THE BROOKINGS INSTITUTION

AFGHANISTAN: A MID-2015 ASSESSMENT

Washington, D.C.
Wednesday, June 3, 2015

Moderator:

MICHAEL O'HANLON
Senior Fellow and Director of Research, Foreign Policy
The Brookings Institution

Panelists:

VANDA FELBAB-BROWN
Senior Fellow, Foreign Policy
The Brookings Institution

JAMES B. CUNNINGHAM
Senior Fellow and Khalilzad Chair
The Atlantic Council

DAVID SEDNEY
Nonresident Senior Fellow
The Atlantic Council

* * * * *

P R O C E E D I N G S

MR. O'HANLON: Well, good morning, everyone, and welcome to Brookings. I'm Mike O'Hanlon, with the Foreign Policy Program, as is my colleague, Vanda Felbab-Brown.

I'm also here with Ambassador Jim Cunningham, the U.S. Ambassador to Afghanistan until just this past winter, sitting to my left, and David Sedney, who had been the Pentagon's top official on Afghanistan for the first term of the Obama Administration.

Both Secretary Sedney and Ambassador Cunningham had long, distinguished careers in the U.S. government, until their recent retirements. And now David is affiliated with the Atlantic Council and CSIS, and Ambassador Cunningham is now the inaugural Khalilzad Chair and Senior Fellow at the Atlantic Council, specializing on Afghanistan while there.

Vanda and I are both very grateful, and warmly welcomed them to join us in this panel at Brookings.

As you know, Vanda Felbab-Brown is the author of a major book called *Aspiration and Ambivalence*, about U.S. policy and the Afghan War over the years, and is currently working on a long project -- on illicit economies around the world, where Afghanistan is one of the countries at issue, but she also has done considerable field work and work in various capacities on Mexico, Brazil, Somalia, Indonesia, and a number of other countries -- Colombia, Peru.

She's really one of the most intrepid field researchers I've ever met. And she, too, continues to work on Afghanistan.

What we'd like to do today is, as you know, discuss this important topic at a crucial juncture in Afghanistan policy within Afghanistan itself and, also, in U.S. policy

towards the country and the region. I'm not going to say a whole lot here by way of introduction to the subject, but just a couple of the key bullet points that I think you're aware of.

We are now nine months into the Ghani-Abdullah government, if that's the right way to say it. We do have a president, but we also have something akin to a CEO. And we were honored here at Brookings a couple of months ago to welcome Dr. Abdullah, who I think is one of the heroes of the democratic process last year when he accepted, despite contention, and dispute, and uncertainty, essentially the runner-up position in the Afghan elections, and decided to play this role of a Chief Executive, rather than try to fight for another recount or what have you.

One of the key people who is also a hero of that process and worked towards this compromise was Ambassador Cunningham, who was in Afghanistan over a more than three-year period -- and the last two and a half of which he was Ambassador again, through December of 2014 -- and helped midwife this process.

So, that's the good news -- that there has been this successful transition, with all of its blips and imperfections along the way. But as you know, there's a lot of bad news and a lot of concern, as well. Violence in Afghanistan has never been higher in the 21stcentury. Casualties this year to Afghan security forces have been estimated as 50 percent greater so far than the same time period last year. There is still considerable difficulty and tension in forming the Ghani-Abdullah government. It's not yet a complete cabinet. We're not really sure how well the whole system is working.

And, of course, all this is happening after the United States and the rest of the North Atlantic Treaty Organization (NATO) have already drawn down their forces by 90 percent. That's 9-0 percent -- with the expectation that virtually all of the remaining forces will leave by the end of next year -- although one thing that I hope will come up in

conversation -- I noticed a very sort of innocently-placed news report that General Campbell is working with NATO to now think about a longstanding, permanent military base within Afghanistan -- which confused me when juxtaposed with President Obama's pledge to get all of our combat forces out of Afghanistan.

I'll just foreshadow my own thinking, which is, I hope that the reports are correct, because I would like to see us stay a little more involved. And you may hear similar themes from some of the other panelists.

So, without further ado, let's begin. We're going to go down the row -- about seven or eight minutes of introductory comments from each of us, then we'll discuss things a bit ourselves up here, and look forward to your questions thereafter.

So, Ambassador Cunningham, without further ado, over to you.

AMBASSADOR CUNNINGHAM: Well, thanks, Mike, and thanks for inviting me to join you today.

I think it is important that we have a good discussion about Afghanistan and why Afghanistan still matters -- and it matters to the world, and to the region, and to the United States.

One thing I learned in my time there is that everything in Afghanistan takes longer than it should, than one hopes. And almost everything proves to be difficult, especially when you're trying to make important changes. So, it is, I think, a real success that the Afghans managed the political transition and the first peaceful transfer of political authority from one president to another. That was a very fraught and difficult process.

Both President Ghani and Dr. Abdullah really do deserve a lot of credit for their agreement, and for getting this done -- difficult as it was and as it still is. There's no doubt in my mind that both gentlemen thought that they had really won the election, and getting them to come to terms -- and bringing their teams along to come to terms --

was a very difficult endeavor for both of them, and they deserve praise for having done so.

Their visit to Washington in March was, I think, quite a success, and their meetings in New York. I think they sent the right messages to the U.S. Congress and, importantly, to President Obama and the administration. And they built up some credit, and they turned a page in the relationship between this administration and Afghanistan.

But as I told both of them at the time when I saw them, they now need to get on with the business of actually governing, and that's proving to be difficult, as all of us who follow Afghan events know and should've expected. There's not going to be anything easy about getting this process moving, and implementing the kind of reforms that both gentlemen want and are committed to.

So, we're now at a different phase of a transition that I think is going to be a pretty long-term endeavor. Ghani is really trying to change the way Afghanistan is governed, and that's a difficult proposition. What he's trying to do is create a political space, not just for reform and change -- and particularly in governance and the economy -- but he's also trying to change the way the Afghan elites and people have done business for the last decade. And that's going to be a difficult enterprise for him and for Abdullah, who I think basically shares his orientation.

So, they need some time and space to be able to get the government up and running, and functioning, and to start delivering. And that's where the role of the United States and international community is critical. We need -- in our own interest, by the way -- we need to provide them with time and space that they need to see if this experiment in Afghan governments can be brought in to being fully and to work, and they need, on their part, to be delivering.

They need to produce results. They need to show not just intent and

rhetoric, but they need to show that things are actually happening on the ground for their own people, and happening in terms of taking on the responsibility that they acknowledge that they have for making Afghanistan function -- and for providing security to the Afghan people.

That's a very different framework and dynamic than existed when I got to Afghanistan in 2011, but it's important for us -- for all of Afghanistan's partners -- to realize that this effort is going to take some time. It's going to be difficult, and that our continued support and the continued support of our public is essential if they're going to have a chance to succeed -- because this venture will not succeed if either of those two things fails -- if the international support goes away, if we lose our focus and our attention. And it won't succeed if they don't deliver and start actually making progress in continuing to move forward.

MR. O'HANLON: Thank you. Let me ask one quick question as a followup before we go to Vanda -- which is, really, just to frame where we are now -- and relative to your expectations -- because with your experience there, you watched things over a period of time, and knew how big 2014 was going to be in the aftermath.

Relative to your expectations, how are things going? I mean, there are all these problems, all these challenges, all these successes. But compared to where you thought we might be in mid-2015, how do you feel in your gut about the overall situation?

AMBASSADOR CUNNINGHAM: I had doubts about where we would be in 2014 and 2015. I thought it was possible to succeed in what we were doing. I basically think that the American strategy, the strategy of this administration, has succeeded and is succeeding. But I was never quite sure about the capacity of the Afghan political leadership or about President Karzai, for that matter, in carrying through

with the transition.

So, I think that what we're seeing is actually a version of success. There was nothing preordained that would bring Afghanistan to the point where it is today -- which is, I think, a point of real opportunity not realized yet -- but a point of real opportunity, if the Afghans will take advantage of it.

MR. O'HANLON: Thank you.

Vanda, over to you.

DR. FELBAB-BROWN: Ambassador Cunningham, your theme of governance is very much the theme of my talk.

Both President Ghani and Dr. Abdullah, when they were still candidates, campaigned on the theme of reforming governance, getting away from the abusive, corrupt governance of the Karzai era and the lack of service delivery.

