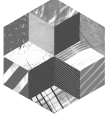


**CENTER ON
INTERNATIONAL
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Counter-Narcotics to Stabilize Afghanistan: The False Promise of Crop Eradication





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The Center on International Cooperation at New York University works to enhance international responses to humanitarian crises and global security threats through applied research and direct engagement with multilateral institutions and the wider policy community. It has an international reputation for agenda-setting work on post-conflict peacebuilding, global peace operations, and UN reform. CIC's Afghanistan Reconstruction Project carries out research and public education about selected issues related to the rebuilding of Afghanistan's institutions, society, and economy. The project supports efforts by the Afghan government, Afghan civil society, the United Nations Assistance Mission in Afghanistan, and donors to carry out a more effective reconstruction mission based on the Bonn Agreement and the Afghanistan Compact focused on Afghan ownership. For more information, please go to <http://www.cic.nyu.edu>.

Cover Photo: An opium field in Badakhshan province.

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Executive Summary

During 2007-2008, raw opium production in Afghanistan reached a record level of an estimated 8,200 tons. In the same period, the Taliban-led insurgency supported by al-Qaida spread to new areas of Afghanistan and Pakistan. Both countries experienced unprecedented levels of terrorism as well. After six years of international assistance to the Afghan government, the expansion of both the illicit narcotics industry and the insurgency constitutes a powerful indictment of international policy and capacity.

In response, major international actors have prioritized counter-narcotics in Afghanistan and have linked it to counter-insurgency. The U.S. Government is supporting a plan to escalate poppy eradication in order to deprive the Taliban of funding for the insurgency. This strategy is based on inaccurate assertions in the UN Office on Drugs and Crime (UNODC) *Afghanistan Opium Survey 2007*. Poppy eradication does not reduce the amount of drug money available to fund insurgency, terrorism, and corruption. On the contrary, eradication raises the price of opium, thereby making more money available for insurgency, and causes cultivation to migrate to more remote areas.

The Afghan people believe that poppy cultivation is undesirable. But it is inevitable in situations of dire poverty and insecurity where there are no secure economic alternatives. Narcotics cultivation is the result – not the cause – of insecurity. Afghan farmers cultivate poppy because, for many, it is the only way to supplement their subsistence farming with a cash income for food and social security after decades of war-induced inflation and destruction of the rural economy. Pursuing eradication before delivering real alternatives will only convince Afghans that the international presence and the government that it supports derive their legitimacy not from Afghan people but from external powers.

The counter-narcotics goal of the Afghanistan Compact is “a sustained and significant reduction in the production and trafficking of narcotics with a view to complete elimination.” This goal is part of an overall strategy to build security, governance, and development to improve the lives of Afghans and provide security to Afghans, their neighbors, and the entire international community.

The threat to the Afghanistan Compact’s objectives comes not from the

quantity of drugs cultivated, but from “drug money” that “weakens key institutions and strengthens the Taliban.”¹ The annual gross profit of the Afghan narcotics industry is equal to approximately half of the country’s licit GDP.² A significant proportion of the Afghan population is dependent for their livelihood on drug traffickers and those who protect them, whether corrupt officials or insurgents. Counter-narcotics policy in service of the Compact’s goals requires reducing the amount of illicit value created by the drug economy. It should focus on the 70-80 percent of gross narcotics profits earned by traffickers and processors and partly passed on to Taliban, other illegal armed groups, and Afghan government officials, not on the 20-30 percent that goes to poppy farmers and laborers.

The essential condition for implementing counter-narcotics policy is “a state that works.”³ The state in Afghanistan can be built only by reserving scarce coercive resources for targeting political opponents at the high end of the value chain, rather than farmers and flowers, while greatly expanding the incentives (where international actors should have a decisive advantage) to win people over to the side of the government and its international supporters.

Winning a counter-insurgency while engaging in counter-narcotics requires acknowledging that the transition from a predominantly narcotics-based economy to a licit one will take years. It is not possible to win the consent of communities to state authority while treating their livelihoods as criminal. Escalating forced eradication will not speed this transition. Depriving rural communities of their livelihoods before alternatives are available will recruit support for the insurgency. An internationally supported effort to help Afghan communities gradually to move out of dependence on the drug trade without being stigmatized as criminals during the transition will integrate counter-narcotics with counter-insurgency and peacebuilding.

Where the government and its international supporters have access to the population, a gradual policy should focus first on: development of licit livelihoods; improving governance, including reduction of narcotics-related corruption; and interdiction, targeted especially against heroin production. The international community must guarantee markets for licit Afghan products, cooperate in interdiction with intelligence and force protection, prevent the import of precursors for heroin production into Afghanistan, and assure that its operations in Afghanistan do not enrich or empower traffickers.

Where the insurgency prevents regular access by government, the first priority should be to gain access and establish state presence with the consent of the local population. Introducing forced eradication before the government is able to provide security or help communities develop alternative sources of livelihood undermines this effort. If political and military measures to establish security are undertaken first, Afghan and international forces will be better able to interdict high-value illicit products

without harming rural communities and to help communities break their dependence on the drug trade. This is how to integrate counter-narcotics and counter-insurgency.

From an economic point of view, crop eradication does not meaningfully increase the opportunity cost of illicit cultivation unless the cultivators are able to engage in other cash-earning activities.⁴ The drug economy provides the only access to land, credit, water, and employment. Additional investments and more security are required to make alternative economic opportunities available to most Afghan communities, especially those more distant from markets and in areas with less government presence.

From a political point of view, the purpose of counter-narcotics is to win the support of most of those involved with the drug economy by providing them with better security and links to markets than drug traffickers, corrupt officials, and the Taliban. Where communities are confident in alternative livelihoods, they will consent to the eradication of illicit crops. Implementation of “forced eradication” where these opportunities are not available will strengthen insurgency while weakening and corrupting the Afghan government rather than reduce narcotics production and trafficking. Afghans will conclude that foreigners are in Afghanistan only to pursue their own interests, not to help Afghanistan.

Licit livelihood investments must precede coerced reduction in cultivation or eradication. Otherwise poor farmers will not be able to benefit from the programs. Introducing enhanced eradication simultaneously with interdiction and alternative livelihood efforts will lead to a decrease in security and strengthen anti-government forces, while rendering interdiction and alternative livelihoods more difficult.

An alternative strategy follows:

- Launch a public information campaign stating that the purpose of counter-narcotics is to enhance the livelihoods of the people of Afghanistan. Any alternative livelihoods program must work with the 98 percent of Afghan poppy cultivators who, according to UNODC, say that they are willing to abandon poppy cultivation if they dependably earn at least half as much from legal crops.⁵ Eradication should be reserved for the other 2 percent. But first the rural population has to have confidence in the alternative.
- Ask for voluntary restraint in planting while actually *delivering* much larger alternative livelihood programs. These programs must prioritize provinces that are not planting poppy or that are reducing it. Otherwise, there will be perverse incentives for increasing cultivation. Alternative livelihood programs should go to poppy producing provinces as a second priority.
- Alternative livelihood programs must provide all the services currently provided to farmers by drug traffickers: futures contracts, guaranteed

marketing, financing, and technical assistance. Micro-finance must be made easily available to poor farmers and poor regions. Although programs have finally started, it will take several years before they start to yield returns and people have confidence in them. Alternative livelihoods will become successful only when Afghans themselves *believe* they can rely on them.

- Delivering alternative livelihood programs *without* forcible eradication will make it easier for the government and international forces to gain access to areas from which the population has thus far excluded them.
- Simultaneously, the Afghan government, NATO, and the Coalition should undertake enhanced interdiction efforts, including the removal of high officials who receive any narcotics money. Intelligence assets should be directed to obtain information about which high-ranking officials are connected to the drug economy. NATO and the Coalition should provide military support to attacks by Afghan national security forces on smuggling convoys and heroin laboratories, with due regard for avoiding civilian casualties. The Ministry of the Interior must be reorganized – not just reformed – from top to bottom (in that order). Precursor interdiction must be enhanced.
- Major traffickers, many of whom have residences outside of Afghanistan, should be arrested or made extremely unwelcome in those countries where they reside. As recommended by UNODC, UN Member States should “take full advantage of Security Council Resolution 1735 by adding the names of a dozen drug traffickers to the United Nations al-Qaida/Taliban list in order to seize their assets, ban their travel and facilitate their extradition.”⁶
- According to analyses by both the World Bank and UNODC, interdiction efforts will lower the farm-gate price of opium, sending the right price signals to farmers and making alternatives more viable. This will reinforce containment of cultivation.
- As alternative livelihoods and interdiction proceed, a program is needed to manage the transition of both farmers and traffickers from the narcotics economy to licit economic activity. Traders and traffickers have valuable experience in marketing cash crops and providing services to farmers. Measures are needed for the reconciliation and reintegration of cultivators and traffickers who are willing to support the government, move out of their illicit occupations, and join the development process. Those not affiliated ideologically or organizationally to the armed opposition should be retrained to link other agro-based export industries to the countryside.

Counter-narcotics implemented according to the Afghanistan Compact will deliver exactly what the Afghan people have been asking for: secure livelihoods and the removal of corrupt and abusive power-holders.

Counter-Narcotics and Securing Afghanistan

In the past year (2007-2008), opium production in Afghanistan reached a record level, estimated at 8,200 tons of raw opium. Traffickers also refined much of the opium into heroin before exporting it. The Taliban-led insurgency supported by al-Qaida spread to new areas in both Afghanistan and Pakistan. The level of terrorism, especially suicide bombings, set record levels in both countries, hitting high-profile targets such as Pakistan's most popular politician, Benazir Bhutto, and the Serena Hotel in Kabul. After six years of assistance to the Afghan government by the UN, NATO, the world's major military powers, the world's largest aid donors, and international specialists on all subjects, the expansion of both the illicit industry and the insurgency constitutes a powerful indictment of international policy and capacity.

In response, the United States Government and other major actors decided to make counter-narcotics in Afghanistan a priority in 2007 and 2008 and link it to counter-insurgency. To assure coherence and coordination of this complex policy area, the government of Afghanistan and the United Nations agreed that the February 6, 2008, meeting of the Joint Coordination and Monitoring Board, which they co-chair, should focus on counter-narcotics.⁷ This meeting could reach agreement on effective measures to cope with the opiate industry and insurgency in Afghanistan, but it could also confirm international commitment to escalating eradication of the poppy crop in 2008, a policy that will invigorate both the opiate industry and the insurgency.

The UN Office on Drugs and Crime (UNODC) led off its *Afghanistan Opium Survey 2007* with findings linking the opium economy to the insurgency. It first summarized trends in opium cultivation:⁸

First, the area under opium cultivation rose to 193,000 hectares from 165,000 in 2006. The total opium harvest will be 8,200 tons, up from 6,100 tons last year. . . .

Second, in the centre and north of Afghanistan, where the government has increased its authority and presence, opium cultivation is diminishing. The number of opium-free provinces more than doubled from six to thirteen, while in the province of Balkh opium cultivation

collapsed from 7,200 hectares last year to zero. However, the opposite trend was seen in southern Afghanistan. Some 80 percent of opium poppies were grown in a handful of provinces along the border with Pakistan, where instability is greatest. In the volatile province of Hilmand, where the Taliban insurgency is concentrated, opium cultivation rose 48 percent to 102,770 hectares.⁹

UNODC then “highlight[ed] three new circumstances” that linked the increase in opium poppy cultivation to the insurgency:

First, opium cultivation in Afghanistan is no longer associated with poverty – quite the opposite. Hilmand, Qandahar and three other opium-producing provinces in the south are the richest and most fertile, in the past the breadbasket of the nation and a main source of earnings. They have now opted for illicit opium on an unprecedented scale (5,744 tons), while the much poorer northern region is abandoning the poppy crops.

Second, opium cultivation in Afghanistan is now closely linked to insurgency. The Taliban today control vast swathes of land in Hilmand, Qandahar and along the Pakistani border. By preventing national authorities and international agencies from working, insurgents have allowed greed and corruption to turn orchards, wheat and vegetable fields into poppy fields.

Third, the Taliban are again using opium to suit their interests. Between 1996 and 2000, in Taliban-controlled areas 15,000 tons of opium were produced and exported – the regime’s sole source of foreign exchange at that time. In July 2000, the Taliban leader, Mullah Omar, argued that opium was against Islam and banned its cultivation (but not its export). In recent months, the Taliban have reversed their position once again and started to extract from the drug economy resources for arms, logistics and militia pay.

These assertions are misleading and partly false (see Appendix B for a refutation of these claims). They have been cited in support of a plan to escalate poppy eradication especially in the South to deprive the Taliban of funding and starve the insurgency. The proponents of this plan have also justified it on the grounds that it will not harm the “poor,” who are in the north, but only the “rich and greedy” in the south. These arguments consist of a series of fallacies:

- First, the difference between the “rich” southern province of Hilmand and the “poor” northern province of Balkh, according to UNODC’s own survey of household income, is the difference between an average daily income of \$1 per person in Hilmand and \$0.70 per person in Balkh.¹⁰ Household studies of poppy cultivation in Afghanistan indicate that poor households are most dependent on poppy cultivation for their

livelihoods. Poppy eradication in Hilmand, especially in insecure areas not reached by development projects, may primarily harm the livelihoods of those earning less than \$1 per day. The first UN Millennium Development Goal aims to reduce by half the number of people living on less than \$1 per day. If these desperately poor people have easier access to armed resistance than alternative livelihoods, they may well choose the former.

- Second, poppy (or coca, or cannabis) cultivation migrates to the most insecure areas capable of producing it. Hence poppy cultivation migrated to Afghanistan and within Afghanistan to the areas most affected by the insurgency. Political and military conflict created the conditions for the drug industry, not vice versa, just as political and military conflict is now creating conditions for poppy cultivation in Diyala province of Iraq and previously created conditions for cultivation of narcotics raw materials in Colombia and Burma.¹¹ Field research on poppy cultivation has identified insecurity exploited by drug traffickers, not the greed and corruption of Afghan cultivators, as the primary driver of opium poppy cultivation.
- Third, the Taliban were not solely dependent on narcotics financing in 1996-2000, nor are they now. Research by the World Bank and others, including UNODC, indicated that the Taliban derived more income and foreign exchange in the 1990s from taxing the transit trade in licit goods smuggled through Afghanistan from Dubai to Pakistan than from the drug trade.¹² Today, too, the Taliban have other sources of income.

