afghan Taliban is not a transnational terrorist group like Al Qaida. Its goals are not the goals of Al Qaida. It is one of the most insular, inward-looking bands of people anywhere. They are concerned with how things are ordered and run in Afghanistan, not what takes place outside the borders of Afghanistan. We are a concern to them only insofar as we affect the social and political order of things inside Afghanistan. Beyond that, they probably couldn’t care less about us. Additionally, many of the people who have taken up arms in Afghanistan have no sympathy at all for the ideological extremism we associate with the Afghan

Taliban. Many of them are more accurately described as armed militias, or armed tribal elements. Their main motivation has been to rid the country of what is seen as a foreign occupation, not to pursue the particular ideological goal of the Afghan Taliban, much less to support the broader transnational goals of someone like Bin Laden.

Against these realities, some have observed that we’re there because of what’s going to happen in Pakistan. We have a tendency to think that if one country is unstable, it’s inevitably going to spill over into the next country — Cold War style. Perhaps there will be some effects, but I daresay that the most important determinants of what happens inside Pakistan will be inside Pakistan itself.

I realize that we’re not talking about what we should have done in Afghanistan two years ago, or five years ago, or nine years ago; it’s where we go from here. But I would say that we still need the same sort of clear-headed thinking about costs and benefits, in terms of where we go from here, as has always been the case. We should resist two tendencies in particular: one, to think of sunken costs as investments, even though that’s a common human tendency that has come up with previous US wars; and two, to treat a particular victorious military outcome, be it in counterinsurgency or any other mode of warfare, as an end in itself. It is not.

Matthew Hoh

I have four points of contention with our strategy in Afghanistan, and a recommendation.

The first point is that our presence in Afghanistan has no effect on Al Qaida. Basically this is a loosely structured organization that operates worldwide with individuals and small cells. Our response to that is deploying 100,000 ground troops in a country that they’re not even in.

The second point is the moral aspect of our operations in Afghanistan, the fact that the Karzai regime is a corrupt and illegitimate government. I took part in the

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elections this past summer, and I can tell you with utter sincerity and certainty that those elections were stolen.

The third point is that we're taking part in what is in effect an old and ongoing civil war. This conflict between the Pashto-speaking peoples and the Dahri-speaking peoples, i.e., the Pashtuns versus those who compose the northern tribes (the Uzbeks, Tajiks, and Hazaras), has existed for generations literally spanning centuries. There's also another dimension of this conflict: the split between urban and rural, the secular and the religious, the progressive and the traditional, the educated and the uneducated is immense, and it's a split that actually is one of the main elements of conflict there. If you want to be simplistic about it, you can think of it in terms of our own split between red states and blue states. It comes down to issues of values and lifestyle, and issues of culture — things that will not be bridged by building new roads, health clinics, schools, etc.

Within Pashtun society itself, there's a split as well. The English during their time in Afghanistan in the 19th Century made reference to mountain Pashtuns and valley Pashtuns. Again, this falls along urban and rural lines. There are also tribal dimensions in Pashtun society. But even that's not perfect; it's very muddled, particularly after 35 years of war. It's just a very complicated, conflicted society. As a Westerner, the best thing to do is recognize that, and understand that things simply are not as black-and-white as we would like.

In 2001 we came into the middle of an ongoing civil war. We replaced the Taliban with the Northern Alliance, but didn't address or resolve those underlying political causes of the conflict: why these two sides are fighting each other, why one side of the nation was fighting the other side. In fact, as we formed a new government in Afghanistan, we actually excluded a large segment of that losing side from the government, causing one of the roots of the problem right now. That's one of the reasons the Taliban gains support: people were excluded from the process of, and involvement in, the government.

Finally, the last point is quite simply that the people fighting us in the east and in

the south are fighting us because we're occupying them. It's very simple. If we were not in those valleys, they would not be fighting us. What we find is that our occupation is a source of the rebellion, as opposed to anything else.

If foreign occupation and corrupt, unrepresentative government generate popular support for the Taliban, why was adding more troops and expanding a corrupt, unrepresentative government our solution to the problem? We're just adding fuel to the proverbial fire. I've called for a ceasefire within the country, because our troops' actions in the valleys accomplish nothing and are, in fact, counterproductive. I called for honest negotiations with senior leadership of the Taliban (because they do represent a large portion of the population in terms of their effects in the south and in the east), and for reforming of the Afghan government to bring in those who are excluded from it, such as the rural Pashtuns.

Hillary Mann Leverett

There is a deep strategic problem with America's war in Afghanistan, which is that the war against Al Qaida and the Taliban was not, is not, and never will be Hamid Karzai's war. This is a basic fact that many in Washington refuse to accept.

Hamid Karzai was not selected to serve as Afghanistan's president because he had any significant military background, let alone management experience or even significant government service. Karzai was chosen as Afghanistan's post-Taliban president because he's Pashtun, from an important tribe. This would lay the foundation for our bringing in other Pashtuns — very valuable for post-conflict stabilization. Indeed, of the 30-odd ministers in that first post-Taliban government, nearly all — including those responsible for the military and security forces — were appointed because of their ability to pacify their ethnic, sectarian, and tribal groups, and bring them into a process of political reconciliation. I believe the only realistic way forward for Afghanistan is political reconciliation and power-sharing with each of Afghanistan's most powerful factions and their external backers.

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Session One: Unnecessary and Counter-productive (continued)



Session One panel, left to right: Thomas Andrews, Matthew Hoh, Steve Clemons, Paul Pillar, Hillary Mann Leverett, Michael Lind

The Obama administration's attempt to split hairs and agree only to political reintegration, rather than to political reconciliation and power sharing of the Taliban, is fantasy at best. It depends on two false assumptions: one, that the Taliban can be defeated militarily; and two, that the Taliban don't realize that they would be politically irrelevant if they agreed to essentially American conditions for reintegration. At worst, refusing to agree to political reconciliation and power sharing contributes to the continuing civil war by empowering the Taliban and other insurgents to fight in a way that they see as a zero-sum fight to the finish.

With US troops withdrawing come next July, the Obama administration will need to embrace precisely what Karzai can offer: national reconciliation through negotiated power-sharing arrangements. The Obama administration needs to set aside once and for all the delusion that the Taliban can be "reintegrated" into an Afghanistan that can be stabilized along Western lines. That's simply not going to happen.

The US should be supporting Karzai in his pursuit of what I see as the most urgent challenge facing Afghanistan: bringing the Taliban to the negotiating table with other Afghan factions, while at the same time keeping the most strongly anti-Taliban elements at the table too. This requires not only a focused, deft policy on internal politics in Afghanistan, but also a rigorous, serious diplomatic

strategy to elicit the cooperation of the Afghan factions' most important external backers. There should be support for Karzai's efforts to reach out to Saudi Arabia and to others who have longstanding ties to the Taliban, who can help to enlist their help in incentivizing their cooperation in any kind of power sharing agreement. We need to stop criticizing Karzai for trying to build a constructive relationship with Iran.