Interestingly enough, despite the consensus, despite the fact that between two of the men, they had perhaps 80 percent of the vote, the governance part after the coalition government has been really struggling. And in fact, what we have seen -- perhaps until the very last few days -- has essentially been governance paralysis.

Now I said it's surprising. It's not surprising, to some extent, because the coalition government -- the deal between the president and CEO -- was so new, it was created amidst great tensions and difficulties, and was a government born with the expectation that working out the modalities will continue to be as excruciatingly difficult as it has. But nonetheless, it's surprising to some extent because both men -- including and particularly President Ghani -- made governance such a focus.

And instead, what happened immediately after the announcement of the deal was essentially a gamble by President Ghani to negotiate with the Taliban, and to try to have extensive outreach to Pakistan to help facilitate that.

Now the gamble, I think, was both a reflection of his anticipation of how excruciatingly difficult it was going to be to manage the government, as well as to engage in some of these deeper structural changes -- as well as, I think, a deep realization that Afghanistan just cannot afford the war. And in fact, I'll come back to the theme of the big economic crisis that has not loosened its grip. That will be later in my talk.

And so we saw Ghani flying to Pakistan; Pakistani officials coming to Afghanistan; Ghani's willingness to pull forces out of the very contested Helmand, and put them at the eastern border, in response to Pakistani demands with the perhaps unrealistic expectation that Pakistan would deliver Taliban to the negotiating table and some progress would be reached.

And we haven't seen that. We saw just in the last few weeks, finally a meeting in China, facilitated by the Pakistani intelligence services, but the Afghan side was disappointed with which Taliban came. They thought that the Taliban that were brought to the meeting did not have much power and there is no sense of momentum.

Meanwhile, the political space and time that you have been talking about is severely calling for the government, for President Ghani to push ahead with the negotiations.

First of all, there's been immense pushback within Afghanistan against the outreach to Pakistan -- and perhaps against negotiations -- coming not just from the Abdullah camp, but also from former President Karzai.

But more importantly, the Afghan people are really frustrated with the governance paralysis that has really been not just been taking place since the government formation in late September, but, rather, previously. Line ministers have essentially not been functioning; as a result of moves between the Parliament and President Ghani in January and February, provincial development councils, as

problematic as they are, have stopped functioning. So, in many areas, local governance is simply not taking place at all.

Now finally, we've seen appointments of some ministers, and over the past 10 days, about eight ministries have issued 100-day plans to start actually doing something. Many of these statements are general, but, nonetheless, there seems to be some movement.

And meanwhile, the economy, as I mentioned, has been in very poor shape -- much poorer shape than many predicted. The fiscal crisis of last year has essentially not lessened. The donors' willingness to patch the huge -- about $600 million -- deficit was covered only very partially and the steps that the Afghan government took -- selling bonds, liquidating projects -- has essentially run its course. They still face the same fiscal crisis.

So, there are huge economic problems gripping the country. And violence, of course, has been so much more intense than many had anticipated with the Afghan forces really struggling that it's discouraging any form of investment in the economic pick-up.

Now there are two very important governance issues that, again, impact on the political space and time. And those are the supposedly upcoming -- or perhaps not upcoming -- parliamentary and district elections -- and the Loya JirgaAnd both are very important, because they'll really influence the political space for maneuvering that both men have but it'll also really impinge on any political space towards negotiations with the Taliban -- and for the outreach with Pakistan.

The parliamentary elections were supposed to take place in September. No one knows whether they will take place. Certainly, the security is not there; arrangements are not there. And they're very important, because a lot of the

parliamentarians would then be part of the Loya Jirga that would codify, decode, explain, or perhaps pull apart the CEO/presidential arrangement. The Loya Jirga is supposed to come up in 2016. Both men have very, very different expectations of what kind of government it will create.

Dr. Abdullah believes this will bring about a parliamentary government with much weaker power of the president. That's certainly not the understanding of President Ghani, who, if anything, has been really strengthening the presidential office, and trying to run governance through the presidential office, not through the line ministries.

So, this is huge constitutional reform coming, but it's a potentially huge political crisis coming.

And with that, I'll hand over to David.

MR. O'HANLON: Thank you. Vanda, one quick followup -- do you have a sense of when decisions would be made on parliamentary elections, then? And is the talk about indefinitely postponing them, or would there be a specific rescheduling date, from what you're hearing?

DR. FELBAB-BROWN: Well, I don't think that they can just indefinitely postponed. That would be a huge constitutional crisis, as well as political crisis. I think the sense is that they would be shifted by several months, but, realistically, because whether if they don't take place by October, perhaps early November, we are really looking on the following year.

But that has, again, huge repercussions for Loya Jirga extremely politically sensitive. So, you can postpone it by a few weeks in the fall, but you cannot say, let's hold the elections in December. And so if not by early November, then we are really looking April onward.

MR. O'HANLON: So, Secretary Sedney, over to you, but let me ask one question that I hope you'll address in the course of your remarks -- which is, of course, a newspaper reader here gets the sense that things are really falling apart. We know they're tough. I know you're going to talk about how they're tough; we've already heard that from others. But I hope you'll also address the question of whether this is becoming a, you know, almost foregone conclusion that the country is collapsing -- or is that the wrong impression that a newspaper reader here in Washington might reach?

SECRETARY SEDNEY: Thanks, Michael; you've set me up really well, because I was going to talk about three myths.

The first one is the myth that the war has ended -- or that the U.S. involvement in the war has ended. High-ranking people, including our President, keep saying that. They're wrong.

The second myth -- actually, many myths -- are the myths about Pakistan. I'm going to talk about those.

And the third myth is that Afghanistan is a failure.

The answer to the last question, which Michael also posed, is, what Afghanistan is going to become is still to be decided. It's being decided right now by what's happening on the ground in Afghanistan, in Pakistan, and in capitals around the world, most especially here in the United States.

Why do I say the war hasn't ended? Because, as Michael said, casualties in the Afghan security forces are up, much worse -- much more damaging to the confidence of the Afghan people, and much more a problem for the United States is that civilian casualties -- more Afghan civilians are dying today than at any time since we intervened in 2001.

Are we fully responsible for that? No. But are we absolutely not

responsible for that? That's also not true. The United States had a plan for building an Afghan military. Our hasty, ill-considered, and poorly carried-out withdrawal set on timelines based on internal U.S. political goals -- rather than on conditions on the ground -- left behind an Afghan military that's not prepared to do the job that it's being asked to do.

At the same time, our lack of full political and military commitment to Afghanistan has emboldened the Taliban, and placed huge strategic uncertainty over the entire equation in ways that continue to destabilize the society, undermine the economy, and exacerbate the political divisions inside Afghanistan.

Now does that mean Afghanistan has failed? Absolutely not. The Afghan military is still fighting well, despite the fact that it doesn't have the intelligence assets, the air assets, the logistical and advising assets that it should have had -- that we had planned to give it -- and which President Obama decided not to give it. That is leading to the present level of casualties.

However, even further -- and going to the issue of the myths of Pakistan -- President Ghani has, as Vanda said, embarked upon a real gamble with Pakistan. I don't think he had any choice but to do that. I think it's a strategic necessity for Afghanistan to have a better relationship with Pakistan -- and for Afghanistan and Pakistan to work together in combatting the Taliban. Whether it's resolving the issues with peace talks or resolving the issue militarily, it could only be done effectively if the two countries cooperate.

But the myth of Pakistan already performing is one that we've been through before. When I was in government, I was part of an effort to build a strategic partnership with Pakistan, even though it was clear Pakistan didn't want to have a strategic partnership with the United States.

Today, we are full-heartedly, rhetorically supporting President Ghani in his effort to reach out to Pakistan. But at the same time, we're not making clear to the government of Pakistan that there are no facts on the ground to back that up. Infiltration across the border of fighters, of weapons, of explosives continue unabated. There's been no reduction. In fact, there's been an increase in all of those metrics over the period of time since President Ghani took office.

Additionally, the command and control of the Taliban continues to come from Pakistan. Now I was interested to read just yesterday that the Chairman of the Standing Committee on Foreign Relations in the Pakistani Parliament called for his own government to hand over the leaders of the Taliban network in Afghanistan. If Pakistan were to do that, that would be the biggest contribution Pakistan could make -- much more than putting together low-level meetings in China. Facts on the ground are the only important thing when it comes to dealing with Pakistan.