The advocates of responding to the drug problem by escalating eradication compound these errors with a further fallacy: the claim that poppy eradication reduces the amount of drug money available to fund insurgency, terrorism, and corruption. In 2000-2001, when the Taliban prohibited poppy cultivation with almost complete success in the areas they controlled, they suffered no financial problems. Drug traders are not florists. Trafficking continued from stockpiles of opiates, and the loss in quantity was compensated by a tenfold increase in price. Eradication raises the price of opium and causes its cultivation to migrate to more remote areas. It does not provide for a sustainable reduction in the drug economy, nor does sustainable reduction of the drug economy start with eradication.

Focusing on poppy cultivation when economic alternatives are not secure conflicts with the broadly accepted view in Afghanistan that poppy cultivation is undesirable, but that it is inevitable in situations of dire poverty and insecurity. Hence pursuing eradication under these circumstances provides evidence that the international operation and the government that it supports derive their legitimacy not from Afghan people but from external powers.

According to a 2007 poll conducted by Charney Research, 36 percent of the

national sample in Afghanistan (in both poppy growing and non-poppy growing provinces) believed that poppy cultivation was acceptable either unconditionally or if there was no other way to make a living. In poppy-producing provinces, a third of respondents believed that elimination or reduction of poppy was a bad thing. In Hilmand, the main province targeted for eradication, this figure climbed to about one half. Over 60 percent in all poppy growing provinces and 80 percent in Hilmand agreed that the farmers whose opium crops are eradicated are usually poor or don't pay bribes. The following table illustrates the perception of hardship imposed by poppy eradication in poppy-growing provinces (figures for Hilmand in parentheses):¹³

Q-107. Are you personally aware of farming families in this province who have had opium crops eradicated who:

	Yes	No	Don't Know
a. Suffered hunger or hardship as a result?	40% (73%)	52%	8%
b. Had to give up children to creditors when they could not pay debts?	14% (25%)	77%	9%
c. Ran away from this province because they could not pay their debts?	26% (52%)	65%	9%
d. Became more sympathetic to the Taliban as a result?	16% (38%)	74%	11%

Note that one out of seven respondents in poppy growing provinces and one in four in Hilmand said they knew of farming families who **had sold their children (most likely girls)** in payment of opium debts as a result of eradication. This might help explain why 38 percent of the Hilmand respondents said they knew of someone who became more sympathetic to the Taliban as a result of eradication.

The Afghanistan Compact requires a different approach to counter-narcotics. That agreement outlines a strategy to achieve two over-riding goals: “to improve the lives of Afghan people and to contribute to national, regional, and global peace and security.” To accomplish these goals, the Compact prescribes three pillars of activity: security; governance, human rights, and justice; and economic and social development.

The Compact defines counter-narcotics as a “cross-cutting” theme across all these three pillars. It integrates counter-narcotics with the other pillars both because achieving counter-narcotics goals requires policies and programs under all pillars, and to emphasize that counter-narcotics is not separate from or parallel to the overall goal of the Compact and its three pillars. Achieving the Compact’s counter-narcotics goal, “a sustained and significant reduction in the production and trafficking of narcotics with a

view to complete elimination,” is part of an overall strategy to build security, governance, and development to improve the lives of Afghans and provide security to Afghans, their neighbors, and the entire international community.

The threat to the Compact’s objectives comes not from drugs per se, but, as stated in the *U.S. Counter-Narcotics Strategy for Afghanistan*, from “drug money” that “weakens key institutions and strengthens the Taliban.”¹⁴ According to estimates by UNODC, the “drug money” to which the *Strategy* refers comes mainly from the 70-80 percent of the gross profits of narcotics earned by traffickers, processors, and protectors, including Taliban, Afghan government officials, and other illegal armed groups, not from the 20-30 percent that goes to poppy farmers and laborers.¹⁵

Counter-narcotics policy in service of the Afghanistan Compact’s goals requires reducing the amount of illicit value created by the drug economy and should focus on the part of the drug economy that “weakens key institutions and strengthens the Taliban.” This distinction has implications for how to define and measure success in counter-narcotics and how to achieve it. The most commonly used measure of both the problem and the progress of counter-narcotics – the extent of cultivation of opium poppy – biases policy in the wrong direction. It focuses attention on the quantity of narcotics rather than the value and toward the smallest and least harmful part of the drug economy – the raw material that produces income for rural communities. A better indicator of success is the one included in the benchmarks for economic and social development of the Afghanistan Compact, “a decrease in the absolute and relative size of the drug economy.”

The Afghan narcotics industry, the annual gross profit of which is equal to approximately half of the country’s licit GDP, makes a significant proportion of the Afghan population dependent for their livelihood on drug traffickers and those who protect them, whether corrupt officials or insurgents.¹⁶ That includes not only the one in seven Afghans who are involved directly in poppy cultivation according to UNODC – a figure that excludes sharecroppers and laborers from outside the village where the question was asked – but also all those involved in trafficking as well as the commerce, construction, and other economic activities that narcotics revenue finances. The political goal of counter-narcotics in Afghanistan is to break those links of dependence and instead integrate the Afghan population into the licit economy and polity, which are in turn integrated with the international community’s institutions and norms. That effort is the equivalent of the counter-insurgency goal of “winning hearts and minds” and the post-conflict reconstruction goal of strengthening legitimate government and reconstruction.

Both globally and within Afghanistan, the location of narcotics cultivation is the result – not the cause – of insecurity, as shown by the expansion of poppy cultivation into a destabilized Iraq. The essential condition for

implementing counter-narcotics policy is “a state that works.”¹⁷ Counter-narcotics can succeed only if political efforts establish the basis for policing, law enforcement, and support for development. Unlike military action, policing and law enforcement require the consent of the population. State building includes military action to defeat armed opponents of the project, but in a weak state such as Afghanistan it succeeds only by limiting the scope of state activity and gaining sufficient legitimacy and capacity so that the population consents to the state’s authority over those areas in which it acts. Winning consent for counter-narcotics requires providing greater licit economy opportunities, and providing security for people to benefit from those opportunities. Scarce resources for coercion should be reserved for targeting political opponents at the high end of the value chain, rather than farmers and flowers. Winning a counter-insurgency while engaging in counter-narcotics also requires acknowledging that the transition from a predominantly narcotics-based economy to a licit one will take years. It is not possible to win the consent of communities to state authority while treating their livelihoods as criminal even where alternatives are not yet reliable.

Proponents of escalating forced eradication argue that the government and its international supporters do not have years – if the drug economy continues to expand the whole effort will fail. Escalating forced eradication, however, will only make the effort fail more quickly.¹⁸ Escalating forced eradication does not integrate counter-narcotics with counter-insurgency: it makes counter-narcotics a recruiter for the insurgency. What drives rural communities to align themselves with the Taliban is not illicit drugs, but a program to deprive those communities of their livelihoods before alternatives are available. An internationally supported effort to help Afghan communities gradually to move out of dependence on the drug trade without being stigmatized as criminals during the transition will integrate counter-narcotics with counter-insurgency and peacebuilding. Many of the “substitute” crops being suggested by the USAID Alternative Livelihoods Program (ALP) and others, such as saffron, pomegranates, apricots, and roses, have maturation periods of several years during which they will not provide income.¹⁹

In areas where the government and its international supporters have access to the population (including both poppy growing and non-poppy growing areas), a gradual policy should focus first on: development of licit livelihoods; improving governance, including reduction of narcotics-related corruption; and interdiction, targeted especially against heroin production. The international community must contribute by assuring markets for licit Afghan products, cooperating in interdiction with intelligence and force protection, preventing the import of precursors for heroin production into Afghanistan, and assuring that its operations in Afghanistan do not enrich or empower traffickers. Many international organizations in Afghanistan employ private security companies linked to figures involved in drug trafficking or rent properties from such men. At least two organizations

funded by USAID for the ALP rent their premises from men reputed to be major drug traffickers.

In areas where the insurgency prevents regular access by government, the first priority should be to gain access and establish state presence with consent of the local population. Introducing forced eradication whether by air or on the ground before the government is able to provide security or help communities develop alternative sources of livelihood undermines this effort.

The recovery of control over Musa Qala district of northern Hilmand followed the pattern of putting access and security first, followed by interdiction and alternative livelihoods. The Afghan government and international forces carried out a joint political-military operation, gaining the support of a major Taliban commander (Mullah Abdul Salaam) and then defeating the remaining insurgents. Once in occupation of the district, government and international forces seized about \$25 million worth of narcotics²⁰ and destroyed over 60 heroin laboratories.



Bags of raw opium.

Confiscating products from the upper end of the value chain depended on regaining control of the territory. Had the government and international community engaged in forced eradication in Musa Qala before launching the operation, Mullah Abdul Salaam might not have changed sides, the local people might not have supported the government or remained neutral, and the district might have remained under Taliban control. If eradication had destroyed locally produced raw opium, the Taliban-supported heroin laboratories could have purchased opium from other sources. Having first undertaken political and military measures to establish security in Musa Qala, however, Afghan and international forces were able to interdict high-

value illicit products without harming rural communities. They now can help communities break their dependence on the drug trade. This is how to integrate counter-narcotics and counter-insurgency.

For both political and economic reasons, crop eradication should be implemented, as stated in Afghanistan's National Drug Control Policy, "where access to alternative livelihoods exists." Where communities are confident in alternative livelihoods, they will consent to the eradication of illicit crops.

From an economic point of view, crop eradication does not meaningfully increase the opportunity cost of illicit cultivation unless the cultivators are able to engage in other cash-earning activities.²¹ Afghan farmers do not cultivate poppy out of greed for the highest possible return. They cultivate it because for many it is the only way to supplement their subsistence farming with a cash income for food and social security, which has become essential over the past few decades of war-induced inflation and destruction of the rural economy. The drug economy provides the only access to land, credit, water, and employment. There are many potential cash crops and sources of monetary income other than poppy cultivation, but additional investments and more security are required to make these economic opportunities available to most Afghan communities, especially those more distant from markets and in areas with less government presence.

From a political point of view, where these opportunities are available, eradication is hardly necessary, except to discipline some deviants, which communities can do themselves. Where these opportunities are not available, eradication promotes corruption and insurgency rather than alternative economic activities. Implementation of "forced eradication" in the absence of such conditions will neither reduce the size of the narcotics economy nor weaken the insurgency. Rather, it will strengthen insurgency while weakening and corrupting the Afghan government. Afghans will conclude that foreigners are in Afghanistan only to pursue their own interests, not to help Afghanistan.

Relation of the Narcotics Industry to Security, Governance, and Development in Afghanistan

The narcotics industry's profit derives from illegality. Producing a banned substance imposes two kinds of costs: (1) costs of production and marketing (capital, labor, land, transport); and (2) costs of illegality, including bribes, formation of illegal military organizations, and direct violence and deprivation of liberty and income resulting from law enforcement. The risk premium increases up the value chain from farmgate to retail distributor. Afghanistan's principal comparative advantage is not in poppy cultivation but in the production of illegality and insecurity.²²

The volume of production of illicit raw materials is mainly determined by demand from the richer consuming countries, but the location of production of raw materials responds mainly to shifts in security. Narcotics raw material production is often preceded by political destabilization, which the drug industry exploits. The migration of drug production to insecure areas in turn attracts investment of criminal capital to the destabilization of trafficking routes.

In Afghanistan, the state collapsed as a result of the 1978 communist coup d'état, the growth of the mujahidin movement, and the consolidation of international and transnational economic, military, and political support for both. Afghan political-military leaders allied with businessmen engaged in licit trade, arms dealing, smuggling, gem mining, timber trafficking, transit trade (smuggling to neighboring countries), antiquities smuggling, and drug trafficking. The businessmen depended on the strongmen for protection and patronage and in turn supported them financially. Such alliances often took the form of a division of labor among members of a family, with some brothers or cousins specializing in political-military activity and others in business.

At the same time, intensified counter-narcotics efforts outside of Afghanistan raised the risk premium in several areas where poppy had been produced. The international drug industry seized the opportunity to move production from Turkey, Iran, and Pakistan to Afghanistan. It did so through links established in the late 1980s and early 1990s with strongmen in Afghanistan. They controlled access to: (1) agricultural land where poppy could be grown; (2) markets and roads through which opium could be

traded; (3) locations where heroin refineries could be established; and (4) with their international partners, the physical, administrative, and virtual borders of Afghanistan, the crossing of which was necessary for the export of opiates, the import of precursors for heroin manufacturing, and the transfer of money to pay for these transactions.

The initial links came through traffickers in Pakistan. After 1992, as the Eurasian “mafia” developed in the former Soviet Union, it entered the drug industry, establishing new routes to Western Europe. The civil war in Tajikistan, lasting from 1992 to 1997, facilitated the extension of the Eurasian drug trafficking mafia into Afghanistan. The Islamic Movement of Uzbekistan (IMU) established bases in areas of Tajikistan between the Ferghana Valley and opium-producing areas of north Afghanistan. The IMU’s military efforts in the late 1990s appeared partly motivated by attempts to secure these trafficking routes.

The drug trade expanded further under the Taliban, because the Islamic Emirate was a peculiar type of state: internally it strictly enforced its own law and brought security to trade routes and rural areas, but the government was not recognized internationally and did not recognize international law, including the international counter-narcotics regime. The Taliban issued several religious decrees (fatwas) stating that while narcotic consumption was strictly forbidden, production and trade of narcotics was merely inadvisable, and could be undertaken in case of necessity. The latter provision essentially “legitimated” the opium economy within Afghanistan until the Taliban ban on cultivation in 2000-2001. As the trade was taxed rather than banned, it remained a relatively competitive industry that produced only modest revenues and little corruption inside Afghanistan, compared to today.

As the Taliban took control of southern and eastern Afghanistan, increased security facilitated trade and hence the growth of poppy production in the two main areas with good natural endowments under their control, the irrigated areas in Hilmand-Qandahar and Nangarhar. The other main production area, in Badakhshan, was mainly linked to the Eurasian route and was controlled by Northern Alliance commanders.

After 1998, as the Taliban consolidated control over most of northern and western Afghanistan, the trafficking markets became more integrated. Trafficking routes linking the north and south developed. Today, profits from drug trafficking persist in the “poppy-free” north, as raw materials are shipped over the Hindu Kush through various trade routes (via Chaghcharan in Ghor or the Shibar Pass linking Bamyan and Balkh).

In 2000, responding to pressure from both the international community and major traffickers, the Taliban used their authority to reduce the quantity of land cultivated in poppy by 95 percent. This was one of several instances when power holders with strong links to the drug trade sought recognition

or support from the international community by using their influence and power to reduce poppy cultivation. Other instances include Hilmand (1988), Hilmand (2002-3), Nangarhar (2004-5), and Balkh (2006-7).

