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ROMANCING THE TALIBAN 2: THE BATTLE FOR PIPELINES – THE USA AND THE TALIBAN 1997–99

The attractive mini-skirted Argentinian secretaries at Bidas headquarters in Buenos Aires had been told to cover up – long dresses and long-sleeved blouses to show as little of their limbs as possible. A Taliban delegation was expected in Buenos Aires. When they arrived in February 1997, Bidas treated them royally, taking them sightseeing, flying them across the country to see Bidas's drilling operations and gas pipelines and visiting the icy, snow-capped southern tip of the Continent.

At the same time, another Taliban delegation was experiencing a different kind of culture shock. They were in Washington where they met with State Department officials and Unocal and lobbied for US recognition for their government. On their return the two delegations stopped off in Saudi Arabia, visiting Mecca and meeting with the Saudi Intelligence chief Prince Turki. The Taliban said they had not yet decided which company's offer to accept. They had quickly learned how to play the Great Game from all angles.¹

Both companies stepped up their efforts to woo the Taliban. Bidas received a boost in January 1997 when the International Chamber of Commerce issued an interim court order telling Turkmenistan to allow Bidas to resume its oil exports from the Keimir field. But President Niyazov ignored the decision, refusing to compromise with Bidas. In March 1997 Bidas opened an office in Kabul and Bulgheroni arrived to meet Taliban leaders.

Bidas actually began to negotiate a contract with the Taliban. It took weeks of painstaking work through the summer for three Bidas executives to negotiate the 150-page document with 12 Taliban mullahs, who had no technical experts amongst them apart from an engineering graduate,

who had never practised engineering. The Taliban had no oil and gas experts and few who spoke adequate English, so the contract was translated into Dari. 'We are going through it line by line so that nobody can accuse us of trying to dupe the Taliban. We will get the same contract approved by the opposition groups so it will be an all-Afghan agreement,' a senior Bidas executive told me.² Unocal had declined to negotiate a contract until there was a recognized government in Kabul.

Meanwhile Unocal had donated US\$900,000 to the Centre of Afghanistan Studies at the University of Omaha, Nebraska which was headed by Thomas Gouttierre, a veteran Afghanistan academic. The Centre set up a training and humanitarian aid programme for the Afghans, opening a school in Kandahar which was run by Gerald Boardman, who in the 1980s had run the Peshawar office of the US Agency for International Development providing cross-border assistance to the Mujaheddin. The school began to train some 400 Afghan teachers, electricians, carpenters and pipe-fitters to help Unocal lay the pipeline. Unocal gave the Taliban other gifts such as a fax and a generator, which caused a scandal when the story broke later in the year.

Whatever Unocal gave to the Taliban only further convinced the anti-Taliban alliance and Iran and Russia that the company was funding the Taliban. Unocal vehemently denied the charges. Later Unocal specified to me what it had spent on the project. 'We have estimated that we spent approximately US\$15–20 million on the CentGas project. This included humanitarian aid for earthquake relief, job-skill training and some new equipment like a fax machine and a generator,' Unocal's President John Imle told me in 1999.³

Delta's role also increased external suspicions. Initially Unocal had encouraged Delta Oil, with its Saudi origins and Taliban contacts, to woo the Afghan factions. Rather than hiring eminent Saudis to do the job, Delta hired an American, Charles Santos, to liaise with the Afghans. Santos had worked on and off for the UN mediation effort for Afghanistan since 1988, despite criticism from two subsequent UN mediators that he was too close to the US government and had a personal agenda. Santos had become the political adviser to the UN mediator Mehmood Mestiri, who led the disastrous UN mediation effort in 1995, when the Taliban were at the gates of Kabul. Santos was already intensely disliked by all the Afghan leaders, especially the Taliban, when Delta hired him and nobody trusted him. It was a mistake and Unocal later regretted the decision after Santos failed to make any headway with the Afghans despite repeated trips into the country.

As tensions developed between Unocal and Delta because of Delta's inability to woo the Afghans, Unocal set up its own team of experts to advise the company on Afghanistan. It hired Robert Oakley, the former

US Ambassador to Pakistan and later the US Special Envoy to Somalia. Oakley had played a critical role in providing US support to the Mujaheddin in the 1980s, but that did not endear him to the Afghans as the USA subsequently walked away from Afghanistan. Many Afghans and Pakistanis considered him arrogant and overbearing – his nickname in Islamabad during his tenure as Ambassador was ‘The Viceroy’. Oakley travelled to Moscow and Islamabad to win support for the project and helped Unocal hire other experts. These included Gouffier, Boardman, Zalmay Khalilzad an Afghan-American worked for the Rand Corporation and the Central Asian expert Martha Brill Olcott.

For a US corporation to hire ex-US government officials or academics was not unusual. All the US oil companies playing the Great Game were doing the same in order to lobby Washington and they were hiring even bigger names from the Reagan and Bush administrations than Unocal was. But this was not understood in the region and was viewed with enormous suspicion, reinforcing speculation that Unocal was a policy arm of the US government and that the 1980s network of US–CIA Afghan experts was being revived.

Unocal now also faced immense problems with President Niyazov, who was as far removed from reality as ever. Refusing to accept the problems posed by the constant fighting in Afghanistan, he urged Unocal to start work as quickly as possible. When his terrified Foreign Ministry officials tried to explain that construction could not start in the middle of a civil war, he would shout them down. ‘We want the pipeline. We link all of our largest projects to peace and stability in Afghanistan,’ Niyazov told me angrily.⁴ Subsequently Turkmen officials were too afraid to even inform their boss of the bad news from the Afghan front and Niyazov became more isolated from reality.

Despite these problems Unocal pushed ahead. In May 1997 at an annual regional summit in Ashkhabad, Pakistan, Turkmenistan and Unocal signed an agreement, which committed Unocal to raising the finances and reaching financial closure for the project by December 1997, starting construction by early 1998. The USA and Turkmenistan had been informed by the ISI that the Taliban were on the verge of capturing the northern opposition stronghold of Mazar-e-Sharif. However, two weeks later the Taliban were driven out of Mazar with hundreds of casualties and fighting intensified across Afghanistan. Once again, over-dependence on ISI analysis had embarrassed the US.

At the first meeting of the CentGas working group in Islamabad after the debacle in Mazar, Unocal Vice-President Marty Miller expressed grave doubts that Unocal could meet its December 1997 deadline. ‘It’s uncertain when this project will start. It depends on peace in Afghanistan and a government we can work with. That may be the end of this year, next

year or three years from now or this may be a dry hole if the fighting continues,' Miller told a press conference on 5 June 1997. Pakistan and Turkmenistan were forced to sign a new contract with Unocal extending the company's deadline by another year to start the project by December 1988. To most observers even that was considered overly optimistic.

By now, there was growing scepticism in Washington that Pakistan and the Taliban could deliver a unified Afghanistan. As a result, the USA began to explore other options to help Turkmenistan deliver its gas. In a dramatic reversal of policy the USA announced in July 1997 that it would not object to a Turkmenistan–Turkey gas pipeline which would cross Iran. Washington maintained that its decision was not a U-turn on its sanctions regime against Iran. Nevertheless, as European and Asian oil companies scrambled to enter the Iranian market, US companies saw a window of opportunity and intensified pressure on the Clinton administration to ease US sanctions on Tehran.⁵

The opportunity to transport Caspian oil and gas through Iran made an unpredictable Afghan pipeline even less viable. Washington's decision came as a blow to Unocal and a sharp reminder to Islamabad that US support was fickle at the best of times and that time was running out for the Taliban to unify the country through conquest. Moreover, Iran and Australia's BHP Petroleum announced they would sponsor a US\$2.7 billion, 1,600-mile-long Iran–Pakistan gas pipeline that would deliver 2 billion cubic feet per day of gas from southern Iran to Karachi and later to India. The advantage of this pipeline, which was in direct competition to Unocal, was that it would run through territory not devastated by a civil war.

