

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**“SUCCESS IN AFGHANISTAN:
WHY IT MATTERS? CAN IT BE DONE?”**

WELCOME AND INTRODUCTION:
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FEATURING:
THE HONORABLE RONALD NEUMANN,
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TERESITA SCHAFFER: Good morning, ladies and gentlemen. Welcome to CSIS and welcome to the Statesmen's Forum. I'm Teresita Schaffer, director of the South Asia Program here, and it is my great pleasure this morning to introduce our speaker. Ron Neumann was a colleague for many years in the State Department. He and I both served together in the Bureau of Near Eastern and South Asian Affairs, as it then was in the late '80s, early '90s. Ron has served most of his career in the Arab world and speaks both Arabic and French. His distinguished service in the department includes ambassadorial postings in Algiers and Bahrain and a senior posting in post-invasion Iraq, but he also has a number of distinctions that you may not find on his file.

One is that he's a squash player. I don't know if he still is, but he was at one time. The other is that his father was ambassador to Afghanistan before he was and his father was also a long time stalwart at CSIS. So I am delighted to welcome home Ron Neumann who has just left Kabul after two momentous years as ambassador there and to give you the opportunity to hear from him. (Applause.)

AMBASSADOR RONALD NEUMANN: I see some friends in this audience; I don't know about the rest of you, but – (chuckles) – and some a number I worked with. It's a pleasure to be here. It's a kind of special pleasure because this is actually my last day in the Foreign Service; I retire as of this evening. And I don't expect to be very retired, but I won't be in the Foreign Service. And it's interesting to me to be here on this last day because my father was here a very long time and while I don't remember having these quarters in the basement in those days, I've walked through that door on 1800 K Street an awful lot, as he and I used to have lunch once a week.

And, in fact, it was here when we had an interest – just a little reminiscence before I get to substance, but he and I had gone to lunch, this was early in the Reagan Administration, and we came back and he had gone off for an after-lunch stop at the bathroom and I was chatting with his secretary for a minute and suddenly the telephone rang and she said, it's the president, what do I do? And I said, I'll take care of this. (Laughter.) So I went down and beat on the door and said, you have to come out, the president's calling. It took quite a while before he was convinced it wasn't his son just playing a stupid joke at the end of lunch. (Laughter.) So it's kind of fun to be back here for my last official speech, although I'm sure there'll be others.

People tend to ask me, what do you think about Afghanistan? It's a question that I recognize I have a requirement to answer and have a perpetual problem in doing so in the kind of sound byte way that the media culture wants. Overall, yes, I'm optimistic. I'm more optimistic than I was when I went. But I would put that optimism within the context of needing to spend time, money, blood, and do it for quite a spill.

Afghanistan is a country where the more you know, the more confused you become. It is a country where there are always multiple indicators going in different directions, which, of course, also makes it an easy place in which to go out and document the presumption that you brought to the subject in the first place, but harder to draw a balanced bottom line. And it is one that is going through a lot of turmoil.

So given the problems with narcotics and corruption and poor government and insurgency going on, one might fairly ask, why am I optimistic? And so I thought I'd tell you. There are several reasons for this. First of all, I think it's important to recognize that a lot of what Afghanistan is going through is not unusual in a post-conflict country. It has the debility that it's not quite post in some parts of the country. But many of the issues of corruption, the breakdown of government, the weakness: these are not unique to Afghanistan. And it's important to look around occasionally and remember that other countries have experienced many of these phenomena and some of them have made it out of it. That's no guarantee that Afghanistan will do so; it's just a reminder that it doesn't mean things are hopeless because they're difficult.

I somewhat hoped to learn a little more about how many parallels there might be between South Korea right after the Korean War and Afghanistan, I think you can certainly make too much of that comparison, but it's an interesting reminder of another country that was in a totally shattered state. There are others more recent, but less clear in the outcome.

So what is it I would look at to say, you know, that's fine to say, okay, it's not hopeless, Neumann, now what is it that would make you be optimistic? Well, first of all, the parliament. This is early days. There are many lamentable characters in the parliament, but as an institution, it has performed responsibly. It has not broken down into hard-edged blocks between ethnic or tribal groups. It has confronted a number of potential crises – budget, cabinet, various other things, election of the speaker – and at the end of the day, it has, in each case, found a responsible way to solve the problem and move on to the next issue.

Lots of things it doesn't do: it's chaotic. But comparing with other parliaments I have known in the Arab world in their first couple of years of existence, it has been relatively benign as well as responsible and it has done so with people who have not just been political opponents, but have been killing each other and killing each other's families. And the fact that they can deal with each other is, to my mind, a positive feature.

The growth in the army, I find positive. It's too small. We've only now made a decision that I think is terribly important to fund a building of a stronger army. I think this is a correct decision that we've made in the last year that will now add the mobility and transport and fire support, medical evacuation support that the army has to have in order to ever function as an independent force. But the army basically is fighting well; has had a problem with desertion, although the problem is one of garrison, it's not

desertion in combat so much. And the desertion rate has been about halved in the last year, through various efforts.

