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To: "Dr. Baruch Fischhoff - Chair, National Academy Committee on Improving Intelligence"
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From: Lloyd Etheredge <lloyd.etheredge@policyscience.net>

Subject:142. Interpreting data: Bueno de Mesquita's methods, behavioral science, & more successful Afghanistan policies

Dear Dr. Fischhoff and Colleagues:

I know that your "about 24 month" project that began in September 1, 2008 had its last announced meeting in early August, 2010. There are several additional, recent, examples of the relevance and importance of your recommendations that I want to bring to your attention: I hope that you may be able to make use of them in conveying the sense of urgency, and potential benefits to the country, of the recommendations that you will make.

Increasing Effectiveness in Afghanistan

For example, two recent news stories from the Washington Post [that may not have been seen by all members of your panel] about widespread "corruption" and widespread payments to government officials and influential individuals throughout Afghanistan (attached) suggest that it might be worthwhile to invoke a cognitive reframing/reinterpretation of these data. From the traditional US mindset, we are "helping allies" to defend themselves, etc. - and corruption is bad, morally objectionable, and must be changed both for the US public's support to be sustained and for the US internal political package/scenario in Afghanistan to succeed. But suppose, given how widespread these payments to "allies" have become, that we frame the situation and our options in a different way - i.e., thinking of Afghans as having, for the most part, a culturally-sanctioned "mercenary" sensibility and motivation in relations to the US and US objectives? And accepting this behavioral science theory as a basis for "pay for performance" policy experiments?

Supporting Allies and Political Development v. "Pay for Performance"

The observation of widespread corruption suggests that Bueno de Mesquita's analytic methods could be ideally suited to analyzing this culture and situation and forecasting behavior [except, perhaps, for religious jihadists]. If we begin with a clear and fresh analytic/empirical assessment that cash payments work, Bueno de Mesquita's approach could reveal a new universe of creative, more effective (and cost-effective), options. "Pay for performance" might be a good way to get more of what we want, at a lower cost in cash and in lives. And a true political settlement.

In the July 26, 2010 issue of Newsweek Richard Haass, the President of the Council on Foreign Relations, reported ["We're Not Winning. It's Not Worth It. Here's How to Draw Down in Afghanistan"]: "*CIA Director Leon Panetta recently estimated the number of Al-Qaeda in Afghanistan to be '60 to 100, maybe less.'*" (p. 35)." How much should it really cost to limit or contain [if we think about the problem as containment rather than defeating them] their effectiveness? Obviously we know - after nine years of experience - that it can cost a lot of money if we have the wrong behavioral assumptions and images/theories about how success is to be achieved. But a more realistic analysis & interpretation of motivations might free General Petraeus to conduct many more experiments in the Bueno de Mesquita spirit and achieve success rapidly.

A Story from Chicago

A degree of humor may be inappropriate. However, I am reminded of a story about a young businessman who wanted to get a bill through the Illinois legislature in the 19th century. Later he confessed to an older friend, a former member of the Legislature, what he had done: "I paid \$20,000 in bribes," he said. His friend looked shocked and pained and the young businessman quickly added, "I know it was wrong, but I really wanted the bill." "It's not that," his friend replied, "It's that you overpaid. It shouldn't have cost more than \$5,000."

I hope that you can support consideration of a Bueno de Mesquita approach: "Pay for Performance" is a legitimate scientific theory and it could work in this case.

Lloyd E.

U.S. to temper stance on Afghan corruption

By Greg Jaffe

Washington Post Staff Writer

Friday, September 3, 2010; 8:31 PM

KANDAHAR, Afghanistan - U.S. military commanders in Afghanistan are developing a strategy that would tolerate some corruption in the country but target the most corrosive abuses by more tightly regulating U.S. contracting procedures, according to senior defense officials.

American officials here have not spoken publicly about countenancing potentially corrupt local power brokers. Such a stance would run somewhat against the grain of a counterinsurgency doctrine that preaches the importance of building competent governance.

