



# EUC Paper Series

Policy Insights - Governing Globalization

## **The Bright and Dark Sides of Globalization: The Case of Afghanistan**

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South Asia has been a prime beneficiary of globalization. Access to foreign educational institutions and ideas has produced some of the world's best doctors and engineers, and foreign direct investment has created new industries and helped to turn cities into hubs of commerce. With the diffusion of knowledge, the well-being of the poor over vast swathes of the region has improved. Increasing mobile phone and Internet penetration has resulted in more aware populations that demand greater government services and accountability from their rulers.

However, with globalization's benefits have come tradeoffs: unfettered markets often fail to promote the social good, empowered weak institutions can lead to state capture and subsequently predation, and wider access to information enables benevolent and malevolent actors indiscriminately. Few countries offer a more revealing example of the two sides of globalization than Afghanistan.

Foreign influence prior to the mid-twentieth century was limited to Afghanistan's small elite. The Cold War brought attention to the country in the form of competing U.S. and Soviet development assistance. The ouster of the Durrani monarchy in 1973 and subsequent political infighting and Islamic insurgency prompted the Soviet invasion and occupation. As the civil war in the 1990s gave way to Taliban ascendance, Afghanistan was ignored by and virtually cut off from the rest of the world. With the American military intervention in 2001, the country was suddenly inundated with foreign aid and exposed to global forces. Long a social and economic backwater, Afghanistan was set on a course intended to build a modern state and economy.

International assistance has on the face of it been a positive aspect of Afghanistan's connectivity with a global community. Political and economic institutions were erected and gains have occurred in education and health for a country with some of the world's lowest socioeconomic indicators. Heavy international military assistance boosted economic growth sharply and created conditions for attracting foreign investment. Yet more than fifteen years later it is clear that international interest and engagement in Afghanistan has also carried perverse effects, including unsustainable and distorted economic growth, wider and deeper corruption, and flourishing markets for illicit goods.

Because much of the global integration that has occurred since 2001 was managed and mediated by foreign powers, our understanding of Afghanistan's encounter with globalization has tended to emphasize its benefits rather than its costs. This paper seeks to provide a more balanced picture of the effects of globalization and regionalization as

viewed briefly through the lenses of Afghanistan's narcotics trafficking, trade, and media scene.

## **Narcotics Trafficking**

No other element in Afghanistan's economy bears so clearly the marks of globalization as does narcotics, both contributing to the country's economic survival and serving as a threat to its success as a state. Afghanistan's narcotics trade is a deeply entrenched economic institution. The illicit economy, of which narcotics constitutes a large part, was the only mature part of Afghanistan's economy to survive and prosper through decades of war. While narcotics production was already well integrated into the global economy by 2001, foreign anti-opium policies and global market forces have since solidified Afghanistan's place as an opium producer. Today, the area of opium cultivation (in hectares) amounts to two and one-half to three times that of the 1994-2002 period and production has grown steadily since 2002 (Afghanistan Opium Survey 2016). Afghanistan produces approximately 90 percent of the world's opium, providing virtually all the opium and morphine base for heroin found in Eurasia.

Opium cultivation at the household level is far from nefarious. In fact, it is part of a carefully calculated subsistence strategy that results from a lack of workable alternatives. Cheap and plentiful labor have cemented the dominance of this labor-intensive crop, a phenomenon that will continue to be exacerbated by tightening migration laws that restrict household abilities to diversify income streams. Opium has also proven to be a boon to local economies. Opium cultivation allows farmers to invest in agricultural infrastructure and purchase cars and commodities. More negatively, this income had an inflationary effect on markets across Afghanistan.

The extent of heroin demand emanating from Europe and Asia makes opium at least thirty times more profitable than wheat, and the absence of crop insurance or agricultural subsidies preclude poorer Afghans from substituting licit crops (Fishstein 2014). The absence of credit independent of opium has also made growing at least some opium a necessity (Anderson 2015). Heightened access to information on agricultural techniques and variety types has increased opium productivity and profits, while traditional knowledge related to the cultivation of licit crops has eroded over the last several decades.