One thing that struck me as I went around traveling – and I traveled a lot – talking to the training teams in the field, the sergeants and the captains, overwhelmingly I found a very positive impression of the Afghans they worked with. And when you're talking to your basic master sergeant or E-7, they don't tend to have a real high diplomacy quotient in their answer. And so I'm pretty convinced that we've got something to build on here. But you're talking about a long time to build it. I think we are often our own worst enemy in that regard.

We talk a lot in Afghanistan about needing to manage the expectations of Afghans and that is a problem because people expect everything yesterday. But we have not done a very good job of managing our own expectations. And I think part of that is that in looking back in the whole time I've been in government, I can hardly ever remember a policy paper which went beyond, here's a problem, here's a solution, to say, okay, if you do this solution, how much will it fix and how fast will it fix it? We don't write that part. And we'll say long-term, everybody will nod sagely, yeah, okay, got that one. But we don't really think about what that means.

Let me give you two examples real quickly. Everybody pretty much across the board recognizes that we need to be doing more in the field of justice and training judges and raising salaries and it doesn't do to train a police force without dealing with the justice component. And I think that's correct. And I think you'll see more of that coming on line in this next year.

But having said that, if we do – we, the international community as a whole – do everything now that we ought to be doing, how much change in justice would you see in a year? Zero. Nothing. In a year, you would fund programs, design them, maybe get some of the people into training. None of them would be out of training. There are no qualified people to replace the unqualified people who are going into training. And you would see virtually no change on the ground. We don't sort of think that through in its particularity and so we set ourselves up constantly for looking around a year or two and saying something's a failure because it hasn't moved as far as people think it ought to move because they actually haven't thought about what is realistic to think about. That's a little convoluted, but the fact is we don't think these things through very well.

But to return, what's optimistic? The army is making progress and the army is fighting and the army is respected. I think that is not the case in every country. But overwhelmingly as you travel around Afghanistan, whether you're an American diplomat, a NATO official, or an Afghan official, the constant refrain of both villagers and officials is we want more Afghan army, we need them to stabilize. So whether we can – how fast we can move this, how good they'll be – lots of questions, lots of (rubs ?), lots of things that need more work. But the fact is it does fight, it is respected, and people want it to expand, and it's accepted by Afghans. And we need to get it out because they

don't get bothered when the army kills people near as much as they do when we kill them. So that I would put, again, as a positive.

There is a very slow growth of governance. That is one of these huge areas and it is one that is very slow. And it's one about which you can make a great many criticisms. I would simply put it in this context, first of all that the period up until the beginning of 2006, the period of working out the Bonn Agreement, was a period of building the national institutions, writing the constitution, having it approved, electing the president, electing the parliament. And that was a pretty audacious and full agenda that was scripted at Bonn. Looking back, of course now it's done, it's easy to say. But, in fact, looking forward from Bonn, it was pretty ambitious. Really it was only at the end of that that the period of building local government began. And that period has not been going on very long.

It is terribly frustrating because there are so few trained administrators and so few educated people and then it is overlaid with a great deal of corruption. I think to be fair about this: there's a change in the society. There was always corruption in Afghanistan. I remember my father telling me probably nearly 40 years ago about knowing one Afghan governor well enough to ask him about stories of corruption and the governor replied with some offended dignity, I never took more than was expected. (Laughter.) But that was a '60s, early '70s culture in which corruption occurred at the top in certain big people who got a slice out of big things; it didn't impede life. Now, there's been a corruption of society in which corruption occurs at all levels and which people are not decently paid, either.

There is, of course, a contradiction in the international community because on the one hand, there is a very determined policy. NGOs, IMF, keep salaries down because it's not sustainable for this poor government to pay high salaries, so if you raise them up, you can't hold them there. At the same time, of course, while we spend a lot of money to train people, embassies, NGOs and other organizations pay top dollar to hire qualified Afghans, therefore, thereby ensuring that they won't be in the government after you've trained them. There's something wrong with this picture, but we haven't quite figured out how to resolve it on an international basis.

But what is more fundamental is that years of war produce a corruption in society because if you don't know that you're going to have a job tomorrow or that you're going to be in your house or that your family is still going to be in the country and not running for the border, then it makes every kind of sense on a personal rational level to grab anything you can when you can grab it. And when you do that for years, you produce a social result.

To overcome that social result, yes, there needs to be a juridical piece, yeah, people need to get thrown in jail for corruption. That's beginning with a new attorney general who is locking up a lot of people to the great delight, I might add, of many Afghans. But it also requires a cultural change. People have to believe that this project can work. They have to believe that government can last and that there's a reason to take

a risk, that there's a reason besides risk to forego grabbing something or hiring your incompetent third cousin as your secretary. And that has happened in some cultures, but it's going to take time.

