

The Afghan Scam

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The Untold Story of Why the U.S. Is Bound to Fail in Afghanistan

The first of 20,000 to 30,000 additional U.S. troops are scheduled to arrive in Afghanistan next month to re-win the war George W. Bush neglected to finish in his eagerness to start another one. However, "winning" the military campaign against the Taliban is the lesser half of the story.

Going into Afghanistan, the Bush administration called for a political campaign to reconstruct the country and thereby establish the authority of a stable, democratic Afghan central government. It was understood that the two campaigns -- military and political/economic -- had to go forward together; the success of each depended on the other. But the vision of a reconstructed, peaceful, stable, democratically governed Afghanistan faded fast. Most Afghans now believe that it was nothing but a cover story for the Bush administration's real goal -- to set up permanent bases in Afghanistan and occupy the country forever.

Whatever the truth of the matter, in the long run, it's not soldiers but services that count -- electricity, water, food, health care, justice, and jobs. Had the U.S. delivered the promised services on time, while employing Afghans to rebuild their own country according to their own priorities and under the supervision of their own government -- a mini-Marshall Plan -- they would now be in charge of their own defense. The forces on the other side, which we loosely call the Taliban, would also have lost much of their grounds for complaint.

Instead, the Bush administration perpetrated a scam. It used the system it set up to dispense reconstruction aid to both the countries it "liberated," Afghanistan and Iraq, to transfer American taxpayer dollars from the national treasury directly into the pockets of private war profiteers. Think of Halliburton, Bechtel, and Blackwater in Iraq; Louis Berger Group, Bearing Point, and DynCorp International in Afghanistan. They're all in it together. So far, the Bush administration has bamboozled Americans about its shady aid program. Nobody talks about it. Yet the aid scam, which would be a scandal if it weren't so profitable for so many, explains far more than does troop strength about why, today, we are on the verge of watching the whole Afghan enterprise go belly up.

What's worse, there's no reason to expect that things will change significantly on Barack Obama's watch. During the election campaign, he called repeatedly for more troops for "the right war" in Afghanistan (while pledging to draw-down U.S. forces in Iraq), but he has yet to say a significant word about the reconstruction mission. While many aid workers in that country remain full of good intentions, the delivery systems for and uses of U.S. aid have been so thoroughly corrupted that we can only expect more of the same -- unless Obama cleans house fast. But given the monumental problems on his plate, how likely is that?

The Jolly Privateers

It's hard to overstate the magnitude of the failure of American reconstruction in Afghanistan. While the U.S. has occupied the country -- for seven years and counting -- and efficiently set up a network of bases and prisons, it has yet to restore to Kabul, the capital, a mud brick city slightly more

populous than Houston, a single one of the public services its citizens used to enjoy. When the Soviets occupied Afghanistan in the 1980s, they modernized the education system and built power plants, dams, factories, and apartment blocs, still the most coveted in the country. If, in the last seven years, George W. Bush did not get the lights back on in the capital, or the water flowing, or dispose of the sewage or trash, how can we assume Barack Obama will do any better with the corrupt system he's about to inherit?

Between 2002 and 2008, the U.S. pledged \$10.4 billion dollars in "development" (reconstruction) aid to Afghanistan, but actually delivered only \$5 billion of that amount. Considering that the U.S. is spending \$36 billion a year on the war in Afghanistan and about \$8 billion a month on the war in Iraq, that \$5 billion in development aid looks paltry indeed. But keep in mind that, in a country as poor as Afghanistan, a little well spent money can make a big difference.

The problem is not simply that the Bush administration skimmed on aid, but that it handed it over to for-profit contractors. Privatization, as is now abundantly clear, enriches only the privateers and serves only their private interests.

Take one pertinent example. When the inspectors general of the Pentagon and State Department investigated the U.S. program to train the Afghan police in 2006, they found the number of men trained (about 30,000) to be less than half the number reported by the administration (70,000). The training had lasted eight weeks at most, with no in-the-field experience whatsoever. Only about half the equipment assigned to the police -- including thousands of trucks -- could be accounted for, and the men trained were then deemed "incapable of carrying out routine law enforcement work."