The interdiction and eradication policies pushed by the international community have also had the perverse effect of exacerbating the extractive nature of opium production and alienating the rural population. When enforced, interdiction and eradication policies spearheaded by the U.S. have often crippled local economies and led to widespread destitution in opium-dependent areas (Felbab-Brown 2013). Powerbrokers have corrupted eradication policies as a means to eliminate competitors, leading to the vertical integration of the narcotics market (Hogg *et al.* 2013). Farmers alienated because of crop eradication have in some areas welcomed back into their communities those Taliban promising to provide security from eradication (Hogg *et al.* 2013). The absence of security in rural areas and along trade routes leaves farmers open to extortion not only from criminal elements. This global trade has also profited the Taliban insurgents, who tax production and exact payment from drug traffickers in exchange for protection.

## Trade

Ultimately, Afghanistan can find prosperity only by being integrated into a regional trade that is itself interconnected with the global economy. Afghanistan's neighborhood, the least regionally integrated region in the world, would stand to gain financially as well as from a security standpoint from greater interregional trade. Landlocked Afghanistan is uniquely positioned as a crossroads for this overland trade, and regional economic integration offers the best opportunity for sustained growth in the transport sector, one of the most successful sectors of the Afghan economy since 2001 (Hogg *et al.* 2013). Indeed, transport has continued to drive growth despite a sharp downturn in overall economic activity since 2012 (Afghanistan Development Update 2016). With four hundred thousand Afghans expected to enter the workforce each year for the next decade, taking advantage of trade potential is a social and national security imperative (Afghanistan Development Update 2016). For Afghanistan, expanded trade also offers a feasible future alternative to Afghanistan's current aid-dependent economy.

Overall, increased trade since 2001 has been a boon to the Afghan economy. Openness to foreign markets – particularly those of Pakistan, India, China, and Iran – has allowed Afghans to purchase cheap commodities that are either unavailable or prohibitively expensive when produced domestically. Indian demand for Afghan fruit has led to the reemergence of orchards—once the target of Soviet bombers—as a hub of licit agricultural activity (Afghanistan Development Update 2016). Afghanistan possesses the potential to become a regional agricultural producer if the government can secure roads and improve irrigation infrastructure. The ADB's Western Basins Project (WBP) and the World Bank's Emergency Irrigation Rehabilitation Project (EIRP) are steps in the right direction. Additionally, access to markets across Central and South Asia has allowed Afghanistan to decrease its reliance upon its adjacent neighbors for food imports. Wheat provides an apt example: while ten years ago most wheat imports would have come from Pakistan, Central Asia now provides the majority of Afghanistan's imported wheat (*Kabul Times* 2016).

While the availability of cheap imports has allowed a growing proportion of Afghans access to consumer goods, lack of regulation has led to a profusion of unacceptably shoddy products. Nonexistent protections for industry and a lack of infrastructure preclude Afghan firms from producing alternatives to low-quality products. Additionally, the benefits of trade have been increasingly confined to a narrow set of actors. As in illicit markets, vertical integration accelerated after 2001, particularly among the traders that make up the middle of the supply chain (Fishstein 2015). These actors are often involved in trading both licit and illicit goods, spreading risk across markets in lieu of government price supports. Additionally, the transit trade has been co-opted by insurgents in various locales. This has been a major area of contestation between regional powerbrokers and the Taliban in the east of the country (Fishstein 2014).

The reliance of the Afghan economy upon imports has also left the country vulnerable to economic and political blackmail by its major trading partners. Afghans' fear of punitive action is not unfounded: in February 2017, a spate of insurgent attacks in cities across Pakistan precipitated the closure of the Af-Pak border crossings at Torkham and Chaman, severing the critical Peshawar-Jalalabad and Quetta-Kandahar trade routes

(Ghazi 2017). The trade loss from the border closures is estimated to be three million dollars per day (Ghazi 2017).

## Media

For decades Afghans have been avid consumers of media despite chronic poverty and underdeveloped communications infrastructure. Persistent conflict magnified the importance of news access, providing information that was critical to decision-making at the household level. Since 2001, Afghanistan has undergone a media and communications revolution, driven by demand that reflects the value the average Afghan continues to place on gathering news. The country's exposure to foreign television programming has raised expectations among the public for more responsible governance and service delivery. Media has also presented the opportunity to strengthen people's national identity and to access populations, such as women and the rural poor, that are normally so difficult to reach.