On 16 October 1997 Prime Minister Nawaz Sharif paid a one-day visit to Ashkhabad to talk to Niyazov about the Unocal project. As a result, Unocal, Pakistan and Turkmenistan signed a tentative pricing agreement for the import of Turkmen gas, in which the Taliban were given 15 cents per 1,000 cubic feet as a transit fee for the pipeline across their territory.⁶ By now there was an air of distinct unreality surrounding the decisions by Sharif and Niyazov, who were ignoring the fighting. The Taliban were incensed because they were not consulted about the gas price and they demanded a larger transit fee.

Unocal company announced an enlarged CentGas consortium on 25 October 1997, which included oil companies from Japan, South Korea and Pakistan.⁷ However, Unocal's attempt to woo the Russians had failed. Although 10 per cent shares in CentGas were reserved for Gazprom, the Russian gas giant refused to sign as Moscow criticized US sponsorship of the Taliban and the undermining of Russian influence in Central Asia.⁸ Gazprom's chief executive Rem Vyakhirev declared that Russia would not allow Turkmenistan or Kazakhstan to export its oil and gas through

non-Russian pipelines. 'To give up one's market . . . would be, at the very least, a crime before Russia,' Vyakhirev said.⁹

US officials had already made their anti-Russia policy clear. 'US policy was to promote the rapid development of Caspian energy . . . We did so specifically to promote the independence of these oil-rich countries, to in essence break Russia's monopoly control over the transportation of oil from that region, and frankly, to promote Western energy security through diversification of supply,' said Sheila Heslin, the energy expert at the NSC.¹⁰

Bridas remained in the running, this time with a powerful partner which even Washington could not object to. In September 1997 Bridas sold 60 per cent of its company's stake in Latin America to the US oil giant Amoco, raising the possibility that Amoco could influence Niyazov to ease off on Bridas's frozen assets in Turkmenistan. Bridas invited a Taliban delegation headed by Mullah Ahmad Jan, the former carpet dealer and now Minister for Industries, to Buenos Aires for a second visit in September. Pakistani authorities refused to let the Taliban fly out from Peshawar until they had also agreed to visit Unocal. Another Taliban delegation headed by the one-eyed Mullah Mohammed Ghaus arrived in Houston to meet with Unocal in November 1997 where they were put up in a five-star hotel, visited the zoo, supermarkets and the Nasa Space Centre. They had dinner at the home of Marty Miller, admiring his swimming pool and large comfortable house. The Taliban met with officials at the State Department, where once again they asked for US recognition.¹¹

After the winter lull in Afghanistan, fresh fighting broke out in the spring of 1998 and for both companies the project appeared as distant as ever. In March, Marty Miller said in Ashkhabad that the project was on indefinite hold because it was not possible to finance while the war continued. As Niyazov fumed with impatience, Unocal asked for another extension, beyond December 1998, to reach financial closure. Unocal was also facing increasing problems at home. At its annual shareholders' meeting in June 1998, some shareholders objected to the project because of the Taliban's treatment of Afghan women. American feminist groups began to muster American public support against the Taliban and Unocal.

Throughout 1998 the feminist pressure on Unocal intensified. In September 1998 a group of Green activists asked California's Attorney General to dissolve Unocal for crimes against humanity and the environment and because of Unocal's relations with the Taliban. Unocal described the charges as 'ludicrous'. Unocal first attempted to counter the feminists and then became distant in trying to answer their charges. It was a losing battle because these were American women and not foreigners, wanting answers to an issue that the Clinton administration now supported.

'We disagree with some US feminist groups on how Unocal should

respond to this issue . . . we are guests in countries who have sovereign rights and their own political, social and religious beliefs. No company, including ours, can solve these issues alone. Walking away from Afghanistan – either from the pipeline project or our humanitarian projects, would not help solve the problem,’ said John Imle.¹²

The US bombing of Bin Laden’s camps in August 1998 forced Unocal to pull out its staff from Pakistan and Kandahar and finally, in December 1998, it formally withdrew from the CentGas consortium, which it had struggled so hard to set up. The plunge in world oil prices which had hit the world’s oil industry also hit Unocal hard. Unocal withdrew from a pipeline project in Turkey, closed its offices in Pakistan, Turkmenistan, Uzbekistan and Kazakhstan and announced a 40-per-cent drop in its capital spending plan for 1999 due to low oil prices. Unocal’s only victory in these difficult days was over Bidas. On 5 October 1998, the Texas District Court dismissed Bidas’s US\$15 billion suit against Unocal – on the grounds that the dispute was governed by the laws of Turkmenistan and Afghanistan, not Texas law.

With the USA now preoccupied with capturing Bin Laden, it seemed for the moment that one phase of the Great Game was now over. It was clear that no US company could build an Afghan pipeline with issues such as the Taliban’s gender policy, Bin Laden and the continuing fighting. That should have been clearer to Unocal much earlier on, but it never was as the Taliban and Pakistan kept promising them a quick victory. Bidas remained in the running but kept a low profile during the following difficult months. Even though the project was all but over, Pakistan persisted in trying to keep it alive. In April 1999, at a meeting in Islamabad, Pakistan, Turkmenistan and the Taliban tried to revive the project and said they would look for a new sponsor for CentGas, but by now nobody wanted to touch Afghanistan and the Taliban and foreign investors were staying clear of Pakistan.

US strategy in Central Asia was ‘a cluster of confusions’ according to Paul Starobin and ‘arrogant, muddled, naive and dangerous’ according to Martha Brill Olcott. Author Robert Kaplan described the region as a ‘frontier of anarchy’.¹³ Yet the USA, now fervently rooting for the Baku-Ceyhan pipeline despite crashing oil prices and a refusal by oil companies to invest, persisted in the belief that pipelines could be built without a strategic vision or conflict resolution in the region.

After providing billions of dollars’ worth of arms and ammunition to the Mujaheddin, the USA began to walk away from the Afghan issue after Soviet troops completed their withdrawal in 1989. That walk became a run in 1992 after the fall of Kabul. Washington allowed its allies in the region, Pakistan and Saudi Arabia, free rein to sort out the ensuing Afghan civil war. For ordinary Afghans the US withdrawal from the scene

constituted a major betrayal, while Washington's refusal to harness international pressure to help broker a settlement between the warlords was considered a double betrayal. Other Afghans were furious at the USA for allowing Pakistan a free hand in Afghanistan. The US strategic absence allowed all the regional powers, including the newly independent CARs, to prop up competing warlords, thereby intensifying the civil war and guaranteeing its prolongation. The pipeline of US military aid to the Mujaheddin was never replaced by a pipeline of international humanitarian aid that could have been an inducement for the warlords to make peace and rebuild the country.

After the end of the Cold War, Washington's policy to the Afghanistan–Pakistan–Iran–Central Asia region was stymied by the lack of a strategic framework. The USA dealt with issues as they came up, in a haphazard, piecemeal fashion, rather than applying a coherent, strategic vision to the region. There are several distinct phases of US policy towards the Taliban, which were driven by domestic American politics or attempted quick-fix solutions rather than a strategic policy.