But military officials have concluded that the Taliban insurgency is the most pressing

threat to stability in Afghanistan and that a sweeping effort to drive out corruption would create chaos and a governance vacuum that the Taliban could exploit.

"There are areas where you need strong leadership, and some of those leaders are not entirely pure," said a senior defense official. "But they can help us be more effective in going after the primary threat, which is the Taliban."

The issue of corruption in Afghanistan has taken on renewed urgency in recent weeks with the arrest of a senior aide to President Hamid Karzai and new questions about Kabul's commitment to fighting graft. Senior Obama administration officials have repeatedly emphasized the need to root out graft in Afghanistan and have deployed teams of FBI and Drug Enforcement Administration agents to assemble corruption cases. The United States has spent about \$50 billion to promote reconstruction in Afghanistan since 2001.

It was not immediately clear whether the White House, the State Department and law enforcement agencies share the military's views, which come at a critical time for U.S. forces in Afghanistan. After an eight-month buildup, the 30,000 additional soldiers and Marines that President Obama ordered to this country are almost entirely in place, allowing U.S. and Afghan forces to conduct sweeps of Taliban strongholds and detain insurgents leaders at the highest levels of the nine-year war, military officials said.

Defense Secretary Robert M. Gates visited two U.S. Army units on Friday that had been hit with tough losses in recent days as they cleared insurgents from areas in and around Kandahar, the spiritual home of the Taliban and the site of some of the heaviest fighting for U.S. and Afghan forces.

"It has been a tough week for you," Gates told soldiers from an Army battalion that had lost seven soldiers earlier in the week. "Unfortunately, there are going to be more tough weeks ahead."

The Kandahar campaign reflects the broad nature of the problems that the United States faces throughout Afghanistan and explains why some U.S. officials are reluctant to take too hard a line on Afghan corruption. "Kandahar is not just a Taliban problem; it is a mafia, criminal syndicate problem," the senior defense official said, speaking on condition of anonymity because of the sensitivity of the subject. "That is why it is so complicated. But clearly the most pressing threat is the Taliban."

Some military and civilian advisers to the U.S.-led command in Kabul have argued for a more comprehensive effort to root out graft and other official abuses, contending that government corruption and ineffectiveness have prompted many Afghans to support the

insurgency. "You can't separate the fight against corruption from the fight against the Taliban," one of the advisers said. "They are intimately linked."

But U.S. officials and defense analysts say challenging local power brokers and criminal syndicates, many of which depend on U.S. reconstruction contracts and ties to the Afghan government for support, would likely add to the unrest in Kandahar and produce a higher U.S. casualty rate. "Putting an end to these patronage networks would not come cheaply," said Stephen Biddle, a senior fellow at the Council on Foreign Relations who has advised U.S. commanders in Afghanistan.

By contrast, allowing some graft among Afghan power brokers on the condition that they agree to limit their take and moderate predatory activities, such as their use of illegal police checkpoints, could promote near-term improvements, Biddle said. "We spend a lot more money in Afghanistan than the narcotics trade," he said. "A lot of money that funds these networks comes from us. So we can essentially de-fund these networks, taking away their contracts."

The military's strategy on corruption appears to more broadly apply conclusions reached earlier this year by top military officers in Kandahar. Some diplomats and military officers had recommended the removal of Karzai's brother, Ahmed Wali Karzai, as the chairman of the Kandahar province council, but Gen. Stanley A. McChrystal, the top U.S. commander at the time, eventually concluded that there was no clear evidence of wrongdoing and that ousting him could leave a power vacuum in the area.

Instead, the military has sought to limit the amount of money flowing to Ahmed Wali Karzai by awarding lucrative contracts for supplies and services to firms that he and his relatives do not control.

Recently, Gen. David H. Petraeus, the top commander in Afghanistan, asked a group of senior officers to study more closely how U.S. reconstruction and logistics contracts are awarded. He also said he planned to publish new contracting rules that would help ensure that U.S. spending practices weren't fueling discontent by excluding influential groups and driving them to support the Taliban insurgency. Such a move would be welcomed by President Karzai, who has argued that foreign money is fueling corruption.

