
Conference Report

The choice facing Central Asia: development or geopolitical strife

by Our Special Correspondent

In 1989, with the fall of the Berlin Wall, the captive nations of eastern Europe looked with optimism toward the perspective of recovering their nationhood, through economic reconstruction which, they had good reason to hope, the United States and western Europe would facilitate. Instead of reconstruction, however, they received the International Monetary Fund's (IMF) shock therapy treatment, which has razed the economies of Russia and most eastern European countries, and looted whatever raw materials might be there for the taking. This occurred for clear political reasons: Those forces in the West, typified by Deutsche Bank chairman Alfred Herrhausen and American economist and political figure Lyndon LaRouche, who had designed and promoted economic projects for mobilizing western European industrial capacity to revolutionize infrastructure development of the East, were defeated by the forces of British intelligence. Herrhausen was stopped by "terrorist" assassins deployed by London under the label of the Baader-Meinhof Gang, and LaRouche was incarcerated, under the same George Bush regime which was working in tandem with Margaret Thatcher to contain Germany. Those political leaders in Europe, such as Germany's Chancellor Helmut Kohl, who should have implemented the cooperative economic approach, cringed under the attack, and let the IMF take over policy direction.

In 1991, with the collapse of the Soviet Union, a similar perspective opened up for the Central Asian Republics (CAR). The People's Republic of China lost no time in seizing the opportunity created by the new open borders, to extend parts of the continental rail network, known as the Eurasian land-bridge, which it has been building since 1985, into the CAR. From the first rail links established from China into the CAR in 1992, to the historic inauguration, in May 1996, of the rail link between Mashhad in Iran and Tashkent in Turkmenistan, through Sarakhs, one continental line has come into being, making it possible to travel from China to Europe overland. The same British policy establishment which had orchestrated the operations against unified Germany's efforts to help develop the continent, reacted vigorously to sabotage the land-bridge project, fomenting "ethnic" insurgencies along the prospective routes, from the Kurdish-populated areas of

Iran-Iraq-Turkey-Syria, to Chechnya, to Afghanistan and Tajikistan, and into the Xinjiang province of China. The conflict in Afghanistan has become emblematic for this strategy.

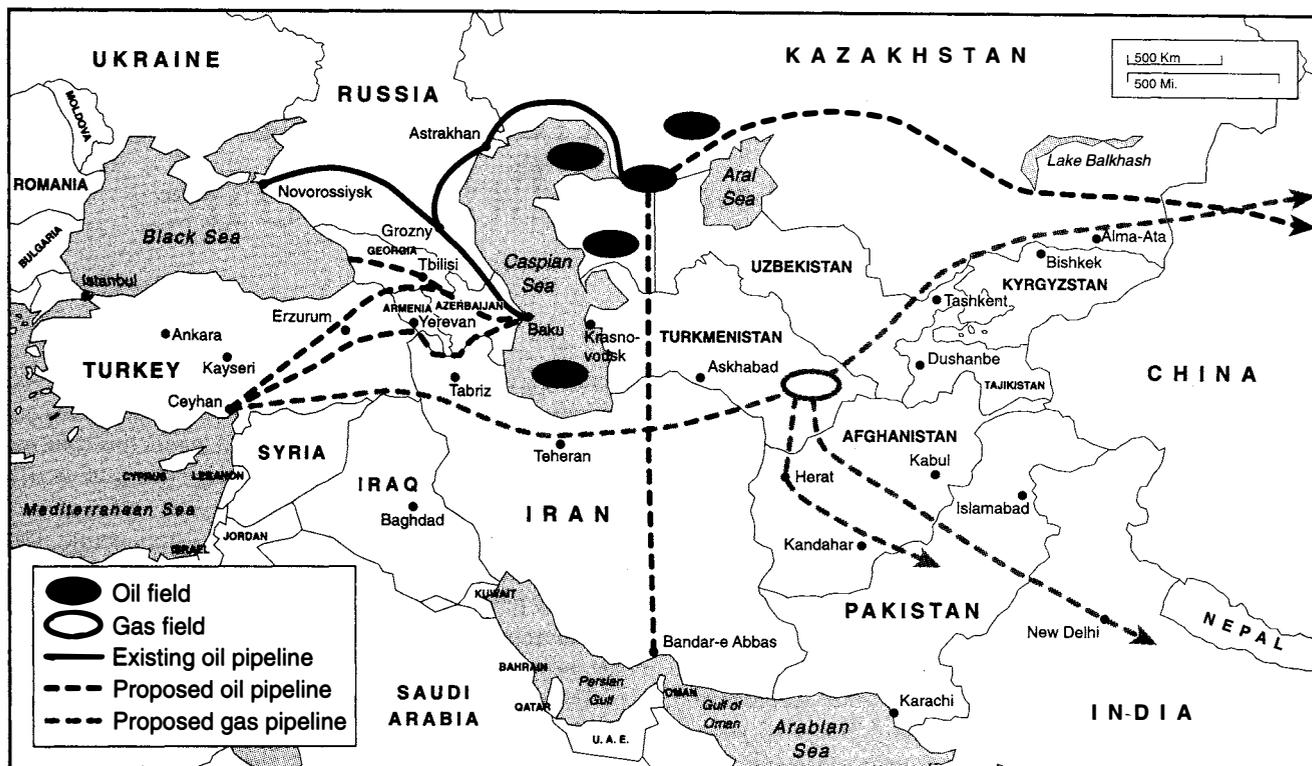
The question, whether the land-bridge perspective will prevail, or whether London will succeed in drowning it in blood, is open. On the outcome of this historic battle, will depend the recovery of the world economy and the possibility for world peace. On it, too, will depend whether or not the Central Asian Republics will be able to develop their potentials fully, to become full-fledged nation-states.