At that time, as has also happened since, the accumulation of inventories (a form of risk management in an illicit business) created a tactical convergence of interest in reducing production of the raw material between drug traffickers and counter-narcotics officials. The Taliban hoped both to win international recognition and aid, and to enjoy a fiscal bonus from taxes levied on trade inflated by the huge rise in price. Counter-narcotics officials got to improve their “metrics of success.” The farm gate prices of raw opium increased tenfold. This increase was transmitted up the value chain to traffickers in Afghanistan and then largely absorbed in the profit margins of the supply chain outside Afghanistan. Prices have declined since the Taliban were ousted from power, but they have not returned to the competitive levels of the previous period when the drug economy was not subject to sanction inside Afghanistan.

Military action by the U.S.-led Coalition after the September 11, 2001 terrorist attacks on the United States led to a collapse of opium prices as traffickers engaged in panic selling of their stocks, anticipating attempts at seizure by the international forces. It soon turned out they had nothing to fear. The Coalition regarded counter-narcotics as mission creep, a distraction from the core task of killing and capturing terrorists. Nonetheless, the gradual adoption of *de jure* counter-narcotics policies after conclusion of the first round of major military operations increased the cost of illicit business.

The U.S. and Iran jointly drafted an article included in the Bonn Agreement that provided the framework for the transition to the current government, requiring the new authorities in Afghanistan to “cooperate with the international community in the fight against terrorism, drugs and organized crime.”²³ The current government is committed to (in the words of the preamble to the Constitution of 2004/1382) “restoring Afghanistan to its rightful place in the international community.”²⁴ Hence, the constitution provides:

The state shall prevent all types of terrorist activities, the production and consumption of intoxicants (*musakkirat*), and the production and smuggling of narcotics.

The drug industry consequently has had to conceal some of its trafficking operations. This has required the corruption of the administration, especially the police and the justice system. The rise in the cost of corruption has led to the consolidation of the industry, as only larger traders can afford the increased bribes and protection from political authorities.²⁵ Counter-narcotics efforts (as well as counter-insurgency efforts) have supported the consolidation of market share by strongmen allied to power

holders, just as production restraint under the Taliban served the interests of traffickers.

During the early years of the Bonn process, drug trafficking had only a marginal relationship to the Taliban and al-Qaida. The drug trade was associated with the power holders, not with those contesting them. Just as drug production and trafficking exploit insecurity created by political factors, the insurgency began for political reasons but then maintained and created insecurity advantageous for narcotics production and trafficking. As a result, the most visible part of the industry (poppy cultivation) has become concentrated in the most insecure and insurgent-ridden regions of the country.

Participants in the narcotics economy – which comprises about a third of the total Afghan economy and at least half of the cash economy – must govern it through illegal activities. Afghan police and administrators, political leaders, and the anti-government insurgents all offer protection services to poppy growers and drug traffickers. Competition for this lucrative role motivates much of the violence in the country and funds official corruption, such as the sale and purchase of offices in poppy growing areas and along trafficking routes.

Hence, while the illegality of the narcotics economy corrupts and weakens the government, undermines stable economic development, and funds terrorism and insurgency, the rents from that illegality fund security to the drug economy.²⁶ From the point of view of Afghan poppy cultivators, it is *eradicators* who provide insecurity, while leaders (whether in the government or the Taliban) who keep out or corrupt eradicators provide security.

Opiate Production, Governance, and Security: The Value Chain, the Corruption Chain

Opium is a gum harvested from the mature flower of the opium poppy, *Papaver somniferum*, by scraping the bulb with a specially designed knife. Opium has medicinal uses, but it can also be ingested orally or smoked as an addictive narcotic.



Opium is harvested by scraping the scored bulb of the poppy flower.

Relatively simple chemical reactions transform the active ingredient in opium gum into stronger narcotics – morphine, codeine, or heroin. These reactions require precursor chemicals that act as reagents in the manufacture of organic compounds. The principal precursor for opium processing is acetic anhydride, which is also used in the manufacture of aspirin and photographic film.

The value chain includes transactions at ascending prices. Cultivators sell raw opium at the farm gate, often as repayment of a debt under a futures contract. In recent years, as more processing has taken place in Afghanistan and the risk premium of trafficking has increased, cultivators have received at most 20-30 percent of the gross profits. The rest goes to traffickers,

processors, and protectors.

The primary traffickers sell raw opium to larger ones or processors at opium bazaars. Specialized workshops (the term “laboratory” may conjure a deceptive image of white coats and stainless steel) refine the opium into heroin using precursor chemicals and scientific expertise. Traders consign shipments of the opiates either to individual smugglers, whose families are held accountable for the value in case the smuggler fails to return with the money, or to illegal armed groups, whether political or purely criminal, which transport it across the border. Prices increase exponentially as one ascends the value chain, accounting in part for the increasing share of opiate profits going to traffickers.²⁷



An opium bazaar.

At each stage of the value chain, power-holders take shares of the profit. In villages, farmers often contribute a share of their profit to the mosque (sometimes couched as the Islamic tax, *ushr*, which is paid on all agricultural produce), which is used to pay the mullah and for local public expenditures, such as teachers' salaries, medical care, or irrigation. When eradicators come to the village, either the village may decide collectively which land is to be eradicated and compensate the cultivators, or the richer or better connected villagers may make individual payments to have their land exempted.

The small traders who come to the village have to pay the police (or bandits) whom they pass on the road, who pass a share up to their superiors. The police chief of the district may have paid a large bribe to the Ministry of the Interior in Kabul to be appointed to a poppy producing district; he may also have paid a member of parliament or another influential person to

introduce him to the right official in Kabul. These officials may also have paid bribes (“political contributions”) to obtain a position where they can make so much money.²⁸

Running a heroin laboratory requires payments to whoever controls the territory – in most cases a local strongman and a government official or the Taliban. Importing precursors requires bribing border guards (perhaps on both sides of the border) or paying an armed group for a covert escort. Smuggling the opium, morphine, or heroin out of Afghanistan requires access to an airfield or border crossing (controlled by the border police and Ariana Airlines, both of whose employees are reported to make significant income from drug trafficking),²⁹ the escort of armed groups (Taliban, tribes, commanders), or expensive specialists in packaging such as those who seal heroin inside licit commodities for export. The bureaucratic, military, political, or social superiors of those directly involved in facilitating trafficking claim a right to shares of the resulting tribute, though the higher the money moves, the less evident is its connection to the flowers whence it originated.

Counter-Narcotics Regime and Tools

Opium and its derivatives are controlled substances under the Single Convention on Narcotic Drugs, 1961, an international agreement administered by the International Narcotics Control Board (INCB) in Vienna. The INCB delegates its day-to-day work of monitoring and supporting compliance to UNODC. The Convention was later supplemented by the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. The Convention supports controlled use of narcotics for scientific and medical purposes. Each state party to the convention is obligated to enact national legislation to outlaw:

Cultivation, production, manufacture, extraction, preparation, possession, offering, offering for sale, distribution, purchase, sale, delivery on any terms whatsoever, brokerage, dispatch, dispatch in transit, transport, importation and exportation of drugs contrary to the provisions of this Convention.³⁰

Conspiracy, preparation, or financial operations in connection with these acts must also be made criminal offenses. There is no provision in the Convention for derogation from any of its provisions in times of armed conflict or emergency.

This regime mandates “counter-narcotics” policies to prevent and punish the prohibited acts. But while the enforcers use policy instruments in order to stop illicit use and transactions in narcotics, the effects of the instruments depend on how they structure incentives in the illegal narcotics market. Different counter-narcotics policy instruments intervene at different points of the value chain and thus affect prices, quantity, and the distribution of remaining profits differently. The strategy (combination and sequencing of tools) that lowers the physical supply of drugs the most is not necessarily the strategy that most effectively stops drug money from funding corruption and insurgency. Nor is it necessarily the strategy that improves security or creates stabilizing political alliances.

Eradication destroys some raw material produced by cultivators. Interdiction includes all interventions higher up in the value chain such as arrests of traffickers, confiscation and destruction of drug contraband, interdiction of imports of precursor chemicals, destruction of heroin/morphine laboratories, removal from office or prosecution of officials

corrupted by the trade, Security Council sanctions against travel and assets of traffickers under Resolution 1735, and measures to detect, prevent, and punish money laundering. “Alternative livelihoods” provide incentives to engage in licit activities rather than the narcotics industry. This includes incentive payments (such as the Good Performance Initiative) in return for reduction in or abstention from poppy cultivation. As discussed below, “alternative livelihoods” is a misnomer, as it implies a direct replacement of drug production by another activity, whereas a much more comprehensive development approach is needed. Afghanistan’s National Drug Control Strategy also includes pillars for institution building, law enforcement, public information, and regional cooperation, but these are all in support of the primary tools, eradication, interdiction, and alternative livelihoods.

Crop Eradication

Eradication is the destruction of the poppy crop in the field before harvest. It can be carried out manually, by knocking over the poppy stalks; mechanically, by crushing the crop under machinery; or with herbicides sprayed from either the ground or the air.³¹ Nearly all eradication in Afghanistan is done manually by Afghan security forces, sometimes supervised by U.S. private contractors. The Afghan government has rejected proposals by the U.S. to use herbicides, including aerial spraying, as has been done in Colombia, partly on the grounds that it will recall the alleged use of aerially delivered chemical weapons by the USSR in the early 1980s. Seventy-one percent of Afghans interviewed in a 2007 survey opposed or were uncertain about aerial spraying.³² Nonetheless, the U.S. Congress has for several years appropriated funds for the aerial eradication of opium poppy in Afghanistan. The *U.S. Counter-Narcotics Strategy* revives that proposal in careful language that nonetheless pressures the Afghan government to agree.

What effect does eradication have on the goals of counter-narcotics? Eradication of the poppy crop has “forward” effects on the opiate value chain and “backward” effects on the rural population. The forward aim of eradication is to reduce drug money by reducing the amount of drugs, and the backward aim is to introduce more risk into the lives of the excessively secure Afghan cultivators so that they will plant other, less profitable crops. According to the National Drug Control Strategy of Afghanistan, the government will implement “targeted and verified eradication where alternative livelihoods are available,” but there is no definition of what this means or mechanism to implement it; in practice it is largely ignored.

Does crop eradication reduce the amount of drug revenue produced by the illicit value chain?

Even if eradication did sustainably decrease the amount of opium supplied by farmers to traffickers, the effect on total revenue would depend on how elastically the price shifts in response to changes in the quantity supplied. Does the price change so slowly that revenue decreases, or does the

relatively inelastic demand for an addictive substance and the high risk premium that makes the cost of production irrelevant higher in the value chain mean that incremental eradication actually raises traders' revenues? That no attempt has been made even to test this causal relationship indicates the intellectual bankruptcy of counter-narcotics policy.

Both theoretical reasoning and empirical evidence indicate that any attainable amount of eradication (the current goal is 25 percent of the crop) is likely to increase drug revenue. Other things being equal, we would expect to see an increase in drug money, a rise in the cost of bribing eradicators, and a shift of income against those who cannot afford to bribe.³³

Evidence from both the Taliban ban on cultivation in 2000-2001 and from some localized decreases since then (especially Nangarhar in 2004-2005) is consistent with this model. In 2001, when traders had little new product to resell or refine, their existing stocks increased in value, and sales continued. According to Omar Zakhilwal, President of the Afghanistan Investment Support Agency (who is both a Canadian trained economist and a native of the poppy producing Momand area of Nangarhar province), opium traffickers were the main lobbyists for the ban with the Taliban leadership, as they wanted to increase the value of their inventories. Seizures of trafficked opiates across the border from Afghanistan in 2001 dropped by only 40 percent compared to the previous year, implying that trafficking continued from stocks at 60 percent of the previous volume but at a price several multiples larger, so that the higher prices led to an increase in revenue to the traders. There was no sign that the cultivation ban hurt the finances of the Taliban, who, like other power holders, benefited from the opium economy mainly by taxing traders, not farmers.

This example shows the effect of suppression of cultivation without interdiction of trafficking or alternative livelihoods efforts. An analysis that takes all of these into account is necessary to estimate the likely effect on narcotics revenue of different mixes of counter-narcotics tools.

Does eradication or coerced reduction in cultivation reduce the size of the opium economy sustainably?

Eradication is one way to reduce the quantity of opium supplied to traders. Another method is a pre-planting campaign that successfully convinces, coerces, or encourages (bribes) cultivators not to plant opium poppy. The latter method has "succeeded" to various extents on at least five occasions: Hilmand in 1988, the Taliban in 2000-2001, Hilmand in 2002-2003, Nangarhar in 2004-2005, and Balkh in 2006-2007. In several of these cases prices were also falling as a result of large stockpiles, and it is difficult to separate the effect of the price change from that of the policy.

In 1988, Mullah Nasim Akhundzada stopped poppy cultivation in Hilmand in return for aid projects promised by the U.S. Embassy in Islamabad.³⁴

Akhundzada was the most powerful mujahidin commander in Hilmand. Due to objections by the U.S. Congress to negotiation with drug traffickers, the aid was not delivered. Mullah Nasim was assassinated, probably by traffickers to whom he had failed to deliver opium. Under his brother's command opium poppy cultivation resumed the next year.

In the fall of 2000, the Islamic Emirate of Afghanistan issued a decree forbidding the cultivation of opium poppy throughout the territory under its control. Village headmen (maliks) were held responsible, and mullahs served as monitors. Cultivation was reduced by 95 percent. The price of raw opium rose tenfold, from \$40-\$60 to \$400-\$600 per kilogram. The Taliban would probably not have been able to continue the cultivation ban at the higher prices, which meant that many cultivators' debts denominated in opium quantities went up 1,000 percent. The escalating indebtedness created unstoppable pressure for more planting, which indeed occurred in the fall of 2001, even before the fall of the Taliban. Making a virtue of necessity, Mullah Umar rescinded the ban.

In 2002, the Governor of Hilmand, Sher Muhammad Akhudzada, nephew of Mullah Nasim, succeeded in decreasing cultivation by almost 50 percent.³⁵ In the absence of security and development, production rebounded the following year and has now surpassed all records.

In 2004, Hajji Din Muhammad, a former mujahidin leader, used his tribal influence and the promise of massive U.S. aid (backed up by visits from U.S. Ambassador Zalmay Khalilzad) to obtain a 95 percent reduction in cultivation in Nangarhar. Cultivators largely sustained this reduction in areas close to Jalalabad, where they could market other horticultural crops with the help of alternative livelihood programs, but, in the absence of effective aid delivery elsewhere, cultivation rebounded in the more isolated areas of the province. This year production appears to have decreased again, but it is impossible to tell at this point to what extent this is due to counter-narcotics efforts and to what extent to the drop in opium prices caused by last year's record crop in Hilmand.

