



# Economic Violence

## It's Time to Change the Game

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*This article expresses the opinions of the author and does not reflect the official position of any agency of the Department of Defense.*

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*PHOTO: U.S. Army soldiers speak with Iraqi students at the reopening of the Baghdad University Museum of Natural History and Internet Cafe. The museum and cafe were rebuilt using \$40,000 of the Commander's Emergency Relief Program funds of the U.S. Army's 1st Armored Division during Operation Iraqi Freedom. (U.S. Army)*

**A**TROOP SURGE IS in progress in Afghanistan, but there should not be a corresponding Commander's Emergency Response Program (CERP) surge. An aid surge in Afghanistan would be an incentive for commercial warlords to maintain perpetual war because their continued financial success depends on it. Since NATO has failed to influence the very actors destroying the Afghan people's confidence in their government (i.e. Ahmed Wali Karzai and company), it is time to influence them financially.

As Tony Corn asserts in *Small Wars Journal*, "nonlethal warfare does not mean nonviolent warfare, but a re-definition of violence itself."<sup>1</sup> NATO and the COIN industry have been strong proponents of nonlethal warfare while ignoring one of the most powerful nonlethal tools at their disposal: the U.S. dollar. This isn't a new concept. During the Cold War the United States sold cheap grain to the Soviet Union, and the Soviets paid for the grain through hard currency earned by its oil and natural gas exports. This demonstrated where the Soviet Union could be leveraged economically: through its dependence on U.S. agriculture—bad for the Soviets because the U.S. could turn it off and good for the U.S. agricultural community because it opened up a large new market—and through its dependence on rising oil and natural gas prices in the 1970s. When the Soviet Union invaded Afghanistan in 1979, President Jimmy Carter imposed a grain embargo for the rest of his presidency. To some degree, the Soviet Union could be considered a one-crop economy (oil and gas), so that proved to be devastating.<sup>2</sup> For example, Ronald Reagan's administration secretly pressed Saudi Arabia to increase oil production to reduce world oil prices in the 1980s. Lower oil prices meant less revenues for the Soviet Union. Combining that with increased U.S. defense expenditure created economic violence at its finest. *It is time to bring back economic violence as a viable military strategy.*

## Economic Leverage

Economic violence today could appear in the form of an aid freeze, which would be painful for commercial warlords because they might have to think twice before spending three million U.S. dollars in a single Las Vegas trip. Ironically, this trip came to light through a conversation with a certain Sherzai (of the Gul Agha Sherzai clan) who was waiting in line to purchase goods (for U.S. troops) at the Kandahar Airfield U.S. Post Exchange. Gul Agha Sherzai is currently the governor of Nangarhar Province in eastern Afghanistan, and he has served as the Kandahar Provincial governor in the past. According to *The Globe and Mail*, “Mr. Sherzai had admitted to receiving one million dollars a week from his share of import duties and from the opium trade.”<sup>3</sup> In addition, the Sherzai clan reaps major financial benefits from projects in and around Kandahar Airfield, the main NATO base in southern Afghanistan. Major General Abdul Razziq Sherzai, brother of Gul Agha Sherzai, broke ground on a new athletic complex in April 2010, with a “soccer field, physical training pad, and a running track,” to the tune of \$83 million. This amount includes “expanding dormitories, utilities and other facilities.”<sup>4</sup> According to Major General Sherzai’s son (the owner of Sherzai Construction and Supply Company), the Sherzai clan has a large stake in the aforementioned project and all other projects around Kandahar Airfield because “General Sherzai owns the land.” (After he made this statement, he quickly corrected himself by saying that the defense ministry actually owned the land.)

Aside from the fact that the Afghan National Security Forces do not face any air threat from the Taliban, the only other logical reason for expanding the Kandahar Air Wing would be to increase rotary wing assets in support of Afghan ground troops. Even so, the \$83 million is only for facility construction and does not include the cost of new aircraft. This amount of money could pay the sala-

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ries of 39,903 new police officers for a year (new police recruits were paid \$240 a month in 2010). Using that \$83 million to employ 39,903 more police officers would probably help more than any amount of increase in rotary wing support.

The primary factor for the existence of such projects is the bureaucratic propensity of government agencies to expend as much of their budgets as they can before the end of the fiscal year. A United States Agency for International Aid (USAID) officer in Kandahar summed up the spending culture quite nicely during a conversation with me. He said, “There is over \$500 million left in CERP for this fiscal year but only three months left, so you guys should hurry.”

According to the *Special Investigator General for Afghanistan Reconstruction’s (SIGAR) Quarterly Report to the U.S. Congress (April 2010)*, “As of March 31, 2010, the United States had appropriated nearly \$51.5 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002.” Of that \$51.5 billion, I am certain that less than half is transparent enough for auditing purposes. The U.S. military keeps a meticulous online CERP database, which can trace projects to a ten-digit grid. Meanwhile, looking for specific USAID (or any other aid agency) information is tantamount to looking into a black hole. This problem does not require invoking the Freedom of Information Act. The data is not hidden because it does not even exist. The majority of USAID programs are tracked at the provincial level at best. This makes auditing and inspecting old projects a difficult endeavor. Compounding the spending culture is the propensity for building Afghan projects to U.S. or international standards.