These issues were the subject of intense debate at a workshop held Nov. 25-27 in Pakistan, on the theme, "Central Asia: Internal and External Dynamics," organized by the Institute of Regional Studies in Islamabad, in collaboration with the Konrad Adenauer Foundation of Germany. The workshop drew together representatives of governments and government-related think-tanks, as well as area specialists from leading press organs, from China, Uzbekistan, Turkmenistan, Kyrgyzstan, Kazakhstan, Pakistan, and the United States. Among the American delegates were a spokesman for the Rand Corp., and a representative from the Schiller Institute, filling in for Lyndon LaRouche, who regretted that he was unable to attend. The audience was composed of diplomats, military and political personalities, academics, and press.

From the keynotes delivered on the first day, two distinctly juxtaposed approaches emerged during the workshop: One, embraced by Rand, some Pakistani delegates, and several "area specialists" from the geopolitical think-tanks, focussed on identifying possible or actual conflicts affecting the Central Asian Republics, on the basis of, especially, ethnic profiling; the other agenda, put forward by China, the CAR, and the Schiller Institute, emphasized economic cooperation among sovereign nations as a means of ensuring stability and development, and preventing "ethnic" strife. The Eurasian land-bridge was referenced by several speakers in this context.

The two different approaches clashed in particular around the issue of Afghanistan, which was the central theme of the second day of the workshop. The position presented, was that the Taliban takeover would help stabilize Afghanistan, to

FIGURE 1
Eurasian oil and gas pipelines



allow foreign interests to build a Turkmen-Afghan-Pakistani pipeline, to export Turkmenistan's oil. The Schiller Institute's denunciation of British geopolitical operations using ethnic movements like Taliban to break up nations, and to sabotage the Eurasian land-bridge, polarized the debate.

The great powers' view

Just what U.S. policy on Central Asia is, could not be clarified in the workshop, because there was no official spokesman for the Clinton administration present. A certain confusion arose, in fact, as Dr. Zalmay M. Khalilzad, from the Rand Corp., pretended to represent official Washington, although he claimed at the same time, to be speaking in his capacity as a private individual. Dr. Khalilzad, of Afghan origin, has held undersecretary positions at the Defense Department and State Department, but in the Bush administration. Speaking on the first panel on "Major Powers' Perspective on Central Asia," Dr. Khalilzad said that the United States had pursued the following aims, since 1991: support for independent CAR, to prevent imperial tendencies in Russia from prevailing; transfer of nuclear weapons from Kazakhstan to Russia; prevention of traffic in weapons of mass destruction; promotion of a free market economy; integration of the CAR economically, financially, and politically, into the world com-

munity; opening up more access for the United States to the natural resources of the CAR, to develop its oil and gas for the world market; integration of eastern Europe into NATO, and consolidation of the Partnership for Peace; preservation of independence of Ukraine and the Baltic states; isolation and containment of Iran.