In fact, Washington needs to support efforts to reach out to Tehran. This is essential if Iran is to be persuaded to accept the Taliban's inclusion in a political settlement, while at the same time using Afghan groups to which Iran has ties as a long-term check on the extent of the Taliban's power and reach.

Under the best of circumstances, engaging Iran as part of a regional strategy (which of necessity must also encompass Iran's archrivals, Pakistan and Saudi Arabia) would be a daunting diplomatic challenge. At a time when Washington is working overtime to expand both the multilateral and unilateral US sanctions against the Islamic Republic, the chances of successful US-Iranian engagement over Afghanistan are extremely poor.

Yet it is essential to pursue this path. Failure to pursue this kind of diplomatic strategy for Afghanistan runs a real risk that the withdrawal of US troops from Afghanistan over the next few years will leave an environment that is all too conducive to a proxy war among Afghan-

istan's neighbors and other key regional states. If we think that it's chaotic there now, just wait until Iran and Saudi Arabia decide to have their proxy war there.

Steve Clemons

We thought it would be important to begin putting the Afghanistan question in a larger context. I would like to get beyond Afghanistan just for a moment and look at some of the other broader issues that are neglected when we discuss US foreign policy. In part, what's been happening both in Democratic and Republican Party circles is a decline of those players who think in cost benefit, i.e., realist terms — even my friends on the liberal internationalist side who tend to think about structure, and deliverables, and costs and consequences of different approaches.

When I look at American power and its precipitous decline over the last several years, I see key limits in the economic, military, and moral dimensions of power. The war in Iraq has shown fundamentally military limits to US power. We managed to export toxic financial products to the rest of the world, thus throwing into question our economic leadership. Abu Ghraib, Bagram, Guantanamo, and others continue to be a very large recruiting mechanism for terrorists and terror networks around the world, also casting into debate America's moral leadership.

This brings us back to Afghanistan. I see our involvement there as something

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that saps and traps American power, not as something that enhances and builds American power. This week [May 17, 2010] *The New Yorker Magazine* will print a piece by Steve Coll [of the New America Foundation] that essentially argues that the administration remains completely politically inchoate when it comes to these issues. This has been my concern for a long time. If you could find a way to move in, neutralize the Taliban, stabilize Afghanistan, and create rapprochement between India and Pakistan in the deal (all in a cohesive way that would enhance the sense of American power) I would be for it. But I just don't believe it.

Over a period of time the United States military, which has capacity to deliver on so many fronts, has come to be looked at as the only institution with teeth and resources that can move. As an example, [Congresswoman] Donna Edwards recently said that we could benchmark American national security in terms of the change in women's lives and circumstances in Afghanistan. I'm absolutely in favor of women's rights and trying to use any statecraft and/or other mechanisms to try to improve those areas. I'm definitively opposed to thinking that the US military is the appropriate means to do this.

Similarly, the military is not necessarily the right institution for state building. [Retired General Anthony] Zinni, who has been on almost every state building commission in recent years, has concerns about the Pentagon's culture and capacity for civil affairs. Designating the military for tasks beyond its expertise leads to bureaucratic knots, driven more by partisan political interests than by cost benefit assessment of what would drive American power forward.

So I will leave you with the idea that we need to break out of the box. We're spending today more than \$100 billion for the current deployments in a country with a \$12 billion GDP, for an engagement that is weakening the perception of American power rather than strengthening it. We need to broaden our perspective beyond the borders of Afghanistan and look at the consequential downdraft

of these issues. We ought to be very humble and very cautious about allowing mission creep in our objectives.

Designating the military for tasks beyond its expertise leads to bureaucratic knots, driven more by partisan political interests than by cost benefit assessment of what would drive American power forward.

Thomas Andrews

I want to thank Economists for Peace and Security and the New America Foundation for hosting this forum. It's extraordinarily important that we have precisely this kind of discussion, both on Capitol Hill and throughout the United States, to grapple with this question of the US policy in Afghanistan.

Paul struck the nail on the head when he addressed the strategic angle of this question in the context of US security. Does the military escalation in Afghanistan make America and Americans safer? It's so easy to get involved in the tactical debate about this or that military, diplomatic, or developmental approach in Afghanistan. But we need to keep our eye on the strategic ball and continue to ask whether in fact we are, through our actions in Afghanistan, protecting and promoting the national security interests of the United States. The rationale for this military escalation is to create the conditions in which there can be peace and stability in Afghanistan. There are compelling arguments that it could be having exactly the opposite effect.

We also need to ask the fundamental question of what is motivating the insurgency in Afghanistan. Is it (1) to turn their country into an international haven for

terrorists, or is it (2) to rid the country of what they see of a foreign military occupying power? Almost to ask it is to answer it; but ladies and gentlemen, our policy in Afghanistan today is built upon the first assumption. The escalation is all about creating conditions that would be brought about through increasing the military footprint in a country that, time and time and report and report again, is proving to be absolutely opposite of the case.

The political dynamic here in the United States is critical. If you look at the polling, you find that when the president made his announcement of the new Afghanistan policy, people wanted to give him the benefit of the doubt; there was a spike of support for the policy. The Washington Post/ABC poll that was published two weeks ago says that now a majority of the American public believe that the war in Afghanistan is in fact not worth it.

There are three core factors that are going to change this political dynamic. First of all, people are now increasingly very, very skeptical of this war. Secondly, news reporting is changing; we're starting to get a more critical look at the war. Thirdly, the American people are becoming increasingly conscious of the cost of the war, as so much of our attention and focus, particularly in this election year, is on the runaway budget of the United States. Those three factors, I think, are driving a change in the political dynamic.

Of course, there is an irony here. How is it that 52 percent believe it's not worth it; but 56 percent agree with the policy? Frankly, the most important reason is that this is the one policy that the Republicans are not beating the president up on every single day. It's the one area that they support. Nationally, only 12 percent of Republicans support the president's policies, but 42 percent support his policy in Afghanistan. But on the other side of the ledger, 66 percent of the Democrats who supported President Obama in the 2008 election are dead set against the Afghanistan policy. As members of Congress go home seeking the support of the Democrats and activists

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who put them in power in 2008 and 2006, they find more and more that those very same people are skeptical, questioning, and wondering why we're going in this direction. Those are the people that the Democrats are going to need in order to be successful. We have a very interesting and important dynamic occurring here.