I mean, there are examples in history of huge changes in climate of corruption, of which probably the most outstanding is, of course, Great Britain, where if you look at the history of the 18th century where all senior commissions in the army were purchased and where naval captains had to pay to get their ships repaired, where almost every aspect of civil service was corrupted including justice and you get to the 19th century and this is the world's model of the uncorrupted civil service. You recognize that a rather large transformation took place, but one in a country with a lot more control.

Over the course of the last two years, which is a very short span, but it happens to be the one that I was in Afghanistan, there has been an improvement. Many of the absolute worst governors are gone; they're not just rotated, they're gone. And some poor ones are doing better than I expected in some other places. Two phases of police reform have been undertaken. Over 1,000 generals have been removed from the police force. A great many – almost all the province chiefs are now not from the province in which they are serving and that is beginning, in the third phase, to get down to the districts. It is not complete, it is not perfect, and it has not taken account of every rotten apple in the barrel. But it is progress.

Throughout the east, the governors are pretty much servants of the state. They may not – some are good, some are bad, but they can all be removed. And whatever their quality, they now serve the state rather than a local power center. They may feather their own nest and serve themselves, but they are not primarily the representative – they are not in the east in any of those combat provinces the representative of a local power clique.

There have been good appointments in the change of the attorney general and in the re-composition of the supreme court. Taken over a span of two years, that's a fair number of improvements. There are not nearly enough. That comes slowly and it's frustrating. So I don't – I am not telling you and I would not wish to be heard as telling you that this is some kind of a glide slope that success is assured, simply that yes there are things about which one can be positive, even as one can be enormously frustrated by the remaining corruption and what is going on.

And then I would say in the conduct of the war – and I'll sort of put a pin in there because I'm not supposed to talk too long, we're supposed to have time for questions – but the press, I think the press does not serve us well. That's hardly a new observation. Nor do I want to be saying simply that one should be defensive and why doesn't the press write good news. But the combat news of Afghanistan is almost exclusively the news of two provinces: Kandahar and Helmand. There are 34 provinces in Afghanistan and we do have a war going on in some others, not just those two.

What I've seen over the course of two years is that in the eastern provinces, for those of you who have a mental map of Afghanistan in your head, basically Ghazni going up through Nangarhar all the way up to Nurestan through the (Lowgar ?), Paktika, this area. Where you had much more – first of all, you had intense fighting two, three years ago, areas which were never under control, which were heavily fought over repeatedly throughout the Soviet period. Those areas have shown a lot of improvement.

There will still be violence in those areas, but when you look at what I expect to see this year, what's going on now, what I would expect to see, what you will see is a certain number of very small ambushes and probably a fair number of bombs, some of them suicide bombs, but no real ability to contest governments in the province capitals, no real ability to contest it in the majority of the district capitals – some still contested – no big military operations, no big battles, little stuff. And then you'll see a lot of rockets, bombs, and some fights out on the border, but in a very narrow belt running up and down the Pakistani-Afghan border.

That's a very different picture from what you see in the south where people worry about control of whole districts and control of various – (inaudible). The reason you see that generally positive picture is because that's where we've had the bulk of American forces and the bulk of our money for the last several years and where there has been a very deliberate, integrated strategy of development, building government, and fighting. And the pieces have come together quite well.

It's not a story that has been particularly told in the United States, where the impression is that all we want to do is run around and shoot folk. In fact, I think we are not only not behind others in understanding the necessity to integrate all the tools in a counter-insurgency strategy, we are the leader; we are way out ahead of everybody else. We're not only ahead of them in understanding it; we're ahead of them in employing it, partly because we have certain bureaucratic advantages – you know, aid still is part of the State Department, it isn't a separate ministry the way it is in many European countries; our military has a fairly decent budget that it can use for short-term impact projects and some kinds of development things, which no other military has – the Canadians are beginning to have one, but it's tiny compared to ours, so that our ability to use, to swing resources between military, civilian, use them for governance, it just is vastly greater than everybody else's. And that's given us an advantage.

Now, there's still huge problems in the east, but the restraining elements there are primarily the weakness of government, the time it takes to build government, and the time it takes to build Afghan forces. They're not the strength of the Taliban; they're the weakness of the state. That's true in the south, too, but it's further behind. It did not have a lot of focus. We didn't have enough troops there. I think it was also quiet until the Taliban kicked off a new offensive, so that it didn't appear to demand as many troops.

But even there, I would submit to you that there is progress. NATO fought two very large fights last year outside Kandahar in an area never controlled by the Soviets where they could never keep out the ambushes – they finally built a bypass from the main

highway so that they could run their trucks further out in the desert. That area so much fought over last year is staying relatively quiet so far this year and has one Canadian battalion and a couple of under-strength Afghan battalions running around in it. Now, that's a tiny force compared to what the Soviets deployed there. It's having a very different result. You couldn't have that result if you had the level of opposition you had to the Soviets. We're good, but we're not that good.