Media broadcasting is also one of few ways the international community can reach Afghans in far-flung or dangerous areas. Aid organizations have long recognized this reality, and they have shaped programming to bring about normative shifts in Afghan attitudes and behaviors. There is convincing evidence from qualitative studies and randomized trials conducted in Afghanistan in the 1990s that the content of popular BBC programming led to knowledge acquisition and behavioral change amongst Afghans (Adam 2005, 358-59).

The goal of American funding for Afghan media after 2001 was to foster a free and independent media. Though this vision has failed to materialize in full, the media has proven to be resilient despite the stifling effect of government regulation and the threat of violence levied by anti-state actors. Journalism training programs have had some degree of success in creating a cadre of young professional journalists, though the dangers of such a job lead to high turnover (Ayres 2012). Increased Pashto language programming is another positive development, allowing non-Taliban media to compete for hearts and minds in Afghanistan's south and east (Fraenkel *et al.* 2010).

Several other aspects of this media revolution are more ambiguous. While the media leads Afghans toward increased political participation, people are also more likely to be critical of the government (Burbridge *et al.* 2016, 131). The increased availability of opposing viewpoints probably contributes to a sense of skepticism towards the status quo (Fraenkel *et al.* 2010), more so than when BBC and VOA were the only sources of news ("Afghan Media Survey" 2008). Many perceive the media to be divided along ethnic lines, and consider individual outlets to be biased (Fraenkel *et al.* 2010; Burbridge *et al.* 2016, 131-140). While it is unclear whether this is indeed true, the difficulty inherent in sifting through all the news available in pursuit of the truth has prompted many Afghans to rely on traditional filtered sources such as their village *shuras* and *maliks* for news (Burbridge *et al.* 2016, 131, 136).

More negatively, this revolution has strengthened the ability of insurgent elements to influence the population and mobilize and recruit anti-state forces. New technologies that have contributed to unifying and securing the country have also been used by a more media savvy Taliban seeking to bring down the Afghan government and transform the state and society. Cheaper and more widely available communication technology has allowed

insurgent and anti-state actors to disseminate their message beyond their co-ethnics to wider and more varied audiences (Ali 2017). The Taliban recognized the importance of media early into their resurgence, and today the Taliban takes measures to disseminate its own media and to intimidate those news outlets critical of its actions (Zahid 2016). The self-styled Islamic State in Khorasan Province (ISKP) has been ramping up its profile on social media in an attempt to draw recruits away from the Taliban (Osman 2016). Warlords and regional powerbrokers have also adopted media as a tool to tighten their control. Journalism is a dangerous profession in Afghanistan, and victims and their families confront retributive violence meant to silence them.

## **Conclusion**

Other areas of the Afghan economy and its society and governance also exemplify the bright and dark sides of Afghanistan's global connectivity. International donor funding has been the mainstay of the country's security sector, stimulated its economy, and helped build vital institutional administrative capacity. But massive military aid and generous economic and development assistance also stands accused of fueling corruption and distorting the Afghan economy. While private investment has injected capital and know-how into the economy, it has mostly attracted investors interested in extracting quick profits and has done little to contribute to sustainable economic growth. And the future riches promised by Afghanistan's export of its mineral wealth could also invite the "resource-curse" associated with countries whose dependency on nonrenewable commodity exports paradoxically leaves them with weak economic growth, slowed development, and less democracy.

Whatever the costs of being exposed to global and regional influences and forces, the price for Afghanistan of isolation or neglect is far greater. A modern Afghanistan cannot be walled off. However, to optimize the opportunities offered by global engagement and avoid the pitfalls that can come with openness, Afghanistan needs political leadership and institutions able to manage the pace and scope of interconnectivity. The political cohesion, legal framework and infrastructure required to take advantage of globalization and minimize its vulnerabilities are unfortunately not yet in place. Nor is the security and stability that make successful global and regional connectivity ultimately possible.

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