Between 1994 and 1996 the USA supported the Taliban politically through its allies Pakistan and Saudi Arabia, essentially because Washington viewed the Taliban as anti-Iranian, anti-Shia and pro-Western. The USA conveniently ignored the Taliban's own Islamic fundamentalist agenda, its suppression of women and the consternation they created in Central Asia largely because Washington was not interested in the larger picture. Between 1995 and 1997 US support was even more driven because of its backing for the Unocal project – even though at the time the USA had no strategic plan towards accessing Central Asian energy and thought that pipelines could be built without resolutions to regional civil wars.

The US policy turnaround from late 1997 to today was first driven exclusively by the effective campaign of American feminists against the Taliban. As always with the Clinton agenda, domestic political concerns outweighed foreign policy-making and the wishes of allies. Clinton only woke up to the Afghanistan problem when American women knocked on his door. President and Mrs Clinton had relied heavily on the American female vote in the 1996 elections and on female support during the Monica Lewinsky saga. They could not afford to annoy liberal American women. Moreover, once Hollywood got involved – its liberal stars were key financiers and supporters of the Clinton campaign and Vice-President Albert Gore was anxious to retain their support for his own election bid – there was no way the US could be seen as soft on the Taliban.

In 1998 and 1999 the Taliban's support for Bin Laden, their refusal to endorse the Unocal project or compromise with their opponents and the new moderate government in Iran provided additional reasons for the

USA to get tough with the Taliban. In 1999 ‘getting Bin Laden’ was Washington’s primary policy objective, even as it ignored the new Islamic radicalism Afghanistan was fostering, which would in time only throw up dozens more Bin Ladens. Nevertheless, late as it was, for the first time the USA was genuinely on the peace train and gave full support to UN mediation efforts to end the war.

US policy has been too preoccupied with wrong assumptions. When I first spoke to diplomats at the US Embassy in Islamabad after the Taliban emerged in 1994, they were enthusiastic. The Taliban had told the stream of US diplomats who visited Kandahar that they disliked Iran, that they would curb poppy cultivation and heroin production, that they were opposed to all outsiders remaining in Afghanistan including the Arab-Afghans and they had no desire to seize power or rule the country. Some US diplomats saw them as messianic do-gooders – like born-again Christians from the American Bible Belt. US diplomats believed that the Taliban would meet essential US aims in Afghanistan – ‘eliminating drugs and thugs’, one diplomat said. It was a patently naive hope given the Taliban’s social base and because they themselves did not know what they represented nor whether they wanted state power.

There was not a word of US criticism after the Taliban captured Herat in 1995 and threw out thousands of girls from schools. In fact the USA, along with Pakistan’s ISI, considered Herat’s fall as a help to Unocal and tightening the noose around Iran. Washington’s aim of using the Taliban to blockade Iran was equally shortsighted, because it was to pitch Iran against Pakistan, Sunni against Shia and Pashtun against non-Pashtun. ‘Whatever the merits of the isolation policy towards Iran in the fight against terrorism, they incapacitate the US in Afghanistan,’ wrote Barnett Rubin.¹⁴ Iran, already paranoid about CIA plots to undermine it, went into overdrive to demonstrate CIA support for the Taliban while stepping up its own arming of the anti-Taliban alliance. ‘US policy is forcing us to join Russia and the anti-Taliban alliance against Pakistan, Saudi Arabia and the Taliban,’ an Iranian diplomat said.¹⁵

Some US diplomats, concerned with the lack of direction in Washington on Afghanistan, have admitted that there was no coherent US policy, except to go along with what Pakistan and Saudi Arabia wanted. In a confidential 1996 State Department memo written just before the Taliban captured Kabul, parts of which I read, analysts wrote that, if the Taliban expanded, Russia, India and Iran would support the anti-Taliban alliance and the war would continue; that the USA would be torn between supporting its old ally Pakistan and trying to prevent antagonizing India and Russia with whom the USA was trying to improve relations. In such a situation, the State Department surmised, the USA could not

hope to have a coherent policy towards Afghanistan. In a US election year a coherent Afghan policy was not particularly necessary either.

There was another problem. Few in Washington were interested in Afghanistan. Robin Raphel, the US Assistant Secretary of State for South Asia and the key policy maker for Washington's Afghan policy at the time, privately admitted that there was little interest in her initiatives on Afghanistan higher up the chain of command in Washington. Secretary of State Warren Christopher never mentioned Afghanistan once during his entire tenure. Raphel's attempts to float the idea of an international arms embargo on Afghanistan through the UN Security Council drew little support from the White House. In May 1996 she managed to push through a debate on Afghanistan in the UN Security Council – the first in six years. And in June, Senator Hank Brown, with support from Raphel, held Senate Hearings on Afghanistan and conducted a three-day conference in Washington between leaders of the Afghan factions and US legislators, which Unocal helped fund.¹⁶

Raphel recognized the dangers emanating from Afghanistan. In May 1996 she told the US Senate, 'Afghanistan has become a conduit for drugs, crime and terrorism that can undermine Pakistan, the neighbouring Central Asian states and have an impact beyond Europe and Russia.' She said extremist training camps in Afghanistan were exporting terrorism.¹⁷ But Raphel's perseverance turned into patchwork diplomacy, because it was not underpinned by a serious US commitment towards the region.

When the Taliban captured Kabul in September 1996, the CIA, again encouraged by ISI analysis, considered that a Taliban conquest of the country was now possible and that the Unocal project could reach fruition. The USA was silent on the Taliban's repression of Kabul's women and the dramatic escalation in fighting and in November Raphael urged all states to engage the Taliban and not isolate them. 'The Taliban control more than two-thirds of the country, they are Afghan, they are indigenous, they have demonstrated staying power. The real source of their success has been the willingness of many Afghans, particularly Pashtuns, to tacitly trade unending fighting and chaos for a measure of peace and security, even with severe social restrictions,' said Raphel. 'It is not in the interests of Afghanistan or any of us here that the Taliban be isolated,' she added.¹⁸

Several concerned American commentators noted the inconsistency of US policy at the time. 'The US, although vocal against the ongoing human rights violations, has not spelled out a clear policy towards the country and has not taken a strong and forthright public stand against the interference in Afghanistan by its friends and erstwhile allies – Saudi Arabia and Pakistan, whose aid – financial and otherwise – enabled the Taliban to capture Kabul.'¹⁹

The US and Unocal wanted to believe that the Taliban would win and went along with Pakistan's analysis that they would. The most naive US policy-makers hoped that the Taliban would emulate US–Saudi Arabia relations in the 1920s. 'The Taliban will probably develop like the Saudis did. There will be Aramco, pipelines, an emir, no parliament and lots of Sharia law. We can live with that,' said one US diplomat.²⁰ Given their suspicions, it was not unexpected that the anti-Taliban alliance, Iran and Russia, should view the Unocal project as an arm of US-CIA foreign policy and as the key to US support for the Taliban. Unocal's links with the US government became a subject of massive speculation. US commentator Richard Mackenzie wrote that Unocal was being regularly briefed by the CIA and the ISI.²¹

Unocal neither admitted nor denied receiving State Department support, as any US company would have in a foreign country, but it denied links with the CIA. 'Since Unocal was the only US company involved in the CentGas consortium, State Department support for that route became, de facto, support for CentGas and Unocal. At the same time, Unocal's policy of political neutrality was well known to the US Government,' Unocal President John Imle told me.²² Unocal's failure was that it never developed a relationship with the Afghan factions, which were independent of the US and Pakistan governments.

