THE \$900 MILLION HEADLINE VERSUS OUR AFGHAN POLICY BACKING A VERTICALLY INTEGRATED CRIMINAL ENTERPRISE

The NYT has one of the most stunning headlines of the day.

Losses at Afghan Bank Could Be \$900 Million

The story tells a story of Afghanistan's own "Too Big to Fail" problem that offers opaque descriptions of precisely what caused the problem, but waits until the 17th and 18th paragraph to explain the real problem with the bank.

Kabul Bank has extensive links to senior people in the Afghan government. In addition to Mahmoud Karzai, other shareholders included Haseen Fahim, the brother of the first vice president, and several associates of the family from the north of Afghanistan. Afghan officials said the bank poured millions into President Karzai's election campaign.

It is the loans and personal grants made by the bank to powerful people, including government ministers, that could prove the most explosive, Western and Afghan officials said. "If people who are thought to be clean and who were held up as 'good' by Western countries suddenly are caught with their fingers in the till, it will cause questions from donors," said a Western official in Kabul. "They will say, 'Why are we I wondered why Dexter Filkins, who has done so much on Afghan corruption, focused on the missing money rather than the problem of corruption. But then I remembered—after I saw Alissa Rubin and James Risen on the byline—that Filkins moved to the New Yorker earlier this month.

As it turns out, Filkins has his own version of the story. The explanation of the same disappearing hundreds of millions Filkins offers in an article 3.5 times longer than the NYT's already long 1800 words is that—as one of Filkins' sources explains, the Afghan government is a "vertically integrated criminal enterprise."

Much of the money disappeared (Filkins explicitly states what the NYT just suggests) in outright bribes to the key members of Hamid Karzai's administration.

The evidence, according to American officials close to the inquiry [into the collapse of the Kabul Bank], appears to implicate dozens of Afghan officials and businessmen, many of them, like [Karzai's finance minister and campaign treasurer, Omar] Zakhilwal, among Karzai's closest advisers, with regulatory responsibilities over the Afghan financial system. Among the others are Afghans regarded by American officials as among the most capable in Karzai's government: Farouk Wardak, the Minister of Education; Yunus Qanooni, the speaker of the Afghan parliament; and Haneef Atmar, the former Minister of the Interior.

[snip]

"Just straight bribes," a senior NATO officer said of the payments to Afghan officials.

Much of that bribe money—perhaps as much as \$14 million—came in response to Hamid Karzai's request for campaign donations and went to pay for his badly discredited 2009 re-election.

Now American officials say that Zakhilwal was one of dozens of Afghan leaders and businessmen who, collectively, accepted tens of millions of dollars in gifts and bribes—some sources say as much as a hundred million dollars—from executives at Kabul Bank.

[snip]

According to several current and former Afghan officials, during the 2009 campaign Kabul Bank and Karzai's reëlection machine became nearly interchangeable. Afghans who served in Karzai's government say the more likely contribution from Kabul Bank was between eight and fourteen million dollars—and that it kept on doling out money even after the election, which Karzai finally won, in November, 2009. At the time, election monitors declared that about a million ballots cast for Karzai were fraudulent.

More troubling still is Filkins' report that some of this money is being funneled to the Taliban.

At Kabul Bank, according to a Western official familiar with the investigation, records show that Ruhullah, the head of a private security company and an ally of Ahmed Wali Karzai, the President's half brother, transferred money into accounts believed to be controlled by the Taliban.

At the same time, Filkins explains here as he has in the past, this corruption is what drives Afghans to support the Taliban.

Filkins makes the case, much more strongly than he has in the past, that the corruption of the Karzai administration is undermining all aspects of our efforts in Afghanistan.

And while he describes an American rather implausibly claiming that such corruption in the US would have led to 50 arrests, it appears that the Obama Administration has decided to try to bury this.

"If this were America, fifty people would have been arrested by now," an American official told me. The larger fear, at least among some American officials, is that the Obama Administration will decide to do nothing. Secretary of State Hillary Clinton was briefed on the investigation in January. But the findings are considered so sensitive that almost no one-generals, diplomats, the investigators themselves—is willing to talk about it publicly. After months of sparring with the Karzai administration, the Obama Administration, in its public rhetoric, appears to be relegating the issue of corruption to a lower tier of concern, despite the widespread belief that the corruption in Karzai's government degrades its reputation and helps fuel recruitment for the Taliban insurgency. "We have to work with these people," the senior NATO officer told me.

[snip]

American investigators have been ordered not to speak to reporters. Almost without exception, senior American diplomats will not discuss Kabul Bank, the investigation into Mahmoud Karzai, or any other investigation of senior Afghan officials.

There's far, far more at the New Yorker.

Now, obviously, the fact that our government is discovering, but not revealing, the degree to which we have been backing "a vertically integrated criminal enterprise" is the story.

But I'm rather curious how our paper of record is telling the same narrative—how unbelievable amounts of money mysteriously disappear into TBTF banks—as the story explaining our own financial crash.

At least, thanks to Filkins, we get to hear the underlying story of criminality, at least for the Afghan corner of our empire.