Consider the following scenario: You are CEO. You have a major corporate initiative which requires significant resources and attention. Your reputation as leader is at stake. The credibility of your company is on the line.

But the head of the responsible division won't follow orders. He relies primarily on cronies rather than the best people in his group to drive this priority. Even worse, there is widespread corruption in his institution. He pays lip-service to anticorruption efforts but does virtually nothing. What would you do?

**The answer in any business organization is straightforward: you fire the division head.** But this is exactly the problem that President Obama is facing in Afghanistan with President Hamid Karzai, and he obviously cannot fire Karzai — who, in addition to all the problems noted above, secured his current term as Afghan President through an election process riddled with fraud.

Yet think of the stakes. President Obama has committed the prestige of the United States, his personal credibility, billions of taxpayer dollars and, most importantly, the lives of American military personnel to a war which depends — as his top generals, Petraeus and McChrystal have said — on attaining a key civilian, not military, objective: creating an Afghan state with security, order, rule of law and accountable institutions that protects and serves its people. That goal depends on defeating the corruption and instability which have plagued Afghanistan for centuries. Only when this is achieved will the Afghan populace resist seduction by the Taliban, who exploit government weaknesses and who must be defeated to reduce the threat of Al Qaeda's return to Afghanistan.

Crucial to that task is the central government itself, which, unfortunately, is not only weak, but is led by an uncooperative and increasingly antagonistic president. Recently, Karzai thumbed his nose at the United States by claiming the right to appoint all five members of the election complaint commission. In early March, he warmly welcomed Iranian President Ahmadinejad to Kabul on an official visit and two weeks later traveled
to Tehran where the Iranian leader, as is his custom, launched inflammatory rhetoric against the United States.

Karzai is reportedly angry at the U.S. for canceling a Washington visit which, in turn, was due to the Administration's anger at his poor performance since the disputed election. Said National Security Advisor James Jones on the recent Obama trip to Afghanistan: the Administration wants President Karzai to "understand that in his second term, there are certain things [corruption, governance, rule of law] which have not been paid attention to, almost since Day 1." The New York Times quoted "a senior European diplomat in Kabul" as saying about Karzai: "He's slipping away from the West."

The current "management" dilemma with President Karzai is just part of the broader "strategic" dilemma President Obama faced last fall when he decided to commit more troops as part of a new approach to Afghanistan. Simply put, how do you defeat an insurgency when a key element is state-building in one of the weakest, most corrupt nations on the planet, and which has historically proven resistant to change? (My concerns, hardly unique, were detailed in a piece last fall on The Atlantic Online: "Corruption — The Afghan Wildcard.")

These management and strategic dilemmas are reflected in tactical ones. For example, in order not to antagonize the local population, American and NATO commanders are allowing farmers to harvest the current poppy crop, even though opium proceeds support the Taliban and a major long-run objective is to shift the Afghan economy away from being a narco-state (currently, 30-50 percent of its economy is drug-related).

**Obama's latest trip and its surrounding publicity has not helped.** It is hard to see how airing these "management" problems so publicly with the leader of a sovereign nation is useful by itself. Simply embarrassing Karzai isn't going to drive him from power, but will likely drive him further away. This dispute only undermines the credibility of the United States' strategy — and gives support to many who have always doubted Karzai's intent or his effectiveness.

In crafting its approach to Karzai, the administration is no doubt assessing several hard issues in an attempt to influence him and developments in Afghanistan. Neither carrots nor sticks have changed Karzai's behavior in the past. Plus, having made a commitment against the Taliban and Al Qaeda, it is hard for the U.S. to pull back. Can we go around Karzai and deal directly with local government or tribal leaders? If we focus on that approach, how can we then build one nation with successful institutions and how can we avoid the corruption that has been so pervasive in local areas? Finally, how, on President Obama's tight timeline (the beginning of troop withdrawal starts next year), do
we make progress on meaningful domestic institutional reform, which the development literature shows is dependent on local commitment, and which requires not months, but years or decades?

A business under such "management" stress would seek to — and would need to — clearly articulate a way forward. It is long past time for the Administration to lay out, with understandable and believable detail, the realistic steps being taken (either by the allies or the Afghans themselves) to effect speedy but durable change in civilian Afghan institutions while, on the military side, it is asking young Americans to die for a cause which even the generals say can only succeed if there is domestic reform. The Karzai dilemma raises questions anew about whether the Administration is up to this daunting task.

*Ben W. Heineman, Jr., GE's former Senior Vice President for Law and Public Affairs, is senior fellow at Harvard Law School's Program on the Legal Profession and Program on Corporate Governance and senior fellow at the Kennedy School's Belfer Center for Science and International Affairs. He is author of the book,* High Performance with High Integrity (*Harvard Business Press 2008*).