One final word on what's happening on Capitol Hill as a result of this dynamic. Jim McGovern over in the House and Russ Feingold over in the Senate have

introduced legislation that would require the president to provide the Congress and the American people with an exit strategy for Afghanistan. This says that not only do we want to see the initiation of the redeployment of forces out of Afghanistan in July of 2011, we want to see an end point and we want to see a strategy to get us from point A to point B. In two and a half weeks Jim McGovern's legislation has already generated 83 co-sponsors over in the House. A similar bill that he introduced last year that became

an amendment to the Defense Authorization Bill received 138 votes — that's 131 Democrats, 7 Republicans. A majority of the Democratic caucus supported that legislation.

I think it's incredibly important that in forums like this, forums like the United States Congress, campaign forums across the United States and in newsrooms across the United States, the debate about Afghanistan take off and be held in earnest, because the stakes are just too high for it to be any different.

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UPCOMING EVENTS

October 27 – 29, 2010. International Greening Education Event in the "green" city of Karlsruhe, Germany. This event will take academia, education and environmental policy makers, senior members of academic institutions, representatives of government and non-governmental organizations and international development agencies, teachers, sustainable development and environmental management professionals and other stakeholders through the need for greening education and then discuss effective initiatives that can be taken to translate "education for sustainability" into actions. Event details are available at <http://www.etechnology.com/IGEE2010.pdf>.

November 18 – 19, 2010. The second International Conference on Conflict Management, Peace Economics and Peace Science meeting will be held at Central University of Finance and Economics, Beijing, China. The theme of the meeting is Cooperation for a Peaceful and Sustainable World.

January 7 – 9, 2011. The annual meetings of the Allied Social Sciences Associations/American Economics Association in Denver, Colorado. See back cover for more information.

February 25 – 27, 2011. The Eastern Economic Association's 37th Annual Conference will be held at The Sheraton New York Hotel and Towers, New York City. For more information, see <http://www.ramapo.edu/eea/2011/>.

Keynote Address

Peter Galbraith

James Galbraith

It's my pleasure this morning to introduce the keynote speaker. He is a man whose involvement in South Asia includes deep involvement since the late 1970s in the struggle for civilian and democratic rule in Pakistan. He has an involvement almost equally long in Iraq, where, as a member of the Senate Foreign Relations Committee staff in 1988, he uncovered the Al-Anfal campaign of genocide against the Kurds and was the drafter of the Prevention of Genocide Act, which was an effort at that time to bring sanctions to bear on Saddam Hussein for those activities.

He became in 1993 the first United States ambassador to Croatia, served there for five years, weathered two wars, negotiated successfully for the territorial integrity of Croatia, and was an architect of the Dayton peace negotiations that ended the wars in Bosnia.

In 2000 and 2001, he served as a minister in the United Nations transitional administration in East Timor, in which capacity, as part of a multilateral government, he normalized relations with Indonesia and negotiated the return of oil rights from Australia to East Timor.

He was appointed in 2009 Deputy Head of the United Nations Assistance Mission for Afghanistan, and he spent about six months there before running into the problem of electoral fraud. Alongside the professional staff of UNAMA, he insisted on upholding the mandate that the Security Council had given that the elections in Afghanistan should be free and fair, and this position led to his being dismissed from that post. Eight members of the professional staff of UNAMA either resigned or left in solidarity.

Peter Galbraith, over many years, has a distinguished record of standing for democracy, for the resolution of conflicts, and for the construction of enduring peace; and so I'm really very proud as his brother to introduce him today. Peter, would you come up.

Peter Galbraith

Thank you, dear brother, for that entirely

neutral and objective introduction. In our family we do somewhat better than our fellow leftists in England, where the Miliband brothers are each running to be leader of the Labor Party. I think one thing you will note that Jamie did not comment on: if you followed the trajectory of my career that he described from staff of the Senate Foreign Relations Committee, to ambassador to Croatia, to cabinet minister in East Timor, it's one of ever more important jobs in ever smaller places.

In Washington and in the US, we tend to talk about Iraq and Afghanistan as if they were homogeneous entities...but that's not the reality. While it is a state without significant separatism, Afghanistan is a very heterogeneous place.

I want obviously to talk about Afghanistan, but I want to speak strictly from a strategic perspective and to ask and answer the question of whether the war is winnable. Frankly, whether you think Afghanistan is important or not, whatever you view of our obligations there morally or politically — if in fact there's no way to win the war, then none of those things matter. There is no point from a national security perspective of committing valuable military resources and valuable national security resources to a conflict that cannot be won.

What is the nature of our strategy in Afghanistan? It is a counterinsurgency strategy. As every general and analyst would say, as General McCrystal says, the center of gravity in a counterinsurgency strategy is the people. Yes, you want to kill a certain number of the enemy. But that by itself does not work;

you will not prevail that way. You have to win over the population. I think everybody would agree that it is not the United States that can win over the population (although in large parts of Afghanistan the coalition forces are not unpopular, quite unlike in Arab Iraq); after all, we are foreigners, we're not going to be there forever, and no country welcomes an indefinite foreign occupation. In order for the counterinsurgency strategy to work, we need a credible Afghan partner. The question is, do we have a credible Afghan partner? And if not, is there any prospect that we can end up with a credible Afghan partner? If the answer to both of those questions is no, then again, there should be no argument: we shouldn't be committing the kind of resources to the mission that the US currently has, because it isn't going to work.

First, do we have a credible Afghan partner in the government of President Hamid Karzai? Hamid Karzai's eight-year tenure has been characterized by ineffectiveness and corruption. On the side of ineffectiveness, Hamid Karzai is known in Afghanistan, and frankly by people who follow it outside, as the mayor of Kabul. Why? Because his authority doesn't extend significantly beyond the capitol city of Afghanistan. In Washington and in the US, we tend to talk about Iraq and Afghanistan as if they were homogeneous entities — an Iraqi people, an Afghan people — but that's not the reality. While it is a state without significant separatism, Afghanistan is a very heterogeneous place. In the central highlands and the north, the population is Hazara and Tajik. The Hazaras are Shiite, and the Taliban consider the Shiite to be apostates; so there's not support for the Taliban among the Hazaras, and virtually none among the Tajiks. But there's also no willingness there, particularly among the Tajiks, to accept the authority of Hamid Karzai. Although Afghanistan's constitution is very centralized, the authority of the central government in fact does not extend significantly into the north of

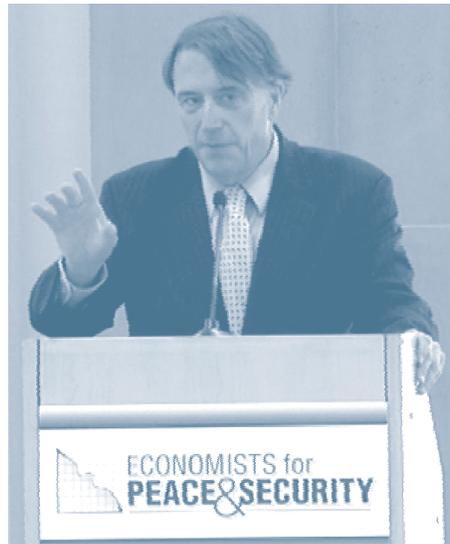
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Afghanistan. In the south of Afghanistan and in the east, the Taliban control the countryside; they control much of the city of Kandahar, Afghanistan's second largest city. And in Jalalabad, it's not Karzai who runs the show, but the local power broker, if you will, the governor, Shirzai. In that sense, the description of Karzai as the mayor of Kabul, as an ineffective leader who doesn't exercise authority of the country, is right.