The American privateer training the police -- DynCorp -- went on to win no-bid contracts to train police in Iraq with similar results. The total bill for American taxpayers from 2004 to 2006: \$1.6 billion. It's unclear whether that money came from the military or the development budget, but in either case it was wasted. The inspectors general reported that police incompetence contributed directly to increased opium production, the reinvigoration of the Taliban, and government corruption in general, thoroughly subverting much ballyhooed U.S. goals, both military and political.

In the does-no-one-ever-learn category: the latest American victory plan, announced in December, calls for recruiting and rearming local militias to combat the Taliban. Keep in mind that hundreds of millions of dollars, mostly donated by Japan, have already been spent to disarm local militias. A proposal to rearm them was soundly defeated last fall in the Afghan Parliament. Now, it's again the plan du jour, rubber-stamped by Afghan President Hamid Karzai.

Afghans protest that such a plan amounts to sponsoring civil war, which, if true, would mean that American involvement in Afghanistan might be coming full circle -- civil war being the state in which the U.S. left Afghanistan at the end of our proxy war against the Soviet Union in the 1980s. American commanders, however, insist that they must use militias because Afghan Army and police forces are "simply not available." Maj. Gen. Michael S. Tucker, deputy commander of American forces, told the New York Times, "We don't have enough police, [and] we don't have time to get the police ready." This, despite the State Department's award to DynCorp last August of another \$317.4 million contract "to continue training civilian police forces in Afghanistan," a contract DynCorp CEO William Ballhaus greeted as "an opportunity to contribute to peace, stability and democracy in the world [and] support our government's efforts to improve people's lives."

America First

In other areas less obviously connected to security, American aid policy is no less self-serving or self-

defeating. Although the Bush administration handpicked the Afghan president and claims to want to extend his authority throughout the country, it refuses to channel aid money through his government's ministries. (It argues that the Afghan government is corrupt, which it is, in a pathetic, minor league sort of way.)

Instead of giving aid money for Afghan schools to the Ministry of Education, for example, the U.S. Agency for International Development (USAID) funds private American contractors to start literacy programs for adults. As a result, Afghan teachers abandon the public schools and education administrators leave the Ministry for higher paying jobs with those contractors, further undermining public education and governance. The Bush administration may have no particular reason to sabotage its handpicked government, but it has had every reason to befriend private contractors who have, in turn, kicked back generously to election campaigns and Republican coffers.

There are other peculiar features of American development aid. Nearly half of it (47%) goes to support "technical assistance." Translated, that means overpaid American "experts," often totally unqualified -- somebody's good old college buddies -- are paid handsomely to advise the locals on matters ranging from office procedures to pesticide use, even when the Afghans neither request nor welcome such advice. By contrast, the universally admired aid programs of Sweden and Ireland allocate only 4% and 2% respectively to such technical assistance, and when asked, they send real experts. American technical advisors, like American privateers, are paid by checks -- big ones -- that pass directly from the federal treasury to private accounts in American banks, thus helping to insure that about 86 cents of every dollar designated for U.S. "foreign" aid anywhere in the world never leaves the U.S.A.

American aid that actually makes it abroad arrives with strings attached. At least 70% of it is "tied" to the purchase of American products. A food aid program, for example, might require Afghanistan to purchase American agricultural products in preference to their own, thus putting Afghan farmers out of business or driving even more of them into the poppy trade. (The percentage of aid from Sweden, Ireland, and the United Kingdom that is similarly tied: zero.)

Testifying before a congressional subcommittee on May 8, 2001, Andrew Natsios, then head of USAID, described American aid as "a key foreign policy instrument [that] helps nations prepare for participation in the global trading system and become better markets for U.S. exports." Such so-called aid cuts American business in right from the start. USAID has even developed a system for "preselecting" certain private contractors, then inviting only those preselected companies to apply for contracts the agency wants to issue.

Often, in fact, only one of the preselected contractors puts in for the job and then -- if you need a hint as to what's really going on -- just happens to award subcontracts to some of the others. It's remarkable, too, how many former USAID officials have passed through the famed revolving door in Washington to become highly paid consultants to private contractors -- and vice versa. By January 2006, the Bush administration had co-opted USAID altogether. The once independent aid agency launched by President Kennedy in 1961 became a subsidiary of the State Department and a partner of the Pentagon.

Oh, and keep in mind one more thing: While the private contractors may be in it for the duration, most employees and technical experts in Afghanistan stay on the job only six months to a year because it's considered such a "hardship post." As a result, projects tend not to last long and to be remarkably unrelated to those that came before or will come after. Contractors collect the big bucks whether or not the aid they contracted to deliver benefits Afghans, or even reaches them.

