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BILL MOYERS: Welcome again and this time to our first collaboration with EXPOSÉ, the public television team that's gained national acclaim for bringing important investigative stories to television.

Tonight our subject is the growing scandal surrounding earmarks. Once upon a time an earmark was just that — a mark farmers made on the ears of livestock for identification. No longer. An earmark is how politicians fund their pet projects — including some that reward their pet donors. In this year's spending bills alone Congress has inserted 12,881 earmarks worth over 18 billion dollars. That brought some tough talk from President Bush in his recent state of the union message:

GEORGE BUSH: If you send me an appropriation bill that does not cut the number and cost of earmarks in half, I'll send it back to you with my veto.

BILL MOYERS: But the president's heavy artillery was loaded with blanks. Just a few days later it was learned that Mr. Bush has packed the proposed new budget with thousands of his own earmarks — including over six million dollars for research in Vice President Cheney's home state of Wyoming on "the fundamental properties of asphalt." I didn't make that up.

As always, the devil's in the details, and searching for those details led reporters for the SEATTLE TIMES to some astonishing revelations, as you are about to see. Journalism's job is to cover the news, but it's the work of investigative reporters to uncover the news powerful people prefer to keep hidden. Sylvia Chase narrates this EXPOSÉ.

NARRATOR: Reporters David Heath and Hal Bernton have come to a tiny Washington town in pursuit of a big story.

DAVID HEATH: My name is David Heath, I'm a reporter with the SEATTLE TIMES. I'm working on a story about - You can't talk to the media?

MAN: Does not allow us to talk to the media at all.

HEATH: OK. So you don't talk to the media?

MAN 2: Yeah.

NARRATOR: Heath and Bernton are here in Bremerton following a money trail chasing down what are known as "earmarks" — the federal dollars that members of Congress slip into spending bills, often at the last minute, usually to benefit individuals, companies or institutions in their state or district.

HEATH: Two million, OK. And then what was it for?

HAL BERNTON: What was it for?

DAVID HEATH: They spent a million dollars to lobby.

NARRATOR: Earmarks are a perfectly legal form of political pork — and nearly everyone in Congress sponsors them. But as these reporters have learned, they're not always easy to track.

DAVID HEATH: Oh. Oh I missed it.

HAL BERNTON: Are you sure that's the right address? 286 Forth?

DAVID HEATH: 286 Forth Street.

NARRATOR: Heath and Bernton work for the SEATTLE TIMES.

WOMAN: And what they're doing is

WOMAN 2: They're building on the flood plain.

WOMAN: They're building on the flood plain, but they're building ten feet higher than everybody else.

NARRATOR: With nine full-time investigative reporters and editors, this midsized daily has built an outsized reputation as a tough watchdog.

HAL BERNTON: From these delegations and is there a pattern here in Washington

DAVID BOARDMAN: There is a skepticism to these people. But it's not a cynicism.

WOMAN: Missouri. But if it's in their home town

WOMAN2: It's just easy...

DAVID BOARDMAN: This entire group has both intense passion and child-like curiosity about nearly everything they encounter.

JIM NEFF: Who else has got news for us or what's, what's other folks up to?

DAVID HEATH: I grew up in a small town in Oklahoma. I was a reporter there. I covered the local school board. It's pretty straightforward: if you're an elected official and you are making decisions, you should be able to justify what you're doing. It's not supposed to be corrupt. It's not supposed to be about cronyism. It's not supposed to be about favoritism. So I came at this story with a certain naiveté, a certain belief that the world is supposed to make sense.

NARRATOR: In the fall of 2006, the world wasn't making sense for David Heath.

DAVID HEATH: I was watching a documentary called WHY WE FIGHT.

PRESIDENT EISENHOWER: Is felt in every city, every statehouse

DAVID HEATH: And Eisenhower is giving his farewell address to the nation.

PRESIDENT EISENHOWER: We recognize the imperative need for

DAVID HEATH: And he's warning the nation about this new military industrial complex.

PRESIDENT EISENHOWER: In the counsels of government we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.

NARRATOR: Eisenhower's words haunted the reporter.

DAVID HEATH: There were a lot of scandals going on at the time. You had a

Congressman in San Diego, Duke Cunningham, who was taking bribes . . .

DUKE CUNNINGHAM: . . . concealed my conduct, and disgraced my office. . .

DAVID HEATH: You had a notorious lobbyist, who's now serving prison time.

JIM LEHRER: Washington lobbyist Jack Abramoff pleaded guilty today in a major investigation of influence peddling. He appeared in federal court on...

KCTS TV: In Seattle.

DAVID HEATH: And in my neck of the woods, in Seattle, there was a scandal that had gone on involving Boeing.

KCTS TV: Last week, on the heels of serious ethics violations, Boeing Chief Financial Officer Michael Sears was fired. This week...

NARRATOR: In each of these cases, a crime occurred; people went to jail.

NARRATOR: But every year, private interests donate millions of dollars to congressional campaigns, and Congress doles out tens of billions in earmarks and it's all business as usual.

DAVID HEATH: Sometimes you have scandals where you have a Congressman taking bribes and you think, "Okay, well that was a bad actor." The question is, is that all there is or is it, or is this something bigger that's going on? Is there something wrong with the whole culture?

NARRATOR: To try to answer that question, Heath would ultimately have to leave the comfortable terrain of the state of Washington for the back room dealings of that other Washington.

NARRATOR: But first, he would do some reporting with his computer.

NARRATOR: A specialist in data analysis, he decided to home in on Congress's 2007 defense spending bill all 400 billion dollars of it.

NARRATOR: His plan seemed simple: he'd create a database jammed with everything he could find on the bill's earmarks. He just needed to get the list of them.