There was a bigger problem. Until July 1997 when Strobe Talbott made his speech in Washington, the USA had no strategic plan for accessing Central Asia's energy. US oil companies were faced with what they could not do, rather than what they could do since they were forbidden to build pipelines through Iran and Russia. When Washington finally articulated its policy of 'a transport corridor' from the Caspian to Turkey (avoiding Russia and Iran), the oil companies were reluctant to oblige given the costs and the turbulence in the region. The essential issue which the USA declined to tackle was peace-making in the region. Until there was an end to the civil wars in Central Asia and the Caspian (Afghanistan, Tajikistan, Georgia, Chechnya, Nagorno-Karabakh, the Kurdish issue) and there was a broad consensus with Iran and Russia, pipelines would neither be safe to build nor commercially feasible, as every step of the way Iran and Russia would block or even sabotage them.

It was in the interests of Iran and Russia to keep the region unstable by arming the anti-Taliban alliance, so that US pipeline plans could never succeed. Even today the USA is muddled on the critical question of whether it wants to save Central Asia's depressed economies by letting them export energy any way they like or to keep Iran and Russia under blockade as far as pipelines are concerned.

The USA and Unocal were essentially faced with a simple question in Afghanistan. Was it preferable to rely on Pakistan and Saudi Arabia to

deliver the Taliban and obtain a temporary Afghan consensus in the old-fashioned way by reconquering the country? Or was it preferable for the USA to engage in peacemaking and bring the Afghan ethnic groups and factions together to form a broad-based government, which might ensure lasting stability? Although Washington's broad-brush policy was to support a widely based, multi-ethnic government in Kabul, the USA for a time believed in the Taliban and when it ceased to do so, it was not willing to rein in Pakistan and Saudi Arabia.

Although there was no CIA budget for providing arms and ammunition to the Taliban and Unocal did not channel military support to the Taliban, the USA did support the Taliban through its traditional allies Pakistan and Saudi Arabia, accepting their provision of arms and funding to the Taliban. 'The US acquiesced in supporting the Taliban because of our links to the Pakistan and Saudi governments who backed them. But we no longer do so and we have told them categorically that we need a settlement,' the highest ranking US diplomat dealing with Afghanistan said in 1998.²³ In Washington it was perhaps not so much a covert policy as no policy. A covert policy involves planning, funding and taking decisions, but there was no such process taking place at the highest levels in Washington on Afghanistan.

Washington's change of heart over the Taliban in late 1997 also arose because of the deteriorating political and economic crisis in Pakistan. US officials began to voice fears that the drugs, terrorism and Islamic fundamentalist threat which the Taliban posed could overwhelm its old and now decidedly fragile ally Pakistan. The USA warned Pakistan of the increasing dangers it faced, but became frustrated with the ISI's refusal to pressurize the Taliban to be more flexible on the political and gender fronts.

The first public expression of the US change was made by Secretary of State Madeleine Albright when she visited Islamabad in November 1997. On the steps of Pakistan's Foreign Office she called the Taliban 'despicable' for their gender policies. Inside, she warned Pakistani officials that Pakistan was becoming isolated in Central Asia – which weakened US leverage in the region. But the Sharif regime remained at odds with itself, wanting to become an energy conduit for Central Asia, wanting peace in Afghanistan but insisting this would best be achieved by a Taliban victory. Pakistan could not have a Taliban victory, access to Central Asia, friendship with Iran and an end to Bin Laden-style terrorism, all at the same time. It was a self-defeating, deluded and contradictory policy which Pakistan refused even to acknowledge.

The shift in US policy was also because of major changes in Washington. The dour, hapless Warren Christopher was replaced by Albright as Secretary of State in early 1997. Her own experiences as a child in

Central Europe ensured that human rights would figure prominently on her agenda. A new team of US diplomats began to deal with Afghanistan in both Washington and Islamabad and the new US Assistant Secretary for South Asia, Karl Inderfurth, knew Afghanistan as a former journalist and was much closer to Albright than Raphael was to Christopher.

Albright's private criticism of Pakistan's policies and public criticism of the Taliban was followed up by the visit of the US Ambassador to the UN, Bill Richardson, to Islamabad and Kabul in April 1998. But with Pakistan exerting no real pressure on the Taliban, except advising them to give Richardson full protocol, the trip turned into little more than a public relations exercise. Richardson's agreements with the Taliban were rescinded hours later by Mullah Omar. The only positive spin from the trip was that it convinced Iran that the USA now saw Tehran as a dialogue partner in future Afghan peace talks, thereby reducing US–Iranian tensions over Afghanistan.

As with Raphael's initiatives in 1996, the USA appeared to be dipping its fingers into the Afghan quagmire, but wanted no real responsibility. The USA wished to avoid taking sides or getting involved in the nuts and bolts of peace-making. The Pakistanis realized this weakness and tried to negate US pressure. Foreign Minister Gohar Ayub blasted the Americans just before Richardson arrived. 'The Americans are thinking of putting puppets there [in Kabul]. These are people who hover around in Pakistan from one cocktail party to the other, they do not cut much ice because they have no support in Afghanistan,' Ayub said on a visit to Tokyo.²⁴

US tensions with Pakistan increased substantially after Bin Laden's attacks against US Embassies in Africa in August 1998. The fact that the ISI had helped introduce Bin Laden to the Taliban in 1996 and had maintained contacts with him, but now declined to help the Americans catch him, created major difficulties in the relationship. The American tone became much harsher. 'There appears to be a pervasive and dangerous interplay between the politics of Pakistan and the turmoil inside Afghanistan. With the emergence of the Taliban there is growing reason to fear that militant extremism, obscurantism and sectarianism will infect surrounding countries. None of those countries has more to lose than Pakistan if "Talibanization" were to spread further,' said US Deputy Secretary of State Strobe Talbott in January 1999.²⁵

But the Americans were not prepared to publicly criticize Saudi support to the Taliban publicly, even though they privately urged Saudi Arabia to use its influence on the Taliban to deliver Bin Laden. Even US Congressmen were now raising the self-defeating contradictions in US policy. 'I have called into question whether or not this administration has a covert policy that has empowered the Taliban and enabled this brutal movement to hold on to power,' said Congressman Dana Rohrabacher in

April 1999. 'The US has a very close relationship with Saudi Arabia and Pakistan, but unfortunately, instead of providing leadership, we are letting them lead our policy,' he said.²⁶

The problem for Pakistan was that Washington had demonized Bin Laden to such an extent that he had become a hero for many Muslims, particularly in Pakistan. US policy was again a one-track agenda, solely focused on getting Bin Laden, rather than tackling the wider problems of Afghanistan-based terrorism and peace-making. Washington appeared to have a Bin Laden policy but not an Afghanistan policy. From supporting the Taliban the USA had now moved to the other extreme of rejecting them completely.

The US rejection of the Taliban was largely because of the pressure exerted by the feminist movement at home. Afghan women activists such as Zieba Shorish-Shamley had persuaded the Feminist Majority to spearhead a signature campaign to mobilize support for Afghan women and force Clinton to take a tougher stance against the Taliban. Three hundred women's groups, trade unions and human rights groups signed up. The campaign got a major propaganda boost when Mavis Leno, the wife of comedian Jay Leno pledged US\$100,000 to it. 'The US bears some responsibility for the conditions of women in Afghanistan. For years our country provided weapons to the Mujaheddin groups to fight the Soviets,' Ms Leno told a Congressional hearing in March 1998.²⁷

With Leno's help, the Feminist Majority organized a massive star-studded party after the 1999 Oscars to honour Afghan women. 'The Taliban's war on women has become the latest cause célèbre in Hollywood. Tibet is out. Afghanistan is in,' wrote the *Washington Post*.²⁸ As a celebrity in a celebrity-dominated culture Leno and her opinions went far. Hillary Clinton, anxious to secure feminist support for her future political career weighed in with statement after statement condemning the Taliban. 'When women are savagely beaten by so-called religious police for not being fully covered or for making noises while they walk, we know that is not just the physical beating that is the objective. It is the destruction of the spirit of these women,' said Mrs Clinton in a speech in 1999.²⁹ US policy appeared to have come full circle, from unconditionally accepting the Taliban to unconditionally rejecting them.