And it is a kind of negative proof, again, that it is a weak state, not a strong Taliban that is causing us the biggest problems. Even in Helmand, which is a difficult place and is going to remain difficult for some time, when you look – (coughs) – excuse me – at the beginning of the year and you look at -- (unintelligible) – the Taliban leader giving press conferences basically indicated the spring offensive this year's going to be bigger than the spring offensive last year and we're already controlling most of Helmand and we're going to take Lashkar Gah, the capital of Helmand, and we're going to roll on. And at this point, they haven't taken Lashkar Gah; NATO has taken back several of the districts; there isn't a big spring offensive; and we killed – (unintelligible).

Now, Helmand is still a wild, unruly place. But the two most restraining elements are, again, building governance and finding local security forces. They're not the strength of the Taliban. There's a district capital called Sangin, it's a little north of the center of Helmand, it's important for various reasons including the need to get on with a major project. The actual attack on that took about three days and it was done slowly and carefully to minimize civilian casualties. It was an easy role; it was not a big fight. The Taliban basically moved out.

The big problems now are – I use this just as an example of what's going on all over Afghanistan – there are four major tribes in this one district. They all have problems between them: three of them pick on the fourth, the fourth, strangely enough, is the one with the most ties to both the Taliban and the drug trade, and there's a huge need for an Afghan-run political process to build a tribal reconciliation in that one area, without which it's going to be very difficult to have stable government. They've begun. I don't know whether they'll succeed. I don't know whether they'll follow through. The governor's been up there; he's held assure; President Karzai has been to Helmand. But that's a really hard process to run and that's one district out of 15 or 17 in Helmand.

And so it's not just enough to take it and it's not even enough to get Afghan security forces on the ground, which we've sort of scraped up enough for that operation, but you've got to build this political process and that is slow and you have to do that all over the country. And that's going to take a long, long time. But what I see is there's enough movement, there's enough progress, to justify staying on, to feel reasonably good about what we're doing. But it's enormously hard and we have to understand.

And the last thing I would say simply is we must remember the stakes. It's not just that we were attacked there. It is that we have taken on – we, the international community as a whole, but with our leadership – this frightfully audacious project of building a government with popular roots, a kind of government that has never existed in

Afghanistan. But I would submit to you that there is no second – there's no third choice between what we're doing and failure. There is no leader, no dictator, no army waiting in the wings who could take over.

The tribal structure is totally fragmented. The idea that you could do tribal balancing or balancing of commanders is a figment of history now gone. The mujahideen leaders tried that from '92 till we came in 2001. They were never able to do it and the shattered hulks of building in Kabul, all of which were blown up during fighting between the mujahideen, not with the Soviets, are a testimony to their incapacity at this point to govern on that basis.

So I think we're going to make this work, or you fail. And then you have a fragmented state and then you have a huge victory for the likes of the Taliban and you will have a return to base areas and you will bring that instability into the border areas with the tribal areas of Pakistan and into the center of Central Asia. And that is a huge stake. And I am – you know, after 37 years in this business as a practical diplomat, I do not usually speak in those kind of millennial terms. I'm not comfortable with them. Practitioners are more about moving pieces around to get done what is reasonable and practical today. But in this case, I think those are the real terms.

This is a very large stake. And we have to keep that in mind and it is a very long-term project and we have to dedicate ourselves to that. And there's a point at which one has to ask every day whether you're doing all that you could do, whether something's messed up, whether you have to change a policy, but there's also a point at which you have to stop worrying too much about where is the long-term. The long-term is so unfathomable. It is so dependent on dozens of factors interacting, including the political will of Afghan leaders, that there really is no way of foreseeing it.

So my approach is fix the thing you can today, focus on the thing you've got to fix tomorrow, get on with it, and understand you're going to have to do it for a long time, but the stakes are worth it to ourselves and to the region. Thank you very much. (Applause.)

MS. SCHAFFER: Do you want to stay here?

AMB. NEUMANN: Yeah, that's fine.

MS. SCHAFFER: Do you want to – (cross talk, inaudible) – or should I –

AMB. NEUMANN: You recognize them and I'll try to answer. My besetting sin is to give you answers that are too long to reasonably perfectly short questions.

MS. SCHAFFER: Well, I'm going to exercise the privilege of the chair and I'm going to kick off the first question which I hope will give you a chance to think of lots of tougher ones. But I wonder if you could talk a bit, Mr. Ambassador, about the role of Afghanistan's various neighbors, how they are playing in the Afghan arena –

AMB. NEUMANN: I'm so surprised by this question. (Laughter.)