NARRATOR: But there was no list to be found.

DAVID HEATH: They're literally hidden. I mean they, they're not in the bill. They're not in the defense bill. And I finally had to call an expert, a guy who, named Winslow Wheeler, and ask him, "Where are these earmarks anyway? How do you find them?"

NARRATOR: Few understand earmarks better than Winslow Wheeler. The former Capitol Hill staffer spent more than 30 years serving powerful senators from both parties often helping to craft earmarks for his bosses.

WINSLOW WHEELER: If you look at a Department of Defense appropriations bill, you'll, you'll not find very much pork in it. What you need to do is look at the committee report — 99% of the pork is in the committee report, not in the statute.

NARRATOR: That is -the "Conference Committee Report. Before a bill is passed, both Houses meet in conference. It's there that they hammer out all their differences, and they finalize their earmarks.

NARRATOR: When Heath found the 2007 Defense Appropriations Conference Committee

Report online, he struck gold: 2700 earmarks, worth nearly 12 billion dollars.

NARRATOR: Now it was simply a matter of transferring the earmarks into his own database. He'd get some assistance from two college interns.

CHANEL MERRITT: I think a lot of people just think of, when they think of investigative reporters, they think of, you know, Woodward and Bernstein, and hiding in the shadows, and trench coats

LIZ BURLINGAME: And those are some of things we'd see in our classes. . .

CHANEL MERRITT: Yeah! And it's really tedious, long hours at a computer at a phone, working. And it's not exactly, it's not what you think at all, and, it's way harder than you think.

NARRATOR: In fact, deciphering Congress's earmarks proved nearly impossible.

DAVID HEATH: They'd actually taken simple text and they shrunk it down, tiny little type.

LIZ BURLINGAME: You couldn't copy and paste any of the information into the database.

DAVID HEATH: And on top of that, the earmarks themselves are in language that's like a code.

CHANEL MERRITT: Four million dollars, this is just an example, uhm, for NG4BW. And you're like, "What?"

JIM NEFF: Prop X sub-sonar water system. What's that?

WINSLOW WHEELER: Advanced hyper-sonic weapon, BMC2 hardware, in, in the loop HWIL technology demonstration. That's the title. You can understand that easily, right?

DAVID HEATH: It was like they had hired a consultant to figure out how to make this as hard as possible.

NARRATOR: Winslow Wheeler told Heath that to unscramble the earmarks, he should take advantage of Congress's penchant for self-promotion.

WINSLOW WHEELER: A lot of these members of Congress put out press releases that delineate the pork they've added to the various bills. And in there you can probably find out who the manufacturer is. You can get, rather than three words to describe it, you can get maybe three sentences. And you start unraveling the string.

DAVID HEATH: There's 535 members of Congress. And I had to go through their individual websites and basically spend all that time hunting through their Web sites for that press release about their earmarks.

DAVID HEATH: I got to know, by the end of the process, the name of every single company that got an earmark. OK, there was a company that sells shock absorbers had gotten an earmark. There was an eye doctor, you know, one-man shop that had gotten an earmark.

NARRATOR: It took Heath and his team months of full-time work, but in the end they had produced an unprecedented database containing a list of all the earmarks in the defense bill, the congressional sponsors and the private-sector recipients.

NARRATOR: They also added information on six years' worth of campaign contributions made by those earmark recipients, plus data on the millions they spent lobbying Congress.

DAVID HEATH: For lobbying expenses they had spent, in 2006 alone, one year, 160 million dollars lobbying Congress. Big money, but they got 12 billion dollars in earmarks.

NARRATOR: But unless a bribe can be proven, earmarks aren't illegal. And for all David Heath knew, they might well be critical to the nation's defense.

NARRATOR: To find out, Heath would look into what taxpayers were buying with all the earmarked money.

NARRATOR: THE SEATTLE TIMES is a local newspaper; Heath started with earmarks initiated by Pacific Northwest members of Congress.

DAVID HEATH: The earmarks that I ended up picking, it was almost like throwing darts. The first one I started off with was with a company called Microvision.

NARRATOR: Seattle's Microvision Corporation produced a high tech device called the "Nomad." The helmet mounted computer display hangs in front of a soldier's eye and projects battlefield maps onto his field of vision.

NARRATOR: The Nomad, Heath learned, was earmarked again and again.

NARRATOR: 2001: 8 million dollars to develop the device. Among the sponsors: Washington Republican Senator Slade Gorton. Two years later, after being defeated for reelection, Gorton joined the Microvision board.

NARRATOR: 2004: 5.5 million dollars to buy Nomads. The sponsor: Washington Senator Patty Murray, a Democrat.

NARRATOR: When Heath crosschecked that earmark with campaign contributions to Murray, he found this:

DAVID HEATH: Microvision executives had all on one day given Patty Murray a large donation, and then a month later Senator Murray announced that she was getting an earmark for the company.

NARRATOR: And the Senator wasn't done earmarking the Microvision device. In 2005, there was another 6 million dollars for more Nomads, nearly 1600 of them.

NARRATOR: Heath had followed the money. But now it was time to talk to those who would use the Nomad — Stryker Brigade soldiers stationed at a local base.

NARRATOR: His editor, Jim Neff, called in some backup from the paper's specialist in military affairs — Hal Bernton.

JIM NEFF: And Hal knew people at the base, he had reported on the Stryker Brigade. He had been embedded with them in Iraq. So, what better reporter in the country, you know, actually in the world, to have investigate the Nomad, than Hal Bernton?

HAL BERNTON: I really approached it with a pretty open mind. If they were using it, and it was working, fine. I would tell David that.

NARRATOR: But they were not using the Nomad in combat. The Army had concluded it was distracting to wear, and caused a blind spot.