Finally, the myth of failure -- despite all these problems, the Afghan military continues to fight. And people only fight if they believe in what they're doing, and the Afghan army -- less so the Afghan police -- but the Afghan army does have a national mission. They continue to function across the country, across ethnic lines, and to carry out military operations in ways that, when they go head-up with the Taliban, prove that they can be a successful military.

But the lack of the infrastructure that they need -- again, the air, the logistics, the advising capacities, advising that they need -- are undermining the tactical adeptness of the middle and lower-level officers and men in the Afghan army who are able to fight.

So, I'm not concerned that Afghanistan is going to fall apart today or tomorrow, but I am concerned that a lack of political commitment on the part of the United

States -- our lack of a commitment post-2016, as Michael was talking about before, to Afghanistan's military and security services will lay the groundwork for a gradual increase in the effectiveness of the Taliban, so that just as when we left Afghanistan in 1989, it wasn't until 2001, 12 years later, that we felt the impact.

The bad decisions that we've made already and that we continue to make in our policy here in Washington could come back to haunt us 10 or 15 years later. We shouldn't be in a position 10 years from now of having to respond to a crisis that we have created.

MR. O'HANLON: Thank you.

And I'm just going to now add a couple of thoughts. And then, as I say, we'll discuss amongst ourselves for a bit before involving you.

First, let me make a comment on the peace talks. I have personally no objection to the peace talks. From a strategic point of view, I think it makes sense to pursue them, but I think we should keep expectations very low. And the basic reason I say this -- and it's been something that I've been struck by ever since the peace talks with the Taliban -- or pre-peace talks have been on the table -- is, what would the terms of a deal be?

And when you ask yourself that question, you realize how hard it is going to be to get a deal -- because we have not seen any particular sign from the Taliban that they have changed their fundamental positions on issues like whether there could be any kind of international presence -- military or even civilian, for that matter -- by "infidels" in Afghanistan under the terms of a peace deal. It's not clear which governorships and which provincial capitals could be run by a former Taliban official. So, if part of the deal here would be a sharing of political power, it's not clear to me how that happens.

If the Taliban wants to become a political party or create a wing that's

political, well, I suppose we can have that conversation, but that's a big change for them, and I haven't seen their interest in participating in a democracy where they presently poll at somewhere between 5 and 20 percent popularity, depending on which part of the country you're looking at.

So, I don't think they're likely to accept that kind of an approach, either, because that would essentially give away their main asset, which is the use of violence in support of liberal democratic ideals that we and the Afghan people and government currently espouse. So, it's essentially a huge concession by the Taliban.

Anyway, it's worth exploring, but we should have expectations that are very, very low. And therefore, we should not be basing any kind of expectation that we can pull out of Afghanistan by the end of next year -- or otherwise largely end our role in this effort, based on some hope that there'll be a peace deal by then. It's been a myth that's been alive at various times throughout the Obama Administration that various people have tried harder than others to promote. It's always been worth trying to see if somehow, against the odds, a peace deal might be possible, but it's never been a particularly plausible near-term outcome, and I don't think there's any reason to change.

In fact, if anything, the Taliban now is going to be feeling its oats and wanting to see if it can win on the battlefield in the next couple of years, as the U.S. and NATO perhaps pull all the way out. So, that's my first main comment.

The second and final main comment is really why we shouldn't pull out militarily, and why there is an alternative. And what I would submit is that even within President Obama's own priorities, he should actually feel that he has a partial success. It's an ugly success. It's fraught, it's provisional, it's not gone as well as we like, there are a lot of problems, but it is, as Ambassador Cunningham said, a version of success that happened on his watch -- which I think he should want to protect.

And if President Obama could leave office with the U.S. force in Afghanistan dramatically downsized from when he took power -- which is already the case, and would be under any imaginable circumstances that I can think of -- and, at the same time, there has not been another major terrorist strike against the United States emanating from Afghanistan -- I would argue the president had satisfied his most important campaign promises -- on that subject specifically and, also, the broader war on terror, and how he's wanted to see that end -- or at least wind down on his watch.

So, it's less important that we zero out our presence. It's much more important that Afghanistan remain at least a fragile success, that terrorist strikes from that part of the world not again occur on American soil, and that we have the tools to make sure that the odds of that are as low as possible.

And, militarily speaking, what I would advocate is not just the one base that news reports indicate General Campbell -- the current NATO commander and American commander, Afghanistan -- is thinking through with his counterparts from NATO, but I would advocate three or four operational bases that NATO would continue to maintain after 2016, with a principal eye towards coordination with Afghan security forces, providing some of the ongoing training that we do now in Kabul, but we perhaps could also do in a couple of other locations, providing some occasional intelligence and air support -- and, also -- and here's the bottom line for American security -- being able to carry out counterterrorism strikes against al-Qaeda or even Islamic State of Iraq and the Levant (ISIL) targets that may present themselves in South Asia -- because there is no other place from which plausibly to do it.

We don't have any other good places. If you try to base commandos on an aircraft carrier in the Arabian Sea, to fly into an area around where we found bin Laden or anywhere in the Pashtun Belt, you're talking about a flight of 500 to 1,000 miles

-- which is several hours -- needs to be refueled over airspace that we're going to have no particular access to, because we would have forgone that opportunity and that access by the terms on which we would've left.

In other words, it's not credible. You can't do drone strikes or commando strikes from anywhere in the Pashtun Belt, unless you are in Eastern Afghanistan. There is just no other credible place. So, we are there right now. We have earned the right to stay there based on the sacrifice of men and women -- like those in uniform, like those on this panel -- and we should want to benefit from all that investment, and forge what I would describe as an enduring partnership with Afghanistan to keep limited numbers of American military forces there indefinitely.

Under this plan, I don't even think we should be talking about an exit date. We should stay there as long as we need the assets to protect our country.

So, that's my little sermon for the morning. And now I'm done. And so I'll go back to the moderator role.

And now, in addition to inviting my fellow panelists to make any additional comments they want to, I'd like to begin with one question on the issue of Pakistan. And, really, I'll just work down the row, starting with you, Mr. Ambassador, if I could. But even if we don't see any change in Pakistan's behavior yet, do you sense that there is, at least, a little more of a debate within Pakistan?

And David just alluded to what the Chairman of the Foreign Affairs Committee had said. A little more debate about maybe some other options they should be considering -- so that even if we haven’t seen a change in behavior yet, it's worth working towards this.

Vanda's put out a paper recently, which I recommended to everyone, which casts some cold water on expectations for any rapid progress. You've heard her

speak about that again this morning. But I guess my question is, could we at least maybe hope that things might change down the road?

AMBASSADOR CUNNINGHAM: Before I answer that, I want to pick up on something that you said about the counterterrorism mission.

There's another really important, unique thing about Afghanistan that Ghani focused on a little bit when he was here, but doesn't get very much play or resonance. Whatever we're going to do in Afghanistan, we should be looking at it through the prism of Afghanistan's role as part of a long-term, sustainable strategy to deal with violent extremism and terrorism. That's why we got there in the first place. That's why we're still there. And, as we all know, this is a phenomenon that's morphing, and spreading, and turning up in different guises around the Middle East and around the world.

The unique thing about Afghanistan is not only that we're there already performing missions -- with Afghans, by the way -- but the Afghan government people want us there in a low-profile way -- which we are now. But they want us there and -- very importantly -- we have an Islamic government that wants to work with us to defeat something that it recognizes as a threat to itself and its people.

That is the kind of phenomenon that needs to be spread more broadly through the Islamic world, if what we regard as a civilized world is going to get a handle on dealing with this threat. It's not something that we Americans can deal with or eliminate. At the end of the day, this is going to have to be the Islamic world that confronts it and deals with it. We've begun that -- with many mistakes, but that effort is underway in Afghanistan -- and hopefully, eventually, in Pakistan, to come back to your question.

To my mind, that's how we ought to be looking at the challenges that

Afghanistan is dealing with, that we're dealing with here, but, also, as I said earlier, the opportunities that we have. We focus all the time on the problems, but we never get them to look at, what opportunities do we have to make progress if we can both get our act together to do it? That's what I would hope that we would be doing, and that's what I would hope that this administration and the next administration would be doing.

I hope that this administration can be persuaded not to take decisions that will foreclose the options for the next president to deal with this problem in Afghanistan -- which, as I said, is, in my view, part of a global mosaic, if you will -- different forms and different parts of the phenomenon, but all part of the same phenomenon.