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MASTER OR VICTIM: PAKISTAN'S AFGHAN WAR

In the last days of June 1998, there was pandemonium in Pakistan's Finance and Foreign Ministries. Senior bureaucrats scuttled between the two ministries and the Prime Minister's Secretariat with bulging briefcases full of files that needed signatures from various ministers. In a few days on 30 June the 1997/8 financial year expired and the new financial year began. Every ministry was trying to use up its funds for the present year and procure higher allocations for the coming year from the Finance Ministry. A few weeks earlier (28 May) Pakistan had tested six nuclear devices following India's tests and the West had slapped punitive sanctions on both countries, creating a major foreign currency crisis for Pakistan and worsening the deep recession that had gripped the economy since 1996.

Nevertheless, on 28 June the cash-strapped Finance Ministry authorized 300 million rupees (US\$6 million) in salaries – for the Taliban administration in Kabul. The allocation would allow the Foreign Ministry to dispense 50 million rupees every month for the next six months to pay the salaries of Afghanistan's rulers. The Foreign Ministry needed to hide this money in its own budget and that of other ministries, so that it would not appear on the 1998/9 budget record and be kept away from the prying eyes of international donors, who were demanding massive cuts in government spending to salvage the crisis-hit economy.

In 1997/8 Pakistan provided the Taliban with an estimated US\$30 million in aid.¹ This included 600,000 tons of wheat, diesel, petroleum and kerosene fuel which was partly paid for by Saudi Arabia, arms and ammunition, ariel bombs, maintenance and spare parts for its Soviet-era military equipment such as tanks and heavy artillery, repairs and mainten-

ance of the Taliban's airforce and airport operations, road building, electricity supply in Kandahar and salaries. Pakistan also facilitated the Taliban's own purchases of arms and ammunition from Ukraine and Eastern Europe. The money given for salaries was seldom used for that purpose and went directly into the war effort. Taliban officials in Kabul were not paid for months at a time. Officially Pakistan denied it was supporting the Taliban.

This flow of aid was a legacy from the past. During the 1980s the ISI had handled the billions of US dollars which had poured in from the West and Arab states to help the Mujaheddin. With encouragement and technical support from the CIA, that money had also been used to carry out an enormous expansion of the ISI. The ISI inducted hundreds of army officers to monitor not just Afghanistan, but India and all of Pakistan's foreign intelligence as well as domestic politics, the economy, the media and every aspect of social and cultural life in the country.

The CIA provided the latest technology, including equipment that enabled the ISI to monitor every telephone call in the country. The ISI became the eyes and ears of President Zia's military regime and by 1989 it was the most powerful political and foreign policy force in Pakistan, repeatedly overriding later civilian governments and parliament in policy areas it concluded were critical to the country's national security interests. Primarily those areas were India and Afghanistan.

Through the 1990s the ISI tried to maintain its exclusive grip on Pakistan's Afghan policy. However, the end of the Cold War deprived the ISI of its funds and due to Pakistan's severe economic crisis, its secret budget was drastically cut. More significantly the ISI's dwindling resources were now directed towards another war of attrition – this one for the hearts and minds of the Kashmiri people who had risen up in revolt against India in 1989.

During Prime Minister Benazir Bhutto's second term of office (1993–96), the retired Interior Minister General Naseerullah Babar promoted the Taliban. He wanted to free Afghan policy from the ISI. Both Bhutto and Babar were deeply suspicious of the ISI's power and resources, which it had used to fuel discontent against Bhutto in her first term in office, leading to her removal in 1990. Moreover, the ISI was initially doubtful about the Taliban's potential as it was still wedded to backing Gulbuddin Hikmetyar and had few funds to back a movement of Afghan students. Babar 'civilianized' support to the Taliban. He created an Afghan Trade Development Cell in the Interior Ministry, which ostensibly had the task of co-ordinating efforts to facilitate a trade route to Central Asia – although its principal task was to provide logistical backing for the Taliban, not from secret funds but from the budgets of government ministries.

Babar ordered Pakistan Telecommunications to set up a telephone net-

work for the Taliban, which became part of the Pakistan telephone grid. Kandahar could be dialled from anywhere in Pakistan as a domestic call using the prefix 081 – the same as Quetta's prefix. Engineers from the Public Works Department and the Water and Power Development Authority carried out road repairs and provided an electricity supply to Kandahar city. The paramilitary Frontier Corps, directly under the control of Babar, helped the Taliban set up an internal wireless network for their commanders. Pakistan International Airlines (PIA) and the Civil Aviation Authority sent in technicians to repair Kandahar airport and the fighter jets and helicopters the Taliban had captured. Radio Pakistan provided technical support to Radio Afghanistan, now renamed Radio Shariat.

After the Taliban capture of Herat in 1995, Pakistani efforts intensified. In January 1996 the Director General of the Afghan Trade Development Cell travelled by road from Quetta to Turkmenistan accompanied by officials from Civil Aviation, Pakistan Telecom, PIA, Pakistan Railways, Radio Pakistan and the National Bank of Pakistan. Ministries and government corporations took on further projects to help the Taliban with budgets that were supposedly for developing Pakistan's economy.²

Despite these efforts to help and control the Taliban, they were nobody's puppets and they resisted every attempt by Islamabad to pull their strings. Throughout Afghan history no outsider has been able to manipulate the Afghans, something the British and the Soviets learnt to their cost. Pakistan, it appeared, had learnt no lessons from history while it still lived in the past, when CIA and Saudi funding had given Pakistan the power to dominate the course of the jihad. Moreover, the Taliban's social, economic and political links to Pakistan's Pashtun borderlands were immense, forged through two decades of war and life as refugees in Pakistan. The Taliban were born in Pakistani refugee camps, educated in Pakistani *madrassas* and learnt their fighting skills from Mujaheddin parties based in Pakistan. Their families carried Pakistani identity cards.

The Taliban's deep connections to Pakistani state institutions, political parties, Islamic groups, the *madrassa* network, the drugs mafia and business and transport groups came at a time when Pakistan's power structure was unravelling and fragmented. This suited the Taliban who were not beholden to any single Pakistani lobby such as the ISI. Whereas in the 1980s Mujaheddin leaders had exclusive relationships with the ISI and the Jamaat-e-Islami, they had no links with other political and economic lobbies. In contrast the Taliban had access to more influential lobbies and groups in Pakistan than most Pakistanis.

This unprecedented access enabled the Taliban to play off one lobby against another and extend their influence in Pakistan even further. At times they would defy the ISI by enlisting the help of government minis-

ters or the transport mafia. At other times they would defy the federal government by gaining support from the provincial governments in Baluchistan and the NWFP. As the Taliban movement expanded it became increasingly unclear as to who was driving whom. Pakistan, rather than being the master of the Taliban, was instead becoming its victim.

Pakistan's security perceptions were initially shaped by Afghanistan's territorial claims on parts of the NWFP and Baluchistan and there were border clashes between the two states in the 1950s and 1960s. Afghanistan insisted that Pakistan's Pashtun tribal belt should be allowed to opt either for independence or join Pakistan or Afghanistan. Diplomatic relations were severed twice, in 1955 and 1962, as Kabul advocated a 'Greater Pashtunistan', which was supported by left-wing Pakistani Pashtuns. The Zia regime saw the Afghan jihad as a means to end these claims for ever, by ensuring that a pliable pro-Pakistan Pashtun Mujaheddin government came to power in Kabul.