A 7.8-km road project in Spin Boldak, Kandahar, was estimated and funded at \$9,550,190 but awarded to the winning contractor for \$4,494,629. For an unknown reason, a previous project left a 7.8-km stretch of Highway 4 unpaved. As luck would have it, Gul Agha Sherzai has another “Abdul Razziq” in his entourage, his protégé, the infamous Colonel Abdul Razziq (no relation to Major General Abdul Razziq Sherzai) of the Afghan Border Police. Colonel Razziq has been involved with both road projects; he is accused of placing the contractor of the first road project in jail for delays caused by the provincial governor.



(U.S. Air Force, MSGT Juan Valdes)

**Afghan contractors working for the U.S. Agency for International Development install a drainage system at the Joint District Community Center in Arghandab District, Kandahar Province, Afghanistan, 13 December 2009.**

The situation was conveniently resolved when the contractor's associates paid the governor a visit. A writer who recently returned from Kandahar has told me that the good colonel has been promoted to brigadier general.

The U.S. Army Corps of Engineers designed a 16-classroom, two-story school for \$2.5 million. The Zabul Provincial Reconstruction Team estimated the cost of a similar-sized Ministry of Education school at \$440,000. The main difference in price? The \$2.5 million design is earthquake resistant by U.S. standards while the \$440,000 design complies with Afghan standards.

Careless spending led to the Sherzai Las Vegas incident, which is a story that reinforces the Afghan public's perception that international aid does not benefit the common person. Besides gambling, some warlords build exquisite mansions in Kabul, one of which rents for \$47,000 a month.<sup>5</sup> In Kandahar City, the prime real estate is Aino Mino—a development “spearheaded” by Ahmed Wali Karzai's brother, Mahmoud Karzai.<sup>6</sup> Major General Sher Mohammed Zazai, the commander of the Afghan National Army 205th Corps based in

Kandahar, has ordered an investigation of Ahmed Wali Karzai's involvement in building illegally on government land. We have yet to see if this is an anticorruption move or simply a business move of the Tajik-dominated defense ministry against the Kandahar Pashtun elite.

Aside from the commercial warlords, the government itself is failing to provide for the populace. Due to easy and abundant international aid money, provincial ministries create a wish list (they call it a provincial development plan) containing what they want, but cannot fund through their own government. The Kandahar Provincial Development Plan for 2010 had the following highlights: “construction of a museum” for \$1,087,000; “construction of cement factory” for \$150,000,000; “construction of 10,000 apartments in three blocks in Kandahar City” for \$70,000,000.<sup>7</sup> In the middle of a raging insurgency with public officials being publicly assassinated in mosques (the deputy mayor in April 2010) or killed in suicide attacks (the deputy provincial governor in January 2011), is this what the provincial government should really be focused on?

Instead of focusing his efforts on repairing craters on the highways, the Kandahar director of public works, engineer Abdul Mohammad Ehsan, spent his time trying to solicit business in Kandahar. Kandaharis love it when Kabul businessmen, who frequently subcontract work to Kandahar companies from the comfort of their Kabul mansions, keep winning the prime contracts. The Kandahar Department of Public Works will not operate outside a 10-km radius of Kandahar City. To fund any CERP project, one has to obtain a memorandum of agreement for sustainment from the respective government department. To get to any line director, one has to work through the Kandahar provincial reconstruction team's local hire in charge of setting up meetings with directors. During my deployment, Kham Mohammad Khadim was that contact.

Khadim's cousin conveniently owns a construction company named Southern Afghanistan Development Construction Company, and during some phone calls, it seemed that Khadim would delay any meetings unless a few small projects would flow to his cousin.

While such Afghans have financial incentives for perpetual war, some NATO civilian advisors and contractors have incentives just as lucrative: some get paid more than the vice president of the United States (\$230,700).

To be fair, there are always risks in a war zone, but most contractors themselves would concede that the primary risk is of a random rocket attack on a heavily secured base. Perhaps, it is more likely to be hit by a cab in New York City. Some interpreters' salaries are on par with or exceed a U.S. general officer's pay (up to \$200,500). With so much money on the line—Mission Essential Personnel received a no-bid, one-year, \$679 million extension of its contract to field interpreters to the U.S. Army in Afghanistan in May 2010—one would think that Dari speakers would not be deployed to the Pashtun south where they are utterly useless—yet that often happens. Contractors are the military's way of doing

something that it cannot do with its limited combat power. In some cases, it makes more sense to secure a company-strength (120 soldier) combat operating post for \$1 million a year with local nationals than to dedicate a whole infantry platoon, which would take away a third of the company's combat power. In other cases, such as law enforcement professionals, human terrain teams, or other advisors, the benefits remain to be seen.