NARRATOR: One Iraq vet — retired command Sergeant Major Thomas Adams — put it bluntly:

DAVID HEATH: He said, "It's junk."

HAL BERNTON: He actually told David and I at one point that most of them had just ended up in a warehouse.

DAVID HEATH: I was shocked. I mean it was like, you know, I have to admit, not only was I shocked but there was also this kind of a rush that you get when you're an investigative reporter and you realize, "Oh, my God, can you believe this?" I mean, they're selling a product to the military that they're not even using.

NARRATOR: And there was more. The reporters found a press release from Defense contractor Rockwell Collins.

NARRATOR: The company was trumpeting a contract it had gotten for its own helmet-mounted display.

NARRATOR: The Rockwell Collins device had beaten out rivals in an Army-staged evaluation.

NARRATOR: Among the defeated: Microvision's Nomad.

NARRATOR: Heath was keeping a running timeline. He entered the date of the Rockwell Collins announcement. Something jumped off the screen:

DAVID HEATH: Rockwell Collins makes this announcement that they won the contract on a particular day, and the next day Patty Murray announces that she's getting a huge earmark for this Nomad being produced by Microvision.

NARRATOR: It was that 6 million dollar earmark, the TIMES would report, for almost 1600 Nomads.

HAL BERNTON: When I saw that Senator Murray awarded an earmark after it had lost, after the Nomad had lost this competition, I wondered like, "Did she know that? Was she aware of it?" If she wasn't aware of it, it seemed like she should have been. And if she was aware of it, why would she do it? I was just, it just raised more questions.

DAVID HEATH: The database became sort of the base for all of our inquiries. Now there was that list that I couldn't find before. We had made it. So, now I could go through methodically and start looking at each one. T-shirts Oh, well, let's take a look at that.

DAVID HEATH: OK, so InSport, InSport is an athletic apparel company. They make t-shirts. Vital Apparel is their parent company.

NARRATOR: In 2005, David Wu was among a group of Northwest legislators sponsoring a two million dollar earmark for t-shirts to be worn by Marines as undergarments in combat.

NARRATOR: That same year, on a trip to Iraq, the Oregon Congressman was promoting the shirts, handing them out for free to Marines.

NARRATOR: The earmark specified that the shirts be purchased from a Portland area company called InSport. Executives of InSport and its parent company would become Wu campaign contributors.

DAVID HEATH: And as you can see, they gave substantial campaign contributions to David Wu in early 2006...

NARRATOR: The t-shirts were made of polyester.

NARRATOR: But polyester shirts have a potentially dangerous flaw, demonstrated to Heath and EXPOSÉ by one of InSport's competitors.

DOUGH HOSCHEK: I'll light the polyester with a simple lighter flame, here, which will

ignite the fabric. . .

DOUGH HOSCHEK: The problems with these fibers is these are made from chemicals, and the chemicals are based in oil, and as soon as there's heat to them, flame, which of course everybody's experiencing in the war, now in Iraq and Afghanistan, with explosions, the polyester will literally melt into plastic and stick to your skin.

DOUGH HOSCHEK: It's basically hard. And, and that brittleness right there, that hardness is what would be on your skin - stuck to your skin.

NARRATOR: The Military has known the danger for over 20 years. And a Marine in Iraq was severely burned when his polyester t-shirt melted following an explosion.

NARRATOR: The reporters couldn't confirm who manufactured the shirt. As a result of the incident, in April 2006, the Marines banned the use of all polyester t-shirts in combat.

NARRATOR: Yet three months later, because of the earmark, the Marines bought 87,000 of them from InSport, along with 11,000 t-shirts with fire resistant sleeves.

NARRATOR: But even these they wouldn't trust in battle.

HAL BERNTON: The Marines were telling me that this product still wasn't certified for use outside the wire. It wasn't something that could be used on combat missions.

NARRATOR: Two months after that, Wu and his colleagues inserted another \$1 million earmark for more InSport shirts.

HAL BERNTON: So I was trying to figure out, "Why were they giving them another million dollars if they still didn't have a product that could work?"

DAVID HEATH: And then, interestingly, the day the bill passed, the next day he got another campaign contribution from InSport, and within three weeks he'd gotten a couple more. That just seemed surreal.

NARRATOR: With that last million, the Marines bought shirts from InSport that had not specifically been named in the earmark: flame resistant fleeces.

NARRATOR: For Bernton and Heath, there were more earmarks to examine.

NARRATOR: In 2001, Senator Patty Murray put a 4.65 million dollar earmark into the Coast Guard budget for this patrol boat. But, the TIMES would report, the Coast Guard hadn't asked for the boat.

NARRATOR: Not all in Congress were supportive.

SENATOR JOHN MCCAIN: And there is only one company in the country which produces such a vessel, and it just happens to be Guardian Marine International located in Edmonds, Washington. Not only did the United States Coast Guard not ask for this vessel: they looked at the Guardian vessel, considered its merits and concluded that it would not adequately meet the Coast Guard's needs. Taxpayers of America, look at the Guardian fast patrol craft which will be yours whether the Coast Guard wants it or not.

NARRATOR: The Coast Guard didn't want it.

NARRATOR: And so it ended up here- where David Heath tracked it down- navigating the San Francisco Bay. It now belongs to a local county sheriff's office.

JIM LAMBERT: You can see the rudder position indicator down here...

JIM LAMBERT: September 30, 2005 was the day we picked up the boat from the Coast Guard station over here. We paid one dollar for this boat, and I don't think we actually paid a dollar, but it was turned over to us.

NARRATOR: As the TIMES would discover, Murray, with Washington Congressmen Norm Dicks and Brian Baird, would sponsor millions in earmarks for three patrol boats for the Navy as well.