The second issue is corruption. Afghanistan ranks 179 out of 180 on Transparency International's index of perception of corruption, just ahead of Somalia, which has no government at all. With that kind of record, eight years of ineffectiveness and corruption, I ask you: what makes anybody think that the next five years are going to be any different? A third term for Karzai goes beyond Samuel Johnson's saying of a second marriage being the triumph of hope over experience.

A third factor is the manner in which Karzai secured his second term; this new term was the result of a massively fraudulent election, as I think now everybody recognizes. On August 20 [2009], six million votes were recorded in the Afghanistan presidential elections — or reported, I should say: about three million for Karzai, three million for the other 40 candidates. But of the Karzai votes, at least a million, probably as many as a million and a half, were never actually cast by real people. In fact, they weren't for the most part stuffed ballots; they were simply reported from polling centers that never actually existed. This was the cause of my quarrel with the United Nations, which was using your taxpayer money, about \$200 million, to pay for these elections. There were about 7,000 polling centers, and it became clear that about 1200 of them were in places so insecure, because either they were Taliban-controlled or in combat zones, that nobody from the election commission, from the Afghan government, or from the security forces had ever been there. It was basically wholesale fraud. Retail fraud matters in very close elections; but that's if there is double-voting, or if there are fewer voting machines in minority districts than there are in subur-



Keynote speaker Peter Galbraith

ban districts. That can affect the result in a close election. But this wasn't a case of something in a close election. In this case, it was really convenient to have polling centers that don't exist, because if they don't exist, there's no way that inconvenient candidate agents, or local or international observers, or voters, all of whom might detect something that was amiss, can be there to observe a vote. And so one of the things I tried to do was to get them removed from the rolls. They weren't, and they produced a very large number of phony votes. The end result was several months of political turmoil. Clearly this whole process didn't fool very many people in Afghanistan. They understood that the election was a fraud, and they understood that Karzai was not legitimately reelected. In the north his main opponent, Dr. Abdullah Abdullah, was seen as a Tajik, although he actually was one of the few Afghans. His father was a Pashtun, his mother a Tajik, but he was seen as a Tajik. When the fraud took place, the northerners basically said they were not going to give even nominal obeisance to the central government in Kabul. In the Pashtun areas — of course Karzai is a Pashtun in the south — the fraud simply diminished any notion of legitimacy that he might have as compared to the Taliban.

There's a final element which is a little sensitive here in Washington; but the

fact is — and I don't know how to put this diplomatically, so I guess I won't — Karzai's a weirdo. Having denied for months that there'd been any fraud in his reelection, he gave a speech on the first of April and said yes, it was massively fraudulent. But Afghans didn't do it; the UN did it. Galbraith did it. I have to tell you, I thought politically it was a bit odd. After all, although there'd been quite a splash around my being fired, and I'd written a bunch of op-eds, in the nature of this business you get forgotten. I was living happily in Vermont, which is a good place to get forgotten, I think, and he revived it. Naturally everybody was tracking me down. My first reaction, as I told the BBC, was that I thought this must be an April Fool's joke; but then I realized I didn't have that kind of warm and fuzzy relationship with Karzai that he'd want to do that to me. Of course, I had to issue a denial. Beyond the fact that I had no real capability to produce a million and a half phony votes, I had to say; if I were going to steal an election in Afghanistan, it wouldn't have been for Hamid Karzai. But it was a strange outburst. You might excuse one strange outburst, but it was followed the next day by a phone call to Secretary Clinton in which he apologized; and the day after that, by a speech to the parliament in which he announced that he might go join the Taliban. Now that, again, is not necessarily a very good thing to say when you're about to have 100,000 American troops fighting to preserve your government against the Taliban. What is the message when people are risking their lives, being separated from their families, and the head of the country that they're on the ground fighting for announces that he might go and join the enemy? But it's also just weird. Then the next day he announced that in addition to the UN, the US had committed the fraud that had gotten him reelected.

So I hope I've persuaded you that Hamid Karzai, corrupt, ineffective, illegitimate, and weird, is not a credible partner. I also hope I've persuaded you that a credible Afghan partner is an essential part of this process.

The question now is, is there is some way to get a credible local partner? At

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this point, my answer is no. Had Karzai been legitimately reelected in 2009, at least the stain of illegitimacy would have been taken away; but there still would have been problems. Incidentally, it's not clear that he would have been reelected. The conventional wisdom in Washington is that he would have been, so the fraud didn't matter. In fact, if you analyze the results a little more carefully, it's not at all clear that he would have been reelected. But let's suppose he had been.

The next the question is, how do you get to a legitimate government that is capable of reform? As part of the civilian surge, the US is investing hundreds of millions of dollars in civilian activities aimed at reform, including rule of law and anti-corruption. I can assure you that these things will only operate in full at the margins. If there's going to be prosecution of people for "corruption," it will be prosecution of people not for corruption, but because they're politically "out." Or, as was the case with the recent mayor of Kabul, he's prosecuted, he's convicted, he's let out of jail, and he's reappointed to some other position. This is the behavior. It's not a serious effort, it's basically a sham.

There is a case to be made for a different system of government in Afghanistan. Afghanistan has one of the most centralized political systems in the world for a country that is one of the most diverse geographically and ethnically, and it doesn't work. It is centralized in two ways. First, everybody in Afghanistan who works in government works for the central government. There is no meaningful local government. A teacher works for the Ministry of Education, reporting up to Kabul. It is centralized in the sense that there's a very weak Parliament and a very powerful president constitutionally, but in reality that's not how it works. As I said, Karzai's authority does not extend much beyond the capital city, so in the contest between president and parliament, he tends to win; but it's a contest between two institutions that do not exercise real authority.

A different kind of constitutional system in Afghanistan might produce a better result: an Iraqi-style constitution, in

which the prime minister and cabinet are chosen by the parliament, with super-majorities required in a manner in which all the ethnic and political factions in Afghanistan are then represented in that cabinet. This is what happens in Iraq; yes, things don't get done, but everybody's bargaining within the cabinet. Second is needed a system of elected local government with budget and legislative authority, so that what happens actually on the ground is more formalized. But we're not pushing for this kind of constitutional change, which is totally resisted by Karzai and many of the Pashtuns. The US instead is embarked on a strategy aimed at strengthening the central government. So I see no credible partner, and I see no prospect for having a credible local partner.