These arrangements help explain why Afghanistan remains such a shambles.

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It's not that American aid has done nothing. Check out the USAID website and you'll find a summary of what is claimed for it (under the glorious heading of "Afghanistan Reborn"). It will inform you that USAID has completed literally thousands of projects in that country. The USAID loves numbers, but don't be deceived by them. A thousand short-term USAID projects can't hold a candle to one long, careful, patient program run, year after year, by a bunch of Afghans led by a single Swede.

If there has been any progress in Afghanistan, especially in and around Kabul, it's largely been because two-thirds of the reconstruction aid to Afghanistan comes from other (mostly European) countries that do a better job, and partly because the country's druglords spend big on palatial homes and services in the capital. But the one-third of international aid that is supposed to come from the U.S., and that might make a critical difference when added to the work of others, eternally falls into the wrong pockets.

What would Afghans have done differently, if they'd been in charge? They'd have built much smaller schools, and a lot more of them, in places more convenient to children than to foreign construction crews. Afghans would have hired Afghans to do the building. Louis Berger Group had the contract to build more than 1,000 schools at a cost of \$274,000 per school. Already way behind schedule in 2005, they had finished only a small fraction of them when roofs began to collapse under the snows of winter.

Believe me, given that same \$274,000, Afghans would have built 15 or 20 schools with good roofs. The same math can be applied to medical clinics. Afghans would also have chosen to repair irrigation systems and wells, to restore ruined orchards, vineyards, and fields. Amazingly enough, USAID initially had no agricultural programs in a country where rural subsistence farmers are 85% of the population. Now, after seven years, the agency finally claims to have "improved" irrigation on "nearly 15%" of arable land. And you can be sure that Afghans wouldn't have chosen -- again -- the Louis Berger Group to rebuild the 389-mile long Kabul/Kandahar highway with foreign labor at a cost of \$1 million per mile.

As things now stand, Afghans, as well as Afghan-Americans who go back to help their homeland, have to play by American rules. Recently an Afghan-American contractor who competed for reconstruction contracts told me that the American military is getting in on the aid scam. To apply for a contract, Afghan applicants now have to fill out a form (in English!) that may run to 50 pages. My informant, who asked to remain anonymous for obvious reasons, commented that it's next to impossible to figure out "what they look for." He won a contract only when he took a hint and hired an American "expert" -- a retired military officer -- to fill out the form. The expert claimed the "standard fee" for his service: 25% of the value of the contract.

Another Afghan-American informed me that he was proud to have worked with an American construction company building schools with USAID funds. Taken on as a translator, he persuaded the company not only to hire Afghan laborers, but also to raise their pay gradually from \$1.00 per day to \$10.00 per day. "They could feed their families," he said, "and it was all cost over-run, so cost didn't matter. The boss was already billing the government \$10.00 to \$15.00 an hour for labor, so he could afford to pay \$10.00 a day and still make a profit." My informant didn't question the corruption in such over-billing. After all, Afghans often tack on something extra for themselves, and they don't call it corruption either. But on this scale it adds up to millions going into the assumedly deep pockets of one American privateer.

Yet a third Afghan-American, a businessman who has worked on American projects in his homeland, insisted that when Bush pledged \$10.4 billion in aid, President Karzai should have offered him a deal: "Give me \$2 billion in cash, I'll kick back the rest to you, and you can take your army and go home."

"If Karzai had put the cash in an Afghan bank," the businessman added, "and spent it himself on what people really need, both Afghanistan and Karzai would be in much better shape today." Yes, he was half-joking, but he wasn't wrong.

Don't think of such stories, and thousands of others like them, as merely tales of the everyday theft or waste of a few hundred million dollars -- a form of well-organized, routine graft that leaves the corruption of Karzai's government in the shade and will undoubtedly continue unremarked upon in the Obama years. Those multi-millions that will continue to be poured down the Afghan drain really represent promises made to a people whose country and culture we have devastated more than once. They are promises made by our government, paid for by our taxpayers, and repeatedly broken.

These stories, which you'll seldom hear about, are every bit as important as the debates about military strength and tactics and strategy in Afghanistan that dominate public discourse today. Those promises, made in our name, were once said to be why we fight; now -- broken -- they remind us that we've already lost.

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