NARRATOR: None are being used as the earmarks directed. Two have been shuttled off to military research facilities; and the third boat?

DAVID HEATH: It turns out that the Navy gave the boat away to the University of Washington before the boat was even launched.

RUSSELL MCDUFF: It was moored right here.

RUSSELL McDUFF: We informed the Navy, "This isn't something that works for us and what do you want to do?"

NARRATOR: The boat sat idle for more than a year, then was transferred to a branch of the National Weather Service in Vancouver, Washington.

NARRATOR: When the reporters followed the money — they found campaign contributions from the boats' builders to legislators who sponsored the earmarks.

NARRATOR: David Heath had begun his investigation with a question: beyond the congressional lawbreakers, the bribe takers, the bad actors, is there something bigger going on?

DAVID HEATH: This is not about an aberration. This is about a culture. This is about a system that's doing this. It's not just a bad Congressman.

NARRATOR: After nearly a year's painstaking work, it was time for Mr. Heath to go to Washington. In the fall of 2007, Heath journeyed to the nation's Capitol and sat down to interview Senator Patty Murray and Congressman Norm Dicks.

NARRATOR: Both defended their earmarks, and denied any wrongdoing.

NORM DICKS (audio): There's never, ever been any quid pro quo. You know, people, if they want to support me they support me. If they don't want to support me, I still might do their earmark. I mean, if I thought it was a worthy project. If you went to a system where you couldn't take a campaign contribution, then the only people you could get—the only people you could get money from are people that you've never helped.

NARRATOR: Senator Murray told Heath that her earmarks gave Washington State businesses a fair shot at federal dollars:

PATTY MURRAY (audio): People tend to talk about earmarks as something that is a bad thing. I see it as a way to make sure that the tax dollars that are spent are spent in a very wise way and help our state economically.

NARRATOR: When pressed specifically on the problems Heath had uncovered with the Nomad, Murray admitted things don't always turn out well:

PATTY MURRAY (audio): I wish every single dollar that I put in to any project was a thousand percent successful. It's unfortunate that there is one that isn't working well and nobody regrets it more than I do. None of us but a thousand, and obviously this one didn't or potentially hasn't and, you know, we'll just keep trying to get close to a thousand as we can. That's what my job is.

FRANK BLETHEN: It's our job to hold our delegation accountable no matter what we think of them, good, bad or indifferent.

NARRATOR: THE SEATTLE TIMES owner and publisher Frank Blethen and the paper's editorial board are big boosters of Senator Patty Murray and other legislators the paper reported on, and have publicly endorsed them for office.

NARRATOR: But the TIMES has made its name investigating any and all subjects.

DAVID BOARDMAN: We have taken on virtually every sacred cow in Seattle, from the University of Washington Huskies football team to Nordstrom, which was one of our largest advertisers, to the Fred Hutchinson Cancer Research Center, which was probably the most sacred of cows in this community.

FRANK BLETHEN: We consider Patty Murray a friend and we have great respect and admiration for Patty. But we did the story anyway.

NARRATOR: The TIMES "did the story" in the fall of 2007: the earmarks, the campaign contributions, the money spent on products the military didn't want or couldn't use and the response from the legislators.

NARRATOR: And on its Web site, the paper has posted David Heath's one-of-a-kind database. Now, anybody can find out about those 2700 defense bill earmarks.

NARRATOR: And Heath is not stopping there. He's writing follow-up stories, and is creating an earmark database for all 2008 appropriations bills.

HAL BERNTON: Which one are we?

DAVID HEATH: Suite 8. Yeah it's got to be upstairs.

DAVID HEATH: My name is David Heath and I'm with THE SEATTLE TIMES, I'm looking for a company that's. . .

DAVID HEATH: I'm gonna continue writing about earmarks.

WOMAN: They used to be in this location

DAVID HEATH: I think there's a lot of elements to this story that haven't been told yet, and I'm going to continue writing about it until we really understand what's going on.

CARD 1 Congressman Brian Baird told the SEATTLE TIMES he stands by his earmarks.

CARD 2 Congressman David Wu told another newspaper he was "horrified by the implication that there's a connection" between his earmarks and his campaign contributions.

CARD 1 Congressman Brian Baird told the SEATTLE TIMES he stands by his earmarks.

CARD 2 Congressman David Wu told another newspaper he was "...horrified by the implication that there's a connection" between his earmarks and his campaign contributions.

CARD 3 The TIMES has reported that the Marines plan to buy fleece pullovers from InSport again, with an earmark that call instead for "base layer garments." The earmarked polyester InSport T-shirts remain banned from combat. The fleeces can be used in combat.

BILL MOYERS: Don't, for a moment, think that the "favor factory" uncovered by SEATTLE TIMES reporter David Heath is unique to the Pacific Northwest. To the contrary there are

535 members of Congress and only 13 of them requested no earmarks last year. Thirteen out of 535.

Top prize in the house for raking in the earmarks goes to Republican Roger Wicker of Mississippi with over 177 million dollars. Before moving to the Senate this year he was on the House Appropriations Committee, which attracts campaign contributions like honey attracts bees. Others on the top ten list: Murtha \$176 million, Young \$169 million, Hoyer \$139 million, and on and on.

Over in the Senate the champion earmarker is Thad Cochran also of Mississippi. He's the ranking member of the Senate Appropriations Committee, that's another big honey pot. Runners up after Thad Cochran's \$837 million dollars are: Landrieu, Stevens, Bond, Shelby, Inouye, Byrd, Murray, Clinton, Durbin.

JEFF FLAKE: I rise today for concern over what earmarks are doing to this body.

BILL MOYERS: Republican Congressman Jeff Flake of Arizona has been fighting earmarks.