There is a case to be made for a different system of government in Afghanistan. [It] has one of the most centralized political systems in the world for a country that is one of the most diverse geographically and ethnically...

Let me just illustrate how this works. Again, if you follow what the military says about this strategy, it means US troops go into an area, clear the Taliban out of the area — and let's pause right there. Do they actually succeed in clearing the Taliban out of the area? It's not as if they're killed or driven away. In fact, they don't even take off their uniforms and go home, because they don't wear uniforms. They simply go home, and then what happens? In order for the strategy to work, you need to have an Afghan army that can come in and provide security, an Afghan police that can provide law and order, and an Afghan government that can provide honest

administration and win the loyalty of the population.

The only piece where there's some progress is the Afghan army, although it cannot operate on its own. The police force is a disaster. Tens of billions of dollars have been spent on training an Afghan police force with very little to show for it. This gives an insight into some of the problems in the country; because of the need to build up an Afghan police force quickly, the police have had an eight-week training course. I'm told it's now been reduced to six weeks. Eighty percent of the recruits are illiterate, and many of them are on drugs — there's a piece in the *New York Times* about that today. Many of them come from villages where they're not equipped with the basics of hygiene; they come from large numbers of men living together in barracks. So in that eight- or six-week course, there's a lot of stuff that deals with some very basic material, and not a lot with policing. Then, in the south of Afghanistan, one out of every ten policemen gets killed each year, so another part of this training course involves simple survival skills: how to position yourself at a checkpoint so you don't get shot. That doesn't leave a lot of time to produce a policeman.

It is possible that, instead of the six- or eight-week course, a one- or two-year course could be introduced, more like what a Western police academy might have. Then we might even teach some of these people to read and write some of the basics. The trouble is, at the end of it, they wouldn't want to be policemen. After all, who wants to take a job where you have a one in ten chance of getting killed each year, especially if you had some other job alternative? So the police piece does not work, and there's not much prospect that it will work.

Of course the government piece: a corrupt, ineffective, illegitimate government is not working. The way in which most Afghans experience local government is abuse of power. The government does not necessarily abuse power, but the local power brokers — in some places they're called warlords — really control things, and people see a lot of

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unfairness. As a typical example: in Kandahar Province, the local power broker seizes an orchard that belongs to a village. The village can go to court, which would be very rare, to get an order restoring the orchard. It's not restored. Nothing actually happens. The approach that we've taken is, "Let's get some of these corrupt officials out of office," because we apply the very Anglo-Saxon notion that if you're out of office, you're out of power. That's true in Washington, but that's not true in Afghanistan. We get people out of office, but they still exercise power. Indeed, some of the people that we have in office have no power, the most pathetic case being the governor of Kandahar, who's a very nice Canadian agricultural economist. Jamie and I are descendants of a Canadian agricultural economist, our father; so we have great sympathy for him. He sits in the palace; nobody comes to see him because it's kind of dangerous to be seen going there. He has no authority, but he does have time to receive the various numbers of official delegations and the military officers and all who drop by. He serves a very nice meal, but he doesn't actually control things in Kandahar, which are controlled by the Taliban or by Karzai's half-brother Ahmad Wali Karzai.

Let me come back to the proposition that if the counterinsurgency strategy will not work (since in order for it to work it needs to have a credible local partner and that partner does not exist), then it's very simple to see that our troops should not be there engaged in that strategy. From a national security perspective we have other challenges. We could use the troops, deploy them elsewhere. We could be focused on other issues. We even could spend money domestically — and I gather that's the subject of the next panel. With this argument, I'm not trying just to appeal to liberals, but also to conservatives, because the money being spent on Afghanistan is money that we could be spending to deal with Iran, or whatever your favorite target is. It's ineffective. That is really the key.

Here I want to make a point: I don't see this as we're either in with 100,000 troops, or we're completely out. I think there are things that we can accomplish

in Afghanistan. There are large parts of the country where the Taliban are not present because they're Hazara Shiites, and the Taliban view them as apostates. Or the Tajik areas — there are basically very few Tajiks that align themselves with the Taliban. Let's protect the north and the central parts of the country. Kabul has now become a city of five million. It's bustling, it's relatively stable. We certainly should not wish to have the situation there deteriorate. There also is a counterterrorism mission, which needs

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to be conducted carefully. The drone missiles are very accurate; they go exactly where we want them to go. But we don't always know who is there when they hit. We hit where we want to, but the people hit are not necessarily who we think they are. The problem is not with the accuracy of the missile, but with intelligence. Yes, there is a need for a counterterrorism mission. How many troops would that require? The north is quite capable of protecting itself, so we'd be supporting the north in protection; in Kabul, also, supporting the forces that are protecting Kabul. Counterterrorism? I don't know, 15,000 to 20,000 troops; anyhow, quite a substantially lower amount.

What about those who say we can't afford to lose the war in Afghanistan? I've argued that it cannot be won if winning is defined as defeating the Taliban insurgency; It also cannot be lost. But if losing is defined as a Taliban victory, that

isn't going to happen either. The Taliban only came to power in 1996 in Kabul, basically on the backs of Pakistani tanks. We have enough influence with Pakistan that that mistake is not going to be repeated. Again, I argue that we should have some continuing presence in Afghanistan. We've had a huge investment, and we have some obligation to the Afghan people. If there's no prospect the Taliban will actually take over the country, what is the situation going to be if we reduce the number of troops to the levels that I'm discussing? Frankly, not very different from what it is now: relatively secure north and central highlands regions, Kabul, with the Taliban controlling the countryside and much of Kandahar. It's not going to change very much, except that we will have a substantially reduced commitment.

Let me just add this, since it's Washington, and there was a very good question about what Congress might do. There is a looming train wreck that simply is not being addressed, and it is something that Congress **can** address. As bad it is, the situation in Afghanistan is going to get immeasurably worse in September unless something is done to stop the Parliamentary elections that are going to be held that month.

The Parliament is currently controlled by the opposition to Karzai. It is the institution where Tajiks and the Hazaras and the Uzbeks are significantly represented. The people running these elections are the Independent Election Commission, the same people who ran the presidential elections in 2009, and stole them. In each and every instance of fraud — this million to a million-and-a-half phony ballots — it was the Independent Election Commission or its staff who produced the phony results, collaborated with those who produced the phony results, or who knew about the fraud and failed to report it. Exactly those same people are in charge of the parliamentary elections.