In 2006, Muhammad Atta, Governor of Balkh and a former mujahidin commander allied with Ahmad Shah Massoud, used his considerable influence and power to persuade the rural communities of Balkh not to plant opium. A year later, Governor Atta complained that the international community had not fulfilled its promises of aid and said he could not repeat the effort. If poppy cultivation in Balkh does not rebound in 2007-2008, it will be because the summer marijuana crop may have offset the losses in income due to the poppy ban.³⁶ Nonetheless, the low prices may prevent a full-scale rebound.

Eradication promotes the geographic spread of cultivation. Farmers in the remote province of Ghor for the first time found poppy farming profitable after the Taliban ban raised the price.³⁷ In 2004-2005, the traffickers based

in Nangarhar sent financial and extension agents to other areas (including Balkh) to assure an adequate supply of raw material from other areas. Hence the 2005 harvest had the largest geographical distribution of any year.

Eradication or coerced reductions do not sustainably reduce cultivation because Afghan peasants do not plant opium poppy out of greed. They do so out of insecurity. In these insecure conditions the opium industry is the only entity supplying the public goods needed for agriculture such as credit, marketing, extension services, and guaranteed access to land. Rural communities (not just farmers) need the capacity to invest and work in other activities (not just to plant other crops) to earn incomes.

Many farmers finance cultivation (with its high labor and other costs) and food consumption during the winter by selling opium to traders before planting on futures contracts called *salaam*. For most of the past decade, traders advanced to farmers about half of the price at harvest time of the amount contracted. For example, a farmer who made a *salaam* contract for 10 kg in the fall planting season of 2000, when opium was selling at about \$40/kg, would have been paid \$200. If he produced more than 10 kg, he could sell the rest at the harvest price or keep it as inventory. If he produced less, he would owe the balance in cash at the harvest price, which he might pay, if he could, or roll over as debt to be paid off with opium from the next growing season.

Thus in the spring of 2001, the farmer who had contracted for 10 kg – which he was unable to produce because of the Taliban ban – would still owe the 10 kg of opium, but now at the new price of nearly \$400/kg. So the farmer would owe \$4,000 to pay back a \$200 loan. Given these debt burdens, it is no surprise that farmers rushed to plant opium in the fall of 2001.



Anti-narcotic message at Faizabad airport in Badakhshan province.

The *salaam* system shifts the risk of eradication to the farmers, especially the poor, and makes it more difficult for them to adjust to eradication by planting crops with which they cannot pay off their opium debt. According to David Mansfield, the world's leading researcher on the opium economy in Afghanistan, in response to the risk of eradication, traders and money-lenders were advancing only about 30 rather than 50 percent of the market value at planting time in 2006 for *salaam* contracts, further shifting risk to the cultivator. Even when poppy is eradicated on land belonging to a large landowner, it is likely that the landowner has rented the land to sharecroppers to whom he has advanced *salaam* contracts. The sharecroppers' debts stand even if the crop is eradicated, and they stand to lose more than the landowner, who retains his claim on their assets. U.S. officials who claim that aerial spraying or other methods of forced eradication would enable them to be more even-handed by eradicating crops of large landowners are ignoring how Afghan rural society actually works.

Does eradication encourage farmers to reduce risk by shifting to alternative crops?

Afghan poppy-farming communities try to manage or reduce the risk posed to their livelihood by crop eradication. Thus far they have done so by adopting alternative crops only in those few areas, such as the districts around Jalalabad, where the market is developed enough that they can sell other products, mainly fruits and vegetables, to traders on futures contracts. Since these conditions exist in only a few areas, the main tools used to manage the risk are bribery or political influence to halt eradication or divert it elsewhere, emigration to Pakistan (the only available tactic during the Taliban ban in 2000-2001), and armed resistance.

Afghan farmers in most areas will choose legal livelihoods without eradication once they are confident that the alternatives will work. As long as they lack that confidence, they will respond to eradication with evasion or resistance. The more forcible the eradication, the more likely they are to turn to resistance. According to UNODC, "In 2007," there was "much more resistance to eradication than in 2006," with 19 deaths (15 police and four farmers) and 31 people injured.³⁸

Rural communities themselves must be consulted about whether they are in a position to meet their basic needs without recourse to poppy cultivation. The risk-averse Afghan farmer and the foreign official under pressure from U.S. Congress or a parliament to show quick results have different definitions of when viable alternatives to poppy cultivation are available. Introducing eradication when foreigners claim alternatives are available, but before farmers feel secure in the alternatives has led farmers in some areas to call upon the Taliban to protect them and to take up arms to prevent eradication teams from entering their areas. Teams from the U.S.-funded Alternative Livelihood Program, seen (rightly) as part of the same counter-narcotics package, also cannot obtain access to many communities.

Road building teams are also attacked for fear that they will improve access for crop eradication.

More forcible eradication at this time, when both interdiction and “alternative livelihoods” are barely beginning, will increase the economic value of the opium economy, spread cultivation back to areas of the country that have eliminated or reduced it, and drive more communities into the arms of the Taliban.³⁹

Alternative Livelihoods or Development?

The basic idea of “alternative livelihoods” is sound: participation in the narcotics industry fulfills economic and social needs the legitimate satisfaction of which is difficult under current circumstances; those engaging in these activities need legitimate alternatives. Designers of “alternative livelihood” programs, however, often misunderstand and underestimate the functions of the narcotics industry. Many confuse alternative livelihoods with “crop substitution,” as expressed in the common question, “what other crop can they grow?” This question wrongly assumes that the sole non-criminal beneficiaries of the opium economy are “farmers” (who are presumed to cultivate their own land with mostly family labor), that the main reason “farmers” grow poppy is to increase their income, that there are no economic functions of the drug economy outside of cultivation, and that the only substitute for these functions is another “crop.”⁴⁰

All of these assumptions are wrong. Opium is not a crop but an industry. The statement made by UNODC and echoed by the U.S. that “only” 14 percent – one seventh – of the Afghan population is directly involved in opium cultivation ignores the fact, also documented by UNODC, that “cultivation” generates only 20-30% of the export value of the opiates produced in Afghanistan. It also disregards the fact that a very large number of people are directly involved in sectors of the opium economy other than cultivation and that many people gain their livelihoods from activities generated indirectly from demand created by the opium economy in, for instance, construction and trade.

The reduction in poppy cultivation in Nangarhar province in 2004-2005 provided a test of the substantial macro-economic impact of the drug economy. The ban impacted a variety of different socio-economic groups beyond opium farmers. Rural laborers who owned no land, but were hired during the weeding and harvesting season are estimated to have lost as much as U.S. \$1,000 in off-farm income as a result of the ban. The contraction of income among the rural population significantly reduced their purchasing power, halving the turnover of businessmen and shopkeepers in provincial and district markets. Unskilled daily wage laborers in the provincial capital of Jalalabad experienced both a reduction in daily wage rates and the number of days they were hired.⁴¹



Opium harvesters.

The greatest impact of the ban was felt by opium poppy cultivating households, but those in areas with better access to resources fared better. Due to the ban, households with larger and well-irrigated landholdings encountered greater loss of on-farm income, but access to the agricultural commodity markets in Jalalabad enabled them to compensate for some of these losses by increasing cultivation other high-value crops. Where possible, households also increased the number of family members engaged in daily wage labor. Thus, although the macro-economic impact on comparatively resource-rich households was substantial, requiring reduced expenditure on basic food items, this group was generally able to avoid selling off both longer-term productive assets like livestock and land, and investments generating licit income.

“In contrast,” observes Mansfield,

Those households most dependent on opium poppy and who typically cultivated it most intensively were found to adopt coping strategies in response to the ban that not only highlighted their growing vulnerability but threatened their long-term capacity to move out of illicit drug crop cultivation. *The loss in on-farm income that this group experienced was not offset even in part by an increase in cultivation of high-value licit crops.* This was due to constraints on irrigated land, the distance to markets, and the increasing control “local officials” had gained over the trade in licit goods. Instead, these households replaced opium poppy with wheat. However, due to land shortages and the density of population wheat production was typically insufficient even to meet the household’s basic food requirements. The loss in off-farm income during

the opium poppy weeding and harvesting seasons (up to five months' employment) could not be replaced by intermittent wage labour opportunities paid at less than half the daily rate offered during the opium poppy harvest the previous year.⁴²

Among members of the resource-poor group, the inability to pay existing debts threatened access to new loans. With no alternative income streams, households were forced to reduce expenditures on basic food items, to withdraw children from higher education, and to sell off livestock, household items, and investments in the licit economy. The resource-poor were also more likely than their better-off counterparts to send family members to Pakistan in search of employment. According to Mansfield, in some households, the ban was felt so severely that even sole male members of working age were forced to leave in search of wage labor.⁴³ Moreover, it was the relatively poor households that vehemently opposed both the Afghan government and foreign countries assumed responsible for the ban.⁴⁴

This real-life experiment underscores the significant economic damage to the poorest of Afghan poppy farmers – and the resulting loss of support for the government – when cultivation was suppressed. The development component of counter-narcotics policy should help communities and households participate in alternative activities that meet the needs identified in this study. To be effective among the poor who are most dependent on opium poppy cultivation, investments in rural livelihoods must precede coerced reduction in cultivation or eradication. Otherwise poor farmers will not be able to benefit from the programs.

Alternative livelihood programs should be guided by the following findings:

First, poppy cultivation is not a choice of crop that requires another crop to substitute for lost income; it is a component of livelihood strategies of extended families. These strategies include labor migration, education, wage labor, and serving in armed groups. This multi-dimensional function of poppy cultivation is the reason for the use of the term alternative “livelihood” rather than “crop.”

The multiple functions of poppy cultivation in livelihood strategies refute the claims of advocates of eradication, that since no other crop produces the same gross income, eradication is necessary to force farmers to adopt other crops. Poppy cultivation fills needs that can be met by non-farm activity. Furthermore, even cultivators who want to shift out of narcotics cannot do so without assistance. Eliminating cultivation before investing in assets needed for production actually deprives poor farmers of the capacity to adopt other crops and economic activities.

Rural families do not need just another “crop.” They need access to opportunities and assets that enable them to support themselves without poppy cultivation. These opportunities can come in forms other than “crops.”

Secure employment is the most reliable “alternative livelihood.” This is supported by the Charney survey data, which found that of ten proposed means for convincing farmers not to grow opium next season, eradication was the least likely to work. The most effective means for reducing opium cultivation were identified as financial (income support to farmers, access to low interest credit, and cash advances) and agricultural (seeds and water) rather than coercion.⁴⁵

Second, poppy does not provide access only to income, but also to credit, land, water, food security, extension service, and insurance. As the Afghan public sector, both national and local, was destroyed by the past decades of war, private and sometimes criminal groups undertook the provision of public goods. This included collective violence for “security,” in order to create conditions for their activities. Of course, when public goods are provided by private for-profit organizations without legal oversight, the provision is flawed (as the example of private security contractors in Afghanistan and Iraq shows). The opium industry privatized the provision of essential support services to the agricultural sector, as its rate of profit and global size made it the only industry with the resources and incentives to supply such public goods.

Third, the direct involvement of an estimated one seventh of the Afghan population in opium poppy cultivation demonstrates that it is not a marginal activity. On the contrary, it signals a social revolution. For the first time in history, a substantial portion of the Afghan rural population is involved in the production of a cash crop for the global market. Never having come under direct colonial rule, and being distant and isolated from global markets over the past several centuries, Afghanistan's people never experienced the commercial penetration of their society like those of colonized countries. The country never produced tea, coffee, sugar, indigo, rubber, copper, diamonds, gold, oil, jute, or any of the other commodities whose cultivation on plantations or extraction from mines led to new forms of labor control and migration, followed by social and political upheavals. Only Afghanistan's recent comparative advantage in the production of illegality and insecurity enabled it to join the global market by producing illicit crops. Hence, the economic alternatives to the opium economy must include, as the World Bank's William Byrd stated, the creation of “labor intensive agriculture exports of high-value added,” not a return to subsistence farming.⁴⁶ This is what the Interim Afghanistan National Development Strategy calls for:

The ideal type of agricultural activity for Afghanistan is labor-intensive production of high-value horticultural crops that can be processed and packaged into durable high-value, low volume commodities whose quality and cost would be adequate for sale in Afghan cities or export to regional or world markets.⁴⁷

When USAID started the Alternative Livelihood Program in 2004, however,

the initial package consisted of donations of wheat seed and fertilizer, much of which the farmers immediately sold to pay off their opium debts.

Fourth, the public goods and effective demand created by the opium industry in this predominantly rural and agricultural country have become central to macroeconomic stability. This is not the case in drug producing countries where cultivation involves a negligible part of the economy and a marginalized part of the population located in border areas. Even in Colombia, the value of narcotics production is estimated at only 3-4 percent of the GDP. In Afghanistan, nearly a third of the economy and probably an equal percentage of the population depends economically on the opium economy. Drug production affects not just farm income. It affects the balance of payments, tax revenues (through imports), the rate of exchange, employment, retail turnover, and construction.

The broad scope of the effects of the drug economy in Afghanistan led the current U.S. *Strategy* to refer to “alternative development,” rather than “alternative livelihoods.” As with other improvements in analysis and terminology in this report, however, the *Strategy* fails to draw the logical conclusions: that counter-narcotics in Afghanistan requires a macroeconomic and political strategy over a period of decades, not a quick-fix based on accelerated eradication.

Fifth, since drugs are not marginal in Afghanistan, and changes in production and trafficking have significant macro-economic impact, counter-narcotics policy has national political impact. “Alternative livelihood” programs directed to regions in proportion to their volume of opium production thus generate perverse results: they become incentives to production of opium elsewhere. Just as eradication spreads poppy cultivation to new insecure areas with lower yields or a higher cost of eradication by raising the price, alternative livelihoods directed at opium cultivating areas spread cultivation by acting as an incentive, raising the expected returns to poppy cultivation. In the fall of 2004 an elder of the Momand tribe from Nangarhar told one of the authors that the people in his area were saying that they had to grow poppy in order to get assistance from the government. When this author told a U.S. senior official that livelihood programs should therefore be targeted at areas that were not growing poppy, he was told that he was “not living in the real world.” The current strategy responds to this with a program of incentives for “good performers.” Recognizing the problem is a positive step, one that demonstrates a shift in thinking since 2004, but which is insufficient by itself, as discussed later.