JEFF FLAKE: For every group that directly benefits from earmarks there are hundreds who see it as a transparent gimmick to ensure our own reelection. Mr. Speaker, our constituents deserve better. This institution deserves better than we're giving it. Let's return to the time honored practice of authorization, appropriation, and oversight that has served us so well.

BILL MOYERS: But look what happens when you take on the system. Jeff Flake wanted a seat on the House Appropriations Committee but the party's leaders turned him down.

Public discontent over the corruption of earmarks has produced some modest results. The House now requires members to put their names next to the projects receiving the money. At least citizens have a better chance at finding out who's getting the loot. Go to our [Web site on pbs.org](http://www.pbs.org) and you'll find links to several watchdog groups like the Sunlight Foundation and Taxpayers for Common Sense, who have made it easier for all of us to follow the money.

BILL MOYERS: Hollywood last year gave us a record number of movies about war and terrorism but there's one film we'll see at the Oscar's this Sunday night that tells us more about the enemy we're fighting than it ever intended.

CHARLIE WILSON'S WAR was described by its star, Tom Hanks, as a "serious comedy". It portrays a fun-and-freedom loving communist-loathing Texas Congressman, who with the help of earmarks, slipped hundreds of millions of taxpayer dollars into a covert war against the Russian occupation of Afghanistan back in the 1980s.

While the movie has a happy Hollywood ending, the story wasn't over when the Afghans drove the Russians from their country. In 1988, CBS documented the real Congressman Wilson during a trip to Afghanistan where he was filmed presenting arms to the mujahideen. He even tried one on for size. Those mujahideen fighters did whip the Russians, thanks to the deadly weapons Wilson helped them acquire, especially stinger missiles that brought down Soviet helicopters. But in time those freedom fighters became the Al Qaeda and Taliban who ran Afghanistan as a theocracy and a training camp for Osama bin Laden's suicide bombers.

Now both the Taliban and Al Qaeda are back... And it's Americans, not Russians, they want to kill. The war is not going well for Americans and our NATO allies. This week was one of the deadliest yet. Suicide bombings in the country's largest cities — Kabul and Kandahar — killed over 130 Afghan civilians.

The attacks occurred soon after the frank assessment of an independent non-partisan study group that said, in its opening statement: "make no mistake, NATO is not winning in Afghanistan." The report lays the blame for the lack of progress on "too few military forces and insufficient economic aid," and calls for "immediate action and attention in order to prevent a setback to regional and global security."

With conditions worsening Secretary of State Condoleezza Rice dropped in for a surprise visit earlier this month and as usual offered a cheery diagnosis:

CONDOLEEZZA RICE: I think it is fair to say that if you look at the Afghanistan of 2001 and the Afghanistan of now there is a remarkable difference for the better.

BILL MOYERS: But the day before, her own State Department warned travelers against going to Afghanistan. With the growing power of the Taliban and Al Qaeda and widespread crime, violence is on the rise — an estimated 550 Afghan businessmen were kidnapped last year. President Bush is sending another 3200 marines to the country, with the first deployment this spring. And Secretary Robert Gates has been making the rounds in Europe pleading for NATO to send more combat troops to the international force. There were no takers. Gates had to admit:

ROBERT GATES: Many of them, I think, have a problem with our involvement in Iraq and project that to Afghanistan.

BILL MOYERS: Meanwhile, Afghanistan is back producing opium in a big way — the world's number one supplier of heroin, according to the United Nations. Half a million acres are dedicated to its poppy fields. With a cut of those profits reportedly going to the Taliban and other rebels, the chairman of the Joint Chiefs of Staff says the West is facing "a classic growing insurgency".

No one has watched events on the ground in Afghanistan more closely than the American Sarah Chayes who was born in Washington D.C. She has lived in the former Taliban stronghold of Kandahar, near the southern border with Pakistan, since the weeks following 9/11. Back then, she was an NPR reporter covering the Taliban. But she soon left an award-winning career in journalism to live and work as a private citizen in Afghanistan.

For almost seven years she has been helping to rebuild that country's civil society. FRONTLINE WORLD followed Chayes as she negotiated with Afghan bureaucrats and warlords to literally rebuild a village. Chayes later organized the Arghand Cooperative to offer Afghans an alternative to working in the poppy trade. Composed of men and women, her coop produces skin-care products from local herbs and botanicals in the region around Khandahar, where she lives. Along the way, Chayes wrote, *THE PUNISHMENT OF VIRTUE*, about the resurgence of the Taliban.

Welcome to the JOURNAL.

SARAH CHAYES: Thanks so much for having me.

BILL MOYERS: Are there any good tidings from Kandahar, where you lived?

SARAH CHAYES: You know, there's a sort of litany that public officials, when they do want to put a 'happy face' on things always run through. Like, there are schools, and there are people in schools, and there are kids in school. That's true. The roads in town are paved. The road to Kabul is paved. But there's almost always like a flip side to these stories. It's great to have paved roads in town. But the road to Kabul, I can't drive it anymore. I could drive up to Kabul before it was paved because it was safe enough to drive up there. But now, you're going run into Taliban check-points in two or three provinces, between Kandahar and Kabul. So I can't drive that road.

BILL MOYERS: You're at-risk there, right? Why do you keep going back?

SARAH CHAYES: I think it's really important. I think that where this world is going in the 21st century, is partly going to be determined by what happens in Afghanistan. And I just can't imagine anything that would be more important to devote yourself to.

BILL MOYERS: Why is Afghanistan so important?

SARAH CHAYES: You know, there's a title of a book that's come into parlance now.