As I explained, in 2009 there was a separate body set up under Afghan law, the Electoral Complaints Commission, independently appointed, with authority to initiate an investigation of fraudulent ballots, as well as handle the complaints

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that were referred to it. When they removed enough Karzai votes to force a runoff — and they didn't remove all the phony votes because they didn't have time to do an audit, they just did a statistical sample — Karzai denounced the Electoral Complaints Commission as a foreign body, although in fact it was the Afghans who by their own law empowered the UN to appoint three of the five members. He said he wouldn't accept a runoff. This required, then, some pretty intense diplomacy from the Obama administration, including some very good work done by Chairman Kerry of the Foreign Relations Committee. Karzai announced that he would agree to a second round, knowing that the Election Commission would put in rules that would probably force Abdullah not to run; and that's exactly what happened. But Karzai doesn't want the Commission to exist with regard to the Parliamentary elections, so in February of this year he issued a decree doing two things. First, it gave him the power to appoint all the members of the Commission, all five of them; remember, before he had appointed none. Second, it stripped the Electoral Complaints Commission of its authority to initiate the review of suspect ballots, so that it can only handle complaints referred to it by the Provincial Complaints Commission, all of whom are appointed by Karzai.

The Parliament tried to overturn that decree. In fact it voted overwhelmingly, or maybe even unanimously in the lower house, to do so; but the upper house is

appointed by Karzai, so they couldn't actually overturn the decree. The UN — I think, shamefully — brokered a compromise in which the UN would suggest two people for Karzai to appoint to this commission, one of whom would have a veto. But that's meaningless, because a veto means nothing where the Commission's job is to throw out fraudulent ballots; if the decision is made not to throw out the fraudulent ballots, the fraudulent ballots stand. It was a truly a sham. It also didn't address the fact that the Commission's powers had basically been taken away, because it can only handle cases that are referred from the Provincial Complaints Commission.

This is important because the people running the fraud are going to run the September Parliamentary elections. There's no independent review, and it is going to take power away from the opposition. Don't suppose the opposition's going to take that sitting down. A very probable result of all this will be increased chaos in Afghanistan, and very possibly civil war between the Pashtuns and the other groups. So far the war in Afghanistan basically has been a conflict within the 45 percent of the country that is Pashtun. But imagine the government, in addition to battling the Taliban, also battling the northerners, the Tajiks and the Hazaras. This is a disaster, and just like the 2009 presidential elections, this isn't a problem just for Afghanistan. You shouldn't be outraged because the Afghans had a phony election; you should be outraged by it

because those phony elections made the military mission of the men and women that we have in Afghanistan much more difficult to achieve. It's costing us money and people are dying as a result of that fraud. And more people will die, Americans will die, as a result of fraudulent Parliamentary elections. The military mission will become more difficult. To have our troops in the middle of a civil war is going to make things worse.

What should Congress do about this? It's very simple. Afghanistan cannot hold an election unless we, the United States, pay for it. We were ripped off in 2009, when the UN failed to take steps to ensure that our money was spent on having an honest count of the ballots. As a condition of funding these elections, the US should insist on an amendment that 1) the Independent Election Commission have no appointees by Karzai; 2) all the staff who were involved in the fraud are removed and replaced; and 3) the Electoral Complaints Commission be restored to the legal authority that it had, and appointment status, in 2009. Three simple conditions. The likely result of that, frankly, is that there won't be elections; but that is much better than to have elections that make the situation worse.

Let me stop here. I don't think I've left you very much to be encouraged about; but I'll be happy to take any questions if there's time.

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Session Two Summary: Better Uses for \$700 Billion

Chaired by Richard Kaufman

Richard Kaufman

The idea that defense spending is too high and should be reduced is a hardy perennial, as is the failure, in most years, to reverse the trend of higher and higher defense spending. A major exception of the trend occurred after the end of the Cold War in the 1990s, when defense was significantly cut, producing a substantial peace dividend and quite healthy rates of economic growth. In the past ten years defense spending has increased at record high rates to record levels. The critical issue, in my view, is whether it is possible to reduce defense spending without impairing national security, or even possibly to improve it, and if so, how.

Over the years, there have been many efforts employing various analytical constructs to show that shifts in defense spending from defense to non-defense programs would benefit various sectors of the economy. These efforts unfortunately have not convinced policy makers, who argue simply that it is better to err on the side of safety, or, in other words, it's better to spend more than we need to than not enough. The fact is that the interest groups behind the relatively small programs that could benefit from cuts in defense have been no match for the defense industry and their allied lobbies.

Recent developments suggest the possibility that key policy makers in the Obama administration and President Obama himself may harbor a more reasonable attitude toward defense. The first sign is the decision to draw down our forces in Iraq and Afghanistan. Another is the recent statements about defense spending by Defense Secretary Robert Gates. The week before last, on May 9 [2010], Gates announced that Department of Defense spending will not rise in the future as fast as it has in the past. The gusher has been turned off, Gates said, and it will stay off for a good period of time. Citing the state of the economy, Gates also said it was necessary to cut overhead costs by \$10 to \$15 billion annually in order to maintain the existing force. Further, Gates has been

saying in recent weeks that spending on major weapons is disconnected from real world threats. Some of us have been saying that for a long time, both during the Cold War and in this post-Cold War period.

This surge that we're planning in Kandahar is also not going to work. It will delay withdrawal, prolong the war, and result in political, social, and economic disintegration in Afghanistan...

Mike Intriligator

George Santayana, the Harvard philosopher, said in 1905, "Those who forget the past are condemned to repeat it." It's a very apt warning for us today in Afghanistan. You don't have to go back thousands of years to Alexander the Great, or hundreds of years to the British campaign in Afghanistan which led to the end of the British Empire. All you have to go back to is the Soviet experience there. Zamir Kabulov, the Russian ambassador to Afghanistan, was exactly right: we're repeating all the mistakes that the Soviets made when they invaded, occupied, and tried to control Afghanistan. They were there for ten years, from December 1979 to 1989, and they left in defeat and disgrace, having accomplished none of their purposes. I think we're repeating that.

Another point I want to make is about the Taliban. I teach a course on terrorism at UCLA, and one of the things I tell our students in our very first meeting is that Taliban means students. They were the students of Mullah Omar, who brought them out of his school, the madrassah, when there was a terrible incident involving a warlord in Afghanistan. They confronted that warlord, and started a move-

ment. There's now Taliban in Afghanistan, Pakistan, and other places as well; but we shouldn't forget the origins of this terminology.

An estimate of \$700 billion is actually low for the cost of this war. Using the Stiglitz/Bilmes methodology and applying it to the current war, the costs for Afghanistan are probably more like \$1.5 or \$2 trillion. Why is that? Because you have to take into account the long-term costs, like the soldiers who come back incapacitated. They can't work; 19-, 20-year-old kids who've lost their arms, have mental problems, all kinds of problems. We have to care of those people the whole rest of their lives. They can't fend for themselves. If we take account of those types of costs it's well into the trillions of dollars.