Pakistan -- we're all very frustrated by our inability over the years to get Islamabad to, as David said, create facts on the ground, as opposed to rhetoric and trying to generate good feelings. Now to their credit, they have been active on the ground in their military campaign in Waziristan and the fatwās over the past six months or whatever it has been; I've kind of lost track of time. It's hard to believe it's nine months since Ghani took office.

But there's much more debate that they have to do -- and in their own interest. Their rhetoric has improved tremendously over the past several months. I think Ghani was quite right. I agree with David; Ghani was quite right. He was very focused. From the time he thought he was going to be President, he was thinking through, how can I try to generate a different international dynamic that will encourage our relationship with Pakistan, and our ability to cooperate on the threat that both countries face from the same phenomenon?

That's going to be a difficult thing to do, but he's still -- and we still should be -- working on that.

I don't think there's very much evidence in concrete terms that the Pakistanis have yet matched their rhetoric, but the rhetoric, as I said, when Raheel Sharif -- I think it was Raheel -- said in Kabul a couple weeks or maybe a week ago that no country that can be a friend of ours -- it's baiting terrorism, and we have Afghanistan. That's the kind of rhetoric that needs to be matched by actions.

And there are many things that Pakistan can do on the ground, in concrete terms, short of engaging in wholesale warfare with the Taliban or the Haqqanis. And that's what I would hope that we would encourage them to do.

MR. O'HANLON: Thank you.

Vanda?

DR. FELBAB-BROWN: I do actually believe that there has been some change in Pakistan's behavior. They have clearly done work, including going to Waziristan. Now the sad irony of the campaign in Waziristan is that it generated flows of Afghan militants -- or militants focused on Afghanistan -- that now is quite sour grapes for Afghanistan. Getting them to go to North Waziristan has been the objective of the U.S. government and the Afghan government for over a decade. When it finally happened, people are more upset than happy about it on the Afghan side.

Anyway -- and we still saw the determination of the Pakistani government to target the Taliban. Pakistan was much stronger -- the determination to go after Haqqani networks, after Afghan Taliban networks. But nonetheless, there has been impact. I think it would be incorrect to suggest that there's been no move.

But it's not been as great as the Afghan government expected. And here, the paper that you mentioned, I think, highlights that Afghan expectations should be much less than they have been. And it's not simply the unwillingness of the Pakistani military and intelligence to act; it's equally their inability. After all, I think that they control

the groups much less than they let on that they control them, to start with, but, also, there is very much a fear that certain actions will provoke much more militance the Punjab and that it's far less critical danger for the Pakistani state to ride out the instability on the western border -- and its repercussions for Afghanistan and for Pakistan's international relations.

And I think that recognition is one reason why the Afghan government really needs to focus on governance in Afghanistan -- because the expectation that Pakistan will deliver security, in my view, will not materialize, and Afghanistan will be all the weaker, all the more vulnerable, all the more frustrated and insecure if it doesn't get its governance act in order.

MR. O'HANLON: David?

SECRETARY SEDNEY: Well, at severe risk to my own intellectual credibility, I'm going to differ with my co-panelist, Dr. Felbab-Brown, and I will also give a second to Michael's comment about the book that's the best single book on Afghanistan that I know of -- and I recommend it highly to people who are interested not just in the past but in the future.

But on Pakistan -- I don't see any change in Pakistani behavior. I see change in Pakistani rhetoric, and it's been much better, as Ambassador Cunningham said -- but not in behavior.

Going back to your point about the peace process, Michael -- Pakistan does have the ability to influence -- not fully control, Pakistan -- and they used that ability about five years, when elements in the Taliban, including the number-two leader in the Taliban, Mullah Baradar, and a number of others, embarked upon a process of reaching out to President Karzai's government at the time.

Pakistan was unhappy with that. They arrested Baradar and about 60

other leaders, all of whom were sympathetic to the peace talks. So, Taliban influenced the effort for peace talks by going out and taking action, and that action stopped that peace process in its tracks. And Mullah Baradar was only recently released. The other 60 leaders were recently released at our behest.

What the Pakistani government could do right now to advance the peace process is go out and arrest the number-two or number-three person in the Taliban who is opposed to peace talks about 50 or 60 Taliban leaders in Pakistan who are opposed to the peace process -- because that would send an effective message to the Taliban, and that might really start peace talks. But I see no indication that the Pakistanis would do that.

I do see a ray of hope, but that ray of hope doesn't come from Washington; it actually comes from Beijing. The recent acceleration of relations -- a massive commitment of infrastructure funds by the government of China -- in many ways, driven by China's national security concerns, is a development that I think over the next couple years, could change the dynamics in the region. I stress "could."

Why do I say it's a security issue? Because over the last four years, China has suffered increasingly from terrorist attacks, highlighted by an attack in Southern China, in Kunming, in a railway station, where attackers with knives killed 31 Chinese and injured over 100. The Chinese believe that those attackers had links to areas in Pakistan -- training, financing, organizing, et cetera. I don't know the truth of that, but the Chinese I've spoken to believe that.

What the Chinese have seen is an increasing number of attacks from a country that they consider their number-one friend, their closest ally. They see this country as having problems. So, President Xi Jinping, when he was recently in Pakistan, announced a package of $46 billion in assistance to Pakistan, focused on building major

infrastructure projects.

If that comes true -- and I say "if" because our own experience with Pakistan, our own commitment -- I mentioned the effort to build a strategic partnership, and that we had a commitment of funds -- so-called Kerry-Berman-Luger funds -- several billion dollars -- much less than that was actually spent on the ground in Pakistan. And most Pakistanis and I myself see that as a failed effort.

But we said we were going to spend a lot of money and do important things. We only spent a little bit of money and didn't do anything important. So, that undermined our credibility with Pakistan.

So, the challenge for the Chinese is to carry out their plans. If they do that, I think that could have an effect in changing Pakistan's behaviors, but only over the long term. Unfortunately, I'm very pessimistic about the near term, although I continue to support President Ghani's effort to reach out to the Pakistanis, because he has no choice.

MR. O'HANLON: Well, I think we've got a lot on the table already. So, why don't we go to you now? And please wait for a microphone and identify yourself. And if you have a question that's specifically more for one panelist than another, please feel free to indicate that, as well.

So, I think we'll start here in the third row, and then we'll work the room a little bit.

MR. RITTER: Don Ritter, President of the Afghan-American Chamber of Commerce. Thank you, panelists, for an excellent discussion.

I just wanted to support David's contention -- and also the Ambassador's comments -- about Afghanistan not being a failure and, also, being a tremendous opportunity.

And I recently returned from Afghanistan and those of us who have been there in the '90s, who have been there in 2002 and 2003 -- and David has this context -- and Michael -- everybody has this context -- Afghanistan is a functioning society with tremendous elements of modernity throughout. And if you compare it with what was there in early 2002, it's a whole new world. The country really has elements of tremendous success for a country that came from where it was.

So, I guess my point is, so much depends on the direction of U.S. policy, and we have seen political decisions made in the White House that seem to be recurring in Afghanistan. And to me, the governance issue, as Vanda has talked about, is the critical thing for Afghanistan to get going on. And if they don't, the U.S. support can be almost justified as not continuing.

So, I think we need to press forward with advances in governance, and press forward with a political strategy to keep America engaged. And if the same thing happens in Afghanistan -- or a reasonable facsimile thereof -- of what happened in Iraq is going to happen post-2016, I think all of these gains that we see could be lost.

MR. O'HANLON: Okay, thank you. Because I am the moderator, I have to now pretend to turn your comment into a question -- although it was very eloquent, but I'm going to make it into a question now -- which is for Vanda, and it's specifically about some of the kinds of improvements and next steps in governance that you were calling for.

What's sort of a plausible roadmap for the next month or two -- just an example or two of what you'd really like to see happen that would indicate that President Ghani is beginning to heed your advice?

DR. FELBAB-BROWN: I'm not sure that a month is the right timeframe. What needs to start happening is line ministry starting to deliver policies and strategies --

and not just at the national level, but also at the provincial level, downwards.

Now that's tough, because insecurity in Afghanistan is enormous and has greatly gone up. The ability of not just foreigners but government officials to move outside of the provincial capitals has been severely constrained, essentially throughout the entire country -- but nonetheless, Afghan government officials needs to take the risk. They have chosen to be in the ministries. They have chosen to be in the provincial council. They ran for the council. They now need to deliver some sort of governance.