Alternative development for counter-narcotics must start from macro-economic plans to create employment by linking Afghanistan to licit international markets, especially through rural industries based on agricultural products. Since elimination of the narcotics sector risks causing a significant economic contraction of one of the poorest and most-armed countries in the world, planning for elimination of narcotics must start from

a political and macro-economic plan to assure stability and overall growth – it must integrate counter-insurgency, peacebuilding, and development with counter-narcotics as part of a national strategy, precisely as called for in the Afghanistan Compact.

Securing Afghanistan's Future (SAF), the 2004 study prepared under the direction of then-Finance Minister Ashraf Ghani, proposed such a basic framework, though much more work was required, and those estimates are now out of date.⁴⁸ *SAF* estimated that to eliminate the narcotics economy in fifteen years without compromising a modest rise in standards of living would require a minimum real growth rate of 9 percent per year in the licit economy. The growth rate alone would not cushion the shock sufficiently, as the losses from eliminating narcotics might not occur in the same locations and social groups as the new growth; therefore, sectoral and redistributive policies would also be needed. The I-ANDS also referred to this target, but there has been no further work on the integration of counter-narcotics into macroeconomic planning. Instead the development component has been limited to small-scale rural development.

Sectoral policies might have to address particular commodities. As Ghani has noted, cotton (the original cash crop produced in the irrigated areas of Hilmand) is not competitive with opium poppy as long as U.S. and European Union producers drive down the price by dumping subsidized cotton on the international market. Estimates of the price impact of these subsidies vary.⁴⁹ Total U.S. cotton subsidies total over \$3 billion yearly, more than total U.S. development aid to Afghanistan.⁵⁰

If the U.S. and EU subsidies cannot be eliminated due to pressure from domestic political constituencies, subsidies could still be provided in Afghanistan.⁵¹ In meetings with counter-narcotics officials, Hilmand farmers have asked for government cotton subsidies as an incentive to shift from poppy to cotton, which used to be grown on irrigated land there, but so far Hilmand farmers do not qualify for exemptions from the discipline of the “free” market. Even if cotton alone is not competitive, Ghani has suggested that textile and garment production would be competitive. Establishing textile quotas for Afghanistan in major markets and investing in simple garment factories in Afghan cotton-producing areas could increase employment. The appeal of a certified “Made in Afghanistan” (or “Made in Afghanistan by Afghan women”) label could offset the increased costs of production and transport. This is just one example: creating markets for Afghan products and providing marketing assistance is key to alternative development. Should subsidies prove impractical under Afghan conditions, another approach is to expand local procurement by the international community in Afghanistan combined with attempts to encourage contract growing of high value horticulture.⁵²

Moving rural Afghanistan into the licit economy requires investment in many kinds of public goods – roads, security, credit, marketing, storage,

extension service – and the creation of rural industries as well. All of this depends in turn on linking Afghanistan to regional and global markets and assuring access to those markets. This requires political and business initiatives at the policy level. The U.S. State Department is soliciting proposals under their new Economic Empowerment in Strategic Regions (EESR) program to provide alternative income generation for farmers in southwestern Afghanistan through production and processing of agricultural fibers, oilseeds, and feed products. But USAID reportedly refuses to fund such initiatives on the grounds that they conflict with the Bumpers Amendment.⁵³ Until there is an official declaration of Administration policy regarding the amendment, those qualified to submit proposals will be reluctant to do so.

Avoiding the perverse incentives generated by Alternative Livelihood Programs targeted at poppy-growing areas requires more than the Good Performance Fund, which rewards provinces that refrain from or reduce opium poppy cultivation by providing development funds to the governors. The concept of rewarding areas and communities for efforts against poppy is a good one, as it creates the right incentives. Making funds available to governors, however, may not be the most effective way to do so. In the Afghan state system governors have limited power and virtually no budgetary or expenditure authority. The idea of rewarding governors appears to have developed from observation of provinces where governors with a great deal of personal influence because of their tribal or mujahid background managed to reduce poppy cultivation. These governors were able to do so, however, because of their personal power networks, and links with the drug trade, not because of the powers of the governor's office.

It might be more effective to target such incentives to communities through programs organized like the National Solidarity Program, which provides block grants to community councils to carry out development projects chosen by the communities themselves. The Independent Directorate for Local Governance (IDLG) in the office of the President is developing plans for the reintegration of communities into the national and provincial administration and state structure through long-term agreements between the state and communities. These agreements may include measures for the gradual elimination of poppy cultivation and trafficking as part of a package of public services provided. Experience has shown that tying aid closely to reductions in cultivation does not give a sustainable counter-narcotics outcome, but linking communities to the state through public services does create capacities for monitoring and incentives to comply. This sub-national approach to incentives could work better than one solely focused on governors.

The IDLG program provides for gradual reduction of cultivation, where it exists. Such transitional measures are essential. Farmers cannot reasonably be expected to abandon a pivotal part of their livelihood strategy as soon as a foreign government official decides that they have alternative livelihoods

(perhaps because an office called “Alternative Livelihoods Program” has been established in the province). The risk-averse Afghan peasant and the foreign official under pressure from a capital to show quick results have different definitions of when alternatives to poppy cultivation are available.



Poppy planted amid fruit tree saplings.

Management of this risk during the transition to alternative livelihoods poses a challenge to counter-narcotics policy. One example courtesy of Mansfield: An aid organization provided funding to enable farmers in Qandahar to plant fruit trees. The farmers planted the trees in their poppy fields and continued to grow poppy among the saplings. As the trees matured over several years, their shade would prevent the poppy from growing, while their increasing yield of fruit would provide cash income as well as advance payments from traders in due course. By growing poppy the farmers could still earn a return on their land while the trees were maturing. Both farmer and development practitioners saw this process as a rational way to manage the transition from opium to another crop (and other cropping options could be seen as part of the transition in other parts of the country). However, those involved in drug control saw this as unacceptable and argued that now that farmers were in receipt of assistance and growing other crops they should cease their opium poppy cultivation immediately. They suggested the aid should be ceased and made conditional on the elimination of opium poppy even though farmers were not yet gaining an income from the new crop they had planted. These drug controllers failed to recognize that there is an inevitable process of diversifying into other activities and only gradually abandoning poppy as they develop greater confidence in other economic activities.⁵⁴

The current counter-narcotics strategy has no explicit plan for managing the transition, sequencing the different policy tools, or building the state institutions simultaneously with trying to use them. These are, however, the key questions for counter-narcotics strategy. The one exception is the statement that eradication should be carried out “where access to alternative livelihoods is available,” a principle with no mechanism for implementation.

Interdiction: High on the Supply Chain

The following policy instruments address higher parts of the value chain:

Interdiction of the trade, mainly destruction of the product, including raids on opium bazaars, police seizures of drugs found in vehicles or in storage, and destruction of heroin or morphine laboratories. While these actions are carried out by law enforcement institutions, they require more enforcement than law. Once a banned substance is seized, the government can destroy it without additional legal procedure or referral to a court. Needless to say, this is not what always happens. There is a system for how much traffickers must pay the police to recover a portion of their goods. Instead of destroying the captured substance, Afghan police sometimes claim they have to transport it to their superiors for “evidence.” What happens to it afterwards is not always well documented.⁵⁵

Arrest of traffickers: The number of such cases is on the rise according to the U.S. *Strategy*, but such arrests mainly target small traffickers or smugglers.⁵⁶ The incapacity and corruption of the Afghan justice system is such that few of the reported 562 arrests and prosecutions lead to fair trial and conviction. Instead arrests lead to detention and bribery for release. In response, the U.S. Drug Enforcement Agency (DEA) is working to compile cases against major traffickers that can be presented for extradition to the U.S. The total number of such cases so far is only two or three and cannot increase quickly enough to make any appreciable impact on the largest sector of the Afghan economy.⁵⁷

Arrests of corrupt officials: Such arrests are rare in the extreme, since the police and courts are the main object of corruption. Although officials of the National Directorate of Security (NDS), the intelligence agency, have allegedly been arrested, tried, and punished for accepting bribes from traffickers, we are not aware of any such prosecutions in the Ministry of the Interior.

Building institutions for interdiction and law enforcement: Just as foreign donors have supported the formation of the Central Poppy Eradication Force (CPEF), they have also supported the formation of the Counter-Narcotics Police Force (CNPF) for interdiction and law enforcement. The U.S. is also supporting the creation of special prosecutors, courts, and prisons for drug offenses. These institutions will be resourced and trained

better than the rest of the Afghan justice system, since foreigners think they are important.

Measures against money laundering: These are not mentioned in the public version of the *U.S. Counter-Narcotics Strategy*, but they are reportedly part of the classified version. A World Bank-UNODC study of money laundering for drug trafficking in Afghanistan estimated (very approximately) that in 2004-2005 actors in the opium economy imported \$1.7 billion into Afghanistan using the informal hawala system of money transfer.⁵⁸ The author of the study could not estimate the amount of drug profits transferred out of Afghanistan in the same way, but it is likely of the same order of magnitude.

Removal from or prevention of the appointment to senior positions of officials suspected of drug-related corruption: All ministers and senior officials of the government serve at the pleasure of the President and may (in principle if not in practice) be removed from office at his discretion. Hence counter-narcotics policy is closely related to the benchmark in the Afghanistan Compact requiring that “A clear and transparent national appointments mechanism will be established . . . for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.”⁵⁹

Interdiction also includes measures for strengthening institutions through funding, equipment, and training. Properly designed, implemented, and sequenced, these are needed components of a counter-narcotics policy. But they cannot succeed without building a state to implement the policies and exercise command and control over the strengthened institutions.

Interdiction that is implemented fairly and effectively would directly contribute to the goals of the Afghanistan Compact. While no study has estimated the varying effects of different types of interdiction on the narcotics value chain, the World Bank argues that interdiction would lower the farmgate price of opium.⁶⁰ By raising the cost of trafficking, interdiction would lower the demand curve of traffickers. It would reduce the demand for opium, thus making poppy cultivation less attractive and rendering legal livelihoods more competitive, and it would do so invisibly over the entire opium market, without the political discrimination that eradication entails.

Harjit Sajjan, a reserve major in the Canadian Army, observed the contrasting political effects of interdiction and eradication while serving with the Canadian NATO deployment in Qandahar:

Interdiction is the key. Eradication impacts the farmers who are trying to feed their families but interdiction impacts the drug lords, or what the local Afghans call “Dhakoos” (Bandits). The emphasis should be against the drug labs and transportation routes. This interdiction

method is more efficient and has greater impact on the drug lords. Plus, it does not disrupt the farmers. This will allow the International agencies, NGOs, and military time to work on alternative programs.⁶¹

The political risk of trying to implement interdiction under current conditions is that it is more likely to concentrate and integrate the opium industry than to destroy it. As the state lacks autonomy from power-holders, the latter compete to gain control over the foreign-funded counter-narcotics programs to use them against rivals. Control over interdiction can be a powerful tool for crushing competitors.⁶²

Hence without the necessary political institutions, international training and funding does not have the desired results. Training teaches people and institutions *how* to accomplish a mission; it cannot make them loyal or committed to risking their lives or fortunes for that mission. It is not possible to create effective institutions for counter-narcotics enforcement when such a high proportion of a society's power holders are directly or indirectly beholden to the drug trade and can see no way to move out of it. A political solution and transitional arrangement for the upper end of the drug value chain is as essential as a political solution for the insurgency.

A Political Strategy for Counter-Narcotics and Statebuilding

At a 2007 meeting on counter-narcotics and peacebuilding, the Deputy Minister of Defense of Colombia, Sergio Jaramillo, emphasized that the essential condition for implementing counter-narcotics policies was “a state that works.”⁶³ The state is a political organization enjoying a degree of legitimacy and sovereignty, not just a set of technical bodies, however well trained, equipped, and funded. The state is only one of several contending authorities in most of Afghanistan, and its reach is particularly weak in areas where opium production is concentrated. The state’s weakness does not result solely or even primarily from a lack of technical capacities, but from a lack of resources and consent to a common institutional framework on the part of the country’s key power holders. The divergent views and interests of these power holders regarding the drug economy and their relative strength compared to the state are the main reasons that the drug economy has continued to grow.

Training people in the technical skills required for counter-narcotics is necessary, but it is not a substitute for the political (and sometimes military and economic) work of building a state whose incumbents exercise a degree of autonomy from the socially powerful, who in Afghanistan include drug traffickers. As a result, frustrated foreign advisors increasingly press for more control over operations and autonomy from the governmental apparatus, which leaves officials the choice of being perceived as foreign puppets or of engaging in some form of resistance, whether covert (corruption) or overt (insurgency). A recent account of a U.S.-supported eradication effort in Uruzgan province documents the challenge faced by a former DEA agent employed by a private contractor of getting Afghan forces to equitably eradicate poppy fields belonging to a local power holder. Yet, even if the field was eradicated (the outcome in the account is uncertain), an operation carried out under foreign coercion does not strengthen the authority of the state or prevent future poppy cultivation in a sustainable way.⁶⁴ Forcing the Afghan authorities to carry out eradication programs they do not believe in demonstrates not the strength of the state but its weakness in the face of foreign pressure.

Hence the problem confronted by the policies labeled as interdiction, law enforcement, or anti-corruption are pieces of the same daunting task: consolidating at least a minimal state structure in the face of the enormous

resources available to unofficial (and sometimes, but not always, criminal) power holders.

For the foreseeable future, the government and its international supporters will be able to accomplish little in Afghanistan without the support or neutrality of *de facto* power holders. These are leaders who combine functions as politicians, tribal or ethnic leaders, businessmen, landowners, commanders of armed groups of varying degrees of legality, parliamentarians, and government officials. Many families combine these functions by a division of labor among brothers or cousins.

Members of this stratum have various political orientations, their most consistent one being support for their own interests. Many have mastered several rhetorical repertoires for different audiences, and they manifest considerable pragmatism in their actions. These leaders have a healthy respect for the effective use of force, money, and rhetoric. Conversely, they hold in contempt the wasteful and ineffective use of force, money, and rhetoric, which, rightly or wrongly, is what most of them see in the actions of the international community in Afghanistan, especially in counter-narcotics.

Many of them derive much of their resources directly or indirectly from the opiate industry, sometimes without ever actually seeing, handling, or even mentioning the substance in question. Afghanistan's extensive, dense, and opaque family networks enable some of the powerful to denounce or oppose the drug economy while simultaneously (and invisibly) benefiting from it.