CLASH OF CIVILIZATIONS. There are a lot of people, I think, both in the West and in the Muslim world, who believe in clash of civilizations. Who want to see the world as a place dominated by two irrevocably hostile blocs. I don't want to live in that kind of world. I think that we live in an interconnected world full of rich, flawed, varied civilizations that are inextricably intertwined. And, so what I'm doing in Afghanistan, is working for that intertwined world. Working--

BILL MOYERS: You're going thread it.

SARAH CHAYES: Yeah.

BILL MOYERS: But, you know, some people do miss the 'Cold War.' They miss that two superpowers.

SARAH CHAYES: In that regard, I would say that Osama bin Laden and certain members of our government are actually on the same team. Because they're working toward, they want to split the world apart, into two poles that are enemies. I'm on that other team.

BILL MOYERS: When you left National Public Radio back in 2002, didn't Karzai's brother ask you to join in helping to build a civil society?

SARAH CHAYES: Yeah. Well, it was his uncle first, who just popped this question. "Wouldn't you come back and help us." Like, how do you say no to that one? And then I did work with president Karzai's older brother, who had founded a non-profit organization called Afghans for a Civil Society.

BILL MOYERS: Oh, yeah. You were there for the fall of the Taliban.

SARAH CHAYES: Just after.

BILL MOYERS: Just after.

SARAH CHAYES: Yeah.

BILL MOYERS: Just after the fall of the Taliban. And now, six years later, they're back?

SARAH CHAYES: Yeah. I mean, you know, these are districts that are in the hands of the Taliban. There's a district I used to go to frequently. We would gather herbs for our essential oil distilling up there. And now there was a deal between the district chief, the government and the Taliban saying, "so long as you don't kill the police, we'll let you go wherever you want."

Now couple of things have happened. One is people are just so disaffected with the government that we put in power.

BILL MOYERS: Ordinary people.

SARAH CHAYES: Ordinary people.

BILL MOYERS: Disaffected?

SARAH CHAYES: Yeah. Their government is shaking them down. I have people telling me, "We get shaking down by the government in the daytime, and shaken down by the Taliban at night. What are we supposed to do?"

BILL MOYERS: This is the Karzai government.

SARAH CHAYES: That's correct.

BILL MOYERS: This is the government the United States put in power.

SARAH CHAYES: That's correct. It's basically a criminal enterprise. And we haven't really asked it for any accounts in any serious way. And that's where the average person in Kandahar is totally perplexed. They assume that this degree of corruption, which is everywhere. You hear about it in the police department. It's not just the police department, it's in customs. It's in any adminis--You have-- you want to get a driver's license. You have to fork over money.

Teachers. Yeah, kids are in schools. Teachers aren't in schools. Because their salary is \$50 a month. And so they can't afford to teach. They need to do something else. In order to make enough money, they'll teach in a private school. Or they'll raid the international development assistance that's provided to students through the schools. For example, you'll have-- let's say each student is supposed to get five kilos of rice. The principal of the school is going to skim off one of those kilos and then sell. So that's 2,000 kilos he gets, if there's 2,000 kids in school. Then he sells that on the market.

BILL MOYERS: Right.

SARAH CHAYES: And then he distributes, you know, some of it to teachers.

BILL MOYERS: Does the government look the other way? Or is the government participating in it?

SARAH CHAYES: Well, every government official that I know is participating. So, with the exception of President Karzai himself, personally. How can he possibly not know? If I know. But it's not just them, what about us? We put-- us, the international community, we put these people into power. They wouldn't last a day if we weren't backing them up and propping them up in a way. So my question is, why is it that we don't begin putting some pressure on them to treat their citizens with common decency?

BILL MOYERS: What is life like under this kind of circumstance for ordinary people?

SARAH CHAYES: Well, in our case, for example, we import two products to make our soap. Most of our ingredients are local. But we import coconut oil and palm oil. So I know the cross border tribes. I can run that stuff across the border.

BILL MOYERS: This is the Pakistan border.

SARAH CHAYES: Correct.

BILL MOYERS: Yes.

SARAH CHAYES: Any time I want to. I said, "No, I'm not going do that. I don't want to pay customs, you know." So we deliver the oil to the customs. And then, there's this whole rigmarole about how we have to have this agent who's going go to-- you know, he's going get our stuff out of customs. And we're going have to pay him. There's no list that says, "this much of the truckload is your goods, and, therefore, you owe this much customs on these goods." You just get a bill from this guy. Which is astronomical. He's going to kick back half of that to the customs agents. And if you refuse to go that route, then all of a sudden, your stuff is held up, and it needs to get sent to Kabul to be tested for health reasons and all this stuff.

BILL MOYERS: Are the basic needs of ordinary people being met?

SARAH CHAYES: Well, currently, there's enormous inflation. The price of wheat has doubled. Now this is a global problem. But the price of wheat has doubled in about the last six months. And that means, that a government salary, which is at, let's say, \$50 a month. That buys you not one sack of wheat. And an extended family is going eat three sacks of wheat in a month. So that means you've got a whole system that obliges people to be corrupt.

BILL MOYERS: But as I listen to you, I keep thinking, we've given, the United States and the international community, has given over a billion dollars to the government of Afghanistan. What's happened to it?

SARAH CHAYES: Well, for example we have one machine that really needs decent electricity.

BILL MOYERS: In your co-op?

SARAH CHAYES: In my co-op. We're getting three, four hours of electricity every three days. It'll come on any time. You don't know when it's going come on. So it'll come on at 1:30 in the morning, and the guys stay the night on rotation. So whoever the poor fellow is who had to spend the night that night, it's like, I'm knocking on the door, and it's like, we have to get up because there's electricity. So then we'll run the machine until 6:00 in the morning when the electricity ends.