It's important that there are more and more robust improvements to anticorruption issues, because the doubt and the promise of the extractable resources will stay just that -- a promise -- a promise that's not delivering, that's not materializing -- which brings me to the larger question of negotiations versus defeat of the Taliban.

There is no prospect, in my view, that the Afghan military has the capacity to defeat the Taliban. And all the issues that David talked -- the fundamental enabler logistical support, sustainment problems of the military -- are there and will be there for a long time.

The financial drain on the Afghan state for sustaining the military effort is way beyond what the state has the capacity to sustain, and it is way beyond what the international community will be willing to maintain for a long time.

So, the only way, really, is a deal. But I also very much agree with you that the deal will not come before 2016. And to the extent that it seems like the international support fundamentally shrinks in 2016, that's a prescription for failure. But nonetheless, the war is not sustainable, nor does the Afghan military have the capacity to defeat the Taliban.

Now that doesn't mean that the Taliban has the capacity to win. In fact, they are well aware that they would be stuck in the protracted civil war division of the

country, and so there are elements within the Taliban that also realize that and want to negotiate.

And I want to endorse David's comments about targeting going to those in the Afghan Taliban who oppose negotiations. And that should not be simply Pakistani targeting; they should also increasingly be NATO and Afghan targeting, move away from random, opportunistic hits, and be much more selective against those middle-level commanders who don't want to negotiate, who believe that the future is one of protracted war -- or perhaps even could flirt with something like ISIS in Afghanistan.

MR. O'HANLON: David or Ambassador, any comment on --

MR. SEDNEY: Well, I'll jump in right away -- because I, again, will have to disagree with Dr. Felbab-Brown.

The statement that the international community will not be willing to support the Afghan security forces at the level they need to be supported is a judgment about a future that hasn't occurred yet. That's a judgment that we will make here in Washington; other countries will make in their capitals.

So far, we and other countries have been willing to make that commitment. Whether we will continue to be over the next three to five years is a question we have to answer. It is not predetermined. I take that as a forecast, and my forecast is different.

I think that the rest of the world will be able to carry out that financial task, if the Afghan security forces continue. I agree with Dr. Felbab-Brown that the Afghan military doesn't have the capacity to defeat the Taliban. The primary reason for that is the safe havens of Pakistan, not the weakness of the Afghan military.

AMBASSADOR CUNNINGHAM: If I could just add -- you know, somebody once told me in a similar discussion that anything is sustainable until it isn't,

and you never know what that point is.

The fact is, the beginning of last year, and this year, and then the out years, we're still spending a considerable amount of money in Afghanistan, but it is a small fraction of what we were spending when I arrived there in 2011.

And I have argued and will continue to argue that maintaining that level of support as long as it provides benefits to us and to the American people is a small price to pay for the insurance that it provides for our security and for the security of the region. But at some point, that may not be sustainable. But I don't think one can predict where that point is.

To go back to something that I said earlier -- this is precisely why I think we need to look at Afghanistan not in isolation, but as part of the overall effort to deal with the problem that Afghanistan represents in one form, and in one particular place, and with one particular history.

But, A, it's not going to go away. We may go away, but the things that we're fighting -- or the Afghans are fighting -- are not going to go away.

And, B, it's no surprise what's happening now in Afghanistan, in terms of the violence and security, and we all knew it was going to happen. The Taliban said it was going to happen. They made very clear last year that they were going to try to maintain their effort through the winter. There wouldn't any, you know, end to the fighting season. They told all their people to stay where they were in place and fight. Some of them did; some of them didn't.

And they made very clear that they weren't going to accept the new government that they weren't going to accept the end of the combat mission -- which has ended -- and that they were going to try as hard as they could to unseat the government this spring and summer, and that's what happening.

So many more Afghans are dying in this effort, because the Taliban continued to strike indiscriminately at civilians, and because the Afghan military forces are operating much more aggressively at a much higher level of operations than they had two years ago. They started this higher tempo of operations last year during the elections cycle, when they did succeeded in securing the elections -- two rounds of elections -- from any significant disruption by the Taliban.

So, that's what's producing the up-swell in casualties that we're seeing. The good news is, the Afghan forces are not riven by doubt the way we've seen in Iraq; they fight. They stand their ground. When they lose, they come back, and they recover what they've lost. And recruitment is not yet an issue.

So, this is not a lost enterprise; it is a different phase of the conflict. I have never myself thought that the Taliban were going to make a political decision to go towards negotiations until they had concluded that they would not be able to get back to Kabul by force. And they haven't drawn that conclusion. And if we, the international community, continue to stand with the Afghan security forces, I think it will be clear that that's not going to happen, as some members of the Taliban already realize -- but not the central leadership.

MR. O'HANLON: Thank you.

Let's have another question here -- second row, and then, yeah, I'll look back.

MS. BYRNE: Hi. My name is Hannah Byrne. I'm an intern at the Institute for the Study of War on the Afghanistan team.

And anyone's welcome to answer, but, Dr. Felbab-Brown, you talked specifically about selective alliances and arrests from the Afghan government to the Taliban. And I'm wondering what you think about the Taliban Five, and if they pose more

of an opportunity, or a security threat, or if there is any room for opportunity in talking with them in the future.

Thank you.

DR. FELBAB-BROWN: Well, I think there is opportunity, and I also think that there is advantage in talking with many interlocutors and trying to divide the movement. Whether the opportunities, as was mentioned several times, will result in any action is a big question. I do not expect -- I have never -- that any deal will be possible before 2016. If there is a stalemate in 2016 or the Taliban is much weaker than it expects to be, then I think negotiations will start more seriously but they will still go on for long, long time.

Negotiations in Colombia, under much more auspicious circumstances, are heading into the fourth year. In the Philippines, much more auspicious circumstances -- 13 years before a flimsy deal was struck. We're looking at very, very long term.

And here is where the issue of sustainment comes in. It's not sustainment of international support over the next three years, perhaps even five years; it's when we get beyond these levels and we haven't seen much more capacious Afghan state and much greater changes on the battlefield, where the extent of international support really will, in my view, come into question.

And so how credible, legitimate, progressive Afghan government, there is the point of difficult military statement -- and perhaps not greatly changed immediate regional neighborhood will be a critical factor.

So, my view is, yes, talk to people, but be realistic about what can be done. Nonetheless, I think there is a real need to change the military campaign -- or at least to incorporate into the military campaign thinking about what its impact is on the negotiations, and move away from opportunistic, blanket targeting to much more focused

targeting, with the goal of negotiations ultimately being the way out.

MR. O'HANLON: Here in the third row.

SPEAKER: My name is (inaudible), and I am a Senior Advisor for High Peace Council in Afghanistan.

As a young political actor, I'm very worried about Obama's administration not only exiting from Afghanistan but also gifting or selling the remnant of the weapons in Afghanistan. For example, like giving 670 armored vehicle to Pakistan, plus the 59 airplanes to Pakistan. There was very shocking news for us.

So, poverty, the corruption, the political power, and the handoff to political mafias, and gun lords, and warlords in Afghanistan are a big caveat that will risk the future of Afghanistan.

Why we are just staking the future of Afghanistan as a very simple term -- or maybe taking as a joke? Because ISIS and the Taliban will be getting together, and that will envision the very tremendous and bad future for Afghanistan.

So, the question is, why we are not taking the peace dialogue as a real and sensitive issue, and why we are not pressurizing the Afghan government to talk with the Taliban in a way that should make possible the future of Afghanistan?

We are amending constitution in order to share the power. For example, Dr. Ghani and Dr. Abdullah -- but we have a very rigid stance that we cannot change anything in the constitution while we are talking the peace dialogue with Taliban. Why this happen?

So, that's the only question I have.

MR. O'HANLON: Okay. Ambassador, do you want to start, or --

AMBASSADOR CUNNINGHAM: I think -- two things in response to your question.

The first is that, at least while I was Ambassador -- and I know since then -- as a matter of policy, the United States has been very supportive of all efforts by the Afghan political leadership, going back to President Karzai, to begin the discussion with the Taliban -- a formal discussion or informal discussions. However, they thought they could open and create doors.

I agree that it's important to find a way to have a discussion with the Taliban central leadership, if that can be had -- which so far has not been very fruitful -- or with individual leaders of the Taliban who are willing to talk with Afghans or willing to talk with us.