Khalilzad's approach was exquisitely geopolitical: Using cliché profiles of the peoples in question, he projected their policy options in terms of playing one power against the other. In his treatment of the CARs themselves, for example, he characterized them as being suspended between their "northern concern" (fear of Russian hegemonism) and their "southern concern" (fear of flows of refugees, drugs, opposition groups, and Islamic extremists from the south).

Khalilzad betrayed his real interest in the CAR in remarks about the importance of their energy resources for development. By "development," he meant they could begin exporting 5 million barrels per day by the year 2010. Given the instability in the Persian Gulf and the growing Asian market, he said the CAR had great opportunities. Eyeing Turkmenistan's massive natural gas resources rather covetously, Khalilzad said the United States supported multiple routes for export. These, again geopolitically defined, would run through Russia, Turkey, Afghanistan, and Pakistan; but, he said, the

United States was “not positive to routes through Iran, which would benefit Iran politically, economically, and otherwise.”

When asked how the anti-Iran policy could be justified, in light of the crucial contribution Iran could make—is indeed making—to CAR economic development, through its extension of rail infrastructure and its arrangement of swap deals for oil and gas, which are more beneficial to the producer countries, the Rand representative excluded a “critical dialogue” with Iran with the curious notion that “in the art of policymaking,” Iran’s alleged support for terrorism and rejection of Mideast peace, should weigh more heavily than its positive contribution to CAR economic stability. The “strategic conflict of interests between the U.S. and Iran in the Gulf” weighed in more heavily than peace through development.

Nothing could have provided a sharper contrast to Khalilzad’s geopolitical musings, than a speech presented on the same panel, by Mrs. Shi Yuyu, from the Chinese Academy of Social Sciences. This delegate, representing the other superpower, spoke on “Relations Between China and the Five Central Asian Countries: Policy, the Present Situation, Prospects.” Since 1991, she said, both China and the CAR “have implemented the policy of mutual respect for territorial integrity and sovereignty, good neighbor policy, equality, and mutual benefit.” On this basis, cooperation has developed, she said, as shown in several visits of leaders from all countries involved. The July 1996 visit of Chinese President Jiang Zemin “filled the relations with new energy, carried the mutual relations to a new stage, and brought the cooperation of politics and economy into a new age. The building of the Eurasian land-bridge will be more conducive to mutual complement and the expansion of mutual economic cooperation between China and the Central Asian countries. From now on, on the basis of the interests of each country’s own internal reform and development, the long-term, stable, equal, and mutually beneficial cooperation will further develop for the purpose of prosperity, development, and progress. We both ‘will jointly create a brilliant future of friendship and cooperation.’” She quoted Jiang Zemin further: “More than 2,000 years ago, the world-famous Silk Road was not only a road of trade and civilization, but also a road of friendship and cooperation as well. The ancient path ‘had linked’ the people of China with the people of each Central Asian country a long time before.”

Summarizing the last five years’ developments, during which China signed “economy-trade cooperative agreements” and “government credit agreements and various cooperative agreements of encouraging and protecting mutual investment,” she said, “the mutual trade is developing so quickly that China has already [become] one of the most important trade fellows of each Central Asian country.” For example, China-Kyrgyzstan trade increased from 10 million Swiss francs (about \$8 million) in 1991 to \$100 million in 1994, and \$231 million in 1995. Trade with China moved from 1-2% of Kyrgyzstan’s total foreign trade in 1990, to

28% in 1996. China has become the second trade partner of Kyrgyzstan, after Russia. And trade with China accounts for the largest percentage of the total, for Kazakhstan.

Mrs. Shi also pointed to military cooperation, as in the April 26, 1996 “treaties on strengthening mutual trust or shared military border areas, between China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan.” She stressed the fact that, since the establishment of diplomatic relations, the character of relations between China and the CAR has been defined by their common commitment to ignore different ideologies, to respect sovereignty and non-interference, for example, by refusing to “join any military and political organization . . . [or] conclude agreement with a third country to impair the sovereignty and safety of the other”; and to emphasize economic cooperation for long-term stability and growth. She also reiterated China’s view that such cooperative relations are advantageous to the parties concerned, “and advantageous to peace and development of the world.” She concluded that China’s economy has continued developing as a result of such relations, and that the economies of the CAR, “after having experienced years of recession,” are beginning to recover. She said that economic integration would be strengthened in the future, “including the building of the Eurasian land-bridge.”