Military strategists argued that this would give Pakistan 'strategic depth' against its primary enemy India. Pakistan's elongated geography, the lack of space, depth and a hinterland denied its armed forces the ability to fight a prolonged war with India. In the 1990s an addition to this was that a friendly Afghanistan would give Kashmiri militants a base from where they could be trained, funded and armed.

In 1992–93, under Indian pressure, the USA had come close to declaring Pakistan a state sponsor of terrorism, as Kashmiri militants based in Pakistan carried out guerrilla attacks in Indian Kashmir. Pakistan tried to resolve this problem in 1993 by moving many of the Kashmiri groups' bases to eastern Afghanistan and paying the Jalalabad Shura and later the Taliban to take them under their protection. The government also privatized its support to the Kashmir Mujaheddin, by making Islamic parties responsible for their training and funding. Bin Laden was encouraged to join the Taliban in 1996, as he too was sponsoring bases for Kashmiri militants in Khost.

Increasingly, the Kashmir issue became the prime mover behind Pakistan's Afghan policy and its support to the Taliban. The Taliban exploited this adroitly, refusing to accept other Pakistani demands knowing that Islamabad could deny them nothing, as long as they provided bases for Kashmiri and Pakistani militants. 'We support the jihad in Kashmir,' said Mullah Omar in 1998. 'It is also true that some Afghans are fighting against the Indian occupation forces in Kashmir. But these Afghans have gone on their own,' he added.³

To many, the concept of 'strategic depth' was riddled with fallacies and misconceptions as it ignored obvious ground realities that political stability at home, economic development, wider literacy and friendly relations with neighbours ensured greater national security than imaginary

mirages of strategic depth in the Afghan mountains. 'The attainment of strategic depth has been a prime objective of Pakistan's Afghanistan policy since General Zia ul Haq. In military thought it is a non-concept, unless one is referring to a hard-to-reach place where a defeated army might safely cocoon,' wrote Pakistani scholar Eqbal Ahmad. 'The outcome is a country caught in an iron web of wrong assumptions, maginotic [sic] concepts, failed policies, fixed postures and sectarian violence. Far from improving it, a Taliban victory is likely to augment Pakistan's political and strategic predicament,' he added.⁴

The military assumed that the Taliban would recognize the Durand Line – the disputed boundary line between the two countries created by the British and which no Afghan regime has recognized. The military also assumed that the Taliban would curb Pashtun nationalism in the NWFP and provide an outlet for Pakistan's Islamic radicals, thus forestalling an Islamic movement at home. In fact just the opposite occurred. The Taliban refused to recognize the Durand Line or drop Afghanistan's claims to parts of the NWFP. The Taliban fostered Pashtun nationalism, albeit of an Islamic character and it began to affect Pakistani Pashtuns.

Worse still, the Taliban gave sanctuary and armed the most violent Sunni extremist groups in Pakistan, who killed Pakistani Shias, wanted Pakistan declared a Sunni state and advocated the overthrow of the ruling elite through an Islamic revolution. 'The apparent victor, Pakistan, could pay dearly for its success. The triumph of the Taliban has virtually eliminated the border between Pakistan and Afghanistan. On both sides, Pashtun tribes are slipping towards fundamentalism and becoming increasingly implicated in drug trafficking. They are gaining autonomy, already small fundamentalist tribal emirates are appearing on Pakistani soil. The de facto absorption of Afghanistan will accentuate centrifugal tendencies within Pakistan,' predicted Olivier Roy in 1997.⁵ In fact the backwash from Afghanistan was leading to the 'Talibanization' of Pakistan. The Taliban were not providing strategic depth to Pakistan, but Pakistan was providing strategic depth to the Taliban.

Pakistan became a victim not only of its strategic vision, but of its own intelligence agencies. The ISI's micro-management of the Afghan jihad was only possible because under a military regime and with lavish funding from abroad, the ISI was able to subdue political opposition at home. Zia and the ISI had the power to formulate Afghan policy and implement it, something which no other intelligence agency, not even the CIA, had the power to do. This gave the ISI enormous unity of purpose and scope for operations. The ISI then faced no independent powerful lobbies or political rivals, as in the Taliban era, when they had to compete with an array of Pakistani lobbies which independently supported the Taliban and had their own agendas.

By running both Afghan policy and operations, the ISI had no room for critical reappraisals, accommodating dissent from the status quo, nor the imagination or flexibility to adapt to changing situations and the ever-evolving geo-political environment. The ISI became a victim of its own rigidity and inflexibility, even as its power to actually control the Taliban dwindled. The agency's operatives in Afghanistan were all Pashtun officers, while many were also motivated by strong Islamic fundamentalist leanings. Working closely with Hikmetyar and later the Taliban, this Pashtun cadre developed its own agenda, aimed at furthering Pashtun power and radical Islam in Afghanistan at the expense of the ethnic minorities and moderate Islam.

In the words of one retired ISI officer, 'these officers became more Taliban than the Taliban.' Consequently their analysis of the anti-Taliban alliance and pipeline politics became deeply flawed, riddled with rigidity, clichés and false assumptions which were driven more by their strong Islamic ideological assumptions than by objective facts. But by now the ISI was too powerful for the government of the day to question and too intrusive for any army chief of staff to clean up.

When the Taliban emerged the ISI was initially sceptical about their chances. It was a period when the ISI was in retreat, with the failure of Hikmetyar to capture Kabul and a shortage of funds. The ISI retreat gave the Bhutto government the opportunity to devise their own support for the Taliban.⁶ During 1995 the ISI continued to debate the issue of support for the Taliban. The debate centred around the Pashtun-Islamic field officers inside Afghanistan, who advocated greater support for the Taliban and those officers involved in long-term strategic planning, who wished to keep Pakistan's support to a minimum so as not to worsen relations with Central Asia and Iran. By the summer of 1995, the Pashtun network in the army and the ISI determined to back the Taliban, especially as President Burhanuddin Rabbani sought support from Pakistan's rivals – Russia, Iran and India.⁷

But by now the ISI faced all the other Pakistani lobbies which the Taliban were plugged into, from radical mullahs to drug barons. The fierce competition between the ISI, the government and these lobbies only further fragmented Islamabad's decision-making process on Afghanistan. Pakistan's Foreign Ministry was so weakened by this confusion that it became virtually irrelevant to Afghan policy and unable to counter the worsening diplomatic environment as every neighbour – Russia, Iran, the Central Asian states – accused Islamabad of destabilizing the region. Efforts to defuse the criticism such as secret trips to Moscow, Tehran, Tashkent and Ashkhabad by successive ISI chiefs proved a failure.

As international criticism increased, the newly elected Nawaz Sharif government and the ISI became more adamant in backing the Taliban.