Through all those efforts, there hasn't been any occasion, as far as I'm aware, where the Afghans succeeded in actually beginning what we would think of as a negotiation about Afghanistan's future. But they have tried, and I think President Ghani has made clear that it's a high priority for him. It doesn't mean he's going to neglect the other parts of Afghanistan business, but he made very clear from the outset that this was a high priority -- because he realizes that the best outcome for Afghanistan is a peace settlement.

But as Vanda said, one can't premise all the things that you do on the prospect of achieving something that a lot of people think isn't very likely. There's never been any sign from the Taliban that they had any other desire, other than to reestablish their control over Afghanistan on their terms. The farthest they went was one point several years ago, in one of their messages or one of their edicts. They said something about supporting education for women and for sharing power in a Taliban government.

But their notion of sharing power is something that they already had when they were in power, which is, they rule with an iron fist, and they have one or two non-Taliban people running the finance ministry or something like that. I've never seen

anything from their side to suggest that they had any other future in mind for Afghanistan.

So, my view is -- now that I'm out of government, my view is that Afghans, Americans, and everybody else should continue this effort to open doors and conversations with the Taliban, but be realistic about it, as Vanda said, because there's no -- the Afghan constitution is changeable. The constitution makes provisions for changing it, and that's what this Loya Jirga is supposed to be about -- to discuss whether to change it to -- create a prime minister's position.

But the kinds of changes that the Taliban are likely to demand are completely out of the question for more than 90 percent of Afghans -- and certainly for the international community. So, it's going to be a long discussion.

MR. O'HANLON: David?

SECRETARY SEDNEY: Just a note on the first question you asked about U.S. supplying military equipment to Pakistan -- this discussion has been focused on Afghanistan and Pakistan, and we've not been talking about the threats to Pakistan from inside Pakistan itself. Pakistan faces an incredibly serious threat to its own existence from internal insurgencies.

Assisting Pakistan in that effort over the last decade has been something the United States has done. We've provided a whole range of weapons, equipment from boots, to guns, to armored vehicles and other things. I don't see that as a threat to Afghanistan, because I don't see Pakistan as posing an armed threat to Afghanistan; I see it as helping Pakistan handle its own internal insurgencies.

And I want to make sure that the audience realizes, while I've been talking about Pakistan from the Afghan perspective, I don't want to minimize in any way the suffering and sacrifices of Pakistan itself -- and the Pakistani military and civilians. Tens of thousands of Pakistanis have been killed. Pakistan continues to face this

incredible security threat that, is still not solved, still needs help from others. And the United States, in my view, should continue to help Pakistan handle its own internal problems.

MR. O'HANLON: Vanda, did you want to comment?

DR. FELBAB-BROWN: On the part of the comment that ISIS and the Taliban will get together in Afghanistan or elsewhere.

I think that's very much an open question. And currently, what we are seeing is hardly the development -- if anything, we are seeing fairly robust tensions and fighting between the Taliban and elements of ISIS that are emerging in Afghanistan. And so far, we have seen two sets of elements of ISIS.

One is external fighters -- Uzbeks coming from northwest Wiziristan and other areas -- now embracing the ISIS black flag, as opposed to the Taliban white flag. And we have seen some Taliban commanders -- more radical commanders -- who have defected from the Taliban, including perhaps over the issue of negotiations versus long-term fighting. But they have been very small and marginal.

But that's very much an interesting -- and, in fact, to what extent will it change dynamics on the battlefield, to what extent will it encourage or discourage negotiations with the Taliban with the Afghan government?

But I don't think we can jump to the conclusion that Afghanistan will easily be become a safe haven for ISIS or that there will be any sort of merger and alliance between the two entities.

MR. O'HANLON: Here in the fifth row, gentleman --

MR. SMITH: Thank you. Lane Smith -- I'm retired USAID.

Very quick question -- a comment from all of you about the current role of President Karzai. He was a thorn in our side for the last two or three years of his

administration, and I understand he's not been quiet now. And I'd like to see what you think he might be up to, and whether it's a net negative or potentially a net positive.

MR. O'HANLON: And while I love Karzai as much as the next guy, I'm going to -- since you asked everyone to comment, I'm going to get one more question on the table, so people can avoid that topic if they wish. Ready? Right behind you.

MR. BROOKS: Doug Brooks with the Afghan-American Chamber of Commerce.

My question is on foreign-directed investment. There is very little private investment going on in Afghanistan. They keep talking about the mining opportunities. The Chinese have had some concessions, but they're not investing at all. It really seems to be a security issue when, while we do see improvements in the Afghan security forces, we do not see any new role for private security -- so companies cannot keep their local personnel safe or their foreign personnel safe.

Is there any change in that policy? Because that would make a fundamental difference in companies being willing to actually put their people on the ground and start investing in Afghanistan.

Mr. O'HANLON: So, Mr. Ambassador, we'll start with you. And feel free to take either, or both, or neither, as you wish.

AMBASSADOR CUNNINGHAM: Well, what President Karzai is doing, no one has ever known or understood. And I'm not being entirely facetious. I saw him very frequently for three years or more, and I was never quite sure what his real intentions were.

What he's doing, though, is, he's establishing himself as an elder statesman. He has a nice residence near his former home in the presidential palace, and he receives people. And there are all kinds of rumors going around about what he's

doing, or plotting, or not doing that are undoubtedly -- some of them may be true, and some of them maybe not -- many of them probably are not.

What I encouraged him the last time I saw him before I left is, I encouraged him to take on that elder statesman role, and to do what he could to encourage the success of the government. And that's what I hope he will do.

On direct investment and the security situation -- there are a whole range of things that need to be done to attract foreign investment. Ghani's argument is, the more important thing to do is to attract Afghan investment. There are many Afghans with money outside the country who took it outside or kept it outside the country during the long period of uncertainty during the election process.

The economy came to a halt, as many other things did in the country, because nobody knew what the political future was like. And that's one of his biggest challenges. And it's one of that he's expressed himself to me and others on. His biggest challenge is to send the signals that are required to bring that Afghan money back into the country. And along with that would come the kind of reforms and changes that would allow greater foreign investment into the country, and I know he has a plan for doing that, as he always does, and I hope that he'll get a chance to implement it soon.

MR. O'HANLON: Vanda?

DR. FELBAB-BROWN: Let me start with the issue of investment in economy, as well. It's a discouraging story on foreign investment -- not surprisingly, given the security situation -- but some new surprising developments Indiasteel, major Indian steel corporation just canceled a $10-billion deal -- very significant hit for even just the future prospects of the Afghan economy. Their justification was in security terms and corruption, the lack of progress on corruption.

There were certainly many other interpretations, such as, this was India

retaliation against the rapprochement with Pakistan. One can easily imagine that both reasons are part of it.

When I talk with Chinese government officials and Chinese companies, Chinese government officials say they are putting more pressure on the companies to actually start investing and start meeting some of the deals -- like at INAC -- that were signed. Chinese companies, deeply insecure in many ways -- very reluctant to go in, and very much stressed the continued level of corruption and the disappointment in any progress on having more assured transaction costs that are associated with that.

And you might ask me, what would be my presumptuous advice to President Ghani? One issue that's absolutely critical -- and it's related to foreign investment -- is the issue of custom and taxes. One of the reason why the fiscal crisis was so bad last year -- and continues to last essentially unmitigated into this year -- is that revenues from taxes and custom collapsed to about 20 percent. So, where before, you had 50 percent passed onto Kabul, 50 percent or distribution to local networks, that collapsed much earlier.

And donors, as well as Afghan people, expected that the Afghan government, nine months into it, would be able to change that ratio. That has not happened. The revenue flows continue to be very low, with huge diversions still persisting because of the political uncertainty and the lack of operational local governance mechanisms. That needs to be a high priority.

Finally, one comment on President Karzai -- he and people close to him have been very vocal against negotiations with Taliban and against the Pakistan rapprochement.

SECRETARY SEDNEY: If I could just add points on both -- first, President Karzai.

Like Ambassador Cunningham, I spent hundreds of hours speaking with President Karzai, but those were about 10 years before. The President Karzai who I first got to know in those first years of the new Afghan government was idealistic, focused on his country, and a very different person than the person that Ambassador Cunningham dealt with. There are a lot of reasons for that, but we shouldn't shirk from the fact that the United States put President Karzai in power to start with. We played a major role, a determining role in keeping him in power in the early years, through the evolution of the Afghan governments.