These leaders, however, are less committed to narcotics than they are to other allegiances they have made from time to time. In private, they often agree that drugs are harmful and that profiting from the trafficking is not praiseworthy, but they see no alternative way to raise the funds they need to keep up their social and political standing. In several cases, members of this group have decided that their interests are served best by banning or preventing poppy growing, and virtually all decreases in poppy cultivation have been due to their efforts, rather than to the international community's counter-narcotics programs.

Statebuilding requires a combination of co-opting, neutralizing, or defeating these elites. Those engaged in or supporting military or terrorist action against the government should be targets of military action themselves. Among those not actively fighting the government, targeted sanctions (removal from office, asset seizure, arrest, exile) against the most recalcitrant of this group are necessary if the effort is to succeed. But such efforts can at most provide pressure for the core task: co-opting as many of this group as possible into the statebuilding and development process. Economic, social, and political change will transform elites and create new ones, as these processes create new avenues for licit pursuit of wealth and power.

Hence, whatever scarce enforcement means can be mustered should be concentrated against narcotics trafficking and protection. Intelligence collection should focus on understanding the power relations among drug traffickers and specific power holders. The international community should use this intelligence to press for the exclusion of the patrons of traffickers from high office. They need not be arrested or tried; even removing some from office and sending them far from the country would send a clear message.

NATO troops should be authorized to provide needed support to Afghan operations to interdict convoys carrying drugs across the borders and destroy heroin laboratories, while minimizing loss of civilian life. International narcotics police should be embedded with Afghans at border posts and airports. Major traffickers and their protectors, once identified by reliable intelligence, should be subject to travel bans and seizure of assets under sanctions approved by the Security Council, which in December 2006 voted in Resolution 1735 to extend the anti-terrorist sanctions of Resolution 1376 to drug traffickers as well.

But law enforcement cannot defeat an elite consensus. And the elite consensus in Afghanistan right now is that foreigners have offered no credible alternative to the opium economy. Law enforcement suppresses and controls deviant behavior with the consent of a society's key elites, who make governing possible by cooperating with the law enforcement apparatus. An activity that constitutes about one third of the country's total GDP, however, is not socially deviant behavior, whatever international agreements may say. While drug trafficking is not honored, people see it as a result of the demand for narcotics from foreign markets, which the developed countries with all their resources are unable to suppress, and an effect of the annihilation of Afghanistan's former state and economy by decades of war. Counter-narcotics policy has become another risk to be managed by pseudo-compliance and covert (or overt) resistance, above all by maintaining asymmetries in information, which the Afghan elite finds relatively easy to do.

Ending or reducing both the insurgency and the drug economy requires a political settlement on how Afghanistan is to be ruled and developed, not just the implementation of policies by a state that still barely exists.⁶⁵ Such a transition might provide amnesty for past trafficking while allowing traffickers to invest their money in legal enterprises plus forfeiting some assets to public purposes. The *ulama* (learned clergy) could be consulted about appropriate forms of restitution.

At present, there is no program to help the major entrepreneurs and power holders in the opiate business in Afghanistan to transition out of the trade. On the contrary, when entrepreneurs grown rich from the trade seek help from aid organizations in creating licit enterprises, they are turned away. As already noted, such a prohibition prevented implementation of a counter-

narcotics agreement with the major commander in Hilmand in 1988. In 2006, the provincial director of one ministry in Hilmand walked into the USAID-funded Alternative Livelihoods Program compound with \$800,000 in cash, offering to share the costs for setting up a wheat mill. USAID overruled local program staff who wanted to accept the offer, on the grounds that it would have constituted negotiation with a trafficker and money laundering. USAID contracts prohibit working with anyone who has a history of involvement in narcotics – even though the house rented by its major alternative livelihoods contractor in Lashkargah was owned by someone reputed to be a major drug trafficker. Rules could be bent to solve the problems of U.S. contractors, but not those of Afghanistan.

The international community recognizes that after decades of armed conflict in one of the poorest countries of the world, it is not possible to administer justice for all the wrongs that were committed in the past. The process of establishing peace and stability foregoes such justice and seeks, at best, “transitional justice.” Transitional justice may enable a society to confront its past truthfully, perhaps punish a few and make amends with most, while laying the foundation for a system of government and justice that will prevent reversion to armed conflict. It is no less unrealistic to expect that Afghanistan, whose economy and polity depend more on narcotics than any other state, can move from an illicit to a licit economy without an acknowledged transition, not only for farmers, but also for elites that have sustained their power through the profits of trafficking.

Successful negotiations require leverage. Interdiction aimed at the high end of the value chain combined with political measures against traffickers well connected to the state are essential. The government and international community should seek to avoid perverse outcomes by seeking some measure of reparations from those who have accumulated wealth in the narcotics trade, such as contributing to the capitalization of rural development banks or micro-credit institutions. Enabling traffickers to bring their funds into the open by investing in financial institutions as well as other programs that produce social good would offer some degree of compensation to those in the society who do not benefit from the drug trade.

This approach to Afghan traffickers and their protectors, based on a combination of counter-insurgency, interdiction, and negotiation, should proceed simultaneously with development efforts to put in place the essential economic services now provided by the narcotics industry.

Rural communities should be offered a legitimate transition from dependence on opium poppy, rather than a premature choice between eradication and resistance when they are not confident in alternative livelihoods. If the international community and Afghan government accept, as they say they do, that the society’s transition from dependence on narcotics production must be gradual, then they should accept that continuation of diminishing amounts of poppy cultivation is not criminal but inevitable. While licensing

or legalizing opium cannot provide a single-bullet, comprehensive solution to Afghanistan's drug problem, some transitional measures should be considered to support of communities that diminish their production of opium, even if they do not move immediately to zero cultivation.

Crop eradication can be carried out most fairly and effectively by communities themselves. The Afghan state has never had the capacity or legitimacy to police village communities directly. Every time it has tried to do so with force augmented by foreigners, it has faced collapse and defeat. Counter-narcotics policy that escalates forced eradication where communities do not feel confident in alternatives could do for the current Afghan government what forced land reform did for the Afghan Communist government in 1978-79: face the government's international supporters with a choice of military escalation or defeat. There is no need to learn that lesson again.

An alternative strategy follows:

- Launch a public information campaign – the first part of the existing Afghan National Drug Control Strategy – stating that the purpose of counter-narcotics is not to attack but to enhance the livelihoods of the people of Afghanistan. Afghans cannot build a stable future on the basis of a criminal enterprise that is against Islam. But they also cannot build a stable future on empty stomachs. Therefore, any alternative livelihoods program must work together with the 98 percent of Afghan poppy cultivators who, according to UNODC, say that they are willing to abandon poppy cultivation if they can count on earning at least half as much from legal crops.⁶⁶ Eradication should be reserved for the other 2 percent. But first the rural population has to have confidence in the alternative.
- Ask for voluntary restraint in planting while actually delivering (not just announcing or funding or launching) much larger development livelihood programs that have integrated counter-narcotics analysis and objectives, including National Priority Programs like the National Solidarity Program. These programs must go first of all to provinces that are not planting poppy or that are reducing it. Otherwise, there will be perverse incentives for increasing cultivation. Alternative livelihood programs should go to poppy producing provinces as a second priority.
- Livelihood programs must provide all the services currently provided to farmers by drug traffickers: futures contracts, guaranteed marketing, financing, and technical assistance (extension services). Micro-finance, some programs of which have already started, must be made easily available so that poor farmers and regions can avail themselves of new opportunities. In the last year or two such programs have finally started, but it will take several years before they start to yield returns and people have confidence in them. Alternative livelihoods will become successful only when Afghans themselves believe they can rely

on them.

- Delivering livelihood programs *without* forcible eradication will make it easier for the government and international forces to gain access to areas from which the population has thus far excluded them.
- Simultaneously, the Afghan government, NATO, and the Coalition should undertake enhanced interdiction efforts. These should start with political measures at the top, consisting of removing high officials who receive narcotics money, even if their operational involvement with narcotics is distant. Intelligence assets should be directed to obtain information about which high-ranking officials are connected to the drug economy. NATO and the Coalition should provide military support to attacks by Afghan national security forces on smuggling convoys and heroin laboratories, with due regard for avoiding civilian casualties. The Ministry of the Interior must be reorganized (not just reformed) from top to bottom (in that order). Precursor interdiction must be enhanced.
- The major traffickers, many of whom have residences outside of Afghanistan, should be arrested or made extremely unwelcome in those countries where they reside. As recommended by UNODC, UN Member States should “take full advantage of Security Council Resolution 1735 by adding the names of a dozen drug traffickers to the United Nations al-Qaida/Taliban list in order to seize their assets, ban their travel and facilitate their extradition.”⁶⁷
- According to analyses by both the World Bank and UNODC, interdiction efforts will lower the farm-gate price of opium, sending the right price signals to farmers and making alternatives more viable. This will reinforce containment of cultivation.
- As legal livelihoods are strengthened and interdiction proceeds, a program is needed to manage the transition of both farmers and traffickers from the narcotics economy to licit economic activity. Measures are needed for the reconciliation and reintegration of cultivators and traffickers who are willing to support the government, move out of their illicit occupations, and join the development process. Traders and traffickers have valuable experience in marketing cash crops and providing services to farmers. Those not affiliated ideologically or organizationally to the armed opposition should be retrained to link other agro-based export industries to the countryside.

Introducing enhanced eradication simultaneously with interdiction and alternative livelihood efforts will lead to a decrease in security and strengthen anti-government forces, while rendering interdiction and alternative livelihoods more difficult. The political purpose of counter-narcotics is to win the support of most of those involved with the drug economy by providing them with better security and links to markets than

have drug traffickers, corrupt officials, and the Taliban. This does not require replacing every dollar, as the quality of licit income can be better. Income and crop diversification also reduces risk. Expanding licit livelihoods cannot mean trying to push Afghan farmers who are now used to commercial agriculture back to subsistence farming. It requires linking farmers to licit markets and agro-based industries.

The state in Afghanistan can be built only by using the limited force available in a highly targeted and economical way against hardcore opponents, while greatly expanding the incentives (where international actors should have a decisive advantage) to win people over to the side of the government and its international supporters. Done the wrong way, counter-narcotics could do to this effort what land reform did to the communists; a good idea gone bad destroyed any hope of popular support. Counter-narcotics done properly is exactly what Afghans have been asking for: removing criminal power holders and bringing security and development.

Appendix B: The Fallacy of Cultivation Reduction as Counter-Narcotics

Both the UNODC *Opium Poppy Survey 2007* and the *U.S. Strategy* repeat the misconception that provinces with little or no poppy cultivation are “opium-free.” Elites in “opium-free” provinces continue to profit handsomely from drug trafficking. These links are just as strong in northern Afghanistan as in southern Afghanistan. As the BBC reported from Balkh:

Finally, we reached a mud compound in a village where the bearded drug dealers were quite happy to show us the opium they had got from elsewhere and the cannabis which has filled the financial gap left by the absence of local poppies. Smuggling drugs, it seems, is even bigger business here than growing them.⁶⁸

The focus on poppy flowers rather than drug money has led to a false comparison between northern and southern Afghanistan.⁶⁹ Drug trafficking moves north across so-called opium-free provinces, as well as south. Security provided by the Afghan government and international forces makes cultivation more difficult in some areas and enables farmers to earn a living through other activities. But it does not restrict drug trafficking, which flourishes equally everywhere.

Neither the UNODC *Survey* nor the *U.S. Strategy* discusses whether “drug money” has decreased in northern Afghanistan. It has not. Balkh province may be poppy-free, but, as the BBC observed, it is awash in drug money (including from cannabis). The commanders who control northern Afghanistan today have learned from the Taliban prohibition in 2000-2001. Some have suppressed cultivation, but none have moved against trafficking. In fact, most continue to profit from it, if only through “political contributions” far enough removed to no longer be recognizable as deriving from narcotics.

Appendix C: Open Letter to UNODC: Is Opium Poppy Cultivation Related to Poverty? With Reply from UNODC

One of the authors (Rubin) sent the following letter to Antonio Maria Costa, Administrator of UNODC, on January 13, 2008:

Dear Mr. Costa:

I regret that we have not met in over a year, since we testified together at the U.S. House of Representatives Committee on International Relations on September 20, 2006. I am writing now to follow up on an informal query I sent to your office that has remained unanswered, probably because of the informal and indirect way that I sent it. I am now writing formally to request a response.

At the hearing I had the pleasure of meeting the head of your office in New York, Simone Monasebian, with whom I have developed very good cooperative relations. After the publication last summer of UNODC's *Afghanistan Opium Poppy Survey 2007*, I wrote to Simone informally to ask her to pass on a query to UNODC headquarters. I asked UNODC to provide the empirical basis on which the Survey made the following statements:

First, opium cultivation in Afghanistan is no longer associated with poverty – quite the opposite. Hilmand, Qandahar and three other opium-producing provinces in the south are the richest and most fertile, in the past the breadbasket of the nation and a main source of earnings. They have now opted for illicit opium on an unprecedented scale (5,744 tons), while the much poorer northern region is abandoning the poppy crops.

Second, opium cultivation in Afghanistan is now closely linked to insurgency. The Taliban today control vast swathes of land in Hilmand, Qandahar and along the Pakistani border. By preventing national authorities and international agencies from working, insurgents have allowed greed and corruption to turn orchards, wheat and vegetable fields into poppy fields.

I have not yet received an answer to this informal query, which, as I noted, could easily have been misplaced. I am therefore writing to explain why I consider this question to be important and to request an answer by January

21, in advance of the February 6, 2008, meeting of the Afghanistan Joint Cooperation and Monitoring Board, which will meet in Tokyo to discuss action on counter-narcotics.

I consider this matter important, because these two paragraphs are cited by proponents of expanded forced eradication of the opium poppy crops. I believe that the assertions in the two paragraphs are wrong, not supported by evidence, and are being used in support of a policy that will greatly hinder achievement of the over-riding goals of the Afghanistan Compact, “to improve the lives of Afghan people and to contribute to national, regional, and global peace and security.” The statements also contradict other well known policies of the United Nations: the estimated average per capita income of the residents of Hilmand province, the “richest” province in the supposedly richest part of Afghanistan, is estimated to be \$1 per person per day.⁷⁰ As you know, the first of the United Nations Millennium Development Goals is to “Reduce by half the proportion of people living on less than a dollar a day.” The United Nations thus has defined the average income in “rich” Hilmand as the threshold of absolute destitution.