In May 1997 when the Taliban tried to capture Mazar, the ISI calculated that by recognizing the Taliban government, it would force hostile neighbours to deal with the Taliban and need Islamabad to improve their own relationships with the Taliban. It was a high stakes gamble that badly misfired when Pakistan prematurely recognized the Taliban, who were then driven out of Mazar.⁸

Pakistan reacted by lashing out at its critics including the UN which was now openly critical of all external support for the Afghan factions. Pakistan accused UN Secretary General Kofi Annan of being partisan. 'The UN has gradually marginalized itself in Afghanistan and lost credibility as an impartial mediator,' said Ahmad Kamal, Pakistan's Ambassador to the UN in January 1998. Later Kamal told a conference of Pakistani envoys in Islamabad that it was not Pakistan which was isolated in Afghanistan, but that the rest of the world was isolated from Pakistan and they would have to come round to accepting Pakistan's position on the Taliban.⁹

As Pakistan advocated the Taliban's policies in the teeth of widespread international criticism, the government lost sight of how much the country was losing. The smuggling trade to and from Afghanistan became the most devastating manifestation of these losses. This trade, which now extends into Central Asia, Iran and the Persian Gulf represents a crippling loss of revenue for all these countries but particularly Pakistan, where local industry has been decimated by the smuggling of foreign consumer goods. What is euphemistically called the Afghan Transit Trade (ATT) has become the biggest smuggling racket in the world and has enmeshed the Taliban with Pakistani smugglers, transporters, drug barons, bureaucrats, politicians and police and army officers. This trade became the main source of official income for the Taliban, even as it undermined the economies of neighbouring states.

The border post between Chaman in Baluchistan province and Spin Baldak in Afghanistan is a prime location for watching the racket at work. On a good day, some 300 trucks pass through. Truck drivers, Pakistani customs officials and Taliban mix in a casual, friendly way guzzling down endless cups of tea, as long lines of trucks wait to cross. Everybody seems to know everybody else as drivers tell stories which would make the World Trade Organisation's hair stand on end. Many of the huge Mercedes and Bedford trucks are stolen and have false number plates. The goods they carry have no invoices. The drivers may cross up to six international frontiers on false driving licenses and without route permits or passports. The consignments range from Japanese camcorders to English underwear and Earl Grey tea, Chinese silk to American computer parts, Afghan heroin to Pakistani wheat and sugar, East European kalashnikovs to Iranian petroleum – and nobody pays customs duties or sales tax.

This Wild West of free trade expanded due to the civil war in Afghanistan, the drugs business and the collapse and corruption of Pakistani, Iranian and Central Asian state institutions along their borders with Afghanistan. It coincided with a hunger for consumer goods throughout the region. Pakistani and Afghan, transport and drugs mafias merged to fuel this need. 'It's completely out of control,' an official of Pakistan's Central Board of Revenue told me as early as 1995. 'The Taliban are funded by transporters to open the roads for smuggling and this mafia is now making and breaking governments in Afghanistan and in Pakistan. Pakistan will face a 30-per-cent shortfall in revenues this year, because of customs duties lost to the ATT,' he said.¹⁰

Trade has always been critical to the Islamic heartland. The Silk Route which linked China to Europe in the Middle Ages passed through Central Asia and Afghanistan and was run by the same tribesmen and nomads who are the truck-drivers of today. The Silk Route influenced Europe almost as much as the Arab conquests, for these caravans transported not just luxury goods, but ideas, religion, new weapons and scientific discoveries. A camel caravan might consist of five or six thousands camels, 'its total capacity equalling that of a very large merchant sailing ship. A caravan travelled like an army, with a leader, a general staff, strict rules, compulsory staging posts, and routine precautions against marauding nomads,' wrote French historian Fernand Braudel.¹¹ Little seems to have changed in nearly 2,000 years. Today's smugglers operate with a similar military type infrastructure even though trucks have replaced camels.

In 1950, under international agreements, Pakistan gave land-locked Afghanistan permission to import duty-free goods through the port of Karachi according to an ATT agreement. Truckers would drive their sealed containers from Karachi, cross into Afghanistan, sell some goods in Kabul and then turn around to resell the rest in Pakistani markets. It was a flourishing but limited business giving Pakistanis access to cheap, duty-free foreign consumer goods, particularly Japanese electronics. The ATT expanded in the 1980s, servicing Afghanistan's communist-controlled cities. The fall of Kabul in 1992 coincided with new markets opening up in Central Asia and the need for foodstuffs, fuel and building materials as Afghan refugees returned home – a potential bonanza for the transport mafias.

However, the transporters were frustrated with the civil war and the warlords who taxed their trucks dozens of times along a single route. Although the Peshawar-based transport mafia were trading between Pakistan, northern Afghanistan and Uzbekistan, despite the continuing war around Kabul, the Quetta-based mafia were at a loss with the rapacious, Kandahar warlords who had set up dozens of toll chains along the highway from Pakistan. The Quetta-based transport mafia were keen to open up

safe routes to Iran and Turkmenistan, just as the Bhutto government were advocating a similar policy.

Taliban leaders were well connected to the Quetta mafia, who were the first to provide financial support to the Taliban movement. Initially, the Quetta mafia gave the Taliban a monthly retainer but as the Taliban expanded westwards they demanded more funds. In April 1995, witnesses I spoke to in Quetta said the Taliban collected 6 million rupees (US\$130,000) from transporters in Chaman in a single day and twice that amount the next day in Quetta as they prepared for their first attack on Herat. These 'donations' were quite apart from the single all-inclusive customs duty the Taliban now charged trucks crossing into Afghanistan from Pakistan, which became the Taliban's main source of official income.

With routes now safe and secure, the volume and area of smuggling expanded dramatically. From Quetta, truck convoys travelled to Kandahar, then southwards to Iran, westwards to Turkmenistan and to other CARs, even Russia. Soon the Quetta transport mafia were urging the Taliban to capture Herat in order to take full control of the road to Turkmenistan.¹² Even though the ISI initially advised the Taliban not to attack Herat, the Quetta mafia had more influence with the Taliban. In 1996, the transporters urged the Taliban to clear the route north by capturing Kabul. After taking the capital, the Taliban levied an average of 6000 rupees (US\$150) for a truck travelling from Peshawar to Kabul, compared to 30,000–50,000 rupees, which truckers paid before. The transport mafia gave Taliban leaders a stake in their business by encouraging them to buy trucks or arranging for their relatives to do so. And with the drugs mafia now willing to pay a *zakat* (tax) to transport heroin, the transit trade became even more crucial to the Taliban exchequer.

Pakistan was the most damaged victim of this trade. The Central Board of Revenue (CBR) estimated that Pakistan lost 3.5 billion rupees (US\$80 million) in customs revenue in the financial year 1992/3, 11 billion rupees in 1993/4, 20 billion rupees during 1994/5 and 30 billion rupees (US\$600 million) in 1997/8 – a staggering increase every year that reflected the Taliban's expansion.¹³ An enormous nexus of corruption emerged in Pakistan due to the ATT. All the Pakistani agencies involved were taking bribes – Customs, Customs Intelligence, CBR, the Frontier Constabulary and the administrators in the tribal belt. Lucrative customs jobs on the Afghan border were 'bought' by applicants who paid bribes to senior bureaucrats to get the posting. These bribes, considered an investment, were then made up by the newly appointed officials who extracted bribes from the ATT.

This nexus extended to politicians and cabinet ministers in Baluchistan and the NWFP. The chief ministers and governors of the two provinces

issued route permits for trucks to operate and wheat and sugar permits for the export of these commodities to Afghanistan. Senior army officers complained to me in 1995 and again in 1996, that the competition between the chief ministers and governors of the two provinces in issuing route permits was a major source of corruption paralyzing the entire administrative machinery, interfering and often at odds with the ISI's policy on Afghanistan and creating widespread Taliban 'control' over Pakistani politicians.