Now, okay, they're working on it, but it's six years after the fall of the Taliban. These are the things that people are wondering. If we're not there to provide reliable infrastructure, there's another real issue which is employment. And this is a kind of economic ideological problem. That when we talk about development aid, we talk about public facilities. And it's sort of against our religion to think about building a factory that would actually employ people. But Afghans don't understand that. They say, "Why aren't you people building any factories?" That's why I made my little soap factories. Because so many people were saying, "what are you foreigners doing here, if you're not employing people? Getting people off the streets."

BILL MOYERS: So what...

SARAH CHAYES: So, we're not doing those things. And we're not providing a government that they can you know, feel any pride in. So that's where you go starting to hear people say, "what are you people doing for us."

BILL MOYERS: So, put on your old reporters hat.

SARAH CHAYES: Right.

BILL MOYERS: Follow the money. Where has that billion dollars gone that we have been providing?

SARAH CHAYES: You know, you can drive around the streets of Kandahar. You can drive around the streets of Kabul, and you see some massive buildings. Massive buildings. You see the price of property in Kandahar is probably close to the price of property in New York City.

BILL MOYERS: So who's living in those buildings? Who's using those buildings?

SARAH CHAYES: Government officials and drug traffickers. So it's either the opium money, or it's the development money. And we're not following that money trail. The same problem in Iraq. I mean, there's just millions of dollars that are kind of leaking out of the system.

BILL MOYERS: So, has this become an opium economy?

SARAH CHAYES: Definitely, it's an opium economy. And it's totally integrated into the economy. It's a normal aspect of the economy. And you can feel it. For example, in opium harvesting season, we needed one of our herbs. We needed somebody to harvest herbs up in the hills. We couldn't get anybody because there were you know, buses at the Helmand, is the province right next door to us where most of the opium is growing. And there would be, you know, from the Helmand bus depot, they would just drive people straight out into the fields. Because, and the price of labor was going up. Normally, labor is unskilled labor is \$4 a day. It was \$20 to \$25 a day in opium harvesting season. It totally absorbs all of

the available manpower. Now, the cliché that I don't subscribe to is that the Taliban are running the opium business.

BILL MOYERS: Because that's what we hear.

SARAH CHAYES: Yes. They're not.

BILL MOYERS: That's what's said official.

SARAH CHAYES: No.

BILL MOYERS: You don't think they are?

SARAH CHAYES: No, no, of course not. It's a business. It's businessmen.

BILL MOYERS: Criminal gains.

SARAH CHAYES: They're just businessmen. They happen to traffic opium rather than trafficking, you know, cars, or trafficking televisions. They're businessmen who buy and sell opium. And it's a slightly complicated buying and selling. But, in fact, they've got some really excellent business practices. Like they provide credit to farmers.

So, for example, one of the reasons that so many people grow opium is, there is no available access to credit. Ordinary credit. Not just business credit. But like, I mean, I suspect most of the people listening to us, have a credit card in their pocket. Afghans need credit, just as much as we do. They can't get it. And so, they borrow money. They need to marry off their sons, for example. It's going cost them \$5,000 or \$10,000. They have to pay a bride price. They have to have a feast for the entire village. They have to-- you know, where are they going get that money? So they turn to the opium trafficker, who lends them money. And he demands repayment in opium.

BILL MOYERS: So what happens if the American ambassador there, who's a big advocate of aerial spraying to destroy the poppy fields. What happens if he succeeds? What happens if the United States government sprays all the poppy plants and kills them, as happened in Colombia. What do the farmers do?

SARAH CHAYES: They join the Taliban. I mean, it's the biggest gift we could possibly do for the insurgency. What else would they do? They're furious. Their livelihood is taken away. Their children might be poisoned. Or they might think their children are poisoned. They join the Taliban. They take revenge.

BILL MOYERS: So if people were not growing poppies, what would they be growing?

SARAH CHAYES: What exists down there is very valuable crops. Almonds, apricots. It's fruit crops mostly. To me, the way to attack opium is to compete with it. Like let's make it possible to make a living and not-- you don't have to import some exotic new plant. They've got almonds, they've got apricots, they've got pomegranates. They've got cumin, they've got anise seed. Wild pistachios. We're putting all this stuff in our soap.

Why isn't there a fruit juice factory in Kandahar? It's the pomegranate capital of the world. You know, everyone's talking about the antioxidant qualities of pomegranates. That it's the Garden of Eden of pomegranates down there. And what's amazing is, with all this money that you mentioned being spent over there, you can't get any money to do stuff like that.

BILL MOYERS: We've also given a lot of money to Pakistan, across the border.

SARAH CHAYES: Right. Correct.

BILL MOYERS: To help fight the insurgents, right? What's happening to that money?

SARAH CHAYES: Well, we're paying a billion dollars a year to Pakistan, which is orchestrating the Taliban insurgency. So, it's actually US-taxpayer money that is paying for the insurgents, who are then killing, at the moment, Canadian troops. Now if I were the government of Germany or France, I'd have a hard time putting my troops in that kind of equation. I would demand from Washington, that Washington require a lot different behavior from Pakistan.

BILL MOYERS: But the money's supposed to be to stop the Taliban in Afghanistan.

SARAH CHAYES: Has anybody done very strict accounting on where that money is going? I suspect that if you start looking at some of the receipts, you'll find that there's money missing. I mean, I find it really amazing that, for example, recently, there was a cross border raid, that killed an Al Qaeda commander named Al-Libi in Beluchistan province of Pakistan. Now, the entire Taliban top command, or at least the top command of the part that's operating in the south, is based on Beluchistan province. People know exactly where they are. Why has we never required those guys heads from Islamabad? Or why have we not considered taking them out ourselves? It's been very clear to me, watching since 2002, that Pakistan has been buying us off, by a well-timed delivery of an Al Qaeda operative, which has then caused us to look the other way about the Taliban.