Gates also has said that the United States must do more to ensure that its contracting practices aren't fueling corruption. He has assured Afghan officials that any efforts to stamp out corruption need to be led by the Kabul government.

The growing understanding that military commanders will have to work with some corrupt officials and warlords hasn't led them to abandon time-consuming efforts to build

local government capacity. In areas where U.S. and Afghan forces have driven out the Taliban, they are working with locals to assemble councils made up of elders that will help decide how reconstruction money is spent and serve as a check on government abuses.

"That representative council is important because that is really the link between the people and the district leadership," said Lt. Gen. David Rodriguez, the second-highest-ranking U.S. commander in Afghanistan.

Even building effective local councils will take time in areas where U.S. forces have little to no knowledge of the key players and the power relationships in the districts where they are operating.

U.S. forces are only now beginning to push into areas that have had little or no American presence in recent years and just beginning to develop an intimate knowledge of the key players and power relationships in the districts in which they are operating.

"We have never had the granular understanding of local circumstances in Afghanistan that we achieved over time in Iraq," Petraeus said earlier this week. "One of the key elements in our ability to be fairly agile in our activities in Iraq during the surge was a pretty good understanding of who the power brokers were in local areas and how the systems were supposed to work and how they really worked. . . . That enabled us enormously."

CIA pays officials around Karzai

By Greg Miller and Joshua Partlow

Washington Post Staff Writers

Friday, August 27, 2010; A12

The CIA is making secret payments to multiple members of President Hamid Karzai's administration, in part to maintain sources of information in a government in which the Afghan leader is often seen as having a limited grasp of developments, according to current and former U.S. officials.

The payments are long-standing in many cases and designed to help the agency maintain a deep roster of allies within the presidential palace. Some aides function as CIA informants, but others collect stipends under more informal arrangements meant to ensure their accessibility, a U.S. official said.

The CIA has continued the payments despite concerns that it is backing corrupt officials and undermining efforts to wean Afghans' dependence on secret sources of income and

graft.

The U.S. official, speaking on condition of anonymity, said a significant number of officials in Karzai's administration are on the payroll. Paul Gimigliano, a CIA spokesman, disputed that characterization, saying, "This anonymous source appears driven by ignorance, malice or both."

A former agency official said the payments were necessary because "the head of state is not going to tell you everything" and because Karzai often seems unaware of moves that members of his own government make.

The disclosure comes as a corruption investigation into one of Karzai's senior national security advisers - and an alleged agency informant - puts new strain on the already fraying relationship between Washington and Kabul.

Top American officials including Secretary of State Hillary Rodham Clinton and Sen. John F. Kerry (D-Mass.) have expressed concern about Karzai's efforts to rein in anti-corruption teams, as well as intervention in the case against the security adviser. The aide, Mohammad Zia Salehi, is accused of accepting a \$10,000 car as a bribe in exchange for his assistance in quashing a wide-ranging corruption probe.

The issue carries enormous stakes for the Obama administration. Concerns that the Afghan government is hopelessly corrupt have prompted a congressional panel to withhold billions of dollars in aid, and threaten to erode American support for the war.

But Karzai supporters accuse their U.S. counterparts of exploiting the issue, and the Salehi arrest in particular, to humiliate the Afghan leader while ignoring more pressing priorities.

In the latest sign of his vexation, Karzai said Thursday that President Obama's timeline for withdrawing U.S. troops "has given courage to the enemies of Afghanistan," and complained that the United States wasn't doing enough to force Pakistan to stop supporting the Taliban.

"We haven't progressed in the war against terrorism," Karzai said in a statement.

The CIA has maintained relationships with Afghan government officials for years. But the disclosure that multiple members of Karzai's government are on the CIA's payroll underscores the complex nature of the American role in Afghanistan. Even as agency dollars flow in, U.S.-backed investigative units are targeting prominent Afghans in the government and trying to stem an exodus of more than \$1 billion in cash annually from the country.