As the mafia extended their trade, they also stripped Afghanistan bare. They cut down millions of acres of timber in Afghanistan for the Pakistani market, denuding the countryside as there was no reforestation. They stripped down rusting factories, destroyed tanks and vehicles and even electricity and telephone poles for their steel and sold the scrap to steel mills in Lahore. Car-jacking in Karachi and other cities flourished as the mafia organized local car thieves to steal vehicles and then shifted the vehicles to Afghanistan. The mafia then resold them to clients in Afghanistan and Pakistan. Sixty-five thousand vehicles were stolen from Karachi alone in 1992–98 with the majority ending up in Afghanistan, only to reappear in Pakistan with their number plates changed.¹⁴

The transport mafia also smuggled in electronic goods from Dubai, Sharjah and other Persian Gulf ports while exporting heroin hidden in Afghan dried fruit and seasoned timber – on Ariana, the national Afghan airline now controlled by the Taliban. Flights from Kandahar, Kabul and Jalalabad took off directly for the Gulf, moving the Taliban into the jet age and giving Silk Route smuggling a modern commercial edge.

The ATT fuelled the already powerful black economy in Pakistan. According to an academic study, the underground economy in Pakistan has snowballed from 15 billion rupees in 1973 to 1,115 billion rupees in 1996, with its share in GDP increasing from 20 per cent to 51 per cent.¹⁵ During the same period, tax evasion – including customs duty evasion – has escalated from 1.5 billion to 152 billion rupees, accelerating at a rate of 88 billion rupees per year. The smuggling trade contributed some 100 billion rupees to the underground economy in 1993, which had escalated to over 300 billion rupees in 1998. That is equivalent to 30 per cent of the country's total imports of US\$10 billion or equal to the entire revenue collection target for 1998/9 (300 billion rupees). In addition, the Afghanistan–Pakistan drugs trade was estimated to be worth an annual 50 billion rupees.

In the NWFP, smugglers markets or *baras* were flooded with imported consumer goods causing massive losses to Pakistani industry. For example, in 1994 Pakistan, which manufactured its own air-conditioners, imported just 30 million rupees' worth of foreign air-conditioners. Afghanistan, a country then totally bereft of electricity, imported through the ATT 1

billion rupees' worth of air-conditioners, which all ended up in Pakistani *baras*, thus crippling local manufacturers. When duty-free Japanese TV sets or dishwashers were available at virtually the same price as Pakistani manufactured ones, consumers would naturally buy Japanese products. The *bara* at Hayatabad outside Peshawar set up brand-name shops to attract customers such as Britain's Marks and Spencer and Mothercare, and Japan's Sony where the original products were available duty-free. 'The ATT has destroyed economic activity in the province and people have give up the idea of honest earnings and consider smuggling as their due right,' said NWFP Chief Minister Mahtab Ahmed Khan in December 1998.¹⁶

A similar undermining of the economy and widespread corruption was taking place in Iran. The transport mafia's smuggling of fuel and other goods from Iran to Afghanistan and Pakistan led to revenue losses, crippled local industry and corrupted people at the highest level of government. Iranian officials privately admitted to me that the *Bunyads* or the state-run industrial foundations as well as the Revolutionary Guards were among the beneficiaries from the smuggling of petroleum products, whose sale in Afghanistan earned 2,000–3,000-per-cent profit compared to Iran. Fuel was devoured in huge quantities by the war machines of the Afghan warlords and soon petrol pump owners in Baluchistan were ordering cheap fuel from Iran through the mafia, bypassing Pakistani companies (and customs duties) altogether.

Pakistan made several half-hearted attempts to rein in the ATT by stopping the import of items such as electronics, but the government always backed down as the Taliban refused to comply with the new orders and the mafia pressurized government ministers. There were no lobbies in Islamabad willing to point out the damage being inflicted upon Pakistan's economy or prepared to force the Taliban to comply. The ISI was unwilling to use the threat of withholding support to the Taliban until they complied. To bewildered foreign and Pakistani investors the government appeared willing to undermine Pakistan's own economy for the sake of the Taliban, as Islamabad was allowing a *de facto* transfer of revenues from the Pakistan state to the Taliban. It was a form of unofficial aid, which benefited the Taliban and made those Pakistanis involved extremely rich. They created the most powerful lobby to continue Pakistan's support to the Taliban.

The backlash from Afghanistan added fuel to the spreading fire of instability in Pakistan. In the 1980s the fall-out from the Soviet invasion of Afghanistan had created 'the heroin and kalashnikov culture' that undermined Pakistan's politics and economy. 'Ten years of active involvement in the Afghan war has changed the social profile of Pakistan to such an extent that any government faces serious problems in effective

governance. Pakistani society is now more fractured, inundated with sophisticated weapons, brutalized due to growing civic violence and overwhelmed by the spread of narcotics,' wrote American historian Paul Kennedy.¹⁷

In the late 1990s the repercussions were much more pervasive, undermining all the institutions of the state. Pakistan's economy was being crippled by the ATT, its foreign policy faced isolation from the West and immediate neighbours, law and order broke down as Islamic militants enacted their own laws and a new breed of anti-Shia Islamic radicals, who were given sanctuary by the Taliban, killed hundreds of Pakistani Shias between 1996 and 1999. This sectarian bloodshed is now fuelling a much wider rift between Pakistan's Sunni majority and Shia minority and undermining relations between Pakistan and Iran.¹⁸ At the same time over 80,000 Pakistani Islamic militants have trained and fought with the Taliban since 1994. They form a hardcore of Islamic activists, ever ready to carry out a similar Taliban-style Islamic revolution in Pakistan.¹⁹

Tribal groups imitating the Taliban sprang up across the Pashtun belt in the NWFP and Baluchistan. As early as 1995 Maulana Sufi Mohammed had led his *Tanzim Nifaz Shariat-i-Mohammedi* in Bajaur Agency in an uprising to demand Sharia law. The revolt was joined by hundreds of Afghan and Pakistani Taliban before it was crushed by the army. The *Tanzim* leaders then sought refuge in Afghanistan with the Taliban. In December 1998, the *Tehrik-i-Tuleba* or Movement of Taliban in the Orakzai Agency publicly executed a murderer in front of 2,000 spectators in defiance of the legal process. They promised to implement Taliban-style justice throughout the Pashtun belt and banned TV, music and videos in imitation of the Taliban.²⁰ Other pro-Taliban Pashtun groups sprang up in Quetta – they burned down cinema houses, shot video shop owners, smashed satellite dishes and drove women off the streets.

Yet after the Taliban captured Mazar in 1998, Pakistan declared victory, demanding that the world recognize the movement which now controlled 80 per cent of Afghanistan. Pakistan's military and civilian leaders insisted that the Taliban's success was Pakistan's success and that its policy was correct and unchangeable. Pakistan considered Iranian influence in Afghanistan to be over and that Russia and the Central Asian states would be obliged to deal with the Taliban through Islamabad while the West would have no choice but to accept the Taliban's interpretation of Islam.

Even though there was mounting public concern about the Talibanization of Pakistan, the country's leaders ignored the growing internal chaos. Outsiders increasingly saw Pakistan as a failing or failed state like Afghanistan, Sudan or Somalia. A failed state is not necessarily a dying state, although it can be that too. A failed state is one in which the

repeated failure of policies carried out by a bankrupt political elite is never considered sufficient reason to reconsider them. Pakistan's elite showed no inclination to change its policy in Afghanistan. General Zia had dreamed like a Mogul emperor of 'recreating a Sunni Muslim space between infidel "Hindustan", "heretic" [because Shia] Iran and "Christian" Russia'.²¹ He believed that the message of the Afghan Mujaheddin would spread into Central Asia, revive Islam and create a new Pakistan-led Islamic block of nations. What Zia never considered was what his legacy would do to Pakistan.