Although questioners plagued Mrs. Shi with queries about the “Pan-Turkic and Pan-Islamic movements” in Xinjiang province, about the “Greater Turkey movement” and its effects on relations between Ankara and Beijing, and about a presumed “Russian threat,” the Chinese delegate coolly denied that any of them were a serious threat to China, and refocused attention on the importance of forging ties of economic cooperation, in order to produce a kind of economic interdependence.

How the Central Asian Republics see it

Lt. Gen. Nishat Ahmad, president of the Institute of Regional Studies, who had opened the conference, referenced various scenarios being spun about the republics, some of which project their absorption into imperial Russia or their collapse into chaos. His institute’s view, he said, was that the CAR were destined to undergo peaceful change, especially through cooperative agreements with the Community of Independent States (CIS), Europe, the Organization of Islamic Conference, and China. With their strong cultural moorings, they would succeed, he said, in building viable nations. It is to the institute’s credit, that it organized the workshop with high-level representatives from all the CAR (except Tajikistan, due to the civil war there), who laid out the steps being taken in the nation-building process, particularly with regard to economic development.

Ambassador Bahadur Abdur Razakov, from Uzbekistan, who held many diplomatic posts under the Soviet Union, in Cairo, Dakar, and Kabul, concentrated on the political aspects of the evolution of the CAR. Underlining the fact that the

independence of the CAR came about abruptly and unexpectedly—not due to domestic liberation movements—he explained that the cadres in these republics had been educated in the “spirit of socialism and internationalism,” and had therefore never contemplated separation from Russia. In response to pressures from abroad, and statements by several participants in the workshop, that the CAR governments were still run by ex-communists, and maintained autocratic structures, Razekov said, “We do not need democracy for the sake of democracy, but we need to strengthen the state.” He pointed out the problem, that “the population there never lived under democracy, and only fought for relief from oppression.” Therefore, the situation of the CAR “cannot be compared to the U.S. or Europe.” He said that forcing democracy would lead to anarchy, that “the idealization of democracy is as dangerous as the denial of democracy.” He said that one had to understand they were in a transition, from one system to another, and that what was important was “the direction toward democracy.” The CAR, in Razakov’s view, should seek to strengthen cooperation through bilateral and multilateral contacts, and “act jointly at the UN, without a federation or confederation.” He emphasized that the Central Asian Republics “are not passive observers,” that “Central Asia is an important, strategic region.” On the question of security, Ambassador Razekov referred to the December 1994 Budapest agreement, which outlined guarantees for Belarus, Kazakhstan, and Ukraine, in the context of the nuclear agreements. He called for security guarantees to be made for the other CAR, and Afghanistan, under UN auspices.

But the central concern which emerged from the contributions of the other CAR spokesmen, was economic: how their countries can benefit from the Eurasian land-bridge and from increasing economic integration among themselves. Dr. Omerserik Kasenov, of the Kazakhstan Institute of Strategic Studies in Almaty, under the Presidency, illustrated how the resource-rich Central Asian Republics, wedged between two nuclear superpowers, China and Russia, are seizing this “new opportunity” to develop cooperative relations with both. Citing the rail connections from China through Kazakhstan, he said, “It is now possible to travel from western Europe to China,” and cited the May 1996 opening of the Turkmenistan-Iran rail link, in the Eurasian land-bridge. He said that the land-bridge project was “being fulfilled,” and that Kazakhstan “has already begun exercising the right to use Chinese sea ports, giving it access in the Asia-Pacific region.” Although there are obstacles, in customs laws, etc., he expressed confidence that the land-bridge would “provide stimulus for our own economy, also through the trade between western Europe and the Asia-Pacific” region which the land-bridge will facilitate.

In addition to this new infrastructure network which brings the CAR into continental communication, some of the republics have initiated the process of economic integration.