Gimigliano, the CIA spokesman, declined to comment on the agency's financial ties to

Afghan officials. "This agency plays an essential role in promoting American goals in Afghanistan, including security and stability," he said. "Speculation about who may help us achieve that is both dangerous and counterproductive."

The agency's approach has drawn criticism from others in the U.S. government, who accuse the CIA of contributing to an atmosphere in which Afghans are conditioned to extend their hands for secret payments in almost every transaction.

"They'll pay whoever they think can help them," the U.S. official said. "That has been the CIA attitude since 2001."

A second U.S. official defended the agency's activities and alluded to a simmering conflict within the U.S. government over the scope of American objectives in Afghanistan, and the means required to achieve those goals.

"No one is going to create Plato's Republic over there in one year, two years, or 10," the official said. "If the United States decides to deal only with the saints in Afghanistan, it's in for both loneliness and failure. That's the risk, and not everyone in our government sees it."

U.S. and Afghan officials said the CIA is not the only foreign entity using secret payments to Afghan officials to influence events in the country.

A prominent Afghan with knowledge of the inner workings of the palace said it operates a fund that rewards political allies with money that flows in from the Iranian government and foreign intelligence services as well as prominent Afghan companies eager to curry favor with Karzai. The source said the fund distributes \$10 million to \$50 million a year.

A U.S. official said Turkey and Saudi Arabia are among the other countries funneling money into Afghanistan.

Salehi, the target of the corruption probe, is accused of taking a bribe in return for his help in blocking an investigation of New Ansari, a money transfer business that has helped elite Afghans ship large sums of cash to overseas accounts. U.S. officials worry that the stream includes diverted foreign aid.

But authorities said the Salehi investigation is also focused on his involvement in administering the palace fund - doling out cash and vehicles to Karzai supporters - as well as his role in negotiations with the Taliban.

Salehi's job put him at the center of some of the most sensitive assignments for the

Afghan government. Another national security official, Ibrahim Spinzada, has orchestrated the government's talks with the Taliban and traveled with Salehi to Dubai, Saudi Arabia and Russia.

The payments from the palace are "part of the politics here," said a second senior Afghan official. Some people receive "a special salary. It is part of intelligence activities."

Rangin Dadfar Spanta, Afghanistan's national security adviser and Salehi's boss, said in an interview that he had spoken with Salehi on Thursday and that Salehi denied working with the CIA. "I don't think that Salehi is a spy," Spanta said, adding that Salehi was "shocked and he absolutely rejected it."

U.S. officials did not dispute that Salehi was on the CIA payroll, which was first reported by The New York Times. But officials sought to draw a distinction between agency payments and corruption probes.

"The United States government had nothing to do with the activities for which this individual is being investigated," the second U.S. official said. "It's not news that we sometimes pay people overseas who help the United States do what it needs to get done. . . . Nor should it be surprising, in a place like Afghanistan, that some influential figures can be both helpful and - on their own, separate and apart - corrupt to some degree."

The flow of CIA money into the region dates to the agency's support for mujaheddin fighters who ousted Soviet forces three decades ago.

The spigot was tightened during the 1990s but reopened after the terrorist attacks of Sept. 11, 2001. Much of the money went to support warlords whose militias helped to overthrow the Taliban regime, which had provided sanctuary for Osama bin Laden and al-Qaeda training camps. Salehi had served as an interpreter for one of the most prominent of those warlords, Abdurrashid Dostum, an ethnic Uzbek whose forces played a critical role in the campaign against the Taliban.

The CIA bankrolled Afghanistan's intelligence service, and its financial ties to government officials has proliferated in recent years.

"There are probably not too many officials we haven't met and contacted and paid," a former CIA official said.

The CIA has a long-standing relationship - though not a financial one - with Karzai himself. The agency's station chief in Kabul traveled with Karzai during the war against the Taliban, at one point shielding him from the blast of a misdirected bomb. The station chief has since served two tours in the Afghan capital at Karzai's behest.

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