Beyond that, we have major opportunity costs. What could otherwise have been done with these funds, and the resources of economic inputs, and management, etc.? Economic stimulus, tax cuts, funds for state and local governments, programs for children, education. Why are we putting money into Afghanistan for a losing war rather than putting money into these local communities?

I think what we're planning in Kandahar will be a disaster. Again, it repeats the Soviet experience. The Soviets also had surges in their ten-year period in Afghanistan. None of those surges worked. This surge that we're planning in Kandahar is also not going to work. It will delay withdrawal, prolong the war, and result in political, social, and economic disintegration in Afghanistan beyond what we've already seen. Given the expected losses and the few benefits, it's going to be a disaster not only for Afghanistan, but for us and for our allies in NATO as well.

Bottom line, we should withdraw as soon as possible. We should withdraw and declare victory, like Senator Aiken said about the Vietnam War. That was a good strategy then, and it's a good strategy now. Rather than the surge, we should be going in the opposite direction and withdrawing our troops.

Session Two - Better Uses for \$700 Billion

Miriam Pemberton

I think this panel had a much easier assignment than the previous panel. "Better Uses for \$700 Billion:" anybody in this room could probably come up with a pretty good list. Anyway, here's my list; it has three items.

The first is we could put some of that money into deficit reduction. I'm not an economist, but I believe the consensus among progressive economists is that focusing mainly on deficit reduction at this time in our economic history is not a good idea, that it would stall the recovery, that we still need a lot of public investment to continue the recovery. But the mounting debt pile, on the other hand, provides a bipartisan impetus to end these wars sooner rather than later. Congressman Barney Frank has pulled together a task group to determine why defense spending should be part of the Deficit Commission's purview, for making defense spending part of the deficit reduction package. Part of the task of ending this war is explaining how we will maintain security by other means if we bring our troops home.

That brings me to the second item on my wish list. Included in the proposals to the Deficit Reduction Commission is the annual Unified Security Budget Report. It's based on the idea that security is more than military forces and involves three elements: offense, defense, and prevention. Offense means military forces, defense means homeland security, and prevention means all non-military forms of international engagement, such as non-proliferation, foreign aid, peacekeeping forces, and so on. This year's version of the Report is going to emphasize that the Secretaries of Defense and State, and the Chair of the Joint Chiefs of Staff, have all said that the extreme imbalance among these three elements is not good for our security. But then they send us budgets that do not rebalance in a way that improves and narrows that extreme imbalance. Each of these actors has also talked about the importance of fiscal constraints. So as we keep pointing out — even I can do this math — increasing funds for prevention, for non-military international affairs, which they all say



Session Two panel members Warren Mosler and Winslow Wheeler

they want to do, while not adding to the deficit, which they all say they don't want to do, can't be done without making some actual cuts in the defense budget.

The third item on my "better uses" list is alternative energy, and I put it there for First, energy independence, along with deficit reduction, had bridged the partisan divide like almost nothing else. For instance, if we achieve it, we won't need those bases in the Caspian region. The second reason is that recently, just about every national security think tank I know of has produced its own report on climate security. Many involve retired four-star generals saying that climate change will create problems that their forces will be powerless to contain. The Quadrennial Defense Review has taken up the topic of climate security as well. But a couple of years ago I calculated that the last Bush budget allocated \$88 for its military forces for every dollar that it put into its climate change budget. The QDR did not talk about a substantial shift of resources from the military accounts to the climate change budgets. The third reason is that investing more in foreign aid, peacekeeping and non-proliferation is a key element of a better security strategy. We need to do those things, but they won't do much for our own economic health. The administration has chosen the goal of building a green economy as a centerpiece of its job creation strategy. The stimulus package made a good start on investing in that goal, but most of the money has by now been spoken for. The Climate Bill,

with all of its defects (if it had a prayer of passing) might provide some of the money that we need to keep the momentum going for building a green economy; but so could the savings from an Afghan drawdown.

Winslow Wheeler

What would I do with \$700 billion if that were to be the cost of the war in Afghanistan? My answer with two very very minor exceptions is: nothing.

Over the past ten years the Department of Defense base budget has increased by just about a trillion dollars. We had almost the largest defense budget since the end of World War II; but for some strange reason we had the smallest army, navy, and air force since 1946. Equipment and toys were on average older than they had been at any point since the end of World War II, and major combat units were less ready than they'd been, with very few exceptions, in the past. We added a trillion dollars to the base budget and we made our military forces smaller and older, and in many cases also less ready than ever before.

If the Deficit Commission is going to get serious about the defense part of our budget problem, we have to get control of the system that spends money. It's common knowledge amongst defense poobahs that the Defense Department cannot pass an audit. As a matter of fact, the Defense Department can't be audited. You flunk an audit when you

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track the money and find it was spent not as intended; the Defense Department has not risen to that level of competence. It would be quite literally an improvement for the Defense Department to be able to flunk an audit. There are three decades of reports about this from the Department of Defense Inspector General and the Government Accountability Office. It's not a new problem; every year, Congress has hearings about it, with horrific testimony presented about literally trillions of transactions not being able to be accounted for each year. Everybody throws up their hands in horror, puts out their stentorian press release, and promptly goes back to sleep. Congress' major contribution to this problem has been releasing the Defense Department from its legal obligations of fiscal competence.

If the Deficit Commission wants to take a useful step forward, they must freeze or annually reduce the DOD budget unless and until its various components and program can pass an audit. Exempt the war spending from the freeze if you think you want to continue to increase war spending; but at least submit it to an audit. As for the rest, start exercising a little adult supervision. It'll be a unique experience not just for the Pentagon, but also for Congress and for OSD [Office of the Secretary of Defense]. The problem is not just that the Pentagon has been misbehaving; it's that Congress and OSD have been entitling it to misbehave with the trillion dollars and a lot more it's been given over the last ten years.

Last two minor comments: I would spend some amount of money in two places. One is for the veterans returning from the wars. What we did to the veterans from Vietnam was a real disgrace, and nobody in this country seemed to be all that upset about that. We should not repeat that experience. The other thing we need to think about is civilian death in Iraq and Afghanistan. Accurate counts are non-existent. Our high-tech, push-button war has made us feel antiseptic, distanced from the casualties. What if this was going on in this country? In a sense it did on 9/11, when more than

3,000 American civilians, innocent civilians, were killed, and we erupted. Imagine how they feel; we don't even count them. We should spend some money not just counting them, but doing a much better job compensating those civilians. The estimates for Iraq range from a couple hundred thousand to more than a million civilians killed as a direct result of our action there. Direct compensation would be pretty pricey, so consider Afghanistan the cheap and easy part of it.

The estimates for Iraq range from a couple hundred thousand to more than a million civilians killed as a direct result of our action there. Direct compensation would be pretty pricey, so consider Afghanistan the cheap and easy part of it.