BILL MOYERS: Isn't it because we were so concerned the government was so concerned with fighting the terrorist, that we made this alliance with Pakistan in order to try to find Osama bin Laden, and to prevent the spread of terrorism.

SARAH CHAYES: Correct. And we made an alliance with these thugs than we then placed into positions of power. It's like a western movie. You know, you've got a posse. You're going go out after the outlaws, so you gather together a posse and it's usually a posse of criminals, right? But in a western movie, you don't then put the posse on the city council. You know.

BILL MOYERS: So who is the sheriff?

SARAH CHAYES: We're the sheriff.

BILL MOYERS: We are?

SARAH CHAYES: In this particular metaphor, we're the sheriff, right? We're going go out after the outlaw, Osama bin Laden. We gather this posse of Afghan criminals to gallop off with us. And then we put them in positions of the governor. We make them into the governor, the mayor, the, you know. And we don't ask them anything about how they're governing. We don't demand-- all we say is, we have to support the Afghan government. We have to support the Afghan government. And so we've fed them money, we've fed them arms, and then we say to the people, "okay, you're supposed to hold your government accountable." They're looking at these thugs with the whole power of the entire world, is what it looks like to them, behind them. And the Afghan people say, "you want us to hold them accountable?" So this, I think, is really the root of the problem.

BILL MOYERS: Why is the southern part of Afghanistan so important to us?

SARAH CHAYES: It's kind of like the marrow of the country's bones. Afghanistan was founded in Kandahar. Later the capital was moved to Kabul. Kandahar was really the capital, the Taliban's capital. It's also the part of the country that the Pakistani government has been able to control most successfully by proxy. So, this is why 99 percent of the people in Kandahar believe that we are allied with the Taliban. Everybody thinks that America is allied with the Taliban.

BILL MOYERS: Because we're supporting Pakistan?

SARAH CHAYES: That's right. That's right.

BILL MOYERS: So what's our bind in southern Afghanistan?

SARAH CHAYES: I think there are two binds. One is our relationship with Pakistan, which is a contradictory one. And the other is our unwillingness to hold Afghan public officials to any standard of decency in government. We keep hearing in the west, about the democratically-elected Afghan government. And, oh, no, we can't get in there and interfere with any of these people, because they're the government of a sovereign country.

Well, you could have fooled the Afghans. The Afghans-- the only person who's really elected, who has any power, is president Karzai. But every other government official that Afghans interact with on a daily basis, they didn't elect. And they don't have any recourse. They've got no way of lodging a complaint against this person. Or nobody who can put any leverage on them. And that's the other bind. We're only fooling ourselves when we talk about this democratically-elected Afghan government.

BILL MOYERS: And yet you're still there trying to make soap.

SARAH CHAYES: Yeah.

BILL MOYERS: Yeah. How's the co-op doing?

SARAH CHAYES: The co-op is doing great. It's doing incredible. We are flooded with demand. We can't produce up to the demand.

BILL MOYERS: For the soap, you make.

SARAH CHAYES: For the soap, which we export to the U.S. and Canada. And my folks are getting more and more proud about the job that they're doing. They're seeing this as a vessel that can carry them across these troubled waters to some kind of future. But we're in an atmosphere of war. Three of my guys, I had to move them into town, because they're at too much risk in their villages.

BILL MOYERS: In their what?

SARAH CHAYES: In their villages. One of them was laid-in-wait for by Taliban last week.

BILL MOYERS: Are they tempted to join the Taliban?

SARAH CHAYES: No. But, I did ask one of them — one of my guys has an orchard. His sharecroppers were killed in one of these drive-by incidents. There was an improvised bomb that hit a Canadian armed vehicle. The scared Canadian soldiers fired. Killed a sharecropper and his 7-year old son. The 12-year old son survived. We started talking about this in the cooperative. And I asked my other guys, "you know, well, if that happened to you, if your brother, for example, got killed in one of these things, what would you do?" One of them said, "I would resign on-the-spot, and I'd pick up my gun and start shooting Canadians." Then I said, "what if it was the Taliban who killed your brother?" And he said the same thing.

So this is another way that I can see this whole thing coming apart. It's a kind of privatization. You know. You've got people now with blood feud against NATO troops because of things like, you know, civilian casualties. These are people who need-- it's blood debt. They need to recoup that debt. And they're not going to be persuaded out of that.

BILL MOYERS: There's a thin line. As I listen to you, there's a thin line we sometimes walk, we human beings, between hope and folly.

SARAH CHAYES: Hmm.

BILL MOYERS: Are you very close to that line?

SARAH CHAYES: I don't think that hope is relevant. I think determination is all that counts. You just have to try. It doesn't matter if you hope you're going succeed or not. You

have to keep trying.

BILL MOYERS: Sarah Chayes, good to see you.

BILL MOYERS: Even as Sarah prepares to return to Afghanistan, the bad news there keeps unfolding. The Red Cross says the humanitarian crisis is growing as civilians caught between security forces and the Taliban flee their homes. That's a photograph of one refugee camp near Kabul. Last week severe winter weather and a shortage of food caused over 100 children to run away from an orphanage; they were trying to find warmth and something to eat. Those angry Afghan men in that photograph were said to be shouting anti-American slogans after nine policemen were killed in a raid conducted by U.S.-led forces looking for the Taliban.

The commander of NATO forces there, General Dan McNeill said recently that to defeat the tribal resistance, the U.S. would need 400,000 soldiers. Charlie Wilson won't be around to help this time. He retired from Congress and became a lobbyist for the defense industry. His firm also received \$30,000 a month to represent Pakistan in Washington.

That's it for the JOURNAL. We'll see you next week. I'm Bill Moyers.

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