As Dr. Kasenov explained, interstate councils were founded by three of the CAR—Kyrgyzstan, Kazakhstan, and Uzbekistan—in 1994, on the prime minister level, with a rotating executive committee in Almaty. These councils have outlined joint projects, especially in the economic field. In addition, a council of defense ministers was created. Most important, he introduced the Central Asian bank for development and internal development, which has financed regional projects for \$9 million thus far. Kasenov explained that this allowed the CAR to cooperate with one another, whereas under the Soviet system, they had related only to Russia.

Sultanbayev Temirbek, deputy head of CIS affairs, at the Foreign Ministry of Kyrgyzstan, showed how, following the 1992-93 period of disintegration, due to the collapse of the Soviet Union and related trade, in 1993, and until April 1994, they began building market economy relations, and, since April 30, 1994, have been developing the agreement among Kyrgyzstan, Kazakhstan, and Uzbekistan, for a single economic space. He illustrated the economic disruption which ensued after the collapse of the Soviet Union, which had operated “as an indivisible economic complex,” in which “critical skills were enhanced in one or another republic to the neglect of other capabilities necessary to a diversified local economy.” Temirbek also highlighted the economic treaty mentioned by Kasenov, and its 53 joint projects, in agriculture, industry, and the metallurgical sector. The joint banking and financial structures, he said, would finance joint ventures, including a project for railway construction, and spare parts production.

None of this economic reorganization has escaped the notice of the IMF. Indeed, in the case of Kyrgyzstan, about 59% of the economy has been privatized, 76% of industry, 42% of agriculture, and 53% of the construction sector. In addition, the IMF has put pressure on Kyrgyzstan, to lift crucial price supports and social programs. Orozaliyeva Zulaihu Sultanovna, of the Kyrgyz Institute of Strategic Studies, under the Presidency, presented some of the problems encountered in the transition from a state-planned economy to a market economy. Without naming the IMF, she listed the effects of its policy there: rising prices and unemployment, declining production, unpaid wages. “The persistent problem in all of the new republics is that people, while perfectly content to accept the benefits of a changed economic and political environment, are extremely reluctant to accept the loss of benefits which they enjoyed under the old system.” To wit: “Pensions, health care, education, and medical care have all eroded since the Soviet days.”

Mrs. Sultanovna hammered away at the importance of economic integration of the CAR in an economic bloc, so as to avoid remaining raw materials exporters. She pointed to the highly skilled labor force, rich energy, mineral, and agricultural resources, and the great technological and scientific potential in the military-industrial sector, which the CAR

have as economic advantages. In underlining the common characteristics of the CAR, she said, "ruling elites always find it expedient to make people concentrate upon what makes them different from other people, rather than have them become aware of their similarities." She regretted the fact that the United States seems to have shifted its support from the "more democratic" nations of Kyrgyzstan and Kazakhstan, to Uzbekistan, which the United States, she said, views as a strategic partner. She suggested that the United States should seek such a relationship with the three Central Asian Republics.

Turkmenistan appears to be resisting the pressures of the IMF, to the extent possible. Nurmurad Durdyev, from the Asia Pacific Division of the Foreign Office of Turkmenistan, placed emphasis on his country's neutrality, and on economic agreements. He said, Turkmenistan's "Ten Years of Prosperity" program, issued following the collapse of the Soviet Union, called for transforming the economy from a raw materials exporter to a national economy. Basic utilities like gas, water, and electricity, he said, were still free for the population, and prices of consumer goods were still fixed, in marked contrast to policies dictated by the IMF. As for that agency, Durdyev said, "The IMF has an office in Ashkabad, but we have no debts to the IMF." Turkmenistan is trying to generate funds for development, from its own raw materials export revenues.

Contrary to the profiles worked up by the think-tanks, which identify Russia and China as "superpower threats," and Iran and Turkey as "regional hegemonists," the picture presented by the protagonists is quite different. The Kazakh delegate, Dr. Kasenov, denied that there were any real threat from Russia to the CAR, and ridiculed Vladimir Zhirinovskiy's statement, that the CAR, if left to their own devices, would "come crawling back to Moscow." He and other speakers reiterated their desire to maintain relations with Russia, but on a new basis. He said they had good relations with Iran and Turkey, and denied that Iran had any intentions of conquering Central Asia. The "real threat," he spelled out clearly, "is the division of Afghanistan along ethnic lines, which is also a threat to Pakistan, through a possible Pushtunistan." Any change in Afghan borders "would be a dangerous precedent for revising borders throughout Central Asia." In answer to questions regarding border disputes among the Central Asian Republics, he said, "The CAR emerge from traditionally multi-ethnic societies, in the Khanates. It is dangerous to build states on ethnic lines," and pointed to examples in Africa. "Any attempt to revise borders along ethnic lines means bloodshed." In answer to questions, he again stressed, "our purpose is *not* to build an ethnically 'pure' state." For Mrs. Sultanova, the continuing Tajik civil war and the Afghan war, are the real sources of destabilization of the region, including emphatically through the drug trade.