## Time for Change

It is time to rein in both Afghans and NATO contractors. While military violence causes media uproar and a voter backlash at home, economic violence would be tolerated and perhaps even cherished in the United States. (Would a U.S. taxpayer be angry that an Afghan warlord cannot spend \$3 million in Las Vegas anymore?) If NATO adopts a policy of economic violence, it has an opportunity to change the game. The new game aims to coerce the commercial warlords to help end perpetual warfare. To be sure, they have the means (guns, men, and money) to do so. In order to adopt a strategy of economic violence, NATO should immediately halt all noncombat-essential contracts that do not directly benefit coalition forces, deploy engineer assets capable of supporting its tactical engineer needs, limit funding for aid, and reevaluate the benefits of having a large contractor force.

This strategy would prevent commercial warlords from enriching themselves on non-combat-essential contracts. The troops can live without the international eateries on the main bases that are supplied through trucking companies complicit in protection rackets. Having internal engineer assets prevents the incentive for contractors to sabotage projects. When blowing up projects stops being profitable, non-ideological contractors will no longer have a reason to do so. Every NATO member provides some form of aid, but the United States provides the bulk of it and should therefore lead the way in limiting it. The U.S. Congress should consider limiting the budgets

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for the Department of Defense's CERP program and all USAID programs in Afghanistan for Fiscal Year 2012. We certainly cannot have three-letter agencies running around with bags of money. The current logic seems to be that spending a few billion dollars *could* save even one NATO soldier's life, and therefore it is worth it. However, that line of logic puts the premium on force protection rather than the mission, which is convincing the Afghan people that their government is legitimate. U.S. combat commanders are incited to have minimum casualties above completing the mission. Any U.S. or Afghan casualty will generate scrutiny. Commanders are already handcuffed; the continued influx of international aid into the pockets of the elite will limit their capacity to accomplish the mission even more.

Some experts have been voicing their concerns about aid for quite a while, and others are beginning to get on board. Andrew Wilder, a researcher at Tufts University, wrote an op-ed piece for *The Boston Globe* in September 2009, which revealed, "instead of winning hearts and minds, Afghan perceptions of aid and aid actors are overwhelmingly

negative. And instead of contributing to stability, in many cases aid is contributing to conflict and instability."<sup>8</sup> This sentiment culminated in the "Winning 'Hearts and Minds' in Afghanistan: Assessing the Effectiveness of Development Aid in COIN Operations" conference at Wilton Park in March 2010. A report from the conference had similar views on aid. It stated that—

- Current stabilization strategies are based on entrenched and often questionable assumptions.
- The implementation of counterinsurgency doctrine has not adequately addressed political issues.
- Effectively designed and delivered aid does seem to have some stabilization benefits at a tactical level, but not at a strategic level.
- Less is often more. Too much aid can be destabilizing.
- Aid seems to be losing hearts and minds rather than winning them in Afghanistan.
- Strengthening provincial and district governance and fostering effective and transparent Afghan leadership that connects to Kabul is key.<sup>9</sup>



(U.S. Air Force, MSgt Juan Valdes)

Afghan contractors working for the U.S. Agency for International Development spray water during road construction at the Joint District Community Center in Arghandab District, Kandahar Province, Afghanistan, 13 December 2009.

NATO should not continue its current broken wartime contracting strategy. Rethinking aid is almost as important as reeducating contracting officials who oversee the disbursement of aid. When I provided intelligence that a certain contractor was allegedly paying the Taliban, a U.S. contracting official replied with the following:

Subject acquisition is being solicited on a best value, low price, and technically acceptable basis. Local government officials should be advised that we are required to follow U.S. law in the acquisition of goods and services in this country. It is a violation of the Procurement Integrity Act for anyone to reveal or share with you, the governor, or anyone else any information on subject acquisition. Your direction, if carried out, would result in a serious violation of said statute. I would advise otherwise.<sup>10</sup>

While ultimately the suspected contractor was not allowed to bid on that project, acquiring goods and services on a “best value” at the “lowest price, technically acceptable” basis leads to a counterintuitive situation—sometimes the lowest bidders are corrupt. In this particular case, a Popalzai company paid discounted security fees to local commanders and reduced wages to local unskilled labor because this company was affiliated with Ahmed Wali Karzai.

## Economic Violence

NATO’s best and brightest are armed with the world’s most advanced technologies, billions of dollars for aid to “properly” conduct “COIN-centric full spectrum operations.” Yet the basic human principle that people respond to incentives is ignored. Major Grant Martin wrote an article in *Small Wars Journal* in which he replaced the word “economist” with “military theorist” and the word “economics” with “the study of warfare” in a *New York Times* op-ed piece.<sup>11</sup> This modified op-ed reads just as well with the substitute words.

Infantrymen can patrol all day and do all the the right COIN things, but at the end of the day what can an infantry platoon leader say to an Afghan farmer who sees all the inequities right in front of him? Freezing billions of dollars worth of aid would not affect the common Afghan who has not seen a penny of it in the last nine years. However, it will give a strong incentive to those who have been silently promoting perpetual war to choose the Afghan government’s side. Economic violence is as much about limiting funds as it is about transparency of money used. Both are necessary. Perhaps, there will be a study someday that proves international aid to be a positive factor. However, this study cannot even start without an accurate account of every dollar spent. To that end, NATO should immediately commence a campaign of economic violence and financial transparency. **MR**

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### NOTES

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