MS. SCHAFER: I knew it would come as a great surprise to you. But, how they're playing in the Afghan arena and how they might play – how the United States also might help shape that scene.

AMB. NEUMANN: Let me sort of go around, starting with China in a way, because I can knock off all of those easier than I can the last two. (Laughter.) China is involved in Afghanistan, but peripherally, they don't have a big aid mission. The Afghans would welcome more. We'd be comfortable with it. I don't know, in a way, why they're not doing more, but they're not doing a lot. They're benign, but they're not doing a lot. The Central Asian states are all a little distant. There is some progress with the Tajiks, there are projects which we need to work on to bring electricity from Tajikistan, Turkmenistan, and Uzbekistan.

My sense in all the Central Asian states – but this is a sweeping generalization – is that while they accept that what happens in Afghanistan is important to their strategy, they don't see themselves – or to their security, they don't see themselves as terribly able to do much about it one way or the other and that paradoxically frees them to focus on more parochial concerns and more immediate ones. So that when you talk to politicians in Kyrgyzstan, for instance, about the base arrangements we have at Manas (ph), they recognize that Afghanistan's not done and that there's a strategic issue here. But it doesn't really deter them from talking about whether they ought to make money out of it or how much Russian pressure there is for us to go away, so that they're not – short answer is they're not hugely active.

Then you get to the Iranians who have had a strange policy, having moved from being essentially helpful in the Six Plus Two Talks in Bonn, are now more difficult. They're certainly putting more pressure on the Afghan government and they are doing some things that I don't want to go into in any detail but that are rather nefarious. On the other hand, they could be doing a great deal more. They're not doing what they're doing in Iraq. And they certainly have no natural affinity with the Taliban.

So they are being difficult and more difficult than I think their own interests really warrant, but exactly why is a question that I don't think there's a very clear answer to. I might speculate on it the day after tomorrow when I'm not in the government. (Laughter.) But the fact is they are making things relatively more difficult, but not nearly as difficult as they could make them.

And then you get to the issue of Pakistan, where the Pakistanis themselves, I think, face a hugely difficult problem with the degree of Islamic radicalism inside Pakistan. I do not believe they have a light, a simple switch that they can throw which would fix it all. We do need them to do more, but we also need to recognize that they are doing a certain amount. We've lost a lot of Pakistani soldiers fighting in the tribal areas and it didn't work very well. What we are basically doing is recognizing what they have

done, asking them to do more, and now, in the budget, proposing also that we help them do more, help them both in the sense of some equipment for the frontier corps and some development aid to bring Pakistan, begin to bring some economic development into some of the frontier areas.

But the problem we face there – we've often talked about it in terms of ungoverned space, the problem is it isn't ungoverned space anymore, but it's not governed by the government of Pakistan; it's increasingly governed by the Taliban. It is a very complicated problem. There is a lot of Taliban leadership that exists there and one can argue – a profound, long, and endless discussion that goes on especially in Kabul and in Islamabad – about what is Pakistan's actual role, but my own feeling is I'm much less interested in trying to find a final answer to that question than simply defining what it is one needs them to do, what is practical for them to do, and both urging and helping them do it. And that's what we're about.

MS. SCHAFFER: Okay, right here.

Q: (Off mike) – fighting the drug problem, what kind of grade would you give them? And second question is do you think that there should be a big effort to aerial spray the poppy crops, to beef up that effort?

AMB. NEUMANN: Drugs is really tough. That's not a surprise. I think what we're seeing now, first of all, is there are really two stories developing in Afghanistan that's not being very adequately covered. In the north, we have actually begun to get a little bit of progress. You've had provinces in which poppy cultivation has gone down, in which eradication has been more successful. Last year, there were six poppy-free provinces; we may hit 10 to 12 this year. Then you have Helmand particularly where the production has soared and where the loss – from our point of view, or the gains, if you're a poppy producer – have completely wiped out the progress we've made in other areas.

I carry away a couple things from this. One is that in areas where there is no insurgency and where there is some measure of government control, the policy is slowly beginning to get a little bit of traction. The policy is the right one. The issue is implementation. Where you are trying to do counter-narcotics policy in the middle of an active insurgency, it's a damn sight tougher. The sine qua non is that the two policies have to be interrelated: you cannot logically proceed with separate lines. The counter-narcotics policy has to be lodged inside a counter-insurgency policy so that they, at a minimum, do not oppose each other, ideally reinforce each other.

What does that mean in practice in a place like Helmand where you hear a lot, oh my god, we can't do eradication, we've got to do alternative livelihoods, or we must do eradication? First of all, it means you've got to avoid the poles, the polar opposites. If you did no eradication in Helmand, you would hand the Taliban a serious victory because they have encouraged the cultivation of poppy; they've sent out night letters to farmers telling them if you don't grow, don't go home and they've said they'll protect people. So if the government backs off and has no authority and lets it go, then the Taliban has

scored a big one. If you fly over and spray the whole place, we'll probably be blamed for every three-headed calf and stillborn kid and they would probably the propaganda damn sight better than we will and we'd probably lose that one as well.