Afghanistan: fatal illusions

The chairman of the workshop, Lt. Gen. Nishat Ahmad, had pointed out, that when his institute planned to hold its workshop on Central Asia one year ago, there was no way of knowing how rapidly events in Afghanistan would unfold. In the interim, the insurgent Taliban movement had conquered the capital Kabul, sending waves of panic through the CAR, Russia, and China, that, if the insurgents continued their offensive northward, the resulting conflict would destabilize the entire region. Support for the Taliban insurgency by circles in Pakistan, as well as the U.S. State Department and the Saudis, therefore, became the subject of heated debate at the workshop.

At the final panel of the workshop, several Pakistani speakers confirmed that Pakistani support for Taliban is being rationalized by interest in various pipeline projects, particularly the project to run an oil pipeline from Turkmenistan through Afghanistan to Pakistan's port city. The idea is that the pipeline can be built "once Taliban has pacified the country."

The gross fallacies in this view were exposed by Schiller Institute representative Muriel Mirak Weissbach, who gave a short overview of the positive and negative dynamics affecting the region, since 1989. Regardless of what the Taliban supporters may think they are doing, the entire operation is being run from a higher level of British geopolitical manipulation, which is using the Taliban to unleash general warfare and ethnic destabilization along the Eurasian land-bridge route.

She demonstrated how the British had sabotaged the attempts by those in the West, like Herrhausen and LaRouche, who proposed to mobilize European industry for developing eastern Europe, and how they used the IMF shock therapy, instead, to destroy the economies of Russia, Ukraine, Poland, and other nations. She explained this policy, with reference to the history of British geopolitics since the end of the last century. Then, turning to the Eurasian land-bridge policy, she showed how the British today are again intent on sabotage, this time by mobilizing ethnic, separatist insurgencies against the nation-states. She cited LaRouche's call for reorganization of the world monetary and financial structures, through U.S.-Chinese-Russian agreement, and implementation of the Eurasian land-bridge, as a means of sparking world economic recovery and defeating British geopolitics.

As for the Taliban themselves, she said, the suggestion that the Taliban could set up a unified state and run an economy, is ludicrous. And the idea that a national economy, such as Pakistan's, can be based on "pipeline economics," is absurd.

That important sectors of Pakistan's elites support such "pipeline economics," was made explicit in a speech by Dr. Gulfaraz Ahmad, secretary of the Ministry of Petroleum and Natural Resources in Islamabad. In his view, energy-deficient Pakistan should become an intermediary for resources from

Turkmenistan and Kazakhstan. This oil and gas should be used for local needs, while other gas, from Qatar, Iran, and other countries, should be processed into liquefied natural gas (LNG). The new infrastructure for natural gas by the year 2020, he said, would include pipelines from West Asia through Pakistan to South Asia; from the CAR through Pakistan to South Asia; from the CAR to China and Korea; from the Russian Far East to China and Japan. LNG transportation should go from West Asia to Asia; from Australia to Japan; from Australia to Pakistan and India; from West Asia to Korea and China. The pipelines from West Asia to South Asia, from Qatar to Pakistan, and from Iran to Pakistan are all at an advanced stage of feasibility. The Central Asia-Turkmenistan-Afghanistan-Pakistan pipeline—the one Taliban is supposed to be making possible—has been conceptually identified, and feasibility studies have begun. “It will be required to function within the next five years,” Ahmad said.

There is no doubt that Ahmad made his proposals in good faith. Indeed, one very striking aspect of his remarks was his emphasis on the desirability of cooperation with India on a pipeline proposed by Iran. “Pakistan should have no difficulty letting pipelines go overland to India,” he said, “and India should have no concern either. There are sufficient multilateral, international guarantees, and if the flow were interrupted, both countries would suffer.” What Ahmad failed to see, is that “pipeline economics” is nothing more than raw material extraction. Building pipelines per se does not develop an economy.