And then later on, we essentially abandoned him, turning our priority to Iraq, zeroing out our assistance to Afghanistan, cutting off forces in Afghanistan, leading to the comeback of the Taliban.

So, the fact that he was difficult to deal with, the fact that he was disillusioned, didn't trust the United States -- in my mind, was something understandable. So, I have, actually, a great deal of sympathy for what President Karzai went through, and I also share Ambassador Cunningham's hope that he will become the kind of elder statesman that helps Afghanistan evolve into a positive direction.

On the issue of private security forces -- I understand the point that it would help current investors or hopeful investors if private security companies were able to operate in Afghanistan again.

Unfortunately, because of the abuses of past security companies and the political calculation is just not there, the negative impressions or the negative facts that the past has created means that there's not going to be private security companies operating in Afghanistan in the future. That's a lesson for people in the future, in other situations around the world. We need to find a better way to govern the actions of private security companies, so that they don't (inaudible) both to their own detriment and to ours.

MR. O'HANLON: I'll just make one brief comment on President Karzai before going to -- I spent about 10 hours with him -- a little less than some of the people on this stage. And I would just say one thing. Well, I think the last time was, I was with Ron Newman, a good friend of all of ours -- a former Ambassador, as well.

And it was a private meeting, so I won't tell you in detail what President Karzai said, but he was essentially handicapping the 2014 Afghan presidential race. And it was some of the most brilliant political analysis I've ever heard in my life. Now admittedly, I don't know the ins and outs of Afghanistan to be able to validate each and every point he made, but the way in which he was describing the strengths and weaknesses of all the major candidates was extraordinarily enlightening -- and, frankly, makes me realize that if he uses his talents well, he could play a very good role as an elder statesman and advisor, recognizing the strengths and weaknesses of all the different key players.

I'm not suggesting that is his only intent or goal. I hope it is. But he certainly has the ability to play a great role, based on how well he knows the country -- and how good he is, if nothing else, at tactical politics. He's one of the most extraordinary people I've come in contact with.

Anyway, so we'll do two at a time -- these two gentlemen here, and then we'll move back. And we've got about 15 minutes left to go, so let's try to keep questions concise, please.

MR. ZEITLIN: Thank you very much. Is this on? Okay, good. My name's Arnold Zeitlin, and I covered Afghanistan for the Associated Press in its golden age, in the early '70s.

Secretary Sedney answered a question I wanted to raise about China, but I'd be interested in the opinions of the other members of the panel about the interests

of China in Afghanistan, and its possible impact on the future of Afghanistan.

And two, a question about what would be required for an enduring U.S. commitment after 2016.

MR. O'HANLON: Let's take your questions, sir, and then we'll respond.

SPEAKER: Thank you very much. I am Dr. (inaudible) with the Pakistan American League.

Iraq also came up during this discussion, and the Iraqi army was also trained by the Americans, and you have seen their performance during this war.

And secondly, the superpower, the world leader, and the NATO forces together successfully changed teams both in Iraq and in Afghanistan. But historians -- what would be their take, whether both these wars were won, also, successfully or only that the teams were changed? This is one part of it.

Second is the observation that as far as Pakistan and Afghanistan are concerned, their interdependence is natural, and both stability is interdependent and is (inaudible) common sense.

And then understanding Pakistan's limitations -- and, as David mentioned very correctly, Pakistan has suffered many time more casualties than all the casualties combined by NATO forces (inaudible) for a war which is still going on inside Pakistan, as well.

So, what do you think of having a joint force of Pakistan and Afghanistan, so that they can patrol the borders together, and they can have more check posts to make that frontier less porous? That's the question in this case.

MR. O'HANLON: Thank you.

SPEAKER: Thank you.

MR. O'HANLON: David, you want to start with this round -- any

questions you'd like to respond to? You don't have to do all three.

SECRETARY SEDNEY: Well, in terms of what kind of commitment that I would like to see, that I would advise -- a commitment to continue the necessary security assistance until the Afghan military's able to handle the Taliban insurgency on its own. Like Dr. Felbab-Brown, I don't believe the insurgency's going to be ended; it's going to be a continuing effort. If we were to commit to support the Afghan military to the extent that it needed help -- in other words, make it a conditions-based rather than a time-based commitment -- I think that would be the core of what's needed to give that kind of surety.

I certainly think Michael's suggestion of NATO and multiple bases would actually go a long way towards doing that.

On the question of the joint border force -- the United States and Mexico probably have problems doing joint border patrols. Dr. Felbab-Brown knows that better than I do. So, I think it's something that would be a great aspiration, but the practical difficulties of getting there, I think, will put it far into the future.

DR. FELBAB-BROWN: I think that just getting an agreement on the border would be a great start toward improving relations and potentially, in the long term, toward a border force. But, yeah, nowhere close to that.

On the issue of long-term support for the Afghan military, I think the financial question is a crucial one. And any weakening of support on that would be disastrous. We have not yet seen a problem in recruitment, as Jim mentioned, but the level of casualties that the Afghan army is taking is very serious, and, at some point, will likely have an impact on recruitment -- not just because of low morale, but because, right now, the military or the security forces more broadly add most accessible employment opportunity. But if very large casualties continue taking place, the families will make a judgment that it's simply not viable for the family, even economically, to be sending their

sons to the security forces.

So, any assistance to reduce casualty levels -- whether it's training and advising in a much more robust way or closer air support, much greater intelligence provision, greater assistance with medevac -- anything to bring casualty levels down to keep morale is important.

And with respect to the comparisons with Iraq -- the other big issue -- and we have been fortunate that we have not yet been dramatically seeing it -- is the matter of ethnic fractionalization in the Afghan security forces overall, but, most importantly, the extent to which it is or is not present in the army.

And the outcome so far has been good. We could have already seen more fracturing with the departure of Minister Bismillah Mohammadi. What will the role of the new defense minister be once he is actually approved by parliament, and what kind of relationship President Ghani will develop with the military -- including when we get through to the Loya Jirga. Whether we will actually see ethnic splits in the military will be a very important determining factor.

And the United States needs to do everything to preserve the national ethos, not to let ethnic tensions and political crises that are very likely in the making in Afghanistan over the next two years to exacerbate any potential rift, ethnic rift in the forces overall, and particularly in the military.

AMBASSADOR CUNNINGHAM: Shortly after I arrived in Afghanistan -- to come to the question about China -- I urged my colleagues in Washington to launch a dialogue with Beijing about Afghanistan and about encouraging China to play a greater political role in promoting stability in Afghanistan through whatever means it could.

That discussion, at the early stages, wasn't very fruitful. The Chinese are very adept at focusing on their own interests -- and particularly their economic

interests -- without being dragged into political issues they might find difficult -- and getting somebody else, like the United States, to take on the responsibility for other things.

But their view shifted over time, as I think David said in one of his earlier comments, and about a year ago, they started signaling and playing a more political role, indicating their willingness to be more supportive and engaged with the Afghan government and with Pakistan. And that accelerated under the new leadership, under President Ghani, and that's one of the reasons it was so important for him to go to Beijing very early on, in order to take up and encourage this growing Chinese role.

We, the United States, actually have a significant overlap in interests with the Chinese -- and even with Iran -- in Afghanistan. And we should take advantage of that, to the extent we can. The Iranians have not been willing for a very long time to have that kind of discussion with us, but the Chinese have, and they have their own very senior envoy now for Afghanistan, who seems to me to be an able diplomat, and I hope that their role will grow in working with us, and with the Afghans, and with Pakistan.

Let me just say a very brief -- I agree with what the panelists said about the long-term U.S. presence in Afghanistan -- it comes down to funding and having the right people there in the right places. It won't take, I think, very many people, but there have to be capacities and resources matched to tasks that still need to be completed.

And those tasks are still training. That is being done. But there will be more need -- air support, intelligence in particular. Those are areas that are longer-term needs -- and the counterterrorism, which the Afghans will work with us on, are working with us on. We need to have our own component there to do that. What those numbers look like, I don't know right now, but it ought to be a question of, what do we need to do to make this work -- and then the decision to do it.