So you're going to have to find ways in the middle, a combination of pressures and incentives. And it's not going to be a one-size-fits-all policy. We had some success this year, compared to last year where the national force last year didn't do too well; this year, they eradicated about 8,000 hectares – what's that, about 20,000 acres? – in Helmand alone. But that's a drop in the bucket of what's in Helmand. So we're going to have confront, how do we do a certain measure of eradication? Then you've got to go beyond eradication. That's only one element of a policy. Next piece of the policy is arrests, interdiction.

I think you will see more of that, but it is a great deal easier to talk about this than it is to do it. Yeah, people know who a lot of major drug traffickers are. But, no, we don't want to arrest people on suspicion. We want to arrest people on a case that will stand up in court because we've also got an interest in building a justice system. And we've got to avoid prosecutions in which the supporters of someone all decide the arrest is basically a matter of politics. So building an investigatory body and a court system to handle it is long and slow.

A court system now exists that is a special narcotics tribunal. It has done reasonably well. I think they've had 300-plus arrests, and at least a hundred of those have come to trial and had 10- to 15-year sentences, so they're not all being bought out. That's the good news. The bad news is most of those cases are essentially people running large amounts of drugs on the road. They're not the big drug dealers.

Putting together, though, the investigatory apparatus to bring a case that would stand up essentially in a U.S. court is a hard one to set up. It isn't going to happen in a couple of years.

So it's – I'm not perhaps giving you a simple answer. I think we have to keep on with those pieces. We have to work the development piece, we've got to try to balance between not having all the aid go to the places that grow drugs or you irritate the rest of the country, and not wholly neglecting it. And I think that the basic lines of policy are correct and defensible, but that it may well take a decade to work on it, and anybody who expects you can do it faster or has an answer how you're going to do it faster is, I think, letting desperation run away with them.

MS. SCHAFFER: There are a lot of people who have had their hands up. I have seen most of you. I will get to as many of you as I can. Can I ask, though, that you identify yourselves and wait for the mike. I'm going to start over – right here.

Q: Craig Charney. I run a polling firm; we've done a lot of the polls in Afghanistan.

Barney Rubin (sp), who seems to be the only Afghan expert who is not in the room today says that the one thing Afghanistan has a comparative advantage in is the production of illegality, which helps with the poppy trade.

I'd like to ask you about the other topic you didn't discuss, which is economic development, especially in the medium and longer term. At a forum about a year ago, I asked someone from AID, you know, what is AID's thinking about the areas where Afghanistan has an advantage and can grow, which is the key to providing an alternative to poppies. And he said, the truth is we haven't thought much about that. I'm wondering if a year down the pike we've advanced much.

AMB. NEUMANN: Yes, we've thought about it a lot. The trouble is there are no known real advantages in Afghanistan. It's not an absence of thinking.

Now there are several places where there might turn out to be an advantage, but we don't know yet. There are large copper deposits. There are nine international companies, including one American, bidding on that. We'll see what happens. We've done studies of the gas and oil potential in the – particularly the north of the country. Those have defined a lot more structures than we ever knew of before – could be three or four times the amount of what we knew in – previously in gas and oil. But until you go in and do the seismic work, you don't know if you have content in the structures, you don't know if they'd knit together in a way that are attractive to majors.

Right now the country is heavily dependent on customs revenue – this is a kind of 19th century financial base – but you – just because you want to think about something doesn't mean you can create a reality which does not otherwise exist. The fact is you are going – it is primarily an agricultural country still. What we have identified, where we can do something, in the last year and a half – and I'll either take the credit or the rap for it – is to recognize that there are major institutional infrastructural – major infrastructural roadblocks that have to be removed if you are going to make any progress. And therefore we've seriously reoriented the aid program into roads and power production because if you cannot move crops to market, you can't do diddley-squat. And they threw away half the tomatoes in Laghman province a year and a half ago because they – somebody told them to grow tomatoes, a great crop. They grew tomatoes and they couldn't move them to market.

We've got to move power. There's only six percent of Afghanistan on a national grid. Power runs roughly 36 cents a kilowatt hour because it's diesel trucked in from Pakistan and Iran. When they run at 6 to 7 cents a kilowatt hour in their neighbors, you are never going to have a factory that can compete in something as simple as tomato paste or jam. So we've got to break through those bottlenecks, and that's where we put a lot of our aid money, and that's where a lot of the supplemental is going.

So I would say, yeah, we've thought about it. We have answers to the pieces we can answer, and some pieces are going to have to wait. And the other thing is that you've got to have legal changes, you've got to get foreign investment. We're not – some of that

is done; some of it is still happening. Insurgency makes it worse but not impossible. But until you create an industrial sector, you haven't got anything to tax. And, you know, you're not going to go with an AK in one hand and a tin cup in the other and tax the farmer. So you're going to have to create something that's taxable, but to get there you have to create a regulatory structure, and we're doing that.