Warren Mosler

I have been an insider in monetary operations for 37 years. I got my first banking job on Wall Street in 1973. I grew up at the money desk at Bankers Trust; I visit the Fed regularly to discuss monetary operations; I know how the checks actually clear. I know how things work at the federal level. This might include things you haven't heard before, but I assure you this is how it actually works.

First of all, the federal government never has any dollars. All it does when it taxes us is change numbers down in our bank accounts. It doesn't get anything. All it does when it spends is change numbers up in our bank account; it does not use anything up. A year ago, on 60 Minutes, Scott Pelley asked Chairman Bernanke where the bailout money that we were giving to the banks was coming from, whether it is taxpayer money. He answered correctly, "No. The banks

have accounts with us, and we just use our computer to mark up the numbers in their accounts." He's exactly right: every penny the federal government spends is simply a matter of using their computer to mark up the numbers in bank accounts. This is the federal government, not state or local governments, and not businesses. When the federal government borrows and pays back its debt, all it does is transfer balances back and forth between reserve accounts and securities accounts at the Fed. Nothing goes anywhere.

The big question is how else to deploy the real resources we are expending on the wars, including the labor hours of the manpower employed in both fighting and support functions. Simply cutting spending by the \$700 billion will redeploy those resources to the unemployment line, to join the 30 million Americans already there waiting for a chance to go to work. That would not be my first choice, but it's what happens after every war, and I assume government knows it. They know that ending wars are followed by economic slowdowns, which gives government reason to continue the war and the war spending rather than risk a postwar recession. As I've contended for a long time, failure to understand the monetary system that causes our tragic levels of unemployment also serves to keep us at war.

Rather than basing the size of the government on projected revenues, the federal government has to do the reverse. It needs to base the right size of government on political considerations, and then set taxes accordingly to allow the private sector to function at full employment with price stability.

There's a real cost to unemployment, but not to full employment. Today, we might have 30 million people available for work if they were offered jobs. That represents the real cost. When we end the war, we're going to have more people looking for jobs. That adds to the cost. It represents more lost output, in fact, than the cost of every war in history combined — just the losses for the US in the last couple of years. The meter is running; wars are being fought, lives are being ruined.

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What can you do? Learn how the monetary system actually works. Learn how easy it is to sustain full employment so that we can redeploy our resources fully — not just the ones that are being idled by the end of the war, but all the other idle resources we have that are perhaps 30 times higher. Get seriously motivated and spread the word now.

Michael Lind

Why are we in Iraq and Afghanistan? Because we can be. If Al Qaida had flown planes into the Eiffel Tower on 9/11/2001, France would not have invaded Afghanistan or Iraq and occupied them. It does not have the capability. The same is true of Britain, China, and Japan. These are wars of choice in the sense that the United States had a pre-existing military capability which it then chose to use in this way. It's the only country that has this capability. The question is, why does the United States have this global military capability?

We usually hear that our military exists in order to address certain specific threats. But there is a complete disconnect between the actual armed forces we have and these particular threats. For instance, if the purpose of our military were to prevent terrorists from obtaining nuclear weapons, smuggling them to Washington, and blowing up the White House, we would have a radically different and much less expensive military.

In fact, if you read carefully, our

Secretaries of State and our military policymakers give away the real reason for our military: to occupy power vacuums which might otherwise lead to great competition in regional or global war. The problem is not that terrorists might acquire a bomb and blow up the White House. It's that if Iran gets nuclear weapons, then Saudi Arabia and Egypt might get nuclear weapons, and then there would be a struggle of regional powers. The purpose of the American military is to provide security in these regions that otherwise would be contested. We're averting a cycle of arms races among other powers that would be competing in Central Asia, in the Middle East, and in the Balkans.

To think about Afghanistan in the context of this American global strategy, let me give an example from 100 years ago. The basis of the British Empire in terms of population, market, and resources was India. It was strategically necessary to be in South Africa to protect the sea lanes to India. Once you had the Suez Canal, you had to have influence in the Ottoman Empire to protect the Suez Canal. Then, in order to prevent the French and the Germans from threatening South African and Suez sea lanes, the intervening space in Central Africa needed to be filled, which explains why Chad was of strategic interest to the British Empire 100 years ago. This kind of logic underlies almost everything we do, and it is so much a part of the mental furniture of US policy makers that

we're almost unconscious of it. This global strategy is just taken for granted; consequently, the debate is over before it starts. When the question is, "How do we Americans accomplish our goals in Afghanistan, or Iraq?" that just assumes that this is an American problem.

In one of our earlier panels, the phrase "we don't want regional powers meddling in Afghanistan" was used. Well, why not? It's their neighborhood. Central Asia is surrounded by Russia, China, India, Pakistan, and Iran. Saying that we don't want the regional powers to intervene assumes an unspoken consensus shared by policymakers in both parties: that in order to avoid a World War III caused by multi-polar rivalry among other powers, the United States has to fill every power vacuum that has appeared since the collapse of the Soviet Union.

What if we looked at Afghanistan as a regional problem with a regional solution? We would have a radically different policy. We could, for instance, talk about a "NATO" for Central Asia. Or if regional cooperation failed, and civil war in Afghanistan were the result, the US could choose to employ an "offshore" balancing policy, supporting one of the sides with lawyers, guns, and money, but not combat troops.

I want to leave you with the thought that the moment we think within the box — that the war in Afghanistan is the result of the 9/11 attacks — we doom ourselves to irrelevance.

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Annual meetings of the Allied Social Sciences Association and American Economics Association January 6 – 9, 2011 in Denver, Colorado

EPS will host two sessions:
Pressures on the Paradigm

and
Afghanistan – Costs and Exit Strategies

January 7, 2011 2:30pm, Sheraton, Plaza Court 1

Pressures on the Paradigm

Panel Moderator: James Galbraith (University of Texas-Austin)

Marshall Auerback (RAB Capital PLC)
 Robert Johnson (Institute for New Economic Thinking)
 William K. Black (University of Missouri - Kansas City)
 Warren Mosler (Valance Co, Inc.)

January 8, 2011 2:30 pm, Sheraton, Majestic Ballroom

Afghanistan - Costs and Exit Strategies

Panel Moderator: Michael Intriligator (University of California - Los Angeles)

Thomas Schelling (University of Maryland)
 Roger Myerson (University of Chicago)
 Linda Bilmes (Harvard University)
 Lloyd J. Dumas (University of Texas - Dallas)

January 8, 2011 6:30pm

EPS Dinner Honoring Thomas Schelling

Please pre-register by emailing Thea Harvey at theaharvey@epsusa.org

A complete (preliminary) program of the conference is online at
<http://www.aeaweb.org/aea/2011conference/program/preliminary.php/>