On Pakistan and the border -- it's been a quiet but very central element of our dialogue with the Afghan and Pakistan militaries about how to improve coordination along the border or the demarcation line -- whatever you want to call it. And there's been progress on that. Both the new government in Pakistan and the new government in Afghanistan have devoted quite a bit of effort to this.

I don't think, for a variety of reasons, that joint border control or border forces are in the cards, but, certainly, improved coordination and separation of Afghan forces and Pakistani forces from the possibility of conflict along the border zone has been in development now for at least the last year. And as far as I know, that discussion and progress is still being made in that regard.

MR. O'HANLON: Okay, we got time for one final round -- so take two questions from Marvin and from the woman in the raspberry shirt, row seven.

MR. WEINBAUM: Thank you -- Marvin Weinbaum, Middle East Institute.

The panel has stressed on one hand that Pakistan seems to have changed its attitude. Certainly, the rhetoric has changed and some gestures have occurred. At the same time, the panel also pointed out that there is no indication here that they really are prepared to make that really tough choice here of putting the Afghan insurgency out of business.

On the first, I wonder if we -- you've raised these two, but I haven't heard anything as to why, because these seem to be almost contradictory policies. Is the answer to the first that they have come around to realize that a successful Ghani government is their best option of the perhaps all difficult options here, and that they are prepared to explore this?

But on the second, that we are asking them to do something that would force them to make the judgment that Afghanistan is going to succeed -- because don't

they need the Afghan insurgency, essentially, if Afghanistan fails, if the state fails, if the unity government fails? So, aren't they caught in that kind of contradiction here, where they really need to do something but, at this point in time, until they're assured that it's going to work, that they can't really give up the most important card that they have for the future?

MR. O'HANLON: Thank you. And --

SPEAKER: I wondered if the panelists could address the issue of the role of civil society, NGOs, and associations, particularly those registered with the Ministry of Economy and the Ministry of Justice -- and, also, if they could speak to the role of the step in progresses that have made for women in Afghanistan moving forward.

Thank you.

MR. O'HANLON: I'm going to begin on Marvin's question, and then pass things along, and then we'll wrap -- I think the question's well-posed, but I think it's frankly too friendly to the Pakistani worldview, because the notion -- with respect, because I'm an admirer of Pakistan, as well -- but the notion that Pakistan needs a backup plan to destabilize Afghanistan in order to protect its interests is a prevalent but incorrect myth in Pakistani national security policy.

There is no benefit that Pakistan gets by Afghanistan failing, and the notion that India has some grand design for a second (inaudible) -- yeah, the insurance policy is predicted on the notion that Afghanistan could somehow be a threat to them or a place where someone else is going to gain advantage by having an insurgent faction on their side that therefore makes them loyal to India more than to Pakistan.

This presupposes that somehow Afghanistan is going to be a major player in South Asia writ large -- that it's somehow going to be a base or a staging ground from which Pakistan's interests could be seriously compromised by Indian plotting. It's

ridiculous. It is not reality, and it is the fundamental basis on which Pakistan defends the very position that you articulated in a way that they would.

But there is no reason for Pakistan to fear an Indian-dominated Afghanistan. What they should fear is anarchy. That's the only thing that really hurts their interests -- in my humble opinion. But I'll pass it along to others who may want to comment, as well.

AMBASSADOR CUNNINGHAM: Let me just -- your question and the way you put it is an articulate description of the many dilemmas that are wrapped up into this discussion.

One of the things, I'm sad to say, that has exacerbated that is the uncertainty that was created by the United States. I can't tell you how many times Indian and Pakistani interlocutors in Kabul told me that they didn't understand what the United States was doing, they didn't have confidence in it, they didn't think our strategy would work, and so they were -- when being charitable, they were doubtful.

One of the great needs in that part of the world, for better or worse, is a greater degree of certainty about what's going to happen in Afghanistan. That's why this long period of indecision after the elections was a disaster for the country and for the region. There's nothing that could be done about that, but it is reality.

And the failure of clarity about what the United States and the international community is going to do in a way that's convincing for Afghans, for Indians, and for Pakistanis is making the kinds of decisions that you hinted at in your question is making that worse -- which is another reason I would argue for clarifying a longer-term vision of what we're going to be doing in Afghanistan, rather than keeping to knock it off in six-month and one-year increments.

DR. FELBAB-BROWN: Marvin, I think that the question of hedging is

very real. And it's not just Pakistan who is hedging -- and Afghanistan. Many other actors are, including India. And although the issue of strategic depth might be unrealistic, the paranoia still can be very real.

But more importantly, Pakistan has good reasons to calculate how the Afghan government is leaning toward it or toward India. And, indeed, Ghani's leaning toward Pakistan, the rapprochement, came with cooling toward India and real repercussions for Ghani on that.

I think that Pakistan also has good reasons to fear instability from Afghanistan emanating into Pakistan, and the implication there is not simply that a strong Afghan government is the best option. The best option -- or an option to cultivate -- might be to have friendly -- or at least not antagonistic -- non-state actors to act, especially as there are good reasons to feel the members of the Northern Alliance will try to cultivate proxies that are not friendly toward Pakistan -- as they have many times, including recently such as(inaudible).

But I would posit that, fundamentally, the greatest limitation on Pakistan is the one that I mentioned in my talk -- and that is, the fundamental fear that acting against a set of militants will provoke actions in Punjab. And it is that fear) that if there is too much going after militants that are focused on the western side, on Afghanistan, that the repercussions in Punjab, perhaps in places like Karachi, would be far more significant than anything that Pakistan has seen so far.

And that, in my view -- the inability to control that tiger is limiting what Pakistan is willing to do on the western side.

Finally, on the question of NGOs -- I'm sure David will talk about that; he has been very much of a supporter -- I think that's a very important element of hope -- the anchor that whatever progress has been achieved will ultimately hang on.

But nonetheless, I would say that there is another element of the young generation, which is often presented as the savior of the country. And those are people like General Raziq, like Governor Atta. They are in their mid to late 30s, perhaps early 40s. They are as much part of the new generations, but they behave very much in the ways of their predecessors. They are the face of perhaps a new warlord, but, nonetheless, a warlord or a power broker.

But there are big differences between the two men. The level of abuse and major human rights violations coming from General Raziq are very different than those from Governor Atta. But it is how the Afghan government, how President Ghani manages not just his relations with the other northerners, not just with Karzai, but whether he really delivers on restraining men like General Raziq will be a crucial -- not just a crucial test of his presidency, but will very much define what kind of Afghanistan will emerge -- whether the young civil society will be given a chance, or whether we'll see a move toward new fiefdoms run by young -- but, in some ways, old -- Afghan men.

SECRETARY SEDNEY: I will concentrate on the civil society -- role of women question -- might seem a little odd coming from the guy with the stronger security background.

But the biggest change that I've seen in Afghanistan over the 12 years, 13 years, 13.5 years that I've been involved in it has been the change in society itself.

Don mentioned earlier a different kind of place certainly than I saw it when I went there first in 2002. Others who know Afghanistan much better than I do -- it's a different place today, and it's a different place because of the evolution of people -- not just the emergence of young people but, also, older people -- changes in beliefs.

Most important among this has been the change in the role of women -- role of women in the economy, role of women in education, role of women in health, role

of women and families themselves has begun to change.

This is the kind of change that can only take place over time. It doesn't take place in days, weeks, months, or even years; it takes generations.

The United States has always prided itself -- and, I think, rightly so -- that values underlie what we do. We're not a country just of interests; we're also a country of values.

In Afghanistan, I have sat in the audience when leaders of the United States -- our top leaders -- our president or secretary of state -- has made statements to Afghan women: We will not forget you. We will stand by your side. We will be with you. I have seen young Afghan women who responded to that by founding NGOs, by founding schools, putting themselves in a position where if the Taliban come back to power tomorrow, they will be killed. They realize that.

If you want to know the people who have the severest doubts about the peace process in Afghanistan, talk to young Afghan women. They're the ones who are the most concerned about that.

So, as we look ahead, as we look to the kind of commitment -- and I focus on the security commitment -- the continuing commitment to assistance, continuing commitment to the values that lie at the heart of what the United States does -- I agree with Ambassador Cunningham about the security interests, but I also think, given the commitment we've made to Afghanistan, the resources we put into Afghanistan, that if we allow Afghanistan to fail, then we will have failed as a nation in a fundamental way.

MR. O'HANLON: Well, thank you to the panel, and thanks to all of you for being here.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016