MS. SCHAFFER: The gentleman right here.

Q: Dana Marsh (sp) with Hunton Williamson (sp). Thank you, Ron, for that extremely good presentation.

I had a follow-on question on the economic development side. It was remarkable to me how far this conversation went without much discussion of an economy there. And the question is on the reconstruction opportunity zone – an attempt not only to bring industrial development to Afghanistan, but to try to bring the – Afghanistan and Pakistan together.

I wonder if you could comment on how – what you expect will come of that in terms of some sort of – maybe it's just a textile industry or something that will – that might be developed for the ROZs. But also the political issue of the degree of cooperation between these two countries and whether that will be a problem in finding some sort of an ROZ program that could really span the two countries.

AMB. NEUMANN: For those of you who are not aware, the ROZ is the – the sort of Afghan-Pakistani equivalent of what was done between Israel and Jordan in the Qualified Industrial Zones where, if you have a certain percentage of product from each side, then you can send stuff to the U.S. at either no duty or much lower duty.

It's still very early days – I don't know if I can answer the question actually. I think you can find places – it doesn't have to be on the border where you do these things. The Pakistanis were initially much more organized, had much more understanding of what they wanted these things to do, and were much more focused on the textile trade. The Afghans were a bit standoffish, feeling they were going to get taken. They've now gotten more involved, they're looking at certain industries.

We've also got to see how it comes out of Congress and what the limitations on it are. So there are areas where you can do things, and textiles is certainly one, and it's the major one the Pakistanis are interested in. But until the legislation goes further, and until the conversations evolve more with the governments that – they have moved in the last year, but it's still pretty early days, especially on the Afghan side as well.

I can't give you a – I wish I could, but I just can't give you a more formed answer.

MS. SCHAFFER: Thank you. Now in the middle, about four rows back, the gentleman.

Q: (Off mike) -- I appreciated your balanced comments and stressing it will take a long time. To give credibility to my remarks, I have to say that I have had 47 years of experience as a consultant on development in the developing world, including four of the great success stories: Taiwan, Korea, Singapore, and Malaysia, where I had the privilege of working on at least three or four occasions.

Each of these countries converted from an undeveloped country to a highly developed country because they had two major resources: highly educated people, which you indicated you don't have to work with in Afghanistan, and also tremendous resources. And as they increase their productivity, they move from being --

MS. SCHAFFER: Could you get to your question, sir, because we are very close to running out of time and there is a lot of other people who want a chance.

Q: All right, I'll get specifically to my question.

MS. SCHAFFER: Thank you.

Q: Since Afghanistan has neither of these educated people or resources, it seems to me that when we cease to put billions in, which I don't think the administration has too much more time to do that, I don't see how do you in effect say that even with long time we can have a success story there. I believe that you could speak next week and give the same good description of Afghanistan and come to the conclusion that we be better off spending our money in more potentially attractive situations around the world.

AMB. NEUMANN: Let me give you two quick answers to that. First of all, we are going to have to be involved in education for a long time. We had done a lot of that in the past. We are still in some extent profiting at the senior levels of the Afghan government for the last remnants of the people we sent of to aid scholarships. I think we need a lot more effort on that and I think we need a lot of effort to bring in the private sector and the charitable sector, which is now almost totally unrepresented in Afghanistan. It isn't doing what I think is an important job.

We are beginning to send more people out. And the Indians, for instance, are taking 500 a year. And we are starting to use some of the subcontinent schools where you have good schools that aren't nearly as expensive but we're missing the cultural dimension of understanding that we used to get by sending people here. We'll have to be at that in a long time. Whether that will work or not, I don't know. You're right that without an educated populace this isn't going to work.

As to we would be better spending our money somewhere else, I simply disagree with you completely. We cannot afford the destruction of Afghanistan and the regrowth of radicalism, and it's good to remember that is where September 11 was hatched. I don't think we can turn our back on that. I think you have to put a value on that that you're not -- or that we disagree on.

I do disagree with you on the sustainability. I would not say this was guaranteed, but I have spent a lot of time on the Hill the last few weeks and I find far more support there – not more support. There is a lot of support. It is across the board; it's representatives and senators; it's both parties; it's the senior people on both sides. Can it be sustained? I don't know the answer to that question. But I think too often, we ask it in a static fashion: How many years can you do X. Well, it depends on whether or not people see progress. It is a dynamic process, not a static one. We're still doling out the Egyptian aid that we agreed to at Camp David in 1979.

So I think this is facile to say you can't do it. Yes, it's hard. But I think in the end, if people, and particularly our representatives, think there is progress, see progress, then they are more likely to stick with the program. If they believe that it's going down the tubes, it's wasted, then even a lot of good news tends not to compute. But I simply argue that it is more doable than your question suggested. Thank you.