The Pakistani ambassador to Turkmenistan, Tariq Osman

Pakistani press notes Schiller Institute role

The Pakistani newspaper *The News* reported the following, in its coverage of the Islamabad conference on Central Asia: “Muriel Mirak Weissback [sic], who represented the Schiller Institute USA chairman Lyndon H. LaRouche, Jr., as he wasn’t able to come to Pakistan for the workshop, in an interesting paper disclosed that a certain British organization was working since long to foment troubles and wars in the Eurasia land bridge with a view to break up nation-states to achieve long-term political and economic goals. She said the eventual objective of these British experts was to achieve Lebanonization of Central Asia. She told questioners that the Schiller Institute was founded in Germany in 1984 and now had branches all over Europe and Latin America and was being run by donations. She denied that their institute was extreme right wing.”

Hyder, spoke briefly on the pipeline as well. He said that two pipelines would be required by the end of the century, to supply Pakistan’s energy needs. “The pipeline from Turkmenistan across Afghanistan is the shortest. A quadrilateral MOU [Memorandum of Understanding] was signed in Ashgabat on May 15, 1996, between Turkmenistan, Afghanistan, Uzbekistan, and Pakistan,” he said. The same day, “a trilateral MOU for a parallel oil pipeline was signed between Turkmenistan, Afghanistan, and Pakistan. Commercial oil companies are ready to start the project on the ground.” Hyder proposed expanding an existing pipeline from Siberia via Kazakhstan and Uzbekistan to Turkmenistan, to utilize surplus oil reserves in these areas, to export through a port in Pakistan. He added, “I also believe that the initiation of such projects in Afghanistan will have a significant knock-on effect for peace in Afghanistan and will greatly benefit the people of Afghanistan in their quest for rehabilitating their infrastructure and economy.”

The two projects, he said, carried a price tag of \$5.5 billion together. The ambassador also said he thought that a five-dimensional corridor from CAR through Afghanistan and Pakistan should be developed—for road and rail traffic, electricity transmission, and gas and oil pipelines. “These projects will permit the beginning of the process of reconstruction of Afghanistan,” he said. He further reported that he had travelled to Afghanistan last summer with the Pakistani foreign minister, and had met with all the Afghan rival factions. “They all said, they would work together for the good of these pipeline projects. No one opposed the pipeline.” He concluded, “In the quest for peace in Afghanistan, we have to give more emphasis to the economic aspect than we have done until now,” and he suggested that an “economically strategic partnership” be constructed among the CAR, Iran, Turkey, Pakistan, and Afghanistan.

In answer to a question from a German expert on Central Asia, whether such pipelines could be made safe in the midst of a war, he answered, “Even in Colombia and Algeria, where there is conflict, there are pipelines functioning.” He said, the Afghan situation was better now than under the Russian occupation, as those fighting are “only rivals.”

It is important to note that the Rand Corp.’s Dr. Khalilzad had also defined Afghanistan-Pakistan as an “alternative route” and mentioned the pipeline project of Unocal and (Saudi) Delta, companies that “need an authoritative government in Afghanistan with whom they can deal.” He lamented that “there is no overall strategy yet in Washington for Central Asia,” and thought the United States should be more active in seeking a solution to the Afghan “proxy war in the making.”

The proposition presented by the two Pakistani speakers, that an agreement among rival warlords, currently at war, can be reached for the pipeline, perhaps whereby each faction receives a cut of the take, so to speak, is not very likely, to say the least. And it became clear in the debate, that there is no consensus in the country’s elite, for continuing this support.

Ahmed Rashid, of the *Far Eastern Economic Review* and the *Independent* of London, criticized Pakistan's Afghan "Pushtun-driven" policy, and ridiculed the Taliban as "without any ideological center, at a zero level of Islamic intellectual tradition, lacking any concept of a state or an economy, and victorious only through money, fear, and fragile alliances." He said the only trade routes the Taliban had opened up, were routes from the "trucker/trader" economy, of truckers going from Pakistan through Taliban-held territory, into seven other states, illegally. He also confirmed that drug cultivation and trafficking are flourishing under Taliban control. Finally, he asserted that Afghanistan has already been de facto partitioned as a result, with many governments having opened up consulates in Taliban-controlled Herat, and with the UN's having established zonal offices.

The most effective discrediting of Taliban came from the horse's mouth. As if by chance, a member of Taliban, Abdul Wahab, showed up at the seminar, and was invited to answer questions. When asked how Taliban could pretend to be a unifying force, when it has no idea of how to organize a state, and knows nothing about economy except drug running; and how it could justify its offensive, knowing that this is breaking up the state and destabilizing all the CAR, he said that Afghanistan was still at war, and that it had to be "settled" first; once that had been done, Taliban would "call in the experts" to lay out policy. He said, repeating a line presented by others, that Taliban was "transitional" and would be replaced by something else, unidentified.

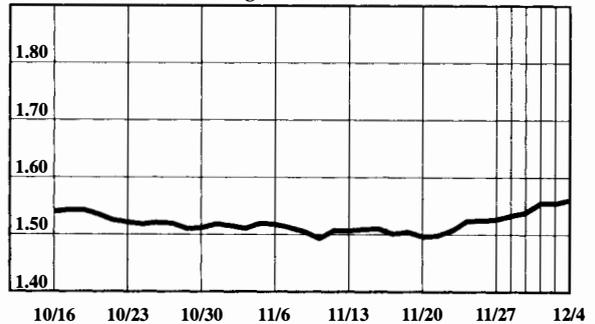
Even Lt. Gen. Kamal Matinuddin (ret.) of Pakistan, who spoke positively on "The Taliban Phenomenon in Afghanistan: Genesis, Prospects and Impact on the Region," found it necessary to list the "pros" and "cons" to Pakistan's supporting or not supporting Taliban. Among the "pros" was that "they, along with Abdul Rashid Dostum, presently control the western route to Central Asia, which Pakistan is desperately trying to open"; that they are ethnically Pushtun; that they are strongest on the border with Pakistan; and, that they control 20 of the 32 provinces, and thus are "the largest claimant to the throne" there. In his "cons," he mentioned shifting alliances within Afghanistan, tensions created in Pakistan-Iran relations, and the danger that the Taliban extremism could spill over into Pakistan with destabilizing effects. He concluded, "It will be wise for Pakistan to try and establish normal relations with all major Afghan factions and work along with the United Nations for a broad-based government in Afghanistan. Putting all eggs in one basket has not been a sound policy."

A sound policy for Pakistan would be to concentrate its efforts on bringing into being the southern route of the Eurasian land-bridge, through Kunming, Mytkyina, New Delhi, Lahore, Sukkur, and thence through Iran to Europe. Authoritative representatives of Pakistan's and India's military establishment, have spoken out in favor of building this route, which would open up the promise of genuine infrastructure and economic development.

Currency Rates

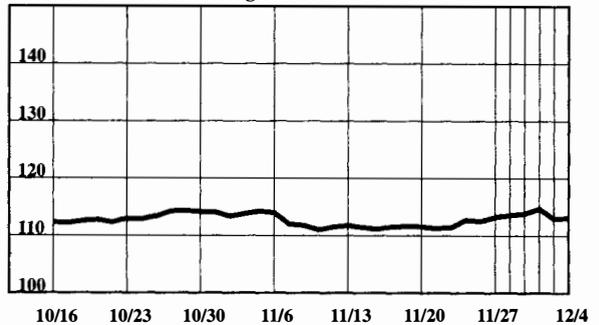
The dollar in deutschemarks

New York late afternoon fixing



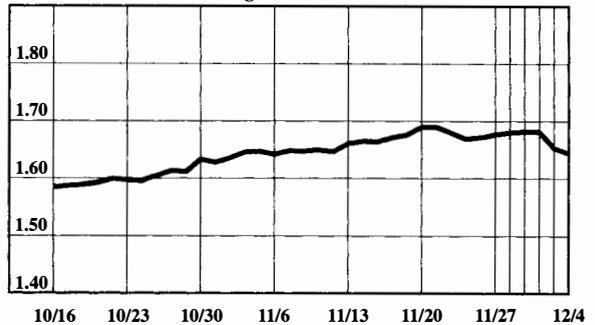
The dollar in yen

New York late afternoon fixing



The British pound in dollars

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The dollar in Swiss francs

New York late afternoon fixing