In my discussions with policy makers about counter-narcotics in Afghanistan, I have at times encountered a dismissive attitude toward research that does not conform to their policy preferences and “academic” forms of argument in general. But UNODC has an extensive and highly respected research department full of academic experts, for whose work I have enormous respect and on which I have often relied. While policy makers cite this work because it justifies what they want to do rather than because they believe the analysis of United Nations Agencies (you may compare your experience with that of your colleague Mohamed El Baradei of the International Atomic Energy Agency), I believe that I owe your researchers a reasoned response based on data and established principles of analysis. I hope you will bear with me as I proceed through this exercise.

The first paragraph makes two empirical assertions:

1. That “Hilmand, Qandahar and three other opium-producing provinces in the south are the richest and most fertile [provinces in Afghanistan], especially compared to “the much poorer northern region.”
2. That because in the past few years there are trends toward reduction of poppy cultivation in the north and its concentration in southern provinces, “opium cultivation in Afghanistan is no longer associated with poverty.”

Nowhere does the report define what it means by “rich” and “poor” provinces or how this is measured. David Mansfield, a researcher who has worked for UNODC in the past, with his co-author, Adam Pain, believes that the assertion is based on “the finding that households in these provinces reported higher average annual incomes (\$3,316 for poppy-growing and

\$2,480 for others) to UNODC surveyors than those in the north (\$2,690 for poppy-growing and \$1,851 for others) or centre (\$1,897 for poppy-growing and \$1,487 for others).⁷¹

There are many ways in which this data is inadequate as a justification for policies such as requiring forced eradication of poppy crops in insecure areas under Taliban control adjacent to areas of Pakistan where Afghan Taliban, Pakistani Taliban, and al-Qaida are well positioned to exploit discontent in either country. Mansfield and Pain mention some of those technical and academic points such as lack of reporting of sample size and statistical significance. They also note that household income is notoriously difficult to estimate and unreliably reported. I will not repeat their arguments here, though I would appreciate a response to them.

The argument fails primarily because of the ecological fallacy, an error of inference from aggregate statistics that I warned my students against back when I was an assistant professor of political science. The arguments make assertions about the “north” and “south” by aggregating provincial averages for all provinces. Yet is it not true that every province in the south is “richer” even by this flawed measure, than every province in the north.

Mansfield and Pain note:

Household data produced by the Central Statistics Office of Afghanistan in 2004 and collected by the 2005 National Risk and Vulnerability Assessment (NRVA) rank the southern provinces relatively low in terms of social and economic well-being. Of the 34 provinces, Hilmand ranked 6th, Qandahar 15th, Uruzgan 32nd and Zabul 33rd. The seven northern provinces ranked higher: Jawzjan 1st, Balkh 9th, Baghlan 11th, Samangan 13th, Bamyán 18th, Faryab 25th and Sar-i-Pul 31st. These rankings do not substantiate the argument that farmers in the south are significantly wealthier than those elsewhere in the country. Moreover, in 2005, Hilmand reported some of the country’s worst school enrolment rates for children aged between 6 and 13, and one of the highest illiteracy rates. Given the intensity of the conflict in the south, these indicators are likely to have dropped further over the two years since the data were collected.

Let me simplify. Of these eleven provinces, the estimated ranking from most to least well-being is:

1. Jawzjan (N)
2. Hilmand (S)
3. Balkh (N)
4. Baghlan (N)
5. Qandahar (S)
6. Samangan (N)
7. Bamyán (N)

8. Faryab (N)
9. Sar-i Pul (N)
10. Uruzgan (S)
11. Zabul (S)

I am not sure which is the fifth southern province to which UNODC is referring. The inclusion of Farah, Nimruz, or Paktika would not change the overall picture, which is that there is much greater difference in social and economic well-being within both the south and the north than between the two regions considered as a whole.

This fallacy is related to the major conclusion of the paragraph, which is frequently cited by proponents of eradication: that “opium cultivation in Afghanistan is no longer associated with poverty.” UNODC has produced no evidence to support this assertion, and the available evidence contradicts it.

UNODC’s argument is: higher average household incomes across multi-provincial regions are correlated with increased poppy production in those multi-provincial regions. Therefore poppy production is not associated with poverty. Indeed the second paragraph goes even further, stating that poppy cultivation is due to “greed and corruption.” This is a very grave conclusion, with major policy implications, which should not be taken lightly on the basis of flawed data and faulty reasoning, compounded by negative stereotyping. Yet, in my view, this is what UNODC has done.

Decisions about poppy production are not made by regions consisting of several provinces that are closely identified with particular ethnic groups. Nor are they made by provinces. They are made by households. This too is overly simplified, as any piece of farmland may be owned by one family, sharecropped to another, and may employ labor from yet another family. Just as there is greater variation within north and south than between them, so there is greater variation within each province than there is among them. There are many desperately poor households in even the “richest” provinces. Valid inferences about the relationship of poverty to poppy cultivation must be based on household-level data.

Research by Mansfield, the World Bank, and others using household level data is quite clear. I am sure that your research department is quite familiar with the research showing that dependence on opium poppy cultivation is highest among the poorest households. To put it statistically, among households, poverty is correlated with dependence on opium poppy cultivation.

Therefore, those dependent on opium poppy cultivation in Hilmand are likely to be the poorer households in that province, those with an income less than one dollar per person per day. Does UNODC consider such households to be rich, greedy, and corrupt because households in Balkh have an average income of only \$0.70 per person per day?

The second paragraph is more complex, as it is phrased so that it can be subject to several interpretations. The key sentence is “By preventing national authorities and international agencies from working, insurgents have allowed greed and corruption to turn orchards, wheat and vegetable fields into poppy fields.”

This statement is true in the following sense. As research by scholars such as Francisco Thoumi of Colombia has demonstrated, the cultivation of raw materials for illicit narcotics migrates to those naturally suitable areas that are most insecure. Hence opium poppy cultivation has migrated from other countries to Afghanistan. Furthermore, within Afghanistan it has migrated from the more secure areas to those where the insurgency is more concentrated. The one way that north and south are indeed very different is that the insurgency is much more widespread in the south and security is worse. That, as you know, is due to the geographical position of the southern Afghanistan rather than its alleged wealth.

Insecurity leads to poppy cultivation in part because, as UNODC says, national authorities and international agencies cannot work where it is insecure. As a result, the government and international community cannot provide security and all of the other supportive public goods necessary to agriculture and other forms of employment, such as financing, technical assistance, and marketing. Instead all of these are supplied by the drug industry.

I will make one parenthetical remark here. The U.S. government says that this does not apply to Hilmand, which, if it were a country, would be the fifth largest recipient of U.S. aid in the world. This is a very deceptive statistic. What the U.S. government measures is the amount that it has spent (or authorized) for projects located in Hilmand. The single largest and most expensive project in Afghanistan today is the Kajaki Dam, located in Hilmand Province. The bulk of U.S. expenditures in Hilmand are for this project. As you know, despite the hundreds of millions of dollars spent on that project, it is not yet operational. As the people of Hilmand have yet to receive any benefits from this project, it is deceptive to characterize them as its “recipients.”

I have no quarrel with characterizing drug traffickers and their protectors as greedy and corrupt. While policy should be based on analysis of what actions are effective, rather than value judgments alone, certainly this characterization of drug traffickers and their protectors provides moral support for effective measures of interdiction. In my discussions with policy makers, however, they have applied these terms to cultivators of opium poppy in Hilmand and used the UNODC statement as justification for eradication. Does UNODC consider opium poppy cultivators in Hilmand to be primarily driven by greed and corruption?

Of course, even if that were true, it would not be a reason to carry out

eradication, as policies should only be carried out if they are effective. That is not the subject of this note. But I would like to point out that there is a relationship between what I consider to be UNODC's erroneous arguments and policy on eradication.

The National Drug Control Strategy of Afghanistan states that the Afghan government will “conduct targeted and verified eradication where there is access to alternative livelihoods.” Proponents of increased forced eradication have taken the two paragraphs from the UNODC *Survey* above as evidence – indeed proof – that Hilmand province is such a place and that eradication should therefore be carried out there. I do not think that the fact that the U.S. has spent hundreds of millions of dollars on an unfinished project in a province where the average income per person is one dollar a day and where insecurity has prevented the delivery of education and healthcare constitutes evidence that in Hilmand province “access to alternative livelihoods” is available. Does UNODC consider that access to alternative livelihoods is available in Hilmand Province and that it therefore should be subject to increased forced poppy eradication?

Some policy makers are aware of these problems and try to compensate for them by arguing that eradication will be targeted against the truly rich, corrupt, and powerful. They have not explained to me yet how they will target the rich owners of land cultivated with poppy without targeting their poor sharecroppers and labourers, who will bear the brunt of the cost and have no access to alternatives. As UNODC's own outstanding research has documented over the years, the opium economy creates powerful ties of dependency between those who control the economy and the poor who are dependent on it.

I believe that the misleading presentation of research by UNODC is providing a justification for a very mistaken and dangerous policy in Afghanistan. I would appreciate any explanation you can provide of why the assertions in the UNODC Afghanistan Opium Poppy Survey are correct. If I receive a reply by January 21, I will post both this letter and your reply to my blog and circulate them to my mailing list. If I do not receive a reply by that time, I will circulate this letter while awaiting your reply.

Sincerely yours,

Barnett R. Rubin

UNODC replied as follows on January 18, 2008:

Dear Mr. Rubin,

Thank you for letter (via e-mail) to Mr. Costa dated 13 January. We appreciate the fact that you respect and rely on UNODC's research, and the trouble that you have taken to put forward an extensive letter with a number

of thought-provoking points.

We are aware of the policy impact of UNODC's work. We also realize the complexities of promoting both security and development, and the need to eradicate poverty and not just opium.

In due course we will post a discussion paper on the UNODC website (www.unodc.org) that will present some evidence to show that poverty is not the single, exclusive driver of poppy cultivation in Afghanistan. When the paper is uploaded, you may wish to make a link from the UNODC website to your blog.

Mr. Costa will also put forward his views on the subject at the Joint Cooperation and Monitoring Board in Tokyo.

Thank you again for raising these important issues.

Sincerely,

Walter Kemp
Office of the Executive Director
UNODC

Rubin replied:

Dear Mr. Kemp:

In your response you say that the discussion paper you plan to post will “present some evidence to show that poverty is not the single, exclusive driver of poppy cultivation in Afghanistan.” Such a paper would be welcome, but please note that there is not a single person in the world, including me, who has ever claimed that poverty is the “single, exclusive driver of opium cultivation in Afghanistan.” David Mansfield, on whose work for UNODC and others I have relied heavily, argues that the main driver is insecurity, and this is the hypothesis borne out by the data presented in the 2007 Opium Survey.

UNODC's 2007 Opium Survey, however, stated, “Opium cultivation in Afghanistan is no longer associated with poverty.” To the average reader this would mean that poverty is not a driver of opium cultivation in Afghanistan. Your statement in your reply to me, implying that poverty is one of several drivers of opium poppy cultivation in Afghanistan, directly contradicts the statement in UNODC's 2007 Opium Survey. I hope your paper will include a correction of this serious error.

Sincerely yours,

Barnett R. Rubin

Appendix D: Electronic Message from Harjit Sajjan

Harjit Sajjan is Detective in the Vancouver Police Department currently assigned to the Gang Crime Unit. His area of focus is South Asian and Middle Eastern organized crime groups. He is also a Major in the Canadian Forces Reserve and has served on operations in the Former Yugoslavia in 1997 and most recently in Southern Afghanistan in 2006.

31 August 2007

Dr. Rubin,

Thank you for allowing me to comment on your piece about narcotics in Afghanistan. Again, I was pleasantly surprised to the accuracy of how your assessment relates to what is happening on the ground. I do not say this lightly because I have read many reports and listened to briefings that if put into action would put our soldiers' lives at risk and further alienate the general Afghan population.

When I first arrived in Afghanistan, I spent a great deal of time on the narcotics problem. I wanted to find a method that would create division between the Taliban and the Narcotics Warlords. I had conducted a thorough assessment/investigation, but unfortunately, my focus was diverted to determine the Taliban's activity in Panjwai. My comments are based on my notes from my initial assessment from spring 06, which you will find supports your comments.

I agree that the opium trade is not restricted to southern Afghanistan. Recent eradication efforts have created displacement to other provinces. In addition, growing and cultivation of poppy is only a segment of the opium trade, the drug labs and transportation routes are critical components that span across Afghanistan.

The current eradication program is pushing the farmers to the Taliban because there is no alternative livelihoods program. Then there is the corrupt ripple effect to the poppy eradication program where the Afghan National Police take bribes for not eradicating certain poppy fields. There were also unofficial Provincial Government poppy eradication programs that eradicate poppy fields of tribes that are part of the competition. The latter two examples pushed the local population faster towards the Taliban and helped increase the interdependency between the Drug Lords and Taliban. The taxing of transportation routes is a subject unto itself.

As you suggested, interdiction is the key. Eradication impacts the farmers who are trying to feed their families but interdiction impacts the drug lords, or what the local Afghans call “Dhakoos” (Bandits). The emphasis should be against the drug labs and transportation routes. This interdiction method is more efficient and has greater impact on the drug lords. Plus, it does not disrupt the farmers. This will allow the International agencies, NGOs, and military time to work on alternative programs.

I would also like to emphasize your point on a public information campaign. The Taliban and drug lords are brilliant with their methods on controlling the message to the local population. At one point, the Taliban convinced the people of Panjwai that the U.S. was supporting the Taliban (this is a story on to its own). As ridiculous as this sounds, the people believed it and started to support the Taliban because they believed there was no alternative. The point to this digression is that the method the Taliban used, convinced the locals to a false reality/message. The public information campaign needs to be carefully researched and catered differently to the various tribes and districts. Countering the Taliban’s message in Panjwai that the U.S. was supporting the Taliban was a good example of a carefully researched public information campaign. A well thought out information campaign has the potential of having a greater effect than eradication. I was surprised how well it worked during Operation MEDUSA.

Finally, I agree that the solution to the narcotics problem in Afghanistan will not be won by direct conflict against the drug lords. Tangible development with a viable alternative livelihood program is crucial. In addition, the drug lords need to be reintegrated into the legitimate Afghan society. To accomplish this, their need for power, to feel significant, and have wealth, need to be satisfied. As you suggested, the traders and traffickers have valuable experience in business. From personal experience, many of the drug lords love their country. What if they could become the legitimate wholesaler that brings the alternative crop to the market? They have the wealth to invest in such projects. The drug lords were the legitimate truckers and businessmen when Afghanistan was known for its pomegranates, grapes, and other fruits throughout Asia. My parents, who are originally from India, use to talk about the famous Afghan pomegranates. I found the Afghans became very nostalgic when they spoke of their reputation with fruit orchards. I used the harvesting of grapes in Panjwai many times as leverage.

On a closing note, I would like to advise of the current drug users are shifting towards meth and ecstasy. I would not be surprised to see meth labs in Afghanistan in the near future. I believe it would be prudent to take proactive steps in preventing this from occurring; otherwise it will significantly compound the drug problem in Afghanistan.

Thank you for allowing me to comment on your paper. I do apologize for the length of my reply.

Regards,

Harjit

Notes

¹ *U.S. Counter Narcotics Strategy for Afghanistan*, August 2007, p. 13.

² It is not accurate to add the gross profits of narcotics to licit GDP to obtain a figure for total (licit and non-licit) GDP. The gross profits would have to be transformed to value added by including changes in stocks held, subtracting costs of inputs to manufacture (e.g. precursors) and including the net international flow of capital from the industry, among other adjustments. See Edouard Martin and Steven Symansky, "Macroeconomic Impact of the Drug Economy and Counter-Narcotics Efforts," in Doris Buddenberg and William Byrd, eds., *Afghanistan's Drug Industry: Structure, Functioning, Dynamics, and Implications for Counter-Narcotics Policy*, (UNODC and the World Bank, 2006).

³ Colombian Deputy Minister of Defense Sergio Jaramillo, "Fighting Drugs and Building Peace: Toward Policy Coherence," New York City, May 14–15, 2007. For a conference summary, see Barnett R. Rubin and Alexandra Guáqueta, "Fighting Drugs and Building Peace: Towards Policy Coherence between Counter-Narcotics and Peacebuilding," *Dialogue on Globalization Occasional Papers* No. 37, November 2007.

⁴ David Mansfield and Adam Pain, "Evidence From the Field: Understanding Changing Levels of Opium Poppy Cultivation in Afghanistan," *Afghanistan Research and Evaluation Unit (AREU) Briefing Paper Series*, November 2007, p. 14, citing Afghanistan National Vulnerability Assessment 2005.

⁵ UN Office on Drugs and Crime (UNODC), *Afghanistan Opium Survey 2007*, p. 15, via http://www.unodc.org/pdf/research/AFG07_ExSum_web.pdf.

⁶ UNODC, "UNODC Reports Diverging Trends Between Opium-free North and Lawless South of Afghanistan," August 27, 2007, via http://www.unodc.org/india/diverging_trends.html.

⁷ The JCMB, including all the major donors and troop contributors, is the body responsible for monitoring the implementation of the Afghanistan Compact. In January 2006, over sixty states and international organizations adopted the Compact as the framework for their assistance to Afghanistan over the coming five years.

⁸ UNODC, *Afghan Opium Survey 2007*, August 2007.

⁹ Appendix B explains why it is a fallacy to call areas where poppy is not grown "opium-free." Trafficking continues through such areas.

¹⁰ David Mansfield and Adam Pain, "Evidence From the Field," p. 14.

¹¹ Patrick Cockburn, "Opium fields spread across Iraq as farmers try to make ends meet," *The Independent*, January 17, 2008, via http://news.independent.co.uk/world/middle_east/article3345186.ece.

¹² Barnett R. Rubin, "The Political Economy of War and Peace in Afghanistan," *World Development*, Vol. 28, No. 10, 2000: 1789-1803.

¹³ Charney Research survey in Afghanistan, November 2007. Our thanks to Craig Charney for providing this data. The reliability of polling in Afghanistan remains to be determined. The results of Charney's polls, however, are frequently cited by U.S. officials.

¹⁴ *U.S. Counter Narcotics Strategy*, p. 13.

¹⁵ UNODC, *Afghanistan Opium Survey 2004*, p. 1, via <http://www.unodc.org/pdf/afg/>

afghanistan_opium_survey_2004.pdf.

¹⁶ See footnote no. 2.

¹⁷ Colombian Deputy Minister of Defense Sergio Jaramillo, "Fighting Drugs and Building Peace: Toward Policy Coherence," New York City, May 14–15, 2007. For a conference summary, see Barnett R. Rubin and Alexandra Guáqueta, "Fighting Drugs and Building Peace," *op. cit.*

¹⁸ According to Richard Holbrooke, the former U.S. Ambassador to the UN, "even without aerial eradication, the [U.S. counter narcotics] program...may be the single most ineffective program in the history of American foreign policy. It's not just a waste of money. It actually strengthens the Taliban and al-Qaida, as well as criminal elements within Afghanistan," see "Still Wrong in Afghanistan," *The Washington Post*, January 23, 2008, p. A19.

¹⁹ See David Mansfield, "Beyond the Metrics: Understanding the Nature of Change in the Rural Livelihoods of Opium Poppy Growing Households in the 2006/07 Growing Season," *A Report for the Afghan Drugs Interdepartmental Unit of the UK Government*, May 2007; David Mansfield and Adam Pain, "Opium Poppy Eradication: How to Raise Risk When There is Nothing to Lose?," *AREU Briefing Paper*, August 2006.

²⁰ U.S. Ambassador William Wood described the seizure as worth \$500 million in "street value," that is, if it had been sold in Amsterdam or London. Musa Qala, however, is rather distant from Amsterdam and London, and the prices there are correspondingly different.

²¹ Mansfield and Pain, "Opium Poppy Eradication."

²² Iraq, as an enabling environment for illegality, is catching up, however. Having first followed Afghanistan's lead in becoming a major haven for transnational terrorism, it is now starting to produce opium poppies. Patrick Cockburn, "Opium: Iraq's deadly new export," *The Independent*, May 23, 2007 via http://news.independent.co.uk/world/middle_east/article2573299.ece, and Patrick Cockburn, "Opium fields spread across Iraq as farmers try to make ends meet," *The Independent*, January 17, 2008.

²³ Bonn Agreement, V (3), via http://www.unama-afg.org/docs/_nonUN%20Docs/_International-Conferences&Forums/Bonn-Talks/bonn.htm.

²⁴ *Constitution of the Islamic Republic of Afghanistan of 2004/1382*, Article 7(2), unofficial translation.

²⁵ Mark Shaw, "Drug Trafficking and the Development of Organized Crime In Post-Taliban Afghanistan," in Doris Buddenberg and William Byrd, eds., *op. cit.* See also Adam Pain, "Opium Trading Systems In Hilmand And Ghor Provinces," in same volume.

²⁶ Misha Glenny, "The Lost War: We've Spent 36 Years and Billions of Dollars Fighting It, but the Drug Trade Keeps Growing," *The Washington Post*, August 19, 2007, p. B01, via <http://www.washingtonpost.com/wp-dyn/content/article/2007/08/17/AR2007081701716.html>.

²⁷ This summary can give only a general idea. Drug trafficking involves many routes, techniques, and modes of transport.

²⁸ Interviews with intelligence and law enforcement officials in Kabul.

²⁹ On the border police, see Gretchen Peters, "Heroin Found in Car Allegedly Owned by Top Afghan Border Official," *ABC News*, August 7, 2007, via <http://blogs.abcnews.com/theblotter/2007/08/heroin-found-in.html>. On corruption in Ariana Airlines, see Jason Straziuso, "Afghan Airline Set to Collapse," *Associated Press*, March 30, 2007, via <http://afghandevnews.wordpress.com/2007/03/30/afghan-airline-set-to-collapse/>.

³⁰ Single Convention on Narcotic Drugs, 1961 (Article 36), via <http://www.incb>.

org/pdf/e/conv/convention_1961_en.pdf.

³¹ Research on eradication by genetic modification has not yet created usable technologies.

³² Charney Research survey in Afghanistan, November 2007.

³³ This effect might be offset by a sufficient increase in interdiction, which lowers the amount demanded at a given price. However, we know of no analysis giving quantitative estimates of the effect of both eradication and interdiction on prices. Such an analysis would indicate what level of interdiction is necessary to assure that eradication does not increase the overall value of the opium economy.

³⁴ Barnett Rubin, *The Fragmentation of Afghanistan*, 2nd ed., (New Haven and London: Yale University Press, 2002).

³⁵ UNODC, *Afghanistan Opium Survey 2004*, p. 3.

³⁶ David Mansfield, personal communication on file with the authors, January 23, 2008; Alastair Leithhead, "Poverty feeds Afghan drugs trade," *BBC News*, January 22, 2008, via http://212.58.226.17/hi/world/south_asia/7201085.stm.

³⁷ David Mansfield, "Water Management, Livestock, and the Opium Economy," *AREU Case Study Series*, 2006, p. 28. Mansfield notes that increased prices after the Taliban-imposed ban were not alone responsible for the movement of poppy cultivation in to new areas.

³⁸ UNODC, *Afghanistan Opium Survey 2007*, p. 20.

³⁹ Harjit Sajjan, a Vancouver police detective who served as an army reserve major in Canada's NATO contingent in Qandahar, described this scenario to Barnett Rubin. Appendix D reproduces an electronic mail message received from Sajjan by Rubin on this subject on August 31, 2007.

⁴⁰ For conceptual shortcomings of "alternative livelihoods" and attempts to redefine the term, see, David Mansfield, "Anti-Narcotics Mainstreaming in ADB's Activities in Afghanistan, 2002–2006," *Asian Development Bank*, January 2007, pp. 12-15.

⁴¹ David Mansfield, "Water Management, Livestock, and the Opium Economy," p. 10.

⁴² *Ibid.*, p. 11, emphasis added.

⁴³ *Ibid.*, pp. 11-12.

⁴⁴ *Ibid.*, p. 12.

⁴⁵ Charney Research survey in Afghanistan, November 2007.

⁴⁶ World Bank, "Afghanistan Drug Industry: Focusing on Drug Trading and Processing" via <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21466423~pagePK:2865106~piPK:2865128~theSitePK:223547,00.html>.

⁴⁷ Islamic Republic of Afghanistan, *Afghanistan National Development Strategy: An Interim Strategy for Security, Governance, Economic Growth, and Poverty Alleviation*, Volume I, p. 82, via http://www.ands.gov.af/admin/ands/ands_docs/upload/UploadFolder/I-ANDS Volume One - Final English.pdf.

⁴⁸ Asian Development Bank, UNAMA, UNDP, World Bank, *Securing Afghanistan's Future*, March 2004 via <http://www.adb.org/Documents/Reports/Afghanistan/securing-afghanistan-future-final.pdf>.

⁴⁹ Daneswar Poonyth, Alexander Sarris, Ramesh Sharma and Shangnan Shui, "The impact of domestic and trade policies on the world cotton market," UN Food and Agriculture Organization, *Commodity and Trade Policy Research Working Paper*, No. 8, April 2004, via <http://www.fao.org/docrep/007/j2731e/j2731e08.htm> - TopOfPage.

⁵⁰ Troy Schmitz and Daniel Voica, “Global Welfare Implications of U.S. Cotton Subsidies,” presentation at the American-Greek-Romanian Opportunities, Trade, and Development Symposium, November 2006, via <http://agb.poly.asu.edu/balkans/Symposium%20Pres./Implications%20of%20US%20Cotton%20Subsidies%20pdf.pdf>.

⁵¹ See Edmund Phelps and Graciana del Castillo, “A strategy to help Afghanistan kick its habit,” *Financial Times*, January 3, 2008.

⁵² The organization Roots for Peace, for example, is supporting the restoration of grape and raisin vineyards under USAID’s Rebuilding Agricultural Markets in Afghanistan Program.

⁵³ I.e., Section 513(b) of the FY2006 Appropriations Act.

⁵⁴ David Mansfield, presentation to the International Institute for Security Studies, London, June 20, 2007.

⁵⁵ In part because of such problems, NATO is now considering an enhanced role for ISAF in interdiction.

⁵⁶ *U.S. Counter Narcotics Strategy*, pp. 58-59.

⁵⁷ Interviews with U.S. officials, Washington and Kabul.

⁵⁸ Edwina Thompson, “The Nexus of Drug Trafficking and Hawala in Afghanistan,” in Doris Buddenberg and William Byrd, eds., op. cit., p. 161.

⁵⁹ Afghanistan Compact, via http://www.unama-afg.org/news/_londonConf/_docs/06jan30-AfghanistanCompact-Final.pdf.

⁶⁰ Christopher Ward and William Byrd, “Afghanistan’s Opium Drug Economy,” *World Bank SASPR Working Paper Series*, December 2004, via http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/01/06/000012009_20050106091108/Rendered/PDF/311490PAPER0AF100SASPR0no051Dec0171.pdf.

⁶¹ Sajjan, “Panjwai, Qandahar,” electronic message of August 31, 2007, to Barnett R. Rubin. See Appendix D.

⁶² Mansfield documented the low cost of opium trading during the Taliban period. (http://www.davidmansfield.org/data/Field_Work/UNODC/strategic_study_2.doc). Adam Pain has shown how the introduction of interdiction and other counter-narcotics policies has raised barriers to entry for traders without powerful political protection; see also Adam Pain. “Opium Trading Systems In Hilmand And Ghor Provinces,” in Doris Buddenberg and William Byrd, eds., op. cit.

⁶³ “Fighting Drugs and Building Peace: Toward Policy Coherence,” New York City, May 14–15, 2007. For a conference summary, see Barnett R. Rubin and Alexandra Guáqueta, op cit.

⁶⁴ Jon Lee Anderson, “The Taliban’s Opium War,” *The New Yorker*, July 9, 2007, via http://www.newyorker.com/reporting/2007/07/09/070709fa_fact_anderson.

⁶⁵ One of the leading patrons of trafficking reportedly suggested just such an approach. According to one minister, this man, who was at that time governor of an opium-producing province, suggested that President Karzai negotiate with the major traffickers. According to the account, he told the president that he knew who the major traffickers in his province were and that they might be interested in discussing a transition to a different economy. The government could not touch them, as they were too powerful, but these individuals were not against the government in principle.

⁶⁶ UNODC, *Afghanistan Opium Survey* 2007, p. 15.

⁶⁷ UNODC, “UNODC Reports Diverging Trends Between Opium-free North and Lawless South of Afghanistan,” August 27, 2007.

⁶⁸ Alastair Leithead, "In pursuit of Afghanistan's poppy crackdown," BBC News, January 19, 2008. via http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/7196066.stm; see also, Alastair Leithead, "Poverty feeds Afghan drugs trade," *BBC News*, January 22, 2008.

⁶⁹ This depiction has dangerous ethnic implications, falsely suggesting that different ethnic groups have different cultural attitudes towards narcotics.

⁷⁰ David Mansfield and Adam Pain, "Evidence From the Field," p. 14.

⁷¹ *Ibid.*

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