MS. SCHAFFER: Okay, the gentleman right here. Could you wait for the mike, please?

Q: You described the long-term as unfathomable. And I'm just interested at what would be the core elements in the short term, which, in your judgment would constitute success in the short term?

AMB. NEUMANN: I mean, I don't think you can have – I don't think you can have a short-term success where you check the box and say it's done; go home. Clearly, bringing the Taliban under more control, expanding the reach of government, part of it is government needs to give people a sense that government cares about them, that it is not simply a matter of an in-group being protected. But I don't see a short-term – all of these things are long-term things: building an army, building a competent government where you had a shattered state, rebuilding the institutions, expanding roads in a country that never had any. I mean, I drove from Herat to Kabul in 1967. The road was worthless then. And I have been back in Ghoryan and back in Bamyan; it's worthless today.

So you're going to – there is a huge amount of work. I don't think there are short-term, you know, it's done; it's easy. I think there is a fallacy to believe there is something you can look at and say, if you get that piece, you would know it was done. We are going to be at this for a long time. You can get short-term failure. Success is going to be long term.

AMB. SCHAFFER: The gentleman right there, you, sir, in the green neck tie.

(Laughter.)

Q: Gary Schwede (ph), Associated Press.

Only one of the half-dozen examples you gave of what needs to be done has a military angle: bringing Taliban into control. Let's try to narrow this down a little bit.

How long would you say - or would you say tomorrow - when you're no longer in the government - how long would you say the U.S. has to maintain troops in Afghanistan, expose them to the casualties that we just saw yesterday, which you haven't even mentioned - the helicopter going down - there was no reference to that. You didn't get to the Taliban, with all due respect, until the very end of your description of corruption and poppies and such. I'm asking from an American perspective, how long - and it's like the previous question. There are other countries that are corrupt and have bad ways and you could send troops there too. How long do you think Americans have to be exposed to risks by being present in Afghanistan? And is Taliban on the ropes as some non-courageous U.S. official there said yesterday on background?

AMB. NEUMANN: I do think that the issue is more one of a weak state than a strong Taliban. And I would paint that picture in a variety of ways, but if you want to talk about it in simplified, simplistic black-and-white terms, it won't - it works better for the press, but it won't really wash. But two or three examples of that point - we busted two bomb cells; we had four months of quiet in Kabul. They will reconstitute, but a strong movement - you don't get that for busting two bomb cells. When I drive around Kabul, I kept thinking these ministries wouldn't be standing in another country in which we're engaged. They're too close to the street; there's no setback; there's too much glass.

How long will we be at it? I don't know. I think it's not an incorrect question. I'm not making fun of it. It's just that I don't think these kinds of things have answers that way. First of all, I don't know of any insurgency of the 20th century that was won that took less than kind of seven, nine years. And here you have a reorganization in the Taliban, and so do you date from when we fought the first war in 2001, or do you date from when they really started coming back in about late 2005? In a sense, I sort of date from 2005, but you could argue with me about that. They're not very sophisticated.

I don't know what shot down this particular helicopter. C-47s are pretty vulnerable helicopters, frankly. Most of the ones we've lost up to now have been lost to pretty standard ground fire. We lose a hell of a lot less of them than we did in Vietnam where I also fought. And under certain circumstances, they're pretty easy to shoot down. So it's tragic; I'm sorry for the people who lost their lives in it. But I don't regard it as a particularly meaningful incident from a strategic point of view, obviously from a human point of view.

So how long are we going to be there? I don't know; probably quite a spell. But I would also say that the question of how long Americans have to be at risk has to be put in the context of how long that risk protects other Americans from harm and how long it protects major interests. I think that this country - well, it doesn't have to do anything - but I hope it will continue to recognize that the strategic stakes are very high, that it can get a lot worse, and that the price we're paying in blood and in treasure is worthwhile.

And I'm taking too long, but about two weeks ago, I went up to Walter Reed. And I saw one sergeant there who had just lost a couple of fingers on his right hand in an ambush in Jalalabad right after I left. And I asked him if I could tell this story, because he is sitting there with his wife. And what he said to me – this was one of the 10th Mountain soldiers who were extended for three months in Afghanistan two weeks before they were about to redeploy. And so this sergeant who is missing two fingers and has just been extended told me it was absolutely the right decision. They needed to be there. They knew the ground. This was still winnable and he was glad that it happened, and he was going to stay in the Army.

Now, that doesn't speak for every soldier in the Army, I grant you. But it was kind of inspiring. And I think he was right.

MS. SCHAFFER: Ladies and gentlemen, I'm afraid our time is up. I know that we could easily have gone on for another hour. But let me ask you to join me in thanking Ambassador Ronald Neumann.

